

Licence Number: PPL.P.F3/26/1/2007

LICENCE FOR THE OPERATION OF A PETROLEUM 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

Shell South Africa Marketing
(Company Registration No: 1961/000645/07)

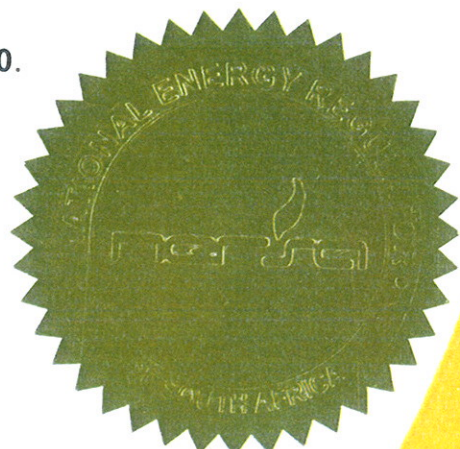
hereinafter referred to as "the Licensee". This licence is only for the purpose of operation of the petroleum pipeline from the Don Pedro Jetty, Port Elizabeth harbour to the licensed Port Elizabeth liquefied petroleum gas (LPG) storage facility located on Eveready Road, Sidwell, Port Elizabeth.

The operation of the pipeline 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 12th day of **November 2010**.



CHIEF EXECUTIVE OFFICER



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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 licence to operate a petroleum products pipeline connecting the licensed Port Elizabeth liquefied petroleum gas (LPG) storage facility located on Eveready Road, Sidwell, Port Elizabeth to the Don Pedro Jetty, Port Elizabeth harbour.
- 1.2 Details of the petroleum products pipeline are provided in **Annexure A – Pipeline Details**
- 1.3 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), (j), (k), (l), (r), (u), (w), (x), (y), (z) (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 B – 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 facility must be made in accordance with applicable legislation, codes and standards, including those listed in Annexure D – Legislation, Operation Codes and Standards.

10. Maintenance and Interruption of Operations

- 10.1. The Licensee must maintain the licensed facility 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 licensees 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 facility must be done in accordance with applicable legislation, codes and standards, including those listed in **Annexure B – 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. Tariffs

- 14.1. 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.
- 14.2. 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.
- 14.3. Once tariffs have been approved by NERSA, the Licensee must only charge those tariffs until NERSA approves different tariffs.

15. Non-discrimination

- 15.1. The Licensee may not discriminate between customers or classes of customers.
- 15.2. Without limiting the generality of provision 15.1, 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.
- 15.3. In the sales or purchases of petroleum by the Licensee or by related undertakings, the Licensees must not abuse commercially sensitive information obtained from third parties.

16. 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.

17. Provision of Information to NERSA

The Licensee must:

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

18. Operation and Maintenance Plans

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

19. Emergency Plan

The Licensee must annually submit to NERSA:

- 19.1. an emergency plan for implementation in the event of system failures, accidents and other emergencies;
- 19.2. 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
- 19.3. 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.

20. Rehabilitation of Land

- 20.1. The Licensee must comply with the Regulations regarding the rehabilitation of land on which the licensed activity is taking place.

20.2. Within three months of the date of issue of this licence, the Licensees 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.

20.3. 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.

20.4. The Licensee must obtain from NERSA written approval to terminate that financial security mechanism before terminating that financial security mechanism.

21. 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.

22. Whole Licence

This licence constitutes the entire licence and supersedes any prior understandings and agreements between the Licensees and NERSA.

ANNEXURE A: Pipeline Details

Associate Loading Facility #	Pipeline Size mm	Pipeline length m	Product Flow rate m³/h
1	150	1 525	55

ANNEXURE B: Legislation, Operating Codes and Standards

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

- a. King Code of Corporate Governance II, 2002;
- b. The National Environmental Management Act 107 of 1998 (Section 28-31);
- c. Major Hazard Install Regulations GNR 692 of July;
- d. South African National Standards (SANS) 0229;
- e. SANS 0231; and
- f. SANS 1518

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)