

Licence Number: PPL.sf.F3/246/3/2016

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

Shell Downstream South Africa (Pty) Ltd

(Company Registration No: 2007/016255/07)

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

53 Diamana Road, Ladysmith, KwaZulu-Natal Province

The operation of this 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 **10th** day of **June 2016**.



Mr Paseka Nku
ACTING CHIEF EXECUTIVE OFFICER
NATIONAL ENERGY REGULATOR



LICENCE FOR THE OPERATION OF A PETROLEUM STORAGE FACILITY

Table of contents

CHAPTER ONE: LICENSED ACTIVITY	4
1. Licensed Activity	4
2. Commencement of and Duration of Licence.....	4
CHAPTER TWO: GENERAL CONDITIONS	5
3. General Conditions of Licence.....	5
4. Compliance with Conditions of Licence	5
5. Compliance with Legislation, Operation Codes and Standards	5
6. Amendment of Licence	5
7. Revocation of Licence	5
8. Changes in Details of the Licensee	5
9. Changes to the Facilities	6
10. Maintenance and Interruption of Operations.....	6
11. Correspondence with ENERGY REGULATOR	7
CHAPTER THREE: SPECIFIC CONDITIONS.....	8
12. Participation of Historically Disadvantaged South Africans.....	8
13. Regulatory Reporting.....	8
14. Uncommitted Capacity.....	8
15. Tariffs.....	9
16. Non-discrimination.....	9
17. Entry, Inspection and Gathering of Information	10
18. Provision of Information to the Energy Regulator	10
19. Operation and Maintenance Plans	10
20. Emergency Plan	11
21. Rehabilitation of Land	11
22. Ancillary Obligations	12
23. Whole Licence	12
ANNEXURE A: Overall Site Layout	13
ANNEXURE B: Storage Facility Details	14
ANNEXURE C: Legislation, Codes and Standards.....	15

DEFINITIONS AND ACRONYMS/ABBREVIATIONS

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” as defined in the Rules;

“commencement date” means the date contemplated in condition 2

“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.

ACRONYMS/ABBREVIATIONS

“m” means metre.

“mm” means millimetre.

“m³” means cubic metre.

“m³/hour” means cubic metres per hour.

CHAPTER ONE: LICENSED ACTIVITY

1. Licensed Activity

1.1 The Energy Regulator grants the Licensee a licence for the operation of a petroleum storage facility located at:

53 Diamana Road,

Ladysmith, KwaZulu-Natal

GPS Coordinates: 28°32'37.96"S 29°47'23.91"E

“the storage facility”.

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 – Overall Site Layout.**

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 the date of issue of this licence.

2. Commencement of and 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 Facilities

- 9.1. When approached by interested parties, the Licensee must negotiate for changes in the capacity of the facilities. The cost of such changes must be shared equitably between the Licensee and the party requesting the change.
- 9.2. Changes to the 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 the Energy Regulator has amended or revoked this licence or issued a new licence.
- 9.3. Changes to the 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 facilities 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 products
- 10.3. Where delivery of petroleum products 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 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 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 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 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. The Licensee must, for services relating to the storage facility mentioned in condition 1 above, only charge tariff approved by the Energy Regulator.

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

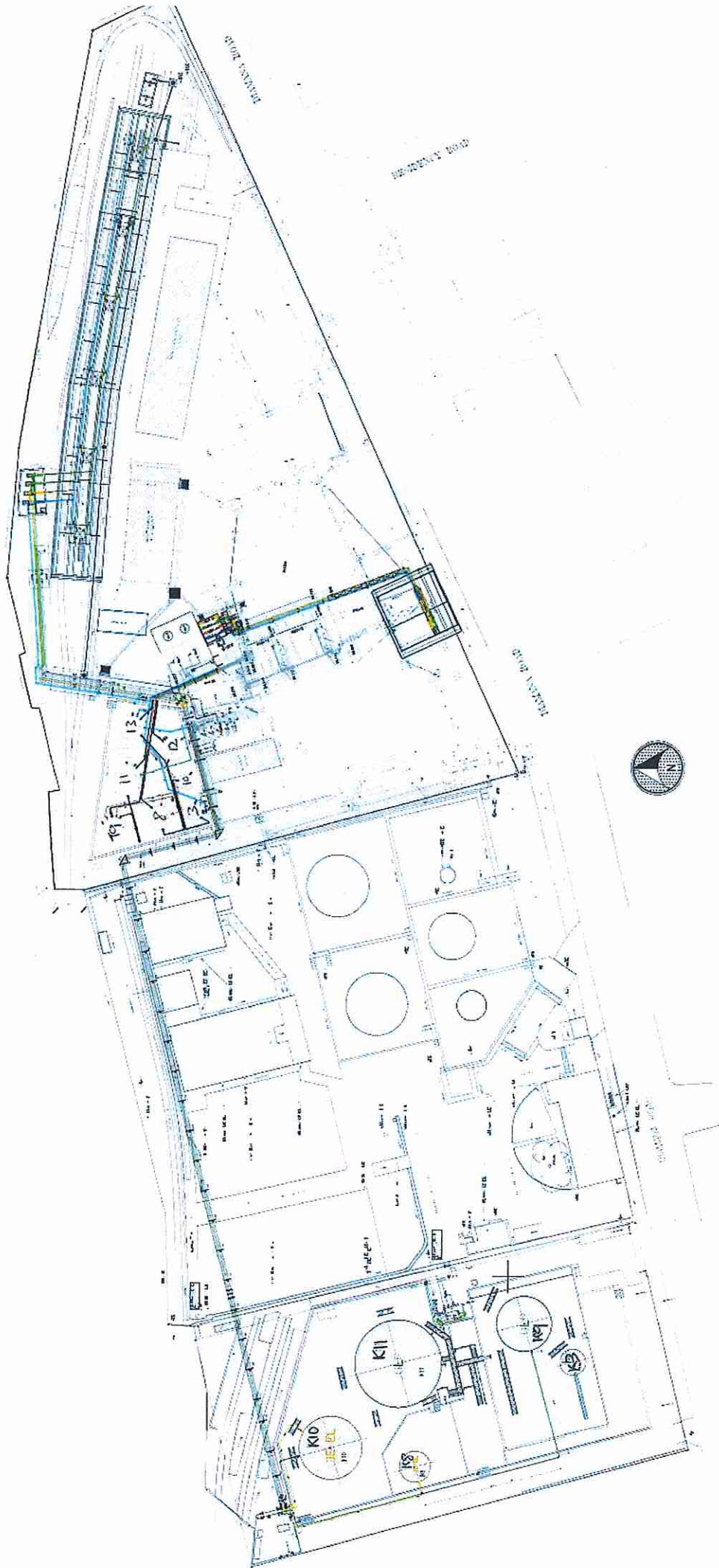
The Licensee is responsible for compliance with these licence conditions regarding any work on the storage facility or services that are the subject of this licence and/or that are subcontracted to other parties.

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: Overall Site Layout

LADYSMITH



ANNEXURE B: Storage Facility Details

Facility Details

Ladysmith:

53 Diamana Road, Ladysmith, KwaZulu-Natal

GPS Coordinates: 28°32'37.96"S 29°47'23.91"E

Table 6: Ladysmith tank capacities and allocation

Tank ID	Product	Tank Type	Design capacity (m ³)	Operational Capacity (m ³)
K3	Unknown/ Mothballed	Vertical	365	348
K11	Petrol (ULP95)	Vertical	3 750	3 500
K9	Diesel (D500)	Vertical	1 400	1 340
K8	Petrol (ULP95)	Vertical	355	330
K10	Diesel (D500)	Vertical	1 910	1 800
11	MOG97/ Mothballed	Vertical	410	400
12	MOG97/ Mothballed	Vertical	210	200
3	IP/ Mothballed	Vertical	78	70
13	IP/ Mothballed	Vertical	210	200
T8	ULSD/ Mothballed	Vertical	210	200
T9	Diesel (D50)	Vertical	210	200
10	IP/ Mothballed	Vertical	78	70
Total Site Capacity			9 186	8 658
Total Licensable Capacity			7 480	7 040

Note: The capacities are rounded off to the nearest whole number. Total licensable capacity excludes mothballed tanks

Table 7: Ladysmith Intake & Discharge modes and maximum rates

Intake		Discharge	
Mode	Rate (m ³ /hour)	Mode	Rate (m ³ /hour)
Pipeline – Mogas/Petrol	450	Road – Mogas/Petrol	108
Pipeline - Diesel	450	Road – Diesel 500	108
Road	108	Road – Diesel 50	60

ANNEXURE C: Legislation, Codes and Standards

The Licensee must comply with all relevant legislations, codes and standards, including but not limited to the following:

1. Occupational Health and Safety Act, 1993 (Act No. 85 of 1993).
2. Major Hazardous Installations (“MHI”) regulations in terms of the Occupational Health and Safety Act, 1993 (Act No. 85 of 1993).
3. The National Environmental Management Act, 1998 (No. 107 of 1998).
4. The Environmental Management Amendment Act, 2004 (Act No. 8 of 2004)
5. The Environment Conservation Act, 1989 (Act No. 73 of 1989).
6. The Environment Conservation Amendment Act, 2003 (Act No. 50 of 2003)
7. The National Water Act, 1998 (Act No. 36 of 1998).
8. The Water Services Act, 1977 (Act No. 108 of 1977).
9. Trade Metrology Act, 1973 (Act 77 of 1973)
10. The Atmospheric Pollution Prevention Act, 1965 (Act No. 45 of 1965)
11. The Hazardous Substances Act, 1973 (Act No. 15 of 1973)
12. The Health Act, 1977 (Act No. 63 of 1977)
13. The National Health Act, 2003 (No. 61 of 2003).
14. The National Building Regulations and Building Standards Act, 1977 (Act No. 103 of 1977).
15. National Environmental Management Air Quality Management Act, 2004 (Act No. 39 of 2004).
16. American Petroleum Institute (API) 650 and 653
17. Shell HSSE & SP Control Framework and associated standards.
18. Shell Global Design Standards
19. Shell Commercial Asset Management Policy
20. SANS 10400 – National Building Regulations
21. SANS 1200 SET – Standardised Specification for Civil Engineering Construction
22. SANS 10089-1: Petroleum Industry Part 1 – The storage and distribution of petroleum products in above-ground bulk storage installations.
23. SANS 10089-2: Petroleum Industry Part 2 – Electrical and other installations in the distribution and marketing sector;

24. SANS 10089-3 – The Installation of Underground Storage Tanks, Pumps/Dispensers and Pipe work at Service Stations and Consumer Installations;
25. SANS 1020 – The Electrical Components of Free-standing Power-operated Dispensing Devices for Flammable Liquids (The electrical specification published under separate cover);
26. SANS 10131: Above-ground storage tanks for petroleum products
27. SANS 10108: The classification of hazardous locations and the selection of apparatus for use in such locations.
28. SANS 10086-1 – The Installation, Inspection and Maintenance of Equipment used in Explosive Atmospheres.
29. SANS 1535 – Glass-reinforced Polyester Coated Steel Tanks for Underground storage of Hydrocarbons and Oxygenated solvents and intended for burial Horizontally
30. SANS 10140-3 – Identification colour markings
31. SANS 1186-1 – Symbolic safety signs
32. ASME B31.4: Pipeline Transportation Systems for Liquid Hydrocarbons and Other Liquids.