



Licence No: PPL.p.F3/20/1/2006

LICENCE FOR THE OPERATION OF A PETROLEUM PIPELINE SYSTEM

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

This licence is issued to

Transnet Ltd, trading as Petronet
(Company Registration No: 1990/000900/06)

hereinafter referred to as “the Licensee”, only for the purpose of operation of a petroleum pipelines system and its associated infrastructure, hereinafter referred to as “the Pipeline System”.

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 terms and conditions as imposed by the NERSA. These licence conditions must be adhered to.

ISSUED at Pretoria on thisday of2007.

Chief Executive Officer
National Energy Regulator of South Africa



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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).

“authorised person” means any person holding a valid authorisation permit as contemplated in a Rule made by the NERSA in terms of section 33(3) of the Act.

“emergency” See Annexure F – Definitions.

“facilitate” refer to Annexure F – Definitions.

“interruption” refer to Annexure F – Definitions.

“operation and maintenance plan” means a written plan developed by the Licensee in accordance with a recognised international code of practice for operation and maintenance of pipelines, approved by the NERSA.

“pipeline management plans” means all documented plans developed by the Licensee in order to ensure safe and efficient operation of the pipeline.

“Rules” means the Rules made by the NERSA in terms of section 33(3) of the Act.

CHAPTER ONE: LICENSED ACTIVITY

1. Licensed Activity

- 1.1 The NERSA grants the Licensee a licence to operate the petroleum pipeline system, and associated infrastructure as indicated in **Annexure A, B and C**.
- 1.2 The Licensee must carry out the operation activities for which the licence is granted.
- 1.3 The Licensee may not assign its license to any other person or party.

2. Duration of Licence

- 2.1 The licence shall be valid for a period of 25 years, commencing on the date of issue, unless revoked by the NERSA in accordance with the provisions of the Act.
- 2.2 The Licensee may apply to have its licence renewed subject to the provisions of the Act and the Rules.

CHAPTER TWO: GENERAL CONDITIONS

3. Amendment of Licence

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

3.2 These licence conditions may be temporarily changed by the NERSA in an emergency and, where possible, in consultation with the Licensee.

4. Revocation of Licence

This licence may be revoked by the NERSA in accordance with the provisions of the Act and the Rules.

5. Contravention of Licence

The Licensee must at all times comply with the conditions of this licence, the Act and the Rules.

6. Changes in the Details of the Licensee

6.1 The Licensee must notify the NERSA if the control of the Licensee, as contemplated in section 12(2) of the Competition Act, 1998 (Act No. 89 of 1998), changes, within thirty days of such change.

6.2 The Licensee must provide the NERSA with the details of any changes in the registered name, operating or trading name, registered address and other contact details within thirty days of such change.

7. Entry, Inspection and Gathering of Information

7.1 The Licensee must permit any authorised person to enter and inspect any property on which the licensed activity is taking place as prescribed by Rules.

7.2 The Licensee must provide the authorised person conducting an inspection with health and safety equipment appropriate for that inspection.

8. Participation by Historically Disadvantaged South Africans

8.1 The Licensee must provide annually the following information to the NERSA regarding the participation of historically disadvantaged South Africans -

- a) ownership;
- b) employment equity indicators at all management levels;
- c) procurement policy;
- d) control of the Licensee as contemplated in section 12(2) of the Competition Act, 1998 (Act No. 89 of 1998).

9. Vertically Integrated Company Accounts

- 9.1 The Licensee must comply with the guidelines on Regulatory Accounts as determined by the NERSA from time to time.
- 9.2 The Licensee must maintain accounts for petroleum pipeline operation activities separate from any other accounts.
- 9.3 The Licensee must keep records providing the details of all pipeline operation transactions and agreements entered into.
- 9.4 Unless specified by the abovementioned guidelines, the licensee must specify its rules for the allocation of assets and liabilities, expenditure and income as well as for depreciation.

10. Correspondence with the NERSA

- 10.1 Unless otherwise directed by the NERSA, all official communication with the NERSA must be in writing.
- 10.2 The Licensee must, in all correspondence with the NERSA, quote the licence number, as it appears on the licence certificate.

11. Provision of Information to the NERSA

The Licensee must furnish NERSA with information, in such form and manner and at such times as NERSA may require, including, but not limited to the following -

- (a) Copies of audited annual accounting statements within three months of the end of the Licensee's financial year.
- (b) Updates of tariff structures within three months of the anniversary of the date of issue of the licence.
- (c) The Licensee must submit to the NERSA quarterly reports of requests for access granted and denied, and grounds for refusal within one month of the end of the quarter .
- (d) Annual updates of health, safety and emergency plans within three months of the anniversary of the date of issue of the licence.
- (e) Any other information that the NERSA may require in the performance of its duties or functions under the Act, as and when requested.

CHAPTER THREE: SPECIFIC CONDITIONS

12. Operation and Maintenance of the Pipeline

- 12.1 The Licensee must develop, maintain and submit to the NERSA the following pipeline management plans:
- a) an operation and maintenance plan
 - b) a decommissioning plan, where necessary
 - c) an emergency plan
 - d) a plan for reviewing changes in conditions affecting the integrity and safety of the pipeline as contemplated in section 20(1)(y).
- 12.2 The Licensee must develop the management plans in accordance with all standards, codes and applicable legislation as approved by the NERSA, and must comply with them.
- 12.3 The Licensee must submit the management plans required in clause 12.1 within six months of the granting of this licence.
- 12.4 The Licensee must, to the satisfaction of the NERSA, undertake community consultation on aspects of management plans which may affect the public.
- 12.5 The Licensee must maintain records detailing its compliance and non-compliance with the standards, indicators and targets included in the individual management plans in effect, and must provide such records to the NERSA on request.

13. Emergency Plan

- 13.1 The Licensee must comply with section 20(1) (x) of the Act.
- 13.2 The Licensee must establish liaison with the emergency response officials by arranging meetings to develop an emergency plan.
- 13.3 The Licensee must subsequently meet annually with the emergency response officials to review and update the emergency plan.
- 13.4 The Licensee must record the minutes of all the meetings with the emergency officials.
- 13.5 The licensee must submit annually to the NERSA the minutes of all the meetings held with the emergency officials together with the updated emergency plan.

14. Material Changes to the Facility

- 14.1 The Licensee must comply with sections 20(h), 20(i) and 20(j) of the Act.
- 14.2 The Licensee must notify the NERSA of -
- a) any interruptions in normal operations; and
 - b) maintenance or repair work that affects the delivery of petroleum forty eight hours before commencement of work or in an emergency within twenty four hours.

15. Access

15.1 The Licensee must comply with section 20(1)(g) of the Act.

15.2 The Licensee must not discriminate between customers as contemplated in section 21 of the Act.

15.3 The Licensee must on request facilitate the mixing of slugs of HDSA wholesalers that would not normally qualify for capacity allocation due to the limited size of the capacity requested, with those of large wholesalers in a manner approved by the NERSA.

16. Tariffs

16.1 The Licensee must charge tariffs as set by the NERSA that are consistent with section 28(2)(a) - (d) of the Act.

16.2 The Licensee must comply with section 28(6) of the Act.

16.3 The Licensee must submit to the NERSA a request for a tariff review, eight months before the desired implementation date.

17. Security of Supply to the Market

The Licensee must maintain its licensed petroleum pipeline in a fully operational condition.

18. Whole Licence

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

18.2 This licence is limited to the petroleum pipeline and associated infrastructure, contemplated in this licence.

19. Indemnity

The NERSA and its employees are not liable for any and all claims, liabilities, losses, costs, expenses (including attorney's fees) and damages, which the Licensee may suffer resulting from the licensed activity.

20. Annexures

The following annexures constitute part of this licence.

Annexure A Map of Petronet petroleum product pipeline system (Refined, northern network, crude and Avtur)

Annexure B Details of Petroleum Pipeline system.

Annexure C Operation Codes and Standards

Annexure D Tank details and allocations of associated depots

Annexure E Tariffs

Annexure F Definitions

Annexure A:
Map of Petronet Petroleum Products Pipeline Network
(Crude, Refined, Avtur)

Annexure B: Details of Petroleum Pipeline System

3.1 The complete pipeline system can be divided into two main sections, the main arterial section (south section) and the northern pipeline network:

3.1.1 Durban to Johannesburg (DJP):

Intake: Durban (Fynnland);

Diameter: 12 inches;

Pump stations:

Single - Van Reenen, Bethlehem, Magdala, Sasolburg.

Double - Hillcrest, Howick, Ladysmith, Sasolburg (Coalbrook),
Alrode.

Delivery stations: Ladysmith, BHT, Bethlehem, Kroonstad,
Alrode

3.1.2 Northern pipeline network:

From Sasolburg the routing split into a multi-diameter pipeline network also linking with the crude line and spreading out to North West, Gauteng and Mpumalanga provinces.

The different pipeline sections are:

A) Sasolburg - Klerksdorp:

Diameter 8 inch with delivery station at Klerksdorp

B) Sasolburg – Coalbrook - Jamesonpark – Kendal – Witbank

Diameter 18 inch;

Run parallel to DJP between Sasolburg and Coalbrook.

C) Section from Jamesonpark to Witbank is 18 inch.

D) Sasolburg – (Alrode) - Jamesonpark – Secunda – Kendal

Branch off DJP before Alrode

Section Jamesonpark to Secunda is diameter 16 inch with direction from Secunda refinery to Jamesonpark joining up with DJP to Alrode.

E) Secunda - Kendal

Has 2 parallel pipelines, diameter 20 inches and 12 inches respectively with pump station at Secunda direction to Kendal.

F) Coalbrook (NATREF) to Jamesonpark

Diameter 18 inch with bi-directional flow to accept product from Secunda refinery;
Link up with crude line using double pumpstation at Coalbrook

G) Alrode – Langlaagte – Tarlton – Rustenburg:

Section up to Tarlton is 12 inches reducing to 8 inch to Rustenburg

Delivery points: Langlaagte, Tarlton, Rustenburg

Storage: Petronet owns the storage facility at Tarlton, which will be dealt with in separate submission.

H) Alrode – Waltloo – Pretoria West:

Diameter: 12 inch to Waltloo, but branch off pipeline to Pretoria West is 8 inches

Delivery stations: Pretoria West, Waltloo

3.2 In the application, Petronet has indicated that the tankage and depots along the routing forms an integral part of the operation of the pipeline.

3.2.1 The key features of the depots associated with the application are reflected in **Annexure D**.

Annexure C: Operation Codes and Standards

NB: The list of acts below includes all regulations, rules, standards and codes prescribed under each particular act.

1. The South African Occupational Health and Safety Act (No. 85 of 1993)
2. The National Environmental Management Act [No. 107 of 1998]
3. The National Environmental Management Amendment Act [No. 8 of 2004]
4. The Environment Conservation Act, 1989
5. The Environment Conservation Amendment Act [No. 50 of 2003]
6. The National Water Act [No. 36 of 1998]
7. The Water Services Act [No. 108 of 1977]
8. The Atmospheric Pollution Prevention Act [No. 45 of 1965]
9. The Hazardous Substances Act [No. 15 of 1973]
10. The Health Act [No. 63 of 1977]
11. The National Health Act [No. 61 of 2003]
12. The National Building Regulations and Building Standards Amendment Act [No. 49 OF 1995]
13. The operating standards and procedures as supplied to the NERSA by Petronet in support of the licence application.

Annexure D:

Tank Details and Allocations of Associated Depots

Depot	Location / Address (Note 1)	Tank ID	Tank type	Product	Capacity [m ³]	
					Design volume	Working capacity
Alrode	Johannesburg, Gauteng	A1	Intermixture	Petrol Intermix	814 113	800 000
		A2	Intermixture	Petrol Intermix	814 113	800 000
		A3	Intermixture	Diesel Intermix	814 113	800 000
		A4	Intermixture	Diesel Intermix	814 113	800 000
		A5	Accumulator	Lead Replacement	4 350	4 200
		A6	Accumulator	Diesel	4 350	4 200
		A7	Accumulator	Lead Replacement	4 350	4 000
		A8	Accumulator	Unleaded	6 800	6 500
Bethlehem	Bethlehem, Free State	B1	Intermixture	Intermix	90 000	74 685
Klerksdorp	Klerksdorp, North West	K1	Intermixture	Petrol Intermix	84 776	83 000
		K2	Intermixture	Petrol Intermix	84 776	83 000
		K3	Intermixture	Diesel Intermix	84 776	83 000
		K4	Intermixture	Diesel Intermix	84 776	83 000
Ladysmith	Ladysmith, KwaZulu Natal	L4	Intermixture	Intermix	90 336	83 126
		L5	Intermixture	Intermix	450 303	389 882
		L7	Intermixture	Intermix (Note 2)	2 018 205	1 776 977
		A6	Accumulator	Unleaded	1 838	1 777
		A8	Accumulator	Lead Replacement	2 550	2 495
		A9	Accumulator	Diesel	2 747	2 608
Langlaagte	Johannesburg, Gauteng	L1	Intermixture	Intermix	814 113	800 000
		L2	Intermixture	Intermix	814 113	800 000
		L3	Intermixture	Intermix	814 113	800 000
		L4	Intermixture	Unleaded	814 113	800 000
		L5	Accumulator	Unleaded	1 992	1 800
		L6	Accumulator	Unleaded	1 992	1 800

Depot	Location / Address (Note 1)	Tank ID	Tank type	Product	Capacity [m ³]	
					Design volume	Working capacity
Pretoria West	Sasol Depot, Pretoria West, Pretoria, Gauteng	N/a Note 3	N/a	N/a	N/a	N/a
Rustenburg	Rustenburg, North West	R1	Intermixture	Intermix	250 000	245 000
		R2	Intermixture	Intermix	250 000	245 000
		R3	Intermixture	Intermix	250 000	245 000
Sasolburg	Sasolburg, Free State	T1 Note 4	Intermixture	Intermix	100 000	92 000
Waltloo	Waltloo, Pretoria, Gauteng	W1	Intermixture	Intermix	84 775	80 000
		W2	Intermixture	Intermix	84 775	80 000
		W3	Intermixture	Intermix	84 775	80 000
		W4	Intermixture	Intermix	84 775	80 000
		W5	Intermixture	Intermix	247 708	247 566
		W6	Intermixture	Intermix	247 600	247 035
		W7	Intermixture	Intermix	248 635	247 502
		W8	Accumulator	Unleaded	1 988	1 950
		W9	Accumulator	Diesel	1 990	1 950
Witbank	Witbank, Mpumalanga	W5	Accumulator	Unleaded	2 297	2 120
		W6	Accumulator	Lead Replacement	3 769	3 139
		W7	Accumulator	Lead Replacement	3 769	3 139
		W8	Accumulator	Diesel	3 769	3 455
		W9	Accumulator	Diesel	3 769	3 455

Note 1: Physical location/address still to be confirmed by Applicant

Note 2: Will be converted to accumulator

Note 3: Single product delivery depot and has no intermixture tanks

Note 4: Sasol provide their own intermix tank by agreement

Annexure E: Tariffs

- a. The applicant must submit to the Energy Regulator for consideration and approval, a document proposing the tariff applicable to prospective users of the licensed petroleum facility.
- b. The first such document must be submitted within six months of the granting of the licence to operate the facility.

**Annexure F:
Definitions**

This annexure, containing a number of definitions will be provided separately to the applicant in due course.