

Licence Number: PPL.sf.F3/73/2007

**A COMBINED LICENCE FOR THE OPERATION OF PETROLEUM STORAGE FACILITY AND ASSOCIATED PIPELINE**

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

This licence is issued to

**Strategic Fuel Fund Association**

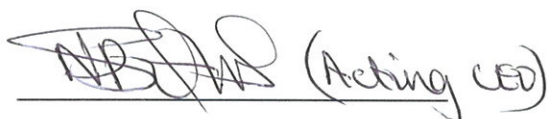
*(Company Registration No: 1964/010277/08)*

hereinafter referred to as "the Licensee". This licence is only for the purpose of operation of a petroleum storage facility and associated transfer pipeline located at:

**Erven 6272 and 6273, Milnerton Farm, Cape Town, Western Cape**

The operation of the licensed facilities 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 NERSA.

Issued at Pretoria on this **28<sup>th</sup>** day of **March 2011**.

  
(Acting CEO)

**CHIEF EXECUTIVE OFFICER**



**LICENCE FOR THE OPERATION OF A PETROLEUM STORAGE FACILITY  
AND ASSOCIATED PIPELINE**

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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 NERSA in terms of section 33(3) of the Act.

## CHAPTER ONE: LICENSED ACTIVITY

### 1. Licensed Activity

1.1 NERSA grants the Licensee a combined licence to operate a petroleum storage facility and a pipeline located at:

**Erven 6272 and 6273**

**Milnerton Terminal**

**Cape Town**

**Western Cape**

1.2 This licence is issued to the Licensee for the operation of a petroleum storage facility for the storage of crude oil.

1.3 The layout of the storage facility and associated pipeline is as reflected in **Annexure A: Site Layout – Milnerton Terminal**. The GPS coordinates for the storage facility are: 33<sup>o</sup>51'6.86"S and 18<sup>o</sup>33'4.62"E.

1.4 Details of the storage facility are provided in **Annexure B1: Tank Details - Milnerton Tank Farm**.

1.5 The 22-inch diameter, bi-directional pipeline starts at the *tie-in* to the crude oil pipeline owned by Chevron on the premises of the Chevron Refinery in Milnerton and ends at the manifold to the Milnerton Tank Farm as shown in **Annexure B2- Pipeline Details**.

1.6 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), (g), (h), (l), (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. NERSA 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 NERSA 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 NERSA of such a change.

## **9. Changes to the Licensed Facilities**

- 9.1. When approached by interested parties, the Licensee must negotiate for changes in the capacity of the licensed facilities. The cost of such changes must be shared equitably between the Licensee and the party requesting the change.
- 9.2. Changes to the licensed facilities that, in terms of the Act, may require an amendment or revocation of this licence, or a new licence, must not be effected until NERSA has amended or revoked this licence or issued a new licence.
- 9.3. Changes to the licensed facilities 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 licensed facilities in a fully operational condition.
- 10.2. The Licensee must notify NERSA 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 work
- that 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 NERSA as soon as possible or within 7 (seven) days of the emergency.
- 10.4. Any maintenance or repair work done to the licensed facilities 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 NERSA**

- 11.1. All official communication with NERSA 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 NERSA, 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 NERSA 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 1 and volume 4 of NERSA's Regulatory Reporting Manuals published under GN 1118 in *Government Gazette* No. 31392 of 10 September 2008, which may be amended by NERSA 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 NERSA 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 NERSA, submit any information that NERSA requires to determine uncommitted capacity in the storage facility;
- (f) allow NERSA or any authorised person to have access to:
  - (a) the licensed facilities; 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 NERSA.

14.2. When the Licensee makes any changes to its allocation mechanism, it must lodge the amended allocation mechanism for uncommitted capacity with NERSA 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 NERSA for approval of its proposed tariffs.
- 15.2. The tariff applications submitted by the Licensee must comply with:
  - (a) the NERSA prescribed Minimum Information Requirements for Petroleum Pipelines Tariff Applications; and
  - (b) the relevant tariff methodology.
- 15.3. Once tariffs have been approved by NERSA, the Licensee must only charge those tariffs until NERSA 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 NERSA**

The Licensee must:

- 18.1. comply with the Regulations in respect of information required to be submitted to NERSA; and
- 18.2. on request from NERSA, provide all other information NERSA 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 NERSA.

#### **20. Emergency Plan**

The Licensee must submit to NERSA:

- 20.1. an emergency plan for implementation in the event of system failures, accidents and other emergencies;
- 20.2. details of any changes to the Licensee's emergency plans. Details of changes to these plans must be submitted to the NERSA within three calendar months of such changes being effected; and

- 20.3. 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 NERSA 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 NERSA, 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 NERSA.

21.4. The Licensee must obtain from NERSA 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 NERSA.

## ANNEXURE A: Site Layout – Milnerton Terminal

## ANNEXURE B1: Tank Details – Milnerton Tank Farm

The tanks in the storage facility are:

Number	Product Type	Design Capacity (m <sup>3</sup> )	Status of the tank
CT1	Crude Oil	32 500	Need to be refurbished
CT2	Crude Oil	32 500	Need to be refurbished
CT3	Crude Oil	32 500	Refurbished but needs to be desludged
CT4	Crude Oil	32 500	Need to be refurbished
CT5	Crude Oil	32 500	Refurbished and in use
CT6	Crude Oil	32 500	Refurbished and in use
CT7	Crude Oil	32 500	Need to be refurbished
CT8	Crude Oil	32 500	Refurbished but needs to be desludged
CT9	Crude Oil	32 500	Need to be refurbished
CT10	Crude Oil	32 500	Refurbished but needs to be desludged
CT11	Crude Oil	32 500	Need to be refurbished
CT12	Crude Oil	32 500	Refurbished but needs to be desludged
CT13	Crude Oil	32 500	Refurbished and in use
CT14	Crude Oil	32 500	Need to be refurbished
CT15	Crude Oil	32 500	Need to be refurbished
CT16	Crude Oil	32 500	Need to be refurbished
CT17	Crude Oil	32 500	Refurbished and in use
CT18	Crude Oil	32 500	Need to be refurbished
CT19	Crude Oil	32 500	Need to be refurbished
CT20	Crude Oil	32 500	Need to be refurbished
CT21	Crude Oil	32 500	Need to be refurbished
CT22	Crude Oil	32 500	Need to be refurbished
CT23	Crude Oil	32 500	Refurbished and in use
CT24	Crude Oil	32 500	Refurbished
CT27	Crude Oil	32 500	Refurbished
CT39	Crude Oil	32 500	In Use
	<b>Total</b>	<b>845 000</b>	



## ANNEXURE B2: PIPELINE DETAILS

1. A 22-inch diameter, 488m long pipeline to the *Milnerton Tank Farm* storage facility starts at the tie-in (on the premises of the Chevron Refinery) with the 26-inch diameter, Chevron owned pipeline that transports crude oil from the Cape Town harbour to the Chevron Refinery (start and finish and route is shown on the attached map).
2. The pipeline has an operating pressure of 10 Bar and discharge pressure of 3 Bar to the tank farm. The average flow rate in the pipeline is 2000 m<sup>3</sup>/hour and the estimated throughput is 494 640 m<sup>3</sup>/annum.

## **ANNEXURE C: Legislation, Operating Codes and Standards**

The Licensee must comply with the codes and standards as submitted in its licence application:

1. ANSI B31.4 ASME B31
2. Lug specification 60190074 A4 LSC 000100 Revision 1
3. Mossgas Specification SP/UZ005 S001
4. SD/MTS/ISM/MET/001 (Technical specification painting)
5. SD/MTS/ISM/MET/002 (Technical specification – internal tanks)
6. SD/MTS/ISM/MET/003 (Chemical cleaning of metallic equipment)
7. PR/MTS/ISM/GEN/001 (Trading of inspectors)
8. PR/MTS/ISM/GEN/002 ( inspection documentation)
9. PR/MTS/ISM/GEN/003 (Integrity and maintenance of the risk base)
10. PR/MTS/ISM/GEN/004 (Inspection test and repair records)
11. PR/MTS/ISM/GEN/005 (Plant deviation reporting and investigation)
12. Safety and health standards
  - i. ASME B31,
  - ii. ASME IX,
  - iii. ASME B16.5,
  - iv. ANSI/NB23,
  - v. API 579,
  - vi. API 570,
  - vii. ASTM A370,
  - viii. ASTM 530,
  - ix. ASTM 671, and
  - x. ASTM 672

The Licensee must also comply with all other relevant legislation, including but not limited to the following:

1. Occupational Health and Safety Act, 1993 (No. 85 of 1993)
2. The National Environmental Management Act, 1998 (No. 107 of 1998)
3. The Environment Conservation Act, 1989 (Act No.73 of 1989)
4. The National Water Act, 1998 ( No. 36 of 1998)
5. The Water Services Act, 1977 (No. 108 of 1977)
6. NEM. Air Quality Management Act, 2004 ( No. 39 of 2004)
7. The Hazardous Substances Act, 1973 (No. 15 of 1973)
8. The Health Act, 1977 ( No. 63 of 1977)
9. The National Health Act, 2003 (No. 61 of 2003)
10. The National Building Regulations and Building Standards Act, 1977 (Act No. 103 of 1977)
11. National Key Points Act, 1980 (Act No. 102 of 1980)



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**Licence Number PPL.sf.F3/73/2007**

**Licence for the operation of a petroleum storage facility issued to**

**Strategic Fuel Fund Association**

*(Company Registration Number: 1964/010277/08)*

**Erven 6272 and 6273 Milnerton Farm, Cape Town, Western Cape**

**Amendment No. 1**

As approved by the National Energy Regulator of South Africa on 02 July 2012

Effective date of amendment: 02 July 2012

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**Amendments**

**Licence Conditions**

A. Include the following new sub-clauses under **clause 10. Maintenance and Interruptions of Operations:**

10.5. The Licensee shall, after any refurbishment, maintenance, re-commissioning or similar activity on any of the tanks on the facility, submit to the Energy Regulator, the relevant documentation compiled and signed by a competent authority or a duly authorised person, certifying that the refurbishment, maintenance, re-commissioning or similar activity was carried out in compliance with the legislation, operating codes and standards contained in **Annexure C** of these licence conditions prior to operating the tank.

10.6. The Licensee shall operate the tank/s on which the refurbishment, maintenance, re-commissioning or similar activities were carried out in compliance with the legislation, operating codes and standards contained in **Annexure C** of these licence conditions.

B. Include the tanks listed below to the current list of tanks contained in **Annexure B1: Tank Details Milnerton Tank Farm**, of the conditions of the SFF Milnerton storage facility operations licence:

Tank Identity	Operational Capacity (m <sup>3</sup> )
CT-25	32 500
CT-26	32500
CT-28	32 500
CT-29	32 500
CT-30	32 500
CT-31	32 500
CT-32	32 500
CT-33	32 500
CT-34	32 500
CT-35	32 500
CT-36	32 500
CT-37	32 500
CT-38	32 500

C. Add, in **Annexure C: Legislation, Operating Codes and Standards** the following sub-clauses under the heading **12. Safety and health standards:**

- xi. API 650
- xii. API RP 2350
- xiii. SANS 10089-1

xiv. SANS 10108

Signed at **PRETORIA** on the <sup>15<sup>th</sup></sup> day of ..... *August* ..... 2012.



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**Phindile Nzimande**

Chief Executive Officer – NERSA