



**MINISTRY OF ENERGY
REPUBLIC OF SOUTH AFRICA**

NATIONAL ASSEMBLY QUESTION 09

Mr L W Greyling (ID) to ask the Minister of Energy:

- (1) Whether she has identified any measures to deal with the recurring petrol shortages within the inland provinces; if not, why not; if so, what measures;
- (2) whether her department has identified any legislative proposals to (a) regulate the (i) storage and (ii) supply of petrol and (b) create emergency (i) crude and (ii) refined oil; if not, why not, in each case; if so, what are the relevant details in each case;
- (3) whether her department has identified the need for petrol storage infrastructure expansion programmes in the inland provinces; if not, why not; if so, what are the relevant details;
- (4) whether she intends entering into any Public Private Partnerships with regard to fuel storage and distribution infrastructure expansion programmes; if not, why not; if so, what are the relevant details? NW10E

REPLY

- 1) The supply of fuel to the inland region is highly constrained and the Department is very concerned about the recent fuel shortages experienced in the South African market, particularly in the inland region. Being aware of the precarious liquid fuels supply situation in the country, the Department supported SAPIA to obtain an exemption from the

Competition Commission to, among other things, collectively hold meetings with the Department to effectively manage the supply situation. The Department holds frequent meetings with supply managers of the various oil companies and also holds the more operational LPT (Logistics Planning Team) teleconferences / meetings on a weekly basis or more frequently as necessary with the supply specialists from the oil companies to discuss challenges in the supply chain and propose solutions. Oil companies also submit planned refinery shutdown schedules and concomitant contingency plans to the Department for monitoring of plans to minimise any negative impact on supply.

(2)(a)(i) The Department, through the National Energy Regulator of South Africa (NERSA), already regulates the construction and access to storage facilities through the Petroleum Pipelines Act, 2003 (Act No. 60, 2003); and

(2)(a)(ii) The regulation of the various aspects of the petroleum products supply chain, inclusive of the supply of crude oil and refined products, is premised on the provisions of the Petroleum Products Act, 1977 (Act No. 120 of 1977), as amended.

(2)(b)(i)(ii) A draft Strategic Stocks Policy, which amongst other factors will specify the quantities of strategic (national emergency) crude oil and refined product stocks to be maintained is currently being finalised in the Department. Once approved relevant regulations will be developed which could then be used to regulate the holding of emergency stocks for national purposes.

3) Qualitatively it has been determined that there is a requirement for petroleum products (including petrol) storage infrastructure in the inland region. In determining the extent of such a

requirement, the full capacity and capability of the current and future supply chain and logistics infrastructure needs to be assessed and quantified such that all viable options are weighed out and the best options are put forward. The Department of Energy is currently developing a 20-Year Liquid Fuels Infrastructure Roadmap, which among other factors, will ascertain and quantify such a need.

- 4) The Department has created the necessary regulatory framework to encourage public and private companies to invest in infrastructure. Various players (both public and private players) are responsible for the development of infrastructure for the storage and distribution of fuel. Conditions for the licensing of the various elements are legislated through the Petroleum Products Act, 1977 (Act No. 120 of 1977) and the Petroleum Pipelines Act, 2003 (Act No 60 of 2003), both of which are regulated by NERSA.