

Licence Number: PPL.sf.F1/171/2014

LICENCE FOR THE CONSTRUCTION OF A PETROLEUM STORAGE FACILITY

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

This licence is issued to

Island View Storage Richards Bay (Pty) Ltd

(Company Registration No: 1970/007028/07)

This licence is only for the purpose of construction of:

a petroleum storage facility located at:

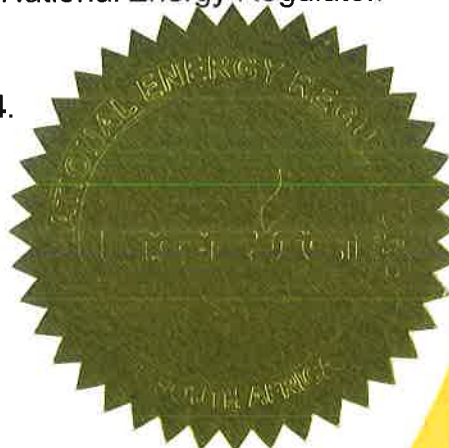
Lots 3 and 4 South Dunes, Richards Bay Terminal, KwaZulu-Natal

The construction 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 National Energy Regulator.

Issued at Pretoria on this 2nd day of **December 2014**.

Balemi

**CHIEF EXECUTIVE OFFICER
NATIONAL ENERGY REGULATOR**



**LICENCE FOR THE CONSTRUCTION OF A PETROLEUM STORAGE FACILITY AND
AUXILIARY 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' mean Regulations made in terms of sections 33(1) and 33(2) of the Act.

'Rules' mean Rules made by the National Energy Regulator in terms of section 33(3) of the Act.

'LPG' means Liquefied Petroleum Gas.

CHAPTER ONE: LICENSED ACTIVITY

1. Licensed Activity

1.1 The Energy Regulator grants the Licensee a licence to construct:

- a) An LPG storage facility located at: Lot 3 and 4, Richards Bay Terminal, KwaZulu-Natal (site GPS coordinates 28°49'13" South and 32°03'40" East) consisting of:
 - i. four (4) mounded bullet LPG tanks, of 10,000m³ each;
 - ii. six (6) road loading bays;
 - iii. six (6) rail loading bays; and

1.2 The project plan schedule is attached as **Annexure D**.

2. Facility Details

2.1. This licence is issued to the Licensee for the construction of a storage facility for the storage of LPG products.

2.2. The proposed location of the storage facility and existing pipeline route is as reflected in **Annexure A – Proposed Site Layout**. (Red lines represents the route from the berth)

2.3. Details of the storage facility are provided in **Annexure B – Proposed Facility Details**.

3. Duration of Licence

3.1 This licence is valid for a period of 25 years, commencing on the date of issue.

3.2 The Licensee may, in accordance with the Act and the Rules, apply for the renewal of the licence.

CHAPTER TWO: GENERAL CONDITIONS

4. General conditions of Licence

Sections 20(1)(a),(b), (c), (d), (e), (j), (n), (o), (p), (r), (t) (u), (v), (w), (aa) and (bb) of the Act are conditions of this licence.

5. Compliance with Conditions of Licence

The Licensee must comply with all conditions of this licence.

6. Compliance with Legislation, Operation Codes and Standards

The Licensee must comply with all applicable legislation, construction codes and standards, including those listed in **Annexure C – Legislation, Construction Codes and Standards**.

7. Amendment of Licence

7.1. This licence may only be amended in accordance with the Act and the Rules.

7.2. The National Energy Regulator may temporarily change these licence conditions in an emergency.

8. Revocation of Licence

This licence may only be revoked in accordance with the Act and the Rules.

9. Changes in Details of the Licensee

9.1. The Licensee must, within thirty (30) days of changes in its control as contemplated in section 12(2) of the Competition Act, 1998 (Act No. 89 of 1998), notify the National Energy Regulator of such changes.

9.2. The Licensee must, within 14 days of any change in its registered name, operating or trading name, registered address and other contact details, notify the Energy Regulator of such a change.

10. Changes to the Storage Facility

- 10.1. When approached by interested parties, the Licensee may negotiate for changes in the capacity of the storage facility to be constructed. The cost of such changes must be shared equitably between the Licensee and the party requesting the change.
- 10.2. Any changes to the storage facility to be constructed 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.
- 10.3. Changes to the storage facility must be made in accordance with applicable legislation, codes and standards including those listed in **Annexure C – Legislation, Construction Codes and Standards.**

11. Correspondence with the National 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 National Energy Regulator, quote the licence number as it appears on the licence certificate.

CHAPTER THREE: SPECIFIC CONDITIONS

12. Commencement and Completion of Construction

- 12.1. The Licensee must commence with the construction of the storage facility within six (6) months of the date of issue of this licence.
- 12.2. The construction of the storage facility must be completed and the storage facility must be ready for operation within thirty six (36) months of the date of issue of this licence.
- 12.3. Prior to commencement of construction of the storage facility, the Licensee must:
 - a) provide the National Energy Regulator with:
 - (i) the detailed final engineering design drawings for the storage facility, and
 - (ii) final Environmental Impact Assessment (EIA); and
 - b) notify National Energy Regulator of the date on which construction will commence.

13. Information for Monitoring Purposes

- 13.1. The Licensee must provide the Energy Regulator with reports on progress in the construction of the storage facility after every six (6) calendar months from the date of issue of the licence.
- 13.2. The reports contemplated in condition 13.1 above must be submitted within seven (7) days from the last day of every six (6) calendar months.
- 13.3. The first progress report must be submitted within seven (7) days of the last day of the six (6) calendar months calculated from the date of issue of this licence.
- 13.4. The reports contemplated in condition 13.1 above must provide updates on:
 - (a) progress towards the awarding of all Engineering Procurement and Construction contracts;
 - (b) the progress made in the acquisition of land or any right in, over or in respect of land necessary for the licensed activity, including details on all negotiations that have been concluded and that are underway, planned or stalled;
 - (c) the progress made in obtaining a Record of Decision from the relevant environmental authorities for the construction of the storage facility;
 - (d) any negotiations contemplated in section 20(1)(o) of the Act;

- (e) progress in the construction of the storage facility compared to the **project plan schedule** contained in **Annexure D** (where there have been changes to the project plan schedule, the updated project plan must be submitted with the progress report); and
- (f) any other related matter.

- 13.5. Upon completion of construction of the storage facility, the Licensee must provide the National Energy Regulator with:
- (a) the as-built maps, drawings, diagrams and schedules, identifying any deviations and differences from Annexure A and B, and must provide reasons for such deviations and differences;
 - (b) the final audited costs of construction of the storage facility; and
 - (c) a certificate or confirmation from a competent authority certifying or confirming that the storage facility is fit for operation.

14. Regulatory Reporting

The Licensee must comply with Volume 1 and Volume 4 of the National 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 National Energy Regulator from time to time.

15. 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.

16. Provision of Information to the National Energy Regulator

The Licensee must on request by the National Energy Regulator, provide all other information the National Energy Regulator may require to perform its functions under the Act.

17. 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.

18. Whole Licence

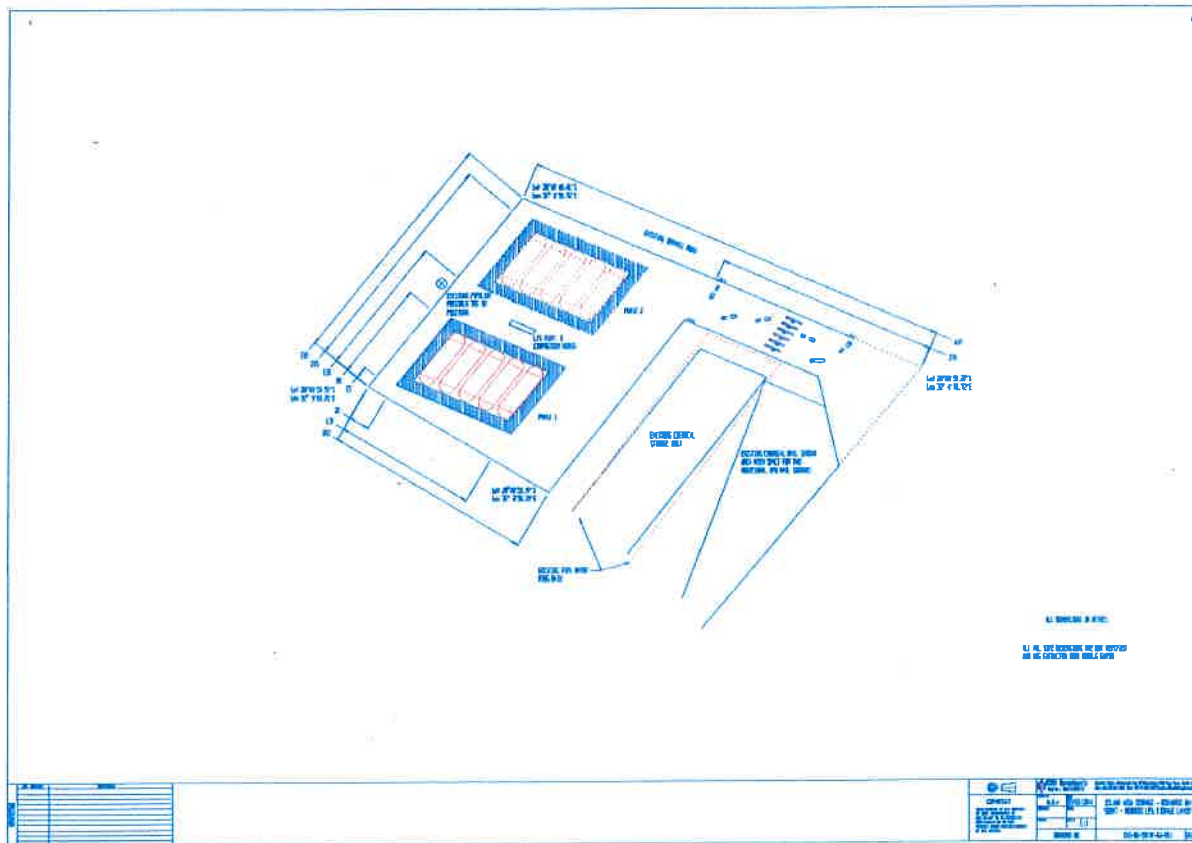
This licence constitutes the entire licence and supersedes any prior understandings and agreements between the Licensee and the National Energy Regulator.

ANNEXURE A: Proposed Site Layout

IVS Richards Bay aerial photo indicating new LPG area



Proposed LPG Layout



ANNEXURE B: Proposed Facility Details

Table 1: Tank Allocation and Capacities

Tank ID	Tank Type	Product Type	Design Capacity (m ³)
01	Mounded bullet	LPG	10 000
02	Mounded bullet	LPG	10 000
03	Mounded bullet	LPG	10 000
04	Mounded bullet	LPG	10 000
Total capacity for LPG			40 000

Table 2: Mode of operation

Intake	Discharge	Intake	Discharge
Mode	Rate (m ³ /h)	Mode	Rate (m ³ /h)
Existing Marine- Loading facility located at berth 209 and a pipeline running from the berth.	600-800	Road tanker	60
		Rail	60

ANNEXURE C: Legislation, Codes and Standards

The applicant included a list of applicable regulations, operating and technical standards, codes and specifications, including:

- SANS 10087 Part 3 – Liquefied petroleum gas installations involving storage vessels of individual water capacity exceeding 500L Latest Edition;
- National Fire Protection Association, USA. NFPA 58 LP-Gas Code latest Edition and Addendums;
- American Petroleum Institute, USA. API Std 2510 Design and Construction of Liquefied Petroleum Gas Installations (LPG);
- American Petroleum Institute, USA. API Std 2510A Fire-Protection Considerations for the Design and Operation of Liquefied Petroleum Gas (LPG) Storage Facilities;
- The Engineering Equipment and Materials Users' Association (EEMUA), Publication No. 190:2000 titled Guide for the Design, Construction & use of Moulded Horizontal Cylindrical Steel Vessels for Pressurized Storage of LPG at Ambient Temperatures;
- National Fire Protection Association, NFPA 15:Standard for Water Spray Fixed Systems for Fire Protection;
- South Africans National Standard (SANS) 10400 T: 2011, the application of the National Building Regulations Part T: Fire Protection;
- API 2510A – Fire Protection Considerations for the Design and Operation of Liquefied Petroleum Gas (LPG) Storage Facilities;
- American Standard Mechanical Engineering (ASME) B31.4 Pipeline Transportation Systems for Liquid Hydrocarbons and Other Liquids;
- ASME B31.3 Process Piping Guide;
- ASME 31.8 Gas Transmission and Distribution Piping System;
- API 1104 Welding of Pipelines and Related Facilities;
- API 1160 Managing System Integrity for Hazardous Liquid Pipelines;

- SANS 10142-1 2012 The Wiring of Premises Part 1. Low-Voltage Installations;
- SANS 10086-1 Title, The installation, inspection and maintenance of equipment used in explosive atmosphere;
- SANS 10400 The Application of the National Building Codes Latest Edition.
- The Engineering Equipment and Materials Users' Association (EEMUA), Publication No. 190:2000 titled Guide for the Design, Construction & Use of Mounded Horizontal Cylindrical Steel Vessels for Pressurized Storage of LPG at Ambient Temperatures;
- SANS 10108 The classification of hazardous locations and the selection of apparatus for use in such locations;
- NFPA 70 Electrical Code;
- South African Legislation Pertaining to HazRisk;
- Environmental Conservation Act, 1989 (Act No. 73 of 1989);
- Regulations for Hazardous Chemicals substances, R1179 August 1995;
- Hazardous Substance Act; (Act No. 15 of 1973)
- National Environmental Management Act, 1998 (Act No. 107 of 1998); and
- Occupational Health & Safety Act, (Act No. 85 of 1993).

ANNEXURE D: Project Plan Schedule

