



Licence Number: Gala.t.F3/1715/2019

LICENCE FOR THE OPERATION OF A GAS TRANSMISSION FACILITY

This licence is issued by the National Energy Regulator of South Africa, hereinafter referred to as “the Energy Regulator”, in terms of the Piped Gas Act, 2001 (Act No. 48 of 2001).

This licence is issued to

Egoli Gas (Pty) Ltd

(Company Registration No: 2013/109028/07)

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

71 Main Reef Road, Langlaagte, Johannesburg, Gauteng Province, 2021

The operation of the gas transmission 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 _____ day of _____ 2018.

CHIEF EXECUTIVE OFFICER

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DEFINITIONS

For the purpose of this licence and its conditions, any word or expression to which a meaning has been assigned in the Act and the Rules shall have the meaning so assigned, unless the context indicates otherwise

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

“Regulations” means the Piped-Gas Regulations made in terms of section 34(1) of the Act. **Piped Gas Regulations published under GN R321 in GG 29792 of 20 April 2007.**

“Act” means the Gas 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” means Regulations made in terms of sections 33(1) and 33(2) of the Act;

“Rules” means Rules made by the Energy Regulator in terms of section 33(3) of the Act;

“Tube Bundle” means a number of seamless steel high pressure cylinders grouped together and connected through a series of pipeline;

“SANS” South African National Standards

“ASME” American Society of Mechanical Engineers

“HPCMS” High Pressure Customer Meter Station

CHAPTER ONE: LICENSED ACTIVITY

1. Licensed Activity

The Energy Regulator grants the Licensee a licence to operate a gas transmission facility located at Langlaagte area, 71 Main Reef road, Langlaagte, Johannesburg in Gauteng Province (X Coordinates: -26.20776 and Y Coordinates: 27.98409).

1.1 The specifications of the proposed pipeline are detailed in **Table 1** below:

Table 1: Specifications of the pipeline

Specifications of the pipeline to be operated	
Type of pipeline	Transmission
Pipeline Length	20.6 meters
Pipeline Inner diameter	102.3 mm
Pipeline outer diameter	114.3 mm
Material composition	Carbon Steel
Design pressure	50 bar gauge
Operating pressure	33 bar gauge

1.2 The specifications of the proposed HPCMS are detailed in **Table 2** below:

Table 2: Specifications of the HPCMS

Specifications of the high pressure customer meter station to be operated	
Type of the meter	HPCMS
Area occupied	14 x 15 m ²
Location	X Coordinates: -26.20776 Y Coordinates: 27.98409
Flow rate	10 000m ³ /hr
Maximum operating pressure	33 bar gauge
Average operating pressure	28 bar gauge
Inlet Pressure	33 bar gauge
Outlet Pressure	30 bar gauge

1.3 The chemical and physical composition of the gas are outlined in **Table 3** below.

Table 3: Combustion Properties of gas

Property	Units	Limits (Min/Max)	Notes
Energy content (HHV)	MJ/m ³ _n	38.1 - 43.5	1 ¹
Wobble index	No units	50.9 - 55.1	2 ²
Relative density (RD)	No units	0,55 - 0,70	3 ³
Total Sulphur	mg/m ³ _n	0 – 15.0	
Methane	vol%	88.0 – 98.0	
Carbon Dioxide	vol%	0 – 2.0	
Nitrogen	vol%	0 – 3.0	
Total inerts	vol%	0 – 5.0	
Hydrogen Sulphide	mg/ ³ _n	0 – 4.0	
Odourising Agent (S	mg/m ³ _n	0 – 20.0	

1.4 The transmission operation licence is granted to the Licensee for the purpose of transmitting gas to the Licensee’s customers.

1.5 The Licensee must carry out these activities in a manner consistent with the provisions of the Act.

1.6 The Licensee must commence with operation activities contemplated in paragraph 1.1 above within thirty six (36) months of the date of issue of the licence.

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

1.8 The layout of the transmission facility, as well as HPCMS is shown in **Annexure A: ArcGis Maps**.

1.9 The process flow diagram layout is provided in **Annexure B: HPCMS Proces Flow Diagram**.

1.10 The Licensee must carry out the activities for which this licence is granted from date of issue of this licence.

¹ NORMAL CUBIC METER (m³) shall mean a cubic meter, the reference conditions of measurement being 0 degrees Celsius at a pressure of 101.235 KPa and a free of water vapour these conditions

² WOBBLE INDEX shall mean the index obtained when the energy content of the gas in (MJ/m³_n) is divided by the square root of the relative density of the gas.

³ RELATIVE DENSITY (relative molecular weight), shall mean the ratio of the average molecular weight of gas to that of air (28.97)

2. Duration of Licence

- 2.1 The licence is valid for a period of 25 years from the date of issue, unless revoked by NERSA in accordance with the provisions of the Act.
- 2.2 The Licensee may apply to have its licence renewed subject to the provision of the Act.

CHAPTER TWO: GENERAL CONDITIONS

3. General Conditions of Licence

Sections 21(1) (a), (b), (c), (q), (r), (t) and (u) of the Act are conditions of this licence.

4. Compliance with Conditions of Licence

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

5. Compliance with Legislation, Operation Codes and Standards

5.1. The Licensee must comply with the applicable standards, legislations and codes relevant to the transmission, use and handling of the gas including those listed in **Annexure C: Legislation, Operation Codes and Standards**.

5.2. 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.

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 Particulars

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 Transmission Facility

- 9.1. When approached by interested parties, the Licensee must negotiate for changes in the capacity of the transmission facility. The cost of such changes must be shared equitably between the Licensee and the party requesting the change.
- 9.2. Changes to the transmission facility 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 transmission facility 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 transmission facility 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 work that may adversely affect the delivery of gas.
- 10.3. Where delivery of gas 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 transmission facility 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 the 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 Piped Gas 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 21(1)(d) 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 transmission 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 transmission facility on commercially reasonable terms;

- (e) on request by the Energy Regulator, submit any information that the Energy Regulator requires to determine uncommitted capacity in the transmission facility;
- (f) allow the Energy Regulator or any authorised person to have access to:
 - a) The transmission 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 the 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 operation of a transmission facility to enable potential customers to understand the procedure for obtaining access.

14.4. The Licensee may elect to give user's access to the facility on the basis that the capacity is shared among all users in proportion to their needs.

15. Non-discrimination

The Licensee may not discriminate between customers or classes of customers regarding access, tariffs, prices, conditions or service, except for objectively justifiable and identifiable differences regarding such matters as quantity, transmission distance, length of contract, load profile, interruptible supply or other distinguished feature approved by NERSA in terms of section 22(1) of the Act.

16. 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.

17. Transaction recording and Regulator Financial Reporting

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

17.2. The Licensee must maintain separate accounts for its operation of a gas transmission activities and compile gas transmission data separately from any other accounts or data collection. These separately maintained accounts must be prepared in accordance with the Regulator Reporting Manuals (“RRM”) as prescribed by NERSA.

17.3. The Licensee must comply with the requirements on Regulator Financial Reporting as prescribed by NERSA in the Regulatory Reporting Manuals.

18. Monitoring and Provision of Information

18.1. The Licensee must keep all records relating to the compliance or non-compliance with the conditions of this licence. Such records shall be made available to NERSA within 14 days of receipt of a written request for such records.

18.2. The Licensee must provide NERSA with reports indicating the progress made in terms of executing the licensed activities, every three (3) months, from the date of issue of the licence.

18.3. 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 and the Agreement.

18.4. The Information that the Licensee must furnish NERSA must include, but 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 activity;
- (b) current tariff structures; and
- (c) an updated plan of the gas transmission facility, including details of any amnesties that are no longer operational. This plan must be furnished to NERSA within three calendar months of the end of the Licensee's financial year.

18.5. The Licensee must submit the information requested in section 18.4(a) and (b) above annually, within three (3) calendar months of the end of the Licensee's financial year.

19. Operation and Maintenance Plans of the Transmission Facility

19.1. The Licensee must operate, maintain, decommission, recommission or abandon the transmission facility in accordance with the relevant and applicable standards and codes including those listed in **Annexure C**.

19.2. The Licensee must upon commencement of this licence develop, maintain and submit the following management plans to the Energy Regulator in accordance with the applicable and relevant standards, codes and legislation including those listed in **Annexure C**:

- (a) An operating and maintenance plan;
- (b) An emergency plan; and
- (c) A decommissioning plan, where applicable.

19.3. The plans contemplated in 19.2 above form part of the licence conditions of this licence.

19.4. The Licensee must submit the management plans contemplated in 19.2 (a) and (b) above to NERSA within three months of the date of issue of this licence.

19.5. In the event of amendments to or change in the requirements of the standards and codes listed in **Annexure C**, the Licensee must submit the consequent amendments or changes to the plans mentioned in 19.2 above to NERSA within three (3) months of such amendments or changes in the requirements of the standards and codes.

19.6. The Licensee must submit the procedures for decommissioning, re-commissioning or abandonment to NERSA prior to commencement of such activities. Once those procedures are submitted to NERSA, they will become conditions of this licence.

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 per 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 transmission 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: ARCGIS MAPS

ANNEXURE B: HPCMS Process Flow Diagram

ANNEXURE C: LEGISLATION, CODES AND STANDARDS

1. The Licensee must comply with all relevant codes and standards including but not limited to the following:
 - (a) ASME B31.8-2010 – Gas Transmission and Distribution Piping Systems
 - (b) ASME B31.8S – Managing System Integrity of gas pipelines
 - (c) ASME VIII – Rules for construction of Pressure Vessels
 - (d) ASME 16.5 – Pipe flanges and flanged fittings
 - (e) SANS 208 – The design and installation of compressed natural gas (CNG) vehicle filling stations
 - (f) NFPA 52 – National Fire Protection Association
 - (g) NFPA 54 – National Fuel Gas Code
 - (h) SANS 10019 – Transportable metal containers for CNG basic design, manufacture, use and maintenance;
 - (i) SANS 10228 – Identification and classification of dangerous goods of transport;
 - (j) SANS 10231 – Transport of dangerous goods: Operational requirements for road vehicles;
 - (k) SANS 10323 –2 – Transport of dangerous: Emergency information Systems;
 - (l) SANS 10232 – 3 – Emergency Response guides;
 - (m) SANS 10087:6 2006 – The application of liquefied petroleum and compressed natural gasses at engine fuels for internal combustion engines;
 - (n) SANS 20110:2003 – Uniform provisions concerning the approval of: 1) Specific components for motor vehicles using CNG in the propulsion system; 2) Vehicles with regard to the installation of specific components of an approved type for the use of CNG in their propulsion;
 - (o) SANS 208:2005 – The design and installation of CNG filling stations;
 - (p) SANS 29001: 2006 – Sector specific quality management system for, petroleum, petrochemical and natural gas industries – requirements for product and service supply organisations;
 - (q) SANS 13631: 2003 – Packed reciprocating gas compressors;
 - (r) SANS 347 – Pressure vessels and pressurized systems;
 - (s) SANS 10227–Inspection in terms of the Pressure Equipment Regulations; and
 - (t) AGA-7 – Turbine meter operation and maintenance.

2. The Licensee must also comply with all other relevant legislation, including but not limited to the following:
 - (a) The Occupational Health and Safety Act, 1993 (Act No. 85 of 1993);
 - (b) The National Environmental Management Act, 1998 (Act No. 107 of 1998);

- (c) The Environment Conservation Act, 1989 (Act No.73 of 1989);
- (d) The National Water Act, 1998 (Act No. 36 of 1998);
- (e) The Water Services Act, 1997 (Act No. 108 of 1997);
- (f) The National Environmental Management Air Quality Management Act, 2004 (Act No. 39 of 2004);
- (g) The Hazardous Substances Act, 1973 (Act No. 15 of 1973);
- (h) The Health Act, 1977 (Act No. 63 of 1977);
- (i) National Health Act, 2003 (Act No. 61 of 2003);
- (j) The National Building Regulations and Building Standards Act, 1977 (Act No. 103 of 1977); and
- (k) Construction Regulations, 2003.