

REGULATION OF BIOGAS - NERSA



3rd National Biogas Conference 1 Nov 2017

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INTRODUCTION

- The National Energy Regulator of South Africa (NERSA), a Schedule 3A Public Finance Management Act, 1999 (Act No. 1 of 1999) Public Entity was established on 1 October 2005 in terms of the National Energy Regulator Act, 2004 (Act No. 40 of 2004) to regulate:
 - Electricity industry (Electricity Regulation Act, 2006 (Act No. 4 of 2006))
 - Piped-Gas industry (Gas Act, 2001 (Act No. 48 of 2001))
 - Petroleum Pipelines industry (Petroleum Pipelines Act, 2003 (Act No. 60 of 2003))

SA GAS MARKET STRUCTURE

Upstream

Mozambique
Exploration &
Production by
Sasol Petroleum
International

NG Importation
Sasol Gas

Midstream

Transmission

ROMPCO
Sasol Gas
Transnet

Distribution

Sasol Gas
PFG (own use)

Downstream

Reticulation -
Regulated by Munics

Trading

Pipeline gas:
Sasol Gas
Spring Lights
Reatile

CNG:
VGN
Novo Energy
NGV Gas

- Competition may not be levelled
- Sasol Gas has a competitive advantage:
 - as a single supplier of gas/ gas distributor
 - Price advantage exhibited over other traders

- Competitive price advantage for CNG as a vehicle fuel over petrol
- Always priced approx. 20-30% below petrol price
- Potential for NGV growth due to
 - increasing policy drives to address environmental concerns (carbon tax)
 - increasing appetite for cleaner transport fuels (e.g., Municipalities)
 - increasing appetite for cheaper fuel (Taxi Industry)

Domestic

Syn gas production
by Sasol Synfuels

PASA regulated
Exploration & Production
- On & offshore

REQUIREMENTS FOR GAS REGISTRATION ACTIVITY – SEC.28

- Regulation of biogas mainly in terms of section 28 of the Gas Act, 2001 (Act No 48 of 2001)
- Section 28 provides that:
 - An owner of an operation involving any of the following activities must register such operation with NERSA:
 - (a) the production or importation of gas
 - (b) an activity referred to in Schedule 1 and 2 of the Gas Act
 - Schedule 1 and 2 provides lists the following activities -
 - (a) transmission of gas for own use
 - (b) small biogas projects in rural communities
 - (c) Gas reticulation and any trading incidental thereto
 - (d) LPG supplied from a bulk storage tank or cylinder

REQUIREMENTS FOR GAS REGISTRATION ACTIVITY – SEC.28

- **Section A: Details of The Applicant**
- 1) Full Registered name of the applicant
- 2) Trading name of the applicant (if different from the registered name)
- 3) Registration number of company (if applicable)
- 4) Physical address of the registered place of business
- 5) Physical address of the principle place of business 6) Postal address
- 7) Details of mandated representative
 - a) Designation
 - b) Family name
 - c) First name
 - d) Telephone number
 - e) Fax number
 - f) Email address

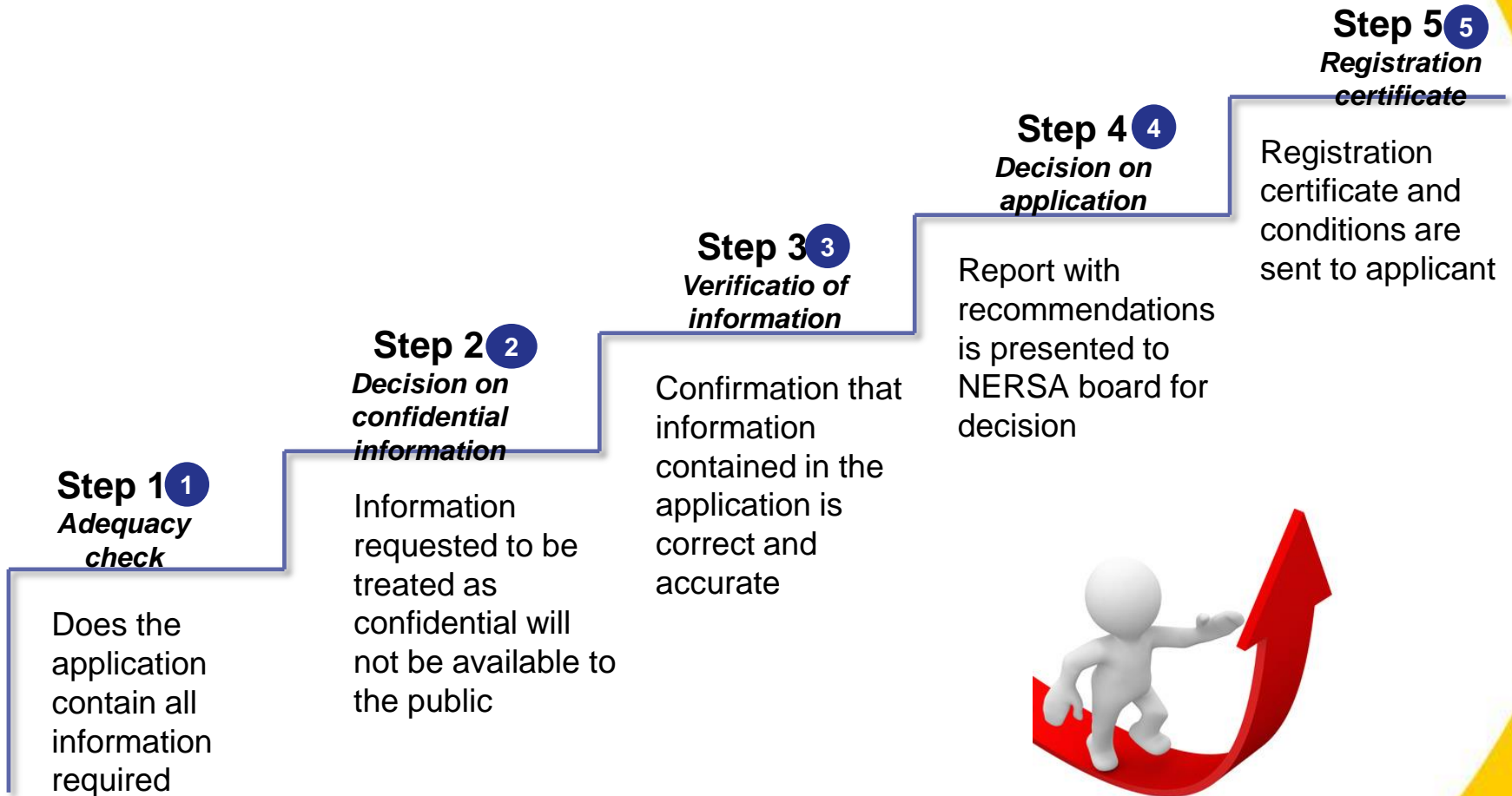
REQUIREMENTS FOR GAS REGISTRATION ACTIVITY –SEC.28 (GA) CONT..

- **Section B: Details of The Activity**
- Clearly indicate the gas activity that you are engaged in by ticking the appropriate box:
 - a) The production of gas
 - b) The importation of gas
 - c) The transmission of gas for personal exclusive use
 - d) Small biogas projects in rural communities
- The address or location of the gas activity to be registered
- Provide a detailed description of the gas activity to be registered (use a separate page, if necessary)
- **Production of gas**
 - a) If you are involved in the production of gas must complete the section Gas production
 - 1) Type of gas
 - 2) Total gas production
 - 3) Gas used in-house (for own use)
 - 4) Gas reserves (except for producers of synthetic gas)

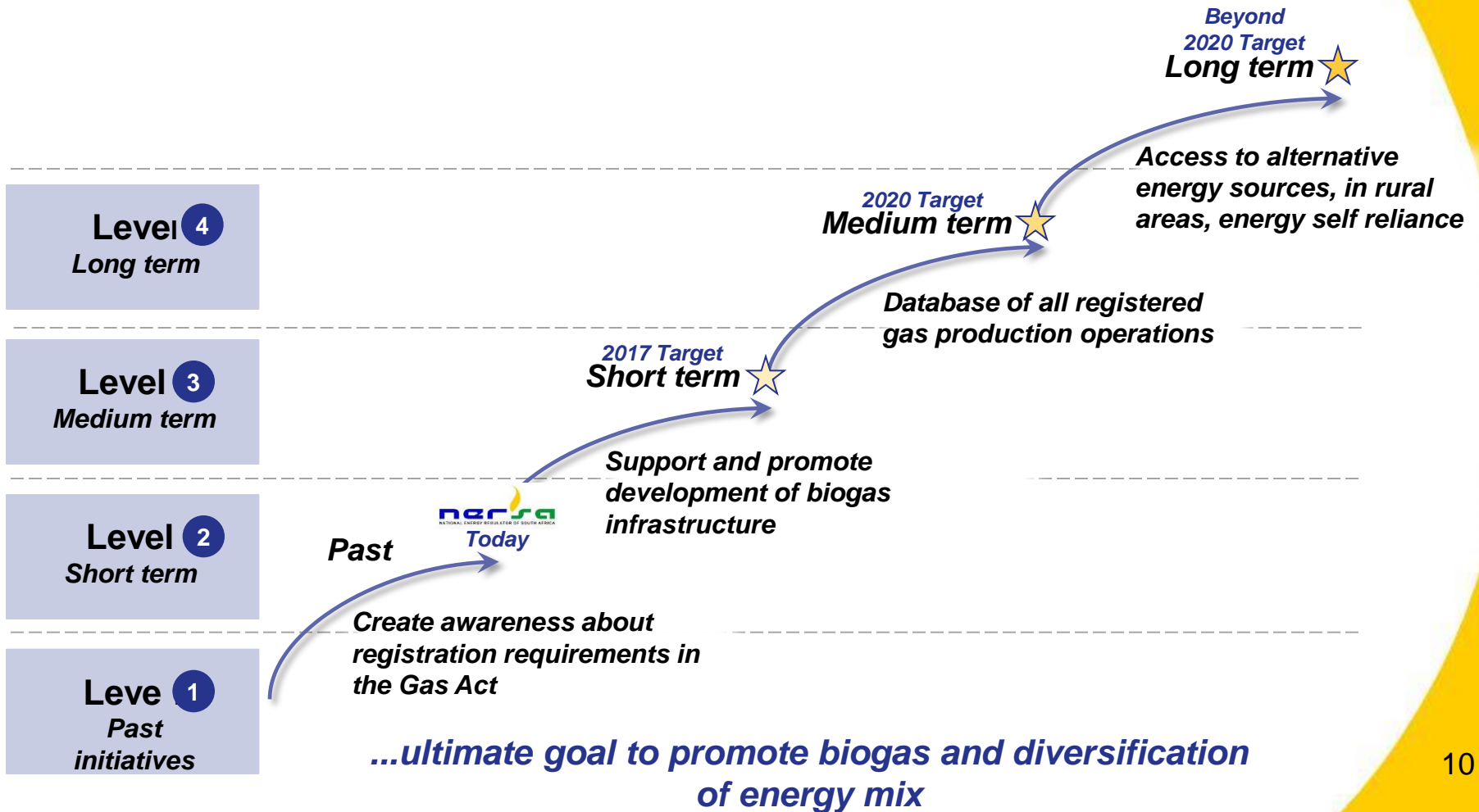
REQUIREMENTS FOR GAS REGISTRATION ACTIVITY–SEC.28 (GA) CONT...

- **Gas importation**
 - 1) Type of gas
 - 2) Total gas production
 - 3) Gas used in-house (for own use)
 - 4) Gas reserves (except for producers of synthetic gas)
- **For both production and importation, provide:**
 - a) details of the gas usage;
 - b) the type of users of the gas, for example industrial users or households;
 - c) the number of users of the gas per type of usage; and
 - d) details of the gas reticulation network utilised (where applicable).

I. KEY STEPS IN PROCESSING OF REGISTRATION APPLICATIONS



REGISTRATION OBJECTIVES



ROLE OF GAS IN ENERGY MIX

Fig1: Primary Energy sources used in SA (DoE)

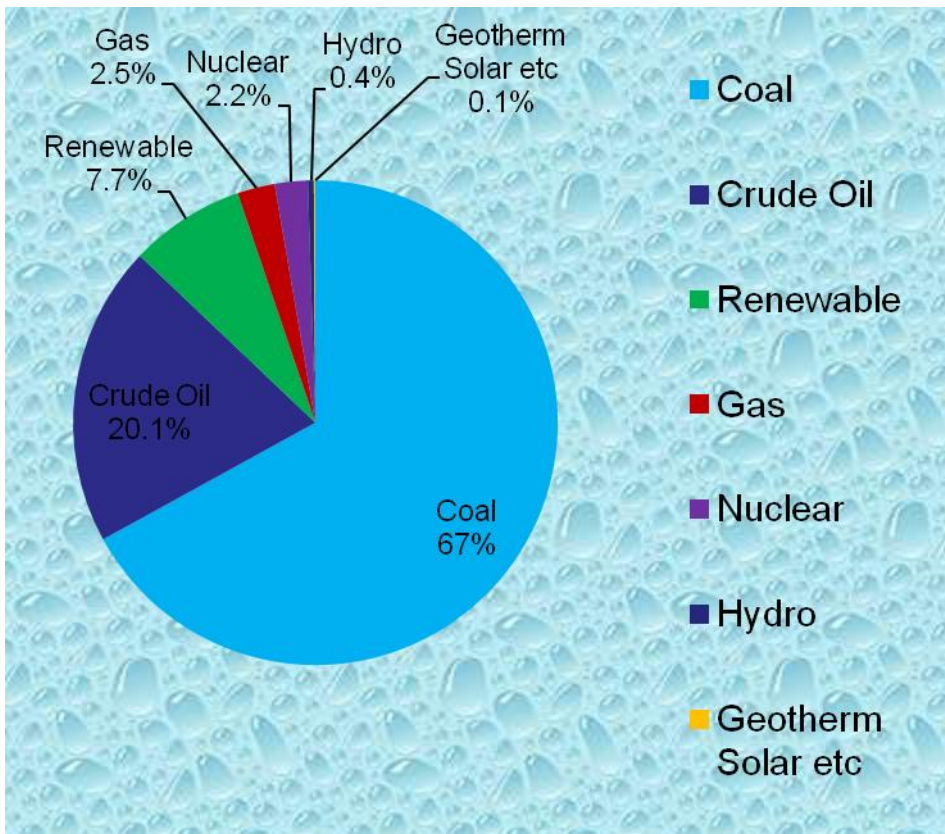


Fig 2: Gas sources and consumption

- Gas accounts for less than 3% in the total energy mix
- Imported natural gas (NG) used for industrial, power generation, commercial, NGV and residential applications - GP, FS & MP provinces
- Locally produced MRG used in MP & KZN for same applications as NG
- Small percent of locally produced NG used for GTL in Mossel Bay
- Infrastructure concentrated in Gauteng, Free State and Mpumalanga

CHALLENGES

Legislative challenges

- a) No definition of small biogas projects
- b) Gas reticulation currently regulated by Municipalities – not within NERSA's jurisdiction
- c) Act only mentions the transmission of gas for own use – distribution excluded

Industry challenges

- a) Lack of sufficient awareness of registration requirements in the Gas Act
- b) Many facilities already in operations prior to registration
- c) Compliance requirements for individual households
- d) Funding for biogas production facilities in rural households

CONCLUSION

- Biogas potential as an affordable and cleaner source of energy must be harnessed
 - May contribute to rural energy supply and energy self sufficiency
 - Produced from waste material
 - Co-ordination of regulatory responsibilities necessary to promote biogas usage
 - Promotion of biogas usage will provide relief for national grid
 - Access to biogas facilities must be promoted - underpinned by effective funding solutions
 - Rural communities without access to energy must be prioritized

THANK YOU

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