



LICENCE CONDITIONS FOR THE OPERATION OF A GAS TRANSMISSION FACILITY IN THE NIGEL AREA OF THE EKURHULENI METROPOLITAN MUNICIPALITY OF THE GAUTENG PROVINCE

Licence Number: Gala.t.F3/1717/2019

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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.

In these licence conditions, the following expressions shall have the following meanings:-

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

“Regulations” means the Piped-Gas Regulations made in terms of the Act.

“Rules” means Rules made by NERSA in terms of section 34(3) of the Act.

“the Act” means the Gas Act, 2001 (Act No. 48 of 2001), and includes Regulations made under the Act.

CHAPTER ONE: LICENSED ACTIVITIES

1 Licensed Activities

1.1 NERSA grants the Licensee a licence to operate a gas transmission facility as depicted on **Annexures A, B1, B2, B3 and B4** attached hereto with the following specifications:

Table 1: Specifications of the gas transmission facility

Specifications of the gas transmission facility to be constructed	
Pipeline Length	10 km
Pipeline Inner Diameter	8" (203,2 mm)
Material (pipeline line)	Carbon steel
Material High Pressure Customer Meter Station (HPCMS)	Carbon Steel
Maximum Design Pressure of the HPCMS	42 bar gauge
Operating pressure of the HPCMS	32 bar gauge
Maximum Design Capacity of the HPCMS	Confidential Gigajoules/hour (± Confidential Gigajoules per annum)
Actual Customer Consumption	Confidential Gigajoules per annum
High Pressure Customer Metering Station	
i. Inlet Pressure	35 bar gauge
ii. Outlet Pressure	1.5 bar gauge
X_coordinate	28.44900
Y_coordinate	-26.41800

1.2 The Licensee must carry out the gas transmission operation activities for which the licence is granted, and must carry out these activities in a manner consistent with the objectives and provisions of the Act.

1.3 The Licensee may not assign this licence to another party.

2 Duration of Licence

The licence is valid for a period of twenty five (25) years from the date of issue, unless revoked by NERSA in accordance with the provisions of the Act.

CHAPTER TWO: GENERAL CONDITIONS

3 General Conditions of License

Sections 20(1)(a), (b), (c), (d), (e), (f), (g), (h), (p), (q), (r), (t) and (u) of the Act are conditions of this licence.

4 Amendment of Licence

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

5 Revocation of Licence

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

6 Compliance

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

- 6.2 This licence is granted only in terms of the Act and for the activities specified and described in paragraph 1.1 above. This licence does not exempt the Licensee from compliance with any other legislation.

7 Changes in Licensee Particulars

- 7.1 The Licensee must notify NERSA if control of the Licensee as contemplated in section 12(2) of the Competition Act, 1998 (Act No. 89 of 1998) changes.
- 7.2 The Licensee must notify NERSA if the composition of the board of directors of the Licensee changes.
- 7.3 The Licensee must at all times provide NERSA with the details of any changes in the registered name, operating or trading name, registered address and other contact details, including but not limited to, the names, telephone numbers, facsimile numbers and email addresses of contact persons.
- 7.4 The notifications contemplated in 7.1 and 7.3 above must be provided within fourteen (14) days of the event giving rise to them.

8 Correspondence with NERSA

- 8.1 All official communication by the Licensee with NERSA must be in writing, signed and addressed to NERSA.
- 8.2 The Licensee must in all correspondence with NERSA quote the licence reference number as it appears on this licence certificate.

9 Entry, Inspection and Gathering of Information

The Licensee must, in the manner prescribed by the Rules, permit any Person authorised in terms of section 29 of the Gas Act to, at all reasonable times, enter and inspect any property on which the licensed activity is taking place.

10 Participation of Historically Disadvantaged South Africans

10.1 The Licensee must annually provide NERSA with the information regarding the promotion of Historically Disadvantaged South Africans as prescribed in Regulation 5 of the Regulations in terms of the Gas Act.

10.2 The Licensee must submit the information contemplated in 9.1 above to NERSA within thirty (30) days of its financial year end.

11 Transaction recording and Regulatory Financial Reporting

11.1 The Licensee must keep detailed records of all gas transmission transactions and agreements entered into.

11.2 The Licensee must maintain separate accounts for its gas transmission activities and compile gas transmission data separately from any other accounts or data collection. The separately maintained accounts must be prepared in accordance with the Regulatory Report Manuals as prescribed by the Energy Regulator.

12 Monitoring and Provision of Information

- 12.1 The Licensee shall keep all records relating to the compliance and non-compliance with the conditions of this licence. Such records shall be made available to NERSA within fourteen (14) days of receipt of a written request for such records.
- 12.2 The Licensee must furnish NERSA with any information in such form and manner and at such times as NERSA may require in the performance of its duties or functions under the Act.
- 12.3 The information that the Licensee must furnish NERSA with shall include, but is not limited to the following –
- (a) Detailed audited annual financial statements, consisting of a balance sheet, income statement and cash flow statement for the licensed gas facility and activity. This information must be furnished to NERSA within six calendar months of the end of the Licensee's financial year;
 - (b) An updated plan of the gas transmission facility, including details of any amenities that are no longer operational, as well as details of the availability of this network plan for public inspection. This information must be furnished to NERSA within three calendar months of the end of the Licensee's financial year; and
 - (c) Details of any changes to the Licensee's health, safety and emergency plans. Details of changes to these plans must be submitted to NERSA within three calendar months of such changes being effected.
- 12.4 The Licensee must provide NERSA with quarterly reports indicating the progress made in terms of the execution of the licensed activity.

12.5 The Licensee must furnish NERSA with any information in such form and manner and at such times as NERSA may require in the performance of its duties or functions under the Gas Act, the Rules and Regulations.

CHAPTER THREE: SPECIFIC CONDITIONS

13 Operation and Maintenance of the transmission facility

13.1 The Licensee must operate, maintain, decommission, recommission or abandon the licensed gas transmission facility in accordance with the standards as listed in **ANNEXURE C** hereto.

13.2 The Licensee must develop, implement and maintain the following management plans-

13.2.1 An operating and maintenance plan;

13.2.2 An emergency plan; and

13.2.3 A decommissioning plan, where applicable.

in accordance with the applicable and relevant standards, codes and legislations as listed in **ANNEXURE C** hereto.

13.3 The plans contemplated in paragraph 13.2 above are a condition of this licence.

13.4 The Licensee must submit the management plans contemplated in paragraphs 13.2.1 and 13.2.2 above to the Energy Regulator within three months from the date of issue of this licence.

13.5 In the event of amendments to or changes in the requirement of the standards and codes listed on **ANNEXURE C** hereto, the Licensee

must submit the consequent amendments or changes to the plans mentioned in 13.2 above to the Energy Regulator within three months of such amendments to or changes in the requirements of the standards and codes.

- 13.6 The Licensee must submit the procedures for decommissioning, recommissioning or abandonment to NERSA prior to commencement of such activities. Such procedures will be a condition of this licence.
- 13.7 The Licensee must comply with the provisions of the Regulations regarding the rehabilitation of land.

14 Maintenance and Interruption of operations

- 14.1 The Licensee must notify the Energy Regulator and its affected customers of any planned or unplanned:
- a) Interruptions in the supply or delivery of gas; and
 - b) Maintenance and repair work that may affect the supply or delivery of gas.
- 14.2 Notifications of all planned interruptions or maintenance and repair work that may affect the supply or delivery of gas to customers must be provided in writing to both the Energy Regulator and the affected customers at least three days in advance of the planned interruption or maintenance and repair work.
- 14.3 Any maintenance or repair work to the licensed activity must be done in accordance with the standards listed in **ANNEXURE C** hereto.

15 Third Party Access, Interconnections and Related Matters

- 15.1 The Licensee must provide third party access to the pipeline on commercially reasonable terms to uncommitted capacity in the transmission facility.
- 15.2 The Licensee when required must:-
- a) Implement and publicise guidelines for the use of the gas transmission system, including details of a non-discriminatory pipeline capacity allocation mechanism. This information must be sufficient to enable potential customers to understand the procedure for obtaining access to the pipeline, as well as to enter and conclude negotiations with the Licensee;
 - b) Publicise information regarding available uncommitted pipeline capacity on a monthly basis.
- 15.3 The guidelines contemplated in paragraph 15.2(a) above must include-
- a) a detailed description of the gas transmission system indicating all ownership boundaries;
 - b) method by which the tariffs are calculated;
 - c) method by which a customer may request a tariff;
 - d) contractual terms and conditions regarding use and payment; and
 - e) the process to request access.
- 15.4 The Licensee must implement and publicise the guidelines contemplated in paragraph 15.2(a) above within 36 months of the date of granting this licence.
- 15.5 Where applicable, the Licensee must allow third parties to trade transmission transport capacity rights, and must:
- i) develop procedures to facilitate trade in transmission transport capacity rights; and

- ii) submit these procedures for approval by the Energy Regulator prior to implement

16 Tariff

- 16.1 The Licensee must not charge tariffs for the transmission of gas via the pipeline other than those approved or regulated by NERSA.
- 16.2 The Licensee must submit to NERSA a schedule of proposed tariffs for its current year of operation including details for their calculation and monitoring, in such form and manner as NERSA may require.
- 16.3 The Licensee must submit to NERSA a schedule of proposed tariffs for its current year of operation including details of their calculation for approval and monitoring, within 3 months of the issue of this licence.
- 16.4 The Licensee must comply with section 22 of the Act.

17 Ancillary Obligation

- 17.1 The Licensee is responsible for compliance with these licence conditions regarding any work on the transmission facility or services that are the subject of this license and/or that are subcontracted to other parties.
- 17.2 The Licensee must ensure that reasonable publicity is given to the ways in which the public can contact the Licensee for the purpose of reporting emergencies.

18 Whole Licence

18.1 This licence and licence conditions constitute the entire licence and supersedes all prior understandings and agreements between the Licensee and NERSA.

18.2 This licence must not be construed as authorising the Licensee to:

- a) Transmissit any gas that does not conform to the range of gas specifications as set out in and attached as **ANNEXURE D** hereto.