

GOVERNMENT NOTICES • GOEWERMENTSKENNISGEWINGS

DEPARTMENT OF ENERGY

NO. R. 1379

25 OCTOBER 2019

PETROLEUM PRODUCTS ACT, 1977

PUBLISHED FOR PUBLIC COMMENTS: DRAFT REGULATIONS IN RESPECT OF THE MAXIMUM REFINERY GATE PRICE OF LIQUEFIED PETROLEUM GAS

The Minister of Mineral Resources and Energy intends to review the Regulations in respect of the Maximum Refinery Gate Price of Liquefied Petroleum Gas under section 2(1)(c) of the Petroleum Products Act, 1977 (Act No. 120 of 1977), and has approved the publication of the draft Regulations in respect of the Maximum Refinery Gate Price of Liquefied Petroleum Gas in the Schedule for public comments.

All interested persons and organisations are hereby invited to submit written comments on the proposed Regulations for the attention of Makhosini Mngomezulu, by

- (a) Post to: Department of Energy
Private Bag X96
Pretoria
0001
- (b) Hand delivery to: Matimba House
192 Visagie Street
Corner Paul Kruger & Visagie Street
Pretoria
0001, or

(c) email to: Petroleum.Policy@energy.gov.za

Kindly provide the name, address, telephone number, fax number and email address of the person or organisation submitting the comments. Comments on the draft Regulations must be submitted no later than sixty (60) days from the date of publication of this Notice. Comments received after the closing date may not be considered.



MR. S.G. MANTASHE
MINISTER

DRAFT REGULATION FOR PUBLIC COMMENTS

PETROLEUM PRODUCTS ACT, 1977**DRAFT REGULATIONS IN RESPECT OF THE MAXIMUM REFINERY GATE
PRICE OF LIQUEFIED PETROLEUM GAS****SCHEDULE****Definitions**

1. In these Regulations, any word or expression to which a meaning has been assigned in the Act, has the same meaning, and unless the context otherwise indicates-

'Act' means Petroleum Products Act, 1977 (Act No. 120 of 1977), as amended;

'cargo dues' means the cost to utilise harbour facilities for the offloading of petroleum products, based on a tariff determined by the National Ports Authority of South Africa in terms of section 72 of the National Ports Act, 2005 (Act No. 12 of 2005);

'demurrage' means the amount identified in a charter contract as damages payable to a ship-owner as compensation for the detention of a ship beyond the time specified by a charter party for loading and unloading or for sailing; and shall be the demurrage rates published by the World Scale Association Limited;

'freight' means the cost to transport liquefied petroleum gas from export refining centres to South African ports; and shall be the freight rates published by the World Scale Association Limited;

'insurance' means 0.15 percent of the value of free on board and freight, to cover insurance including costs relating to-

- (a) letters of credit;
- (b) surveyors fees;
- (c) agents fees; and
- (d) laboratory costs;

'refinery' means a crude oil, or a natural gas processing, or a synthetic fuels production facility of the following companies.

- (a) BP Southern Africa Pty (Ltd) (SAPREF, Durban)
- (b) Chevron (Pty) Ltd (Cape Town);
- (c) Engen Petroleum Ltd (Durban);
- (d) Petroleum Oil and Gas Corporation of South Africa (Pty) Ltd (Mossel Bay);
- (e) Sasol Oil (Pty) Ltd (Natref, Sasolburg);
- (f) Sasol Synthetic Fuels (Pty) Ltd (Secunda);
- (g) Shell South Africa Energy (Pty) Ltd (SAPREF, Durban); and
- (h) Total SA (Pty) Ltd (Natref, Sasolburg);

'refinery gate price' means the maximum price at which a refinery or an importer shall be permitted to market those quantities of liquefied petroleum gas produced or imported for consumption within the Republic of South Africa;

'Saudi Contract Price' means the contract price or official selling price for liquefied petroleum gas fixed by Saudi Aramco each month; and

'storage' means the cost of providing storage and handling facilities at coastal terminals determined by National Energy Regulator of South Africa

in terms of section 20(1)(r) of the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003);

Calculation of refinery gate price

2. The refinery gate price of liquefied petroleum gas must be—
 - (a) based on the import parity pricing and comprise the following elements:
 - (i) Saudi Contract Price;
 - (ii) freight;
 - (iii) insurance;
 - (iv) storage;
 - (v) demurrage; and
 - (vi) cargo dues;
 - (b) expressed in rands per metric ton.

Monthly revision of refinery gate price

3. The refinery gate price must be effective from the first Wednesday of each month and must be calculated by the CEF (SOC) Limited using the refinery gate price in the preceding month in accordance with regulation 2.

Repeal

4. The Regulation in respect of the Maximum Refinery Gate Price of Liquefied Petroleum Gas published under Government Notice No. R377 of 1 April 2008 is hereby repealed.

Short title and commencement

5. These Regulations are called the Regulations in respect of the Maximum Refinery Gate Price of Liquefied Petroleum Gas and commence on a date to be determined by the Minister by notice in the Gazette.