



Licence Number: Gala.tr.F1/1748/2021

LICENCE FOR TRADING IN GAS

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

KARPOWERSHIP SA FUEL SERVICES COMPANY (PTY) LIMITED

Company Registration No: 2019 / 537869 / 07)

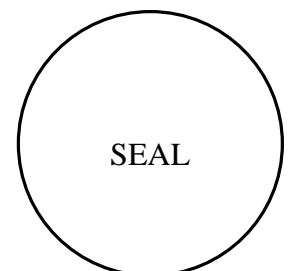
herein after referred to as “the Licensee”. This licence is only for the purpose of trading in gas in the ports of Saldanha Bay, Ngqura and Richards Bay of the Western Cape, Eastern Cape and KwaZulu-Natal provinces.

The trading of gas 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.....

CHIEF EXECUTIVE OFFICER

NATIONAL ENERGY REGULATOR OF SOUTH AFRICA





LICENCE CONDITIONS FOR TRADING IN GAS IN THE PORTS OF SALDANHA BAY, PORT OF NGQURA AND RICHARDS BAY AREA OF THE WESTERN CAPE, EASTERN CAPE AND KWAZULU-NATAL PROVINCES.

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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.

“Emergency” means a present or imminent event, outside the scope of normal operations that requires the prompt co-ordination of resources to protect the health, safety or welfare of people or to limit damage to property and the environment.

“Eligible Customer” means eligible customer as defined in the Act and the Regulations.

“Interruptions” means the discontinuation of operations due to an emergency, *force majeure* or any other external reasons or threat.

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

“Rules” means Rules made by the ENERGY REGULATOR 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.

“NERSA” means the National Energy Regulator as established in terms of the National Energy Regulator Act of 2004 (Act No. 40 of 2004).

“FSRU” means floating, storage and storage unit;

“LNG” means liquefied natural gas

CHAPTER ONE: LICENSED ACTIVITIES

1 Licensed Activities and licensed area

- 1.1 NERSA grants the Licensee a licence to trade in gas in following areas:
- a) Port of Saldanha Bay in the Saldanha Bay Local Municipality of the Western Province;
 - b) Port of Ngqura in the Nelson Mandela Metropolitan Municipality of the Easter Cape Province; and
 - c) Port of Richards Bay in the uMhlathuze Local Municipality of the KwaZulu-Natal Province.
- as indicated in **ANNEXURES A1 – A3** hereto.
- 1.2 The Licensee will use the following assets to trade in gas in the port of Saldanha Bay:
- i. An FSRU - 125 000m³; and
- 1.3 The Licensee will use the following assets to trade in gas in the port of Ngqurha:
- i. An FSRU -145 000m³; and
- 1.4 The Licensee will use the following assets to trade in gas in the port of Richards Bay:
- i. An FSRU -170 000m³; and
- 1.5 The applicant must submit the serial numbers/vessel identification numbers for port of Saldanha Bay, port of Richards Bay and port of Ngqura sites as referred to in paragraph 1.2 and 1.3 above to the Energy Regulator within 14 days of receipt of the the vessels.
- 1.6 This licence only applies to gas conforming to the gas specified as set out in **ANNEXURE B** attached hereto.
- 1.7 The Licensee must carry out the gas trading activities for which the licence is granted, and must carry out these activities in a manner consistent with the objectives and provisions of this Act.

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

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

2 Duration of Licence

2.1 The licence is valid for a period of 25 (twenty-five years) from the date of issue, unless revoked by the Energy Regulator 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 General Conditions of Licence

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

4 Amendment of Licence

4.1 This licence may be amended by Energy Regulator in accordance with the Act and the Rules.

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

5 Revocation of licence

5.1 This licence may be revoked by the Energy Regulator 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 paragraphs 1.1 and 1.2 above. Any other activity listed in section 15 of the Act that is not specified above is not authorised by this licence.
- 6.3 This licence is granted in terms of the Act and does not exempt the licensee from compliance with any other legislation.

7 Changes in Licensee Particulars

- 7.1 The Licensee must notify the Energy Regulator if control of the licensed company as contemplated in section 12(2) of the Competition Act, 1998 (Act No. 89 of 1998) changes.
- 7.2 The Licensee must notify Energy Regulator if the composition of directors of the company changes.
- 7.3 The Licensee must at all times provide the Energy Regulator 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 paragraph 7.1, 7.2 and 7.3 above must be provided within 14 days of the event giving rise to them.

8 Entry, Inspection and Gathering of information

- 8.1 The Licensee must permit any authorised person, at all reasonable time, to enter and inspect any property on which a licensed activity is taking place and inspect any facility, equipment, machinery, books, account or other documents and gather any information in accordance with the Act and the Rules.

9 Participation of Historically Disadvantaged South Africans

- 9.1 The Licensee must annually provide the Energy Regulator with the information regarding Historically Disadvantaged South Africans as prescribed in the Regulations.
- 9.2 The Licensee must submit the information contemplated in paragraph 9.1 above to the Energy Regulator within 90 (ninety) days of its financial year end.

10 Transaction recording and Regulatory Financial Reporting

- 10.1 The Licensee must keep detailed records of all gas trading transactions and agreements entered into.
- 10.2 The Licensee must maintain separate accounts for its gas trading activities and compile gas distribution data separately from any other accounts or data collection.
- 10.3 The separately maintained accounts must be prepared in accordance with the Regulatory Report Manuals as prescribed by the Energy Regulator.

11 Correspondence with the Energy Regulator

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

12 Monitoring and Provision of Information

- 12.1 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 Energy Regulator within 14 days of receipt of a written request for such records.

- 12.2 The Licensee must furnish the Energy Regulator with any information in such form and manner and at such times as the Energy Regulator may require in the performance of its duties or functions under the Act and the Agreement.
- 12.3 The information that the Licensee must furnish the Energy Regulator with must include, but is not limited to the following:
- a) for each of the Licensee's customers, the full name, physical address, annual volume supplied (in Gigajoules of gas per annum) and average charge (in Rands per Gigajoule of gas) for that financial year. This information must be furnished within three calendar months of the end of the Licensee's financial year;
 - b) detailed audited annual financial statements, consisting of a balance sheet, income statement and cash flow statement for each licensed gas facility and activity. This information must be furnished within three calendar months of the end of the Licensee's financial year; and
 - c) sufficient information as required by the Energy Regulator for it to determine maximum prices.
- 12.4 The data supplied by the Licensee in terms of 12.3(a) above must–
- a) be limited to gas;
 - b) separately reflect actual prices and tariffs, as well as any other charges paid by the end-consumer excluding taxes;
 - c) include meter rental, standing charge and the initial installation charge to the customer, where applicable; and
 - d) be reported in Rands per Gigajoule of gas.
- 12.5 The information contemplated in paragraph 12.3(a) and (b) above must be furnished within three calendar months of the end of the Licensee's financial year.

13. Changes to the licensed facilities

- 13.1 The Licensee must notify the Energy Regulator of any change to the licensed facilities in advanced of the change being effected.

- 13.2 The Licensee must not effect any change to the licensed trading area that requires an amendment of this licence or a new licence, until an amendment or new licence has been issued by the Energy Regulator.

CHAPTER THREE: SPECIFIC CONDITIONS

14 Advisory service to customers on safety, efficient use, handling and storage of gas

- 14.1 The Licensee must provide an advisory service, as approved by the Energy Regulator, to customers other than Eligible Customers on the safe and efficient use, handling and storage of gas.
- 14.2 The advisory service to customers must include, but is not limited to, the provision of the following information-
- a) information on the technical specifications and chemical properties of gas relevant to its use;
 - b) the proper procedure for the reporting of gas leaks or equipment defects; and
 - c) safety procedures to be followed and the appropriate dedicated telephone numbers to call in case of an emergency, at any hour on any day.

15 Pricing

- 15.1 The Licensee must not charge prices above the maximum prices approved by NERSA.
- 15.2 The Licensee must within a period of three months of the date of issue of the licence and whenever directed by NERSA thereafter, provide sufficient information as required by NERSA for it to determine maximum prices in accordance with section 21(1)(p) of the Act.
- 15.3 The Licensee must not cross-subsidise between its gas trading activities and any other activities.
- 15.4 When gas is sold, the Licensee must, in the accompanying sales invoice, itemise the constituent elements of the total price reflected on the invoice, including at least the cost of gas, any transportation tariffs and any other charges.

- 15.5 The invoices issued by the Licensee to customers and consumers must indicate:-
- a) the acquisition or production cost of the gas; and
 - b) details of all tariff charges applied, including metering and other charges.

16 Non-discrimination

- 16.1 The Licensee may not discriminate between customers or classes of customers regarding access to tariffs, prices, conditions or service, except for objectively justifiable and identifiable differences as approved by the Energy Regulator in terms of section 22(1) of the Act.

17 Eligible Customers and reticulators

- 17.1 The Licensee must not prevent or hinder Eligible Customers and reticulators within the licensed trading area from purchasing gas from any other gas supplier.
- 17.2 The Licensee must, in writing, inform each individual customer and NERSA when any of the Licensee's customers meet the qualifying threshold or requirements of an Eligible Customer as set out in the Regulations.
- 17.3 The Licensee must annually furnish NERSA with the following information regarding Eligible Customers within three calendar months of the end of the Licensee's financial year:
- a) The full names and physical addresses of all customers that met the qualifying threshold or requirements of an Eligible Customer during that financial year; and
 - b) The volume of gas (in GigaJoules of gas per annum) supplied via distribution pipelines to each of the Eligible Customers in (a) above in that financial year.

18 Whole licence

- 18.1 This licence constitutes 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) Trade in gas in any area other than that identified in **ANNEXURES A1 – A3** hereto; or
 - b) Trade in any gas that does not conform to the range of gas specifications as set out in and attached as **ANNEXURE B** hereto.

ANNEXURE A1: ArcGIS Map of Port of Richards Bay

Produced by:
Gas Licensing Department
Tel: 012 401 4039
email: GLC@nersa.org.za

Karpowership SA: Richards Bay Site



ANNEXURE A2: ArcGIS Map for Port of Ngqurha



ANNEXURE A3: ArcGIS Map for Port of Saldanha



ANNEXURE B: PHYSICAL COMPOSITION

SPECIFICATION COMPOSITION OF LNG

		KH Limit Values	
Heating Value		Units	
Lower heating value (LHV)	Min.	MJ/m ³ _N	30
Composition			
Methane number			72
Methane contents, CH ₄	Min.	Vol-%	70
	Max.		
Total Concentration of the Heavier Hydrocarbons than Butane (C4); i.e. Pentane (C5), Hexane (C6), Heptane (C7) etc.	Min.		
	Max.	Vol-%	1
Hydrogen sulphide, H ₂ S	Min.		
	Max.	Mg/m ³ _N	5
Total Sulphur	Min.		
	Max.	Mg/m ³ _N	30
Hydrogen, H ₂	Min.		
	Max.	Vol-%	3
Carbon dioxide	Min.		
	Max.	Vol-%	20
Water		Not allowed	
Water and Hydrocarbon condensates (before the Engine)		Not allowed	
Particles or Solids, and other Impurities			
Ammonia	Max.	Mg/m ³ _N	25
Total Fluorine Content	Max.	Mg/m ³ _N	5
Total Chlorine Content	Max.	Mg/m ³ _N	10
Particles or solids, content	Max.	Mg/m ³ _N	50
Particles or solids size	Max.	µm	5
Dust	Max.	g/m ³ _N	0.005