

Licence Number: PPL.sf.F3/80/9/2008

LICENCE FOR THE OPERATION OF A PETROLEUM STORAGE FACILITY

This licence is issued by the 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

FFS REFINERIES (Pty) Ltd

(Company Registration No: 1954/003325/07)

hereinafter referred to as "the Licensee", only for the purpose of operation of lube oil storage facility at:

Brackenfell Depot, Lot 103, Formosa Road, Island View Site 3, Durban

The operation 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 NERSA. These licence conditions must be adhered to.

ISSUED at Pretoria on this 8th day of **January 2010**.


CHIEF EXECUTIVE OFFICER
NATIONAL ENERGY REGULATOR



LICENCE FOR THE OPERATION OF A PETROLEUM STORAGE FACILITY

TABLE OF CONTENTS	Page
CHAPTER ONE: LICENSED ACTIVITY	5
1. Licensed Activity	5
2. Duration of Licence	5
CHAPTER TWO: GENERAL CONDITIONS	6
3. General Conditions of Licence	6
4. Amendment of Licence.....	6
5. Compliance with Conditions of Licence.....	6
6. Revocation of Licence.....	6
7. Changes in the Details of the Licensee	6
8. Correspondence with the NERSA	7
9. Regulatory Financial Reporting	7
10. Non discrimination.....	7
11. Changes to the Facility.....	8
12. Maintenance and Interruption of Operations	8
13. Participation by Historically Disadvantaged South Africans	8
14. Entry, Inspection and Gathering of Information	9
15. Provision of Information to the NERSA	9
CHAPTER THREE: SPECIFIC CONDITIONS	10
16. Operation and Maintenance of the Storage Facility.....	10
18. Tariffs.....	11
19. Ancillary Obligations.....	11

Annexures

Annexure A: Overall site layout

Annexure B: Tank Allocation and Capacities

Annexure C: Operation Codes and Standards

DEFINITION

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 and Rules made under the Act.

“authorised person” means any person holding a valid authorisation permit as defined by the Rule.

“operation and maintenance plan” means a written plan developed by the Licensee in accordance with the codes listed in **Annexure C – Legislation, Operation Codes and Standards**.

“Regulations” means regulations made in terms of the Act.

“Rules” means the Rules made by the NERSA in terms of section 33(3) of the Act and Rule has a corresponding meaning.

CHAPTER ONE: LICENSED ACTIVITY

1. Licensed Activity

- 1.1 The NERSA grants the Licensee a licence to operate a petroleum storage facility at the site located at:

**36 Viben Street
Brackenfell
Lot 103, Formosa Road
Island View
Durban**

and as indicated on the site layout map in **Annexure A – Overall Site Layout**.

- 1.2 The licence is granted to the Licensee for the storage of lube oil. The licensed storage capacities are described in **Annexure B – Tank Allocation and Capacities**.
- 1.3 The Licensee must carry out the storage facility operation activities for which the licence is granted.

2. Duration of Licence

- 2.1. The licence is valid for a period of 25 years, commencing on the date of issue, unless revoked.
- 2.2. The Licensee may apply for the renewal of the licence in accordance with the provisions of the Act and the Rules.

CHAPTER TWO: GENERAL CONDITIONS

3. General Conditions of Licence

Section 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. Amendment of Licence

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

5. Compliance with Conditions of Licence

The Licensee must comply with the conditions of this licence and the Act.

6. Revocation of Licence

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

7. Changes in the Details of the Licensee

7.1 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.

7.2 The Licensee must at all times provide the NERSA with the details of any changes in its registered name, operating or trading name, registered address and other contact details.

7.3 The notifications contemplated in this section must be provided within 14 days of the event giving rise to them.

8. Correspondence with the NERSA

- 8.1 All official communication with the NERSA must be in writing, unless directed otherwise by the NERSA.
- 8.2 The Licensee must, in all correspondence with the NERSA, quote the licence reference number, as it appears on the licence certificate.

9. Regulatory Financial Reporting

- 9.1 The Licensee must comply with NERSA's Regulatory Reporting requirements as amended from time to time.
- 9.2 The Licensee must maintain separate accounts and compile data for storage operation activities separate from any other accounts or data collection.
- 9.3 The Licensee must keep records providing the details of all petroleum storage transactions and agreements entered into.
- 9.4 The Licensee must specify in writing rules for the actual allocation of assets and liabilities, expenditure and income as well as for depreciation, unless otherwise prescribed by the NERSA in the Regulatory Reporting Manual.

10. Non discrimination

- 10.1 The Licensee may not discriminate between customers or classes of customers, including its related undertakings.
- 10.2 Without limiting the generality of provision 10.1, 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.

10.3. The Licensee must not, in the sales or purchases of petroleum by it or by related undertakings, abuse commercially sensitive information obtained from third parties.

11. Changes to the Facility

11.1. The Licensee must notify the NERSA of any changes to the facility, in advance if possible, and if not, within seven days of a change.

11.2. Changes to the facility that, in terms of the Act, may require an amendment of this licence, or a new licence, must not be effected until an amended or new licence has been issued.

11.3. Any such changes must be done in accordance with the standards listed in **Annexure C – Operation Codes and Standards**.

12. Maintenance and Interruption of Operations

12.1. The Licensee must notify the NERSA and its affected customers, and distributors of:

- (a) any interruptions or changes in normal operations; and
- (b) maintenance or repair work that may affect the delivery of petroleum, in advance for planned and unplanned interruptions if possible and if not, within seven days of the interruption or change.

12.2. Any such maintenance or repair work must be done in accordance with the standards listed in **Annexure C- Operation Codes and Standards**.

12.3. The Licensee must maintain the licensed storage in a fully operational condition.

13. Participation by Historically Disadvantaged South Africans

The Licensee must comply with the Regulations regarding the mechanisms to promote historically disadvantaged South Africans and the information to be provided to the Energy Regulator in regard thereto.

14. Entry, Inspection and Gathering of Information

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

15. Provision of Information to the NERSA

15.1 Records relating to the compliance or non-compliance with the conditions of this licence shall be kept in good order. Such records shall be made available to the Energy Regulator within 7 days of receipt of a written request by the NERSA for such records.

15.2 A storage facility licensee must submit such information to the Authority as may be required by the Authority to determine uncommitted capacity and allow access to the applicable records and facilities by the Authority or its duly authorized representatives, including consultants.

15.3 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 financial statements;
- (b) current tariff structures;
- (c) annual reports of third party access requests granted and denied, and the grounds for refusal;
- (d) annual updates of health, safety and emergency plans within three months of the anniversary of the date of issue of the licence;
- (e) information required to be submitted to the NERSA in accordance with the Regulations; and
- (f) any other information that the NERSA may require to perform its functions under the Act.

CHAPTER THREE: SPECIFIC CONDITIONS

16. Operation and Maintenance of the Storage Facility

- 16.1 The Licensee must develop, maintain and submit to the NERSA the following storage management plans:
- (a) an operating and maintenance plan;
 - (b) an emergency plan; and
 - (c) a decommissioning plan where applicable
 - (d) a plan for reviewing changes in conditions affecting the integrity and safety of the storage facility as contemplated in section 20(1)(y)
- 16.2 The Licensee must develop the management plans in accordance with applicable and relevant standards, codes and applicable legislations as listed in Annexure C - *Operation Codes and Standards*.
- 16.3 The Licensee must submit the management plans required in clause 16.1 within six months of the grant of this licence.
- 16.4 The Licensee must, to the satisfaction of the NERSA, undertake community consultation on aspects of management plans which may affect the public.
- 16.5 If any amendments or changes are made to the management plans contemplated in clause 16.1, the Licensee must resubmit the plans to the NERSA within 90 days of such occurrence.
- 16.6 The Licensee must submit to the NERSA the procedures for decommissioning, recommissioning or abandonment of the facility prior to the commencement of such procedures.
- 16.7 The Licensee shall operate, maintain and develop its storage facility in a reliable and efficient manner, with due regard to the environment and public safety.

17 Uncommitted Capacity

- 17.1 The Licensee must comply with section 20(1)(n) of the Act and the Regulations regarding third party access.
- 17.2 The Licensee must comply with the allocation mechanism it is required to submit to the Energy Regulator in accordance with the Regulations.
- 17.3 The information that must be provided in terms of the Regulations regarding third party access must be submitted in a format determined by the Energy Regulator.

18 Tariffs

- 18.1 Licensee must, within three months of the date of issue of this licence, submit its proposed tariffs for approval and thereafter as and when required.
- 18.2 The Licensee's tariff proposals must comply with section 28(2)(a) and 28(3) of the Act.
- 18.3 The Licensee must comply with tariffs approved by the Energy Regulator.
- 18.4 Tariff applications are to be submitted in the format approved by the Energy Regulator.

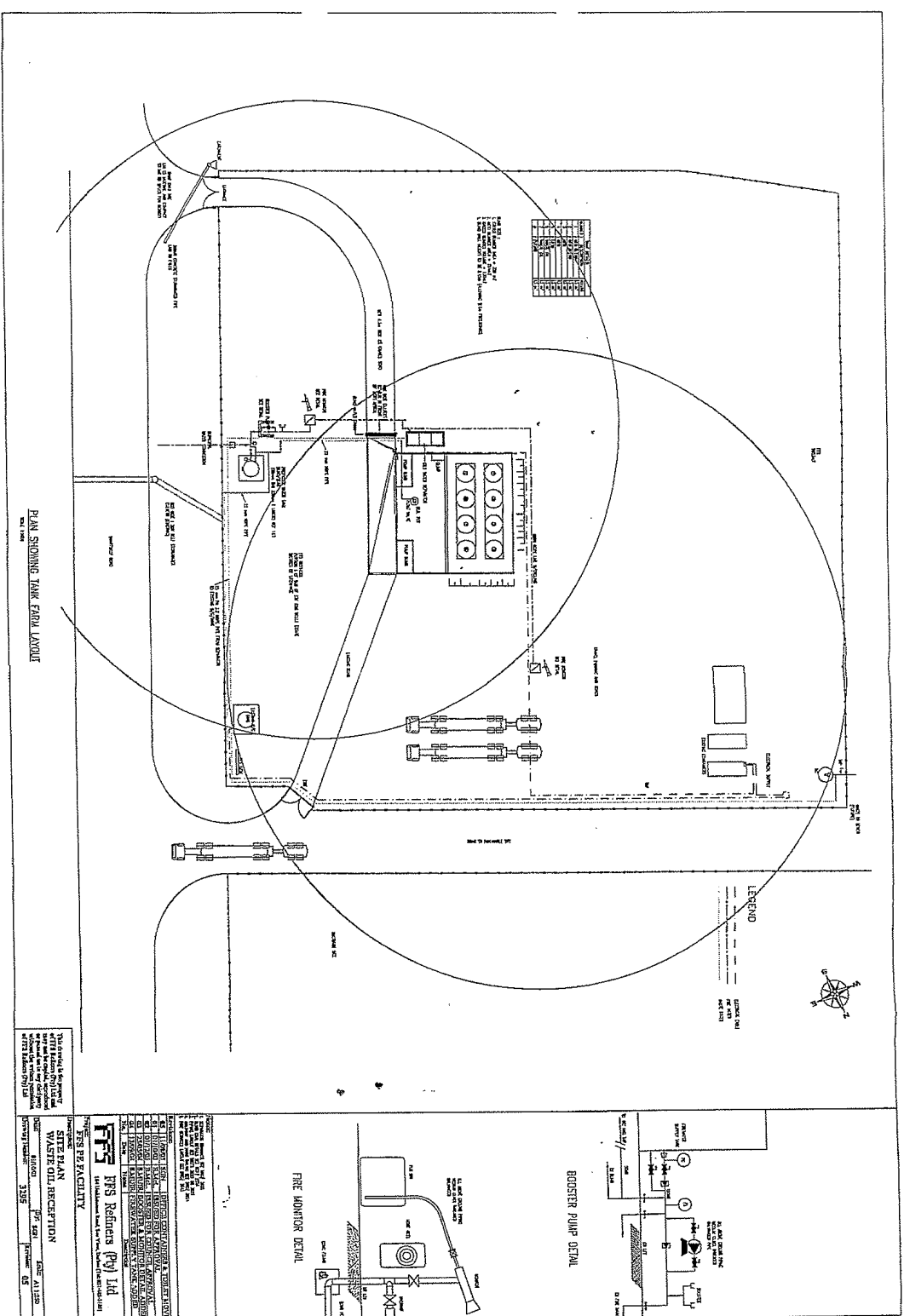
19 Ancillary Obligations

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.

20 Whole Licence

- 20.1 This licence constitutes the entire licence and supersedes any prior understandings and agreements between the Licensee and the NERSA.
- 20.2 This licence is limited to the petroleum storage and associated infrastructure, contemplated in this licence.

Annexure A: Overall Site Layout



Annexure B: Tank Allocation and Capacities

Tank data for Brackenfell Depot

Tank Identification	Capacity (m³)	Product
1	23	Used lube oil
2	23	Used lube oil
3	23	Used lube oil
4	23	Used lube oil
5	23	Used lube oil
6	81	Used lube oil
7	81	Used lube oil
8	84	Used lube oil
Total:	361	

Annexure C: Operation Codes and Standards

The Licensee must comply with the codes and legislation as submitted in the application:

- South African National Standards (SANS) 299;
- SANS 342;
- SANS 1598; and
- SANS 10131;
- The Atmospheric Pollution Prevention Act, 1965 (Act No. 45 of 1965)
- The Occupational Health and Safety Act, 1993 (Act No. 85 of 1993)

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

1. The National Environmental Management Act, 1998 (Act No. 107 of 1998)
2. The Environment Conservation Act, 1989 (Act No.73 of 1989)
3. The National Water Act, 1998 (Act No. 36 of 1998)
4. The Water Services Act, 1977 (Act No. 108 of 1977)
5. The Hazardous Substances Act, 1973 (Act No. 15 of 1973)
6. The Health Act, 1977 (Act No. 63 of 1977)
7. The National Health Act, 2003 (Act No. 61 of 2003)
8. The National Building Regulations and Building Standards Act, 1997 (Act No. 49 of 1997)