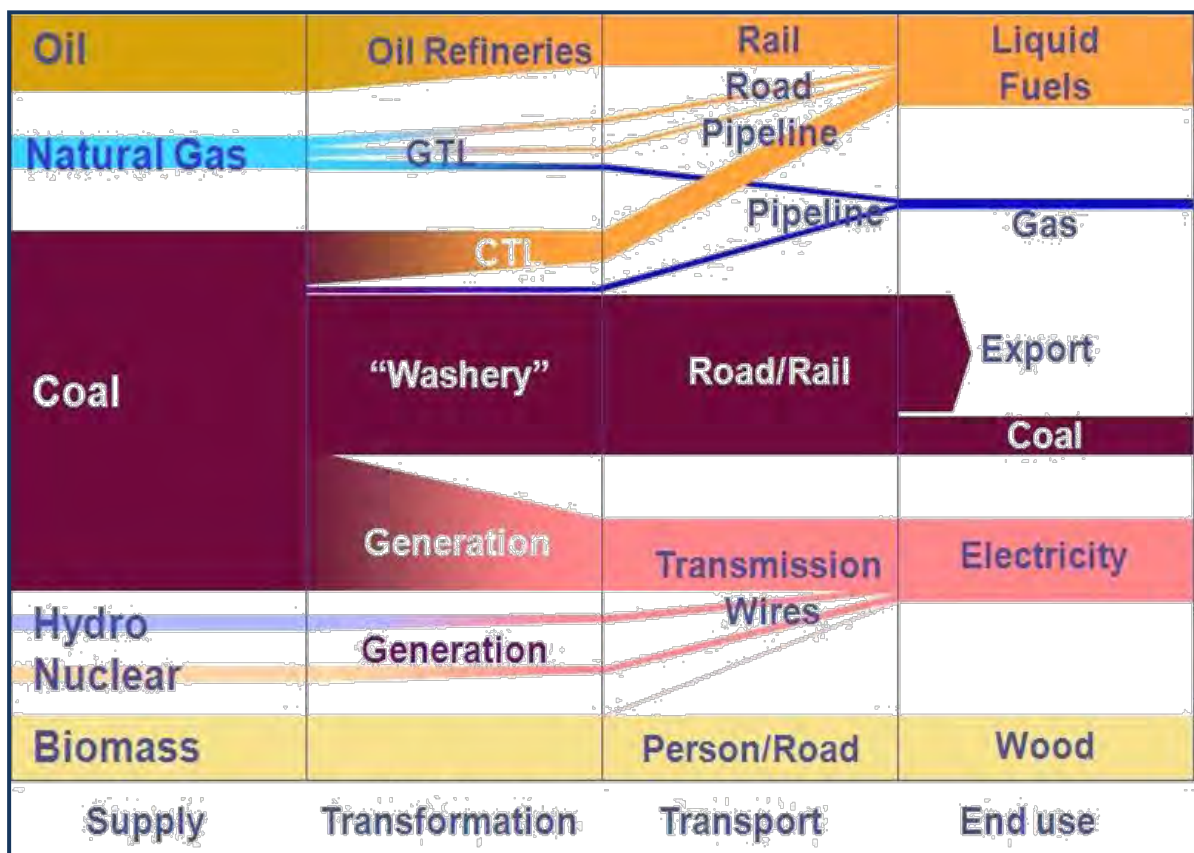


SOUTH AFRICAN ENERGY

Price Report

2014



Directorate: Energy Data Collection,
Management and Analysis



energy

Department:
Energy
REPUBLIC OF SOUTH AFRICA

ENERGY PRICE REPORT 2014

Directorate: Energy Data Collection, Management and Analysis

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THIS, THE SEVENTH EDITION, PUBLISHED IN **2016**.

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FOREWORD

It gives me great pleasure to introduce the 2014 edition of the Energy Price Report for South Africa. The Energy Price Report is based on the information collated from government departments, state-owned-entities, oil and gas industries. This report covers a broad overview and analysis of the South African energy industry and aims to keep stakeholders informed about energy prices and key issues affecting the industry. The report only covers energy price data and analysis between 2005 and 2014.

This edition presents energy price data in a format which provides an overall picture of monthly and annual trends for common energy carriers used in South Africa. In order to clearly present and analyse the energy pricing trends, this report is divided into four main focus areas: Petroleum, Natural Gas, Coal, and Electricity. I extend my most sincere thanks and appreciation to the Energy Data Collection, Management and Analysis Directorate for the hard work that went into the compilation of this publication. I would also like to express my appreciation to all the energy data providers who have helped us to accomplish what is set out in this report.

The Department of Energy is working hard to reduce delays in the publishing of Energy Price Report and hopes that the publication will become a standard work of reference among energy analysts in South Africa and abroad. Comments and inputs are welcome and could be addressed to publications@energy.gov.za.

Mr Thabane Zulu

Director General: Energy

Date:

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Abbreviations and Acronyms

BFP	–	Basic Fuel Price
CIF	–	Cost, Insurance and Freight
COC	–	Customer Own Collection
CPI	–	Consumer Price Index
DME	–	Department of Minerals and Energy
DoE	–	Department of Energy
FOB	–	Free on Board
FOR	–	Free on Road
HFO	–	Heavy Furnace Oil
IBLC	–	In-Bond-Landed-Cost
IEA	–	International Energy Agency
LPG	–	Liquefied Petroleum Gas
LRP	–	Lead Replacement Petrol
MRGP	–	Maximum Refinery Gate Price
NERSA	–	National Energy Regulator of South Africa
OECD	–	The Organisation for Economic Co-operation and Development
OPEC	–	Organization of the Petroleum Exporting Countries
PPI	–	Producer Price Index
RAF	–	Road Accident Fund
RFA	–	Road Freight Association
RTC	–	Rail Tank Car
SA	–	South Africa
SAPIA	–	South African Petroleum Industry Association
SSLM	–	Self-adjusting Slate Levy Mechanism
StatsSA	–	Statistics South Africa
ULP	–	Unleaded Petrol
US\$	–	United States Dollar
WTI	–	West Texas Intermediate

1 INTRODUCTION

Energy is a key strategic sector in the South African economy because it underpins the growth and developmental objectives set out by government. Energy provision is crucial to economic and social development as well as improved quality of life. As the demand for energy grows, the energy sector is expected to play a significant role in fuelling the country's economic growth and development. The purpose of the Energy Price Report is to provide an overview of historical energy price trends and analysis for the major energy carriers in South Africa. Energy prices are significant indicators in the cost of providing services such as transport or electricity.

This report covers monthly and annual prices as well as trend analysis of various energy carriers for the past 10 years. In South Africa, electricity prices are reviewed once a year while petroleum products prices are changed once a month due to fluctuations in international oil prices (quoted in US dollars) and the rand/dollar exchange rate.

The report consists of the following sections:

- Section 2 covers prices of crude oil, and all major petroleum products (petrol, diesel, illuminating paraffin and liquid petroleum gas).
- Section 3 covers natural gas prices.
- Section 4 covers the prices of locally consumed and exported coal.
- Section 5 presents the national Eskom electricity prices. This does not include the prices of electricity sold by individual/various municipalities to end customers.

Each section gives a brief introduction followed by a table of information and a figure graphing the prices movements over time. Where possible a brief analysis of likely explanations for price fluctuations is provided.

The report also includes Consumer Price Index (CPI), Production Price Index (PPI) and foreign exchange rates used in energy analysis for convenience when analysing price information and converting to other currencies.

2 PETROLEUM

This section covers the international crude oil prices as well as a breakdown of prices for petroleum products sold nationally from 2005-2014. The main focus of the analysis in this section will be on the major price fluctuations as well as related global and national events that led to the fluctuations.

2.1 Crude Oil

Crude oil prices are set globally through the daily interactions of thousands of buyers and sellers in both physical and futures markets, and reflect participants' knowledge and expectations of demand and supply. In addition to economic growth and geopolitical risks, other factors, including weather events, inventories, exchange rates, investments, spare capacity, OPEC production decisions and non-OPEC supply growth are all factored into the price of crude oil.

The South African liquid fuels market cannot be fully understood without understanding the international oil market. South Africa imports approximately 95% of its crude oil requirements, which makes it the country's single-largest import item.

Crude oil remains the most important energy source in the world. The major international benchmarks are Dubai in the Arab Gulf Region, West Texas Intermediate (WTI) in North America and Brent in Europe.

South Africa's energy sector is critical to the economy as the country relies heavily on its large-scale, energy-intensive mining industry. South Africa has only small deposits of conventional oil and natural gas and uses its large coal deposits for most of its energy needs, particularly in the electricity sector. Most of the oil consumed in the country, is refined and used mainly in the transportation sector, is imported from large producers in the Middle East and West Africa. South Africa also has a highly developed synthetic fuels industry, producing gasoline and diesel fuels from coal and natural gas. The synthetic fuels industry accounts for nearly all of the country's domestically produced petroleum since crude oil production is trivial.

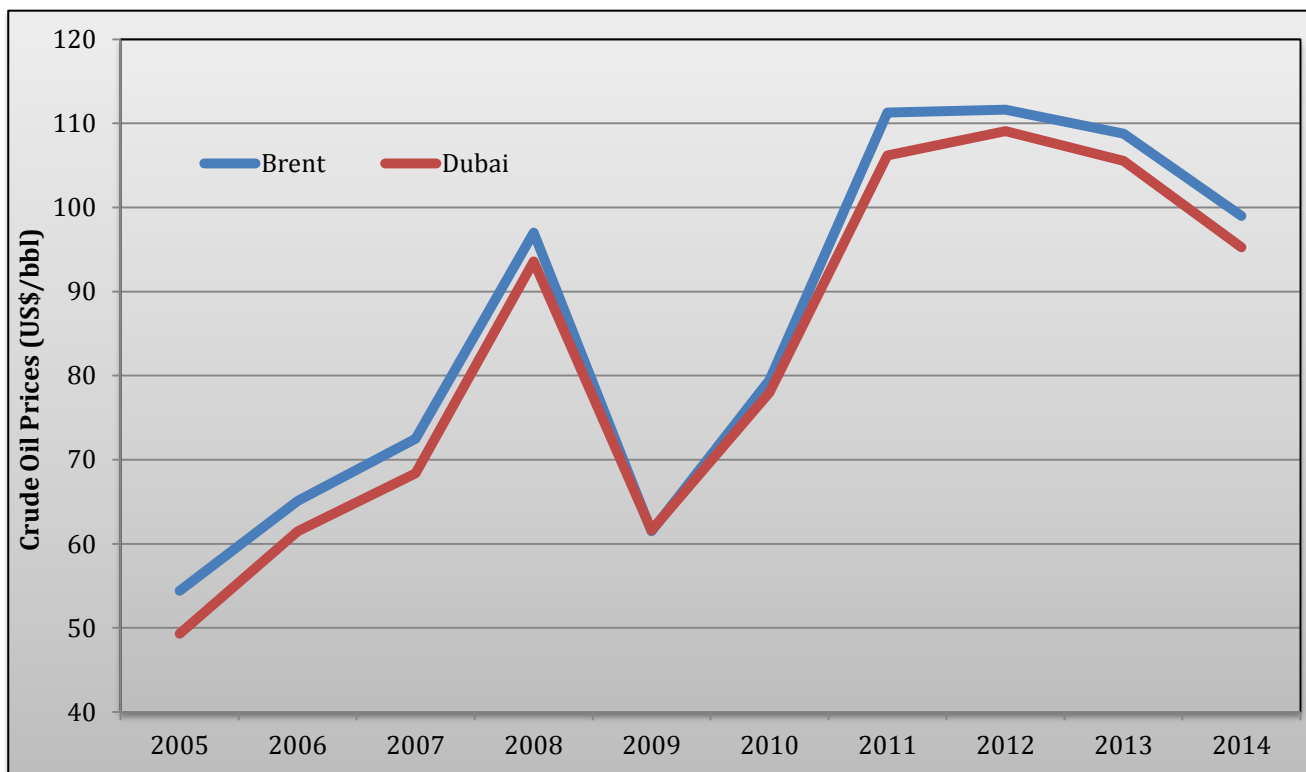
The annual prices of crude oil between 2005 and 2014 are depicted in Table 2.1 with 2012 used as the base year.

Table 2.1: Average Annual Crude Oil Prices - US\$/bbl

Period	Crude Oil International	
	Brent	Dubai
2005	54.4	49.3
2006	65.1	61.5
2007	72.5	68.4
2008	97.0	93.6
2009	61.5	61.6
2010	79.5	78.0
2011	111.3	106.2
2012	111.6	109.1
2013	108.8	105.6
2014	99.0	95.3

Source: SAPIA

Figure 2.1: Average Annual Crude Oil Prices - US\$/bbl



Source: SAPIA

The international annual Brent and Dubai crude oil prices between 2005 and 2014 are illustrated in Figure 2.1 above.

From January 2003 to June 2006, crude oil prices in US dollar rose by as much as 118 per cent, while the increase in the rand price of imported crude oil was only about 75 per cent.

During 2008 and 2009, the global oil market has been characterised by intensified global macroeconomic uncertainties, the sovereign debt crisis in the euro area, oil supply constraints in North Africa and the Middle East, social unrest in many parts of the world, natural disasters and extreme oil price volatility. Concerns about oil supply disruptions in Libya due to the political unrest drove Brent crude oil prices in early 2011 to the highest levels since the financial crisis in 2008.

In 2014, the average crude oil prices dropped to US\$99 from US\$108.8 in 2013 which was the lowest in four years.

The average monthly prices of Brent and Dubai crude oils from 2005 to 2014 are shown in Table 2.2. The crude oil prices are presented in US\$/bbl (i.e. US dollar per barrel). Brent Crude is a major trading classification of sweet light crude oil that serves as a major benchmark price for purchases of oil worldwide. This grade is described as light because of its relatively low density, and sweet because of its low sulphur content. Dubai Crude is a medium sour crude oil extracted from Dubai and is used as a price benchmark or oil marker because it is one of only a few Persian Gulf crude oils available immediately.

Table 2.2: Average Monthly Crude Oil - US\$/bbl

Period	Brent	Dubai
Jan-05	44.20	37.90
Feb-05	45.50	39.90
Mar-05	52.90	45.80
Apr-05	51.80	47.20
May-05	48.60	45.40
Jun-05	54.50	51.20
Jul-05	57.60	52.80
Aug-05	64.10	56.60
Sep-05	62.90	56.50
Oct-05	58.60	54.00
Nov-05	55.20	51.40
Dec-05	56.90	53.20
Jan-06	63.00	58.40
Feb-06	60.10	57.60
Mar-06	62.10	57.80
Apr-06	70.30	64.10
May-06	69.90	65.00
Jun-06	68.70	65.20
Jul-06	73.70	69.20
Aug-06	73.10	68.80
Sep-06	61.70	59.80
Oct-06	57.80	56.40
Nov-06	58.90	56.70
Dec-06	62.30	58.70
Jan-07	53.68	51.70
Feb-07	57.43	55.80
Mar-07	62.15	58.80
Apr-07	67.51	64.00
May-07	67.23	64.60
Jun-07	71.41	65.74
Jul-07	77.01	69.49
Aug-07	70.73	67.38
Sep-07	76.87	73.36

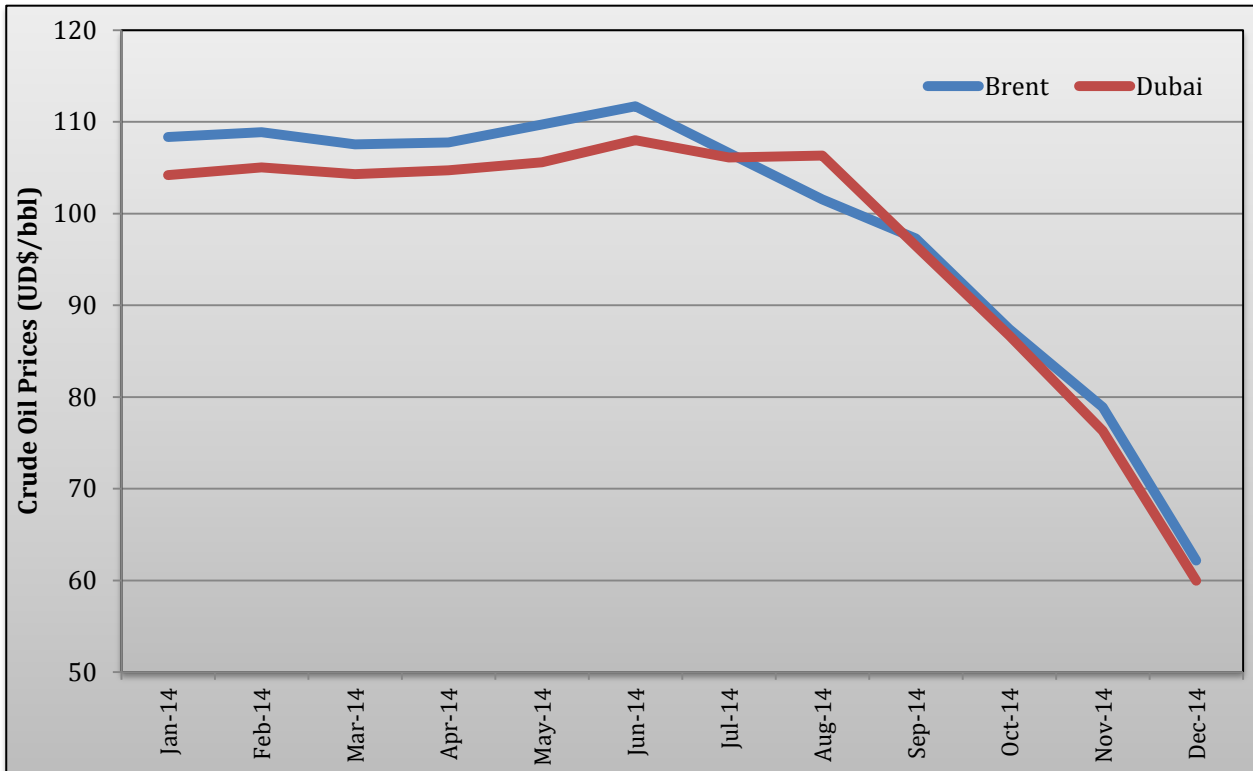
Period	Brent	Dubai
Oct-07	82.50	77.12
Nov-07	92.61	86.87
Dec-07	90.97	85.58
Jan-08	92.00	87.37
Feb-08	95.04	90.02
Mar-08	103.66	96.76
Apr-08	108.97	103.41
May-08	122.73	119.50
Jun-08	132.44	127.82
Jul-08	133.18	131.27
Aug-08	113.03	112.86
Sep-08	98.13	95.90
Oct-08	71.87	67.42
Nov-08	52.51	49.84
Dec-08	40.35	40.53
Jan-09	43.27	43.59
Feb-09	43.07	43.09
Mar-09	46.54	45.59
Apr-09	50.53	50.19
May-09	57.27	57.48
Jun-09	68.55	69.41
Jul-09	64.61	64.82
Aug-09	72.84	71.36
Sep-09	67.39	67.74
Oct-09	72.75	73.15
Nov-09	76.66	77.70
Dec-09	74.28	75.41
Jan-10	76.19	76.69
Feb-10	73.63	73.48
Mar-10	78.89	77.31
Apr-10	84.89	83.59
May-10	75.16	76.78
Jun-10	74.85	73.99

Period	Brent	Dubai
Jul-10	75.64	72.49
Aug-10	77.15	74.09
Sep-10	77.79	75.12
Oct-10	82.74	80.22
Nov-10	85.33	83.65
Dec-10	91.36	89.05
Jan-11	96.55	92.53
Feb-11	103.77	100.25
Mar-11	114.61	108.72
Apr-11	123.49	116.02
May-11	114.56	108.39
Jun-11	114.05	107.78
Jul-11	116.89	110.00
Aug-11	110.38	105.03
Sep-11	113.13	106.32
Oct-11	109.44	103.96
Nov-11	110.67	109.01
Dec-11	107.84	106.44
Jan-12	110.39	109.66
Feb-12	119.55	116.16
Mar-12	125.33	122.47
Apr-12	119.86	117.47
May-12	110.27	107.71
Jun-12	95.19	94.44
Jul-12	102.59	99.15
Aug-12	113.48	108.62
Sep-12	112.86	111.22

Source: SAPIA

Period	Brent	Dubai
Oct-12	111.60	108.80
Nov-12	109.11	107.22
Dec-12	109.23	106.32
Jan-13	113.00	111.00
Feb-13	116.00	111.00
Mar-13	108.00	106.00
Apr-13	103.30	101.68
May-13	103.40	100.30
Jun-13	103.60	100.32
Jul-13	107.60	103.50
Aug-13	110.80	106.80
Sep-13	111.89	108.28
Oct-13	109.04	106.70
Nov-13	108.00	108.00
Dec-13	110.87	108.00
Jan-14	108.34	104.18
Feb-14	108.87	105.04
Mar-14	107.54	104.32
Apr-14	107.75	104.74
May-14	109.70	105.60
Jun-14	111.70	108.00
Jul-14	106.60	106.13
Aug-14	101.56	106.33
Sep-14	97.30	96.50
Oct-14	87.40	86.73
Nov-14	78.89	76.33
Dec-14	62.18	59.99

Figure 2.2: Average Monthly Brent Crude Oil and Dubai Crude Oil Price – US\$/bbl



Source: SAPIA

As shown in Figure 2.2, there is a marginal difference between the price of Brent and Dubai crude oil. Among other things, the oil price is highly affected by the US dollar exchange rate.

The Brent crude oil prices decreased on average by about US\$3.0/bbl from 110.87 US\$/bbl to 108.0 US\$/bbl, between the period December 2013 and January 2014. The lower oil prices were attributed mainly to China's low crude oil demand during January 2014.

During the month of February Brent crude oil prices increased slightly on average from 108.34 US\$/bbl in January to 108.87 US\$/bbl. The increase in the oil prices is attributed to the bitterly cold weather in the United States during January and February which lead to the increase in demand for space heating fuels, disrupted crude oil and natural gas production as well as refinery, rail, and pipeline operations. The increase was followed by a decrease in prices the following month of March to 107.54 US\$/bbl.

In June the crude oil prices climbed to their highest levels in 2014. The price peaked at above 111 US\$/bbl, which led to the increase in the prices of petrol, diesel, illuminating paraffin and Liquefied Petroleum Gas in the international markets.

The lowest levels of Brent crude oil prices in nearly four years was seen in October, the price decreased by 10 US\$/bbl to 87.4 US\$/bbl. The reasons behind the decline was caused by ample supply, slackening demand, weak economic data from China and Europe, projections for another big boost in shale oil and reluctance by the OPEC members to cut crude oil output. By the month end of November Brent crude oil fell by around 8 US\$/bbl to 78.89 US\$/bbl. The lowest Brent prices were felt in December where they significantly dropped to 62.18 US\$/bbl, these were the lowest in five years. Since mid-June, Brent oil prices have fallen by more than 30% with panic over abundant supplies in the world economy as a result of the rise in output from shale oil and other unconventional sources and a strong US dollar. ¹

¹ the above analysis is based on media statements issued by the Department of Energy on the adjustment of fuel prices on the first Wednesday of every month which can be accessed on http://www.energy.gov.za/files/petroleum_frame.html

2.2 Petroleum Products

This section focuses on the South African liquid fuels market. The Department of Energy regulates the prices of petrol, diesel, paraffin and LPG and is responsible for reviewing these fuel prices every month. Fuel prices adjustments are announced on the last Friday of the month and are changed on the first Wednesday of the following month. The mechanism that is used to determine the fuel prices in South Africa is the Basic Fuel Price (BFP) principle. The BFP constitutes approximately 60% of the final pump price; domestic costs and government levies account for approximately 15% and 25%, respectively.

The final price of petroleum products is composed of a number of price elements and these can be divided into international and domestic elements. The international element, or Basic Fuel Price (BFP), is based on an import parity principal. The BFP in simple terms is what it would cost a South African importer of a refined petroleum product to buy the product from an international refinery, transport the product from that refinery, insure the product against losses at sea and land the product on South African shores.

South African refineries are price-takers. Neither the local refineries nor the government has any control over changes in this element, as it is based on international product prices. It also means that South African refineries have to compete with other international refineries, based in Singapore, the Mediterranean and the Arabian Gulf.

Transport costs changes which include road and pipelines are based on cost recovery principle and such costs are sourced from Road Freight Association (RFA) and NERSA, margins changes are adjusted through the application of Regulatory Accounts System (RAS).

The Basic Fuel Price (BFP) is conceptually an import parity pricing formula and is intended to establish a realistic estimate of what it would cost to import substantial volumes of refined fuel. The BFP formula replaced the In-Bond-Landed-Cost (IBLC) with effect from 2nd April 2003.

The IBLC was first introduced in the 1950's with the establishment of the first refinery in South Africa and was revised in 1995 when a market cash price component was introduced. An investigation by the DME and the oil industry decided that the old formula was no longer relevant because of changes in global markets, and that it was more appropriate to use "cash" prices rather than refinery "contractual" prices.

The implementation of Working Rules to administer the price of regulated fuel, originated from recommendations of the Liquid Fuels Industry Task Force (LFITF) and Cabinet approval thereof on the 28th of September 1994.

Petrol 95 Octane Unleaded, Petrol 93 Unleaded, Petrol 95 LRP, Petrol 93 LRP, Diesel 0.05% Sulphur, Diesel 0.005% Sulphur and Illuminating Paraffin are the products covered by the calculation of the basic fuel price.

The following are the international elements that are included in the final fuel price:

- **International market spot prices:** The largest component of the basic fuels price is the price that one would be paying in international markets when physically importing the product to South Africa. The FOB (free on ship's board) product prices from different locations in the world, based on international product availability and product quality, are used. The petrol FOB price is calculated as 50% of the Mediterranean cash price for premium unleaded petrol and 50% of the Singapore cash price for 95 Octane unleaded petrol. For the FOB price of diesel, the new BFP formula uses cash prices calculated as 50% of the Mediterranean price for gas oil and 50% of the Arab Gulf price for gas oil, plus the quoted cash price market premiums applicable.
- **Freight cost to bring product to South African ports:** The freight component of the BFP reflects the cost of voyages from Augusta (in the Mediterranean), Singapore and Mina-al-Ahmadi (in the Arab Gulf), in 50:50 combinations as appropriate to the international markets used in the FOB calculations of the products concerned. Tariffs as published by the World Scale Association for transporting refined products via medium range vessels to a weighted average for South African coastal ports, plus demurrage for an average 35 000-ton vessel for 3 days, adjusted with the Average Freight Rate Assessment (AFRA) of the London Tanker Brokers Panel, plus a 15% premium for transporting fuels to South Africa.

- **Insurance costs:** Calculated as 0.15% of the product FOB and freight costs, to cover insurance cost, as well as other costs such as letters of credit, surveyors' and agents' fees, and laboratory costs.
- **Ocean loss allowance:** In international petroleum products trading, shipping and insurance, a loss of 0.3% for products has been accepted as a normal leakage and evaporation loss. Simply put, this means that the "normal" loss is not insurable and has to be accepted by the buyer. The buyer therefore has a financial loss of 0.3% of FOB.
- **Cargo dues (Wharfage):** The South African harbour facilities are utilised to off-load petroleum products from ships into on-shore storage facilities. The cost to utilise these harbour facilities is based on the tariff set by the National Ports Authority of South Africa.
- **Coastal storage:** This is to recover the cost of providing storage and handling facilities at coastal terminals. In 2002, the typical international storage rate was assessed as US\$ 3 per ton or 2.5 SA cents per litre per month. The BFP only makes provision for 25 days and the initial value when BFP was implemented amounted to 2.083 c/l. This element is adjusted on an annual basis by the increase in the Producer Price Index (PPI).
- **Stock financing cost:** The BFP includes a charge for the financing of 25 days' stock at an interest rate of 2 percentage points below the ruling prime rate of the Standard Bank of South Africa. The BFP as determined above is converted to SA cents per litre by applying the applicable SA Rand/US Dollar exchange rate (four banks selling rates at eleven o'clock averaged over the period 26th of the previous month to 25th of the month before the price change), and a constant litre per gallon factor of 3.8038 for petrol.

The following are domestic elements that are included in the final fuel price:

- **Transport costs (zone differential):** Keeping in mind the import parity principle used, this element recovers the cost of transporting petroleum products from the nearest coastal harbour (Durban, Port Elizabeth, East London, Mossel Bay or

Cape Town) to the inland depot serving the area or zone. Transport to the different pricing zones are determined by using the most economical mode of transport i.e. pipelines (C zones), road (B zones) or rail (A zones). This is the only element whose values differ per pricing zone, and is the reason why the petrol price is not the same for the whole country.

- **Delivery costs (Service differential):** This element compensates marketers for actual depot related costs (storage and handling) and distribution costs from the depot to the end user at service stations. The value is adjusted annually by the Department of Energy.
- **Equalisation fund levy:** This levy is normally a fixed monetary levy, determined by the Minister of Energy in concurrence with the Minister of Finance. The levy income is mainly utilised to equalise fuel prices. The levy is currently zero.
- **Fuel Levy:** Levies by government are annually adjusted by the Minister of Finance effective from the price change in April of each year, announced by the Minister of Finance on his annual budget speech.
- **Customs & excise levy:** A duty collected in terms of the Customs Union agreement.
- **Road Accident Fund (RAF):** The Road Accident Fund receives a fixed value which is used to compensate third party victims in motor accidents. The adjustment in the RAF contribution is announced by the Minister of Finance in the annual budget speech.
- **Slate levy:** A levy paid by the motorists or oil companies recovering money “owed” to consumers or the oil companies under or over recoveries.
- **Incremental Inland Transport Recovery Levy-** it is the levy included in the fuel price to recover the cost of transporting petroleum products by alternative modes of transport other than the pipeline from the Durban to the inland markets. However, the Minister of Energy repealed this levy with effect from 2 April 2014 as a result of the commissioning of the multiproduct pipeline.

Although the cost of crude oil has the most impact on average petroleum prices in the long term, foreign exchange rate, and annually-adjusted government levies and taxes also do have an impact on petroleum prices.

For more information on the basic fuel price determination consult the Department of Energy's Website, under ***energy sources >> petroleum >> petrol price document >>working rules to administer the basic fuel price methodology.***

2.2.1 Petrol

Petrol prices of ULP 93 and ULP 95 in the coastal and Gauteng (inland) regions are shown in Table 2.3 below. The prices are from 2008 to 2014.

Table 2.3: Monthly Petrol Retail Prices - cents per litre (c/l)

Period	Petrol (ULP) 93		Petrol (ULP) 95	
	Coast	Gauteng	Coast	Gauteng
02-Jan-08	733	733	723	747
06-Feb-08	750	750	740	764
05-Mar-08	811	811	801	825
02-Apr-08	878	877	867	891
07-May-08	933	932	922	946
04-Jun-08	983	982	972	996
02-Jul-08	1060	1050	1040	1070
06-Aug-08	1020	1030	1010	1040
03-Sep-08	931	952	942	966
01-Oct-08	941	927	917	941
05-Nov-08	879	882	872	896
03-Dec-08	718	721	711	735
07-Jan-09	582	582	576	601
04-Feb-09	643	643	637	662
04-Mar-09	688	688	682	707
01-Apr-09	724	724	713	738
06-May-09	721	721	710	735
03-Jun-09	736	736	727	750
01-Jul-09	773	773	767	790
05-Aug-09	752	752	746	769
02-Sep-09	788	788	782	805
07-Oct-09	749	749	742	765
04-Nov-09	749	749	742	765
02-Dec-09	776	776	769	792
06-Jan-10	754	767	763	786
03-Feb-10	772	785	781	804
03-Mar-10	778	791	787	810
07-Apr-10	827	840	835	858
05-May-10	840	854	848	872
02-Jun-10	813	827	821	845
07-Jul-10	798	812	803	827
04-Aug-10	788	802	793	817
01-Sep-10	778	792	783	807
06-Oct-10	782	796	788	812
03-Nov-10	802	816	808	832
01-Dec-10	815	829	821	845
05-Jan-11	844	858	849	873
02-Feb-11	870	884	875	899
02-Mar-11	913	927	918	942

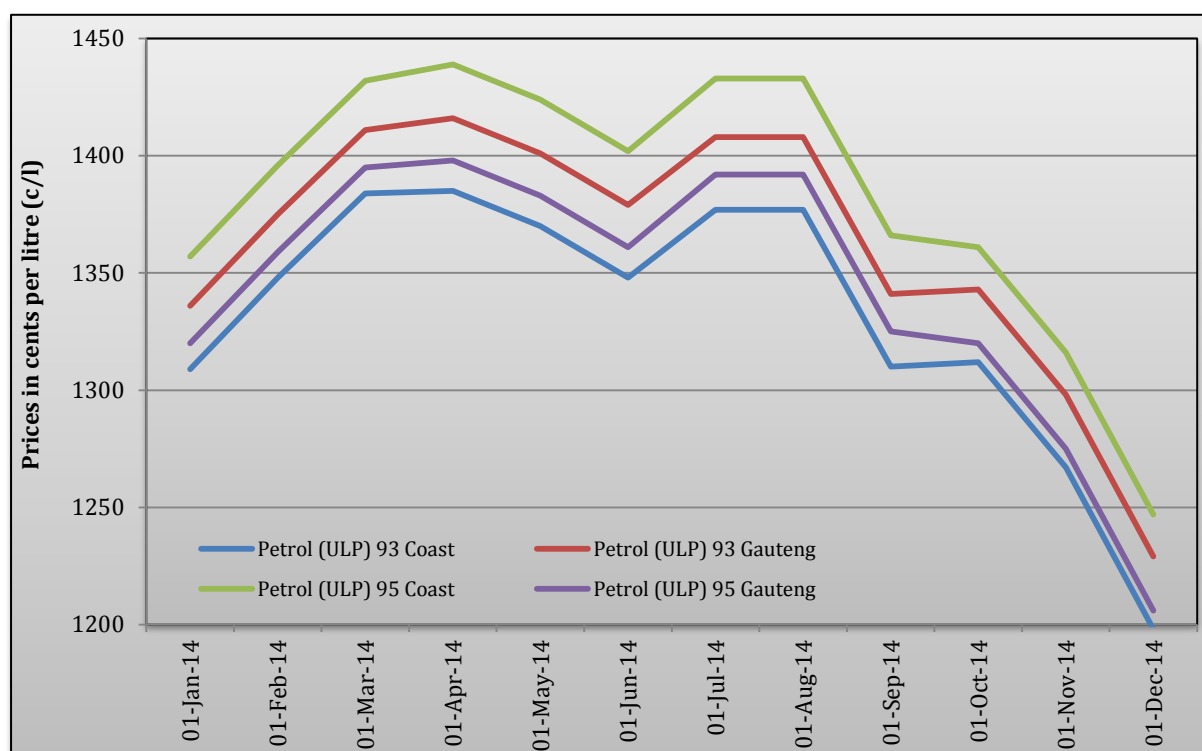
Period	Petrol (ULP) 93		Petrol (ULP) 95	
	Coast	Gauteng	Coast	Gauteng
06-Apr-11	960	980	966	996
04-May-11	989	1009	995	1025
01-Jun-11	987	1007	993	1023
06-Jul-11	954	974	962	992
03-Aug-11	971	991	979	1009
07-Sep-11	980	1000	988	1018
05-Oct-11	1017	1037	1024	1054
02-Nov-11	1040	1060	1047	1077
07-Dec-11	1029	1049	1036	1066
04-Jan-12	1023	1043	1031	1061
01-Feb-12	1057	1077	1065	1095
07-Mar-12	1085	1105	1093	1123
04-Apr-12	1152	1177	1159	1194
02-May-12	1180	1205	1187	1222
06-Jun-12	1125	1150	1132	1167
04-Jul-12	1036	1061	1047	1082
01-Aug-12	1058	1083	1069	1104
05-Sep-12	1151	1176	1162	1197
03-Oct-12	1172	1197	1185	1220
07-Nov-12	1162	1187	1175	1210
05-Dec-12	1153	1178	1166	1201
02-Jan-13	1140	1165	1151	1186
06-Feb-13	1181	1206	1192	1227
06-Mar-13	1262	1287	1273	1308
03-Apr-13	1270	1297	1283	1320
01-May-13	1197	1224	1210	1247
05-Jun-13	1189	1216	1202	1239
03-Jul-13	1273	1300	1286	1323
07-Aug-13	1305	1332	1318	1255
04-Sep-13	1300	1327	1313	1350
02-Oct-13	1281	1308	1293	1330
06-Nov-13	1253	1280	1265	1302
04-Dec-13	1270	1297	1282	1319
07-Jan-14	1309	1336	1357	1320
04-Feb-14	1348	1375	1 396	1 359
04-Mar-14	1384	1411	1432	1395
08-Apr-14	1385	1416	1439	1398
06-May-14	1370	1401	1424	1383
03-Jun-14	1348	1379	1402	1361
01-Jul-14	1377	1408	1433	1392
05-Aug-14	1377	1408	1433	1392
02-Sep-14	1310	1341	1366	1325
07-Oct-14	1312	1343	1361	1320
04-Nov-14	1267	1298	1316	1275
02-Dec-14	1198	1229	1247	1206

Source: DoE

Explanatory Notes

1. ULP = Unleaded Petrol.
2. ULP 93 is mainly sold in the inland region.
3. ULP 95 & ULP 93 grades were introduced in February 2006

Figure 2.3: Monthly Retail Price Petrol ULP 93 and ULP 95, 2014



Source: DoE

Figure 2.3 shows the coastal and inland prices of petrol ULP 93 and ULP 95 in 2014. The prices of both grades of petrol have seen an increase from January through to April, during this period the increases were experienced in January and February at 39 and 38 cents per litre for ULP 93 and ULP 95 in the inland respectively. In January the increases were perpetuated by the rise in oil prices and the weaker rand that manifested in December. During April petrol was the only petroleum product that experienced price increases whereas the prices of the rest of the products decreased.

The first drop in petrol prices in 2014 was experienced in May due to the appreciation of the Rand against the US Dollar from US\$10.76 to US\$10.55 and the reduction of the slate levy by 8.78 cents per litre. Further price decreases followed in June with both grades dropping by 22 cents per litre in the coastal and inland with ULP 93 declining to R13.70 per litre (inland) and R14.01 per litre (coastal).

The peaking of global oil prices at above US\$115 per barrel in June coupled with the depreciation of the Rand against the US Dollar led to an increase of both grades of fuel, with ULP 93 rising by 29 cents per litre and ULP 95 by 31 cents per litre in the

inland. There were no petrol price changes in August and corresponding decline in September and October followed.

In November and December there were two major fuel price drops, 45 and 69 cents per litre respectively. This major drop was caused by the drop in Brent crude oil prices by US\$10.4 to US\$87.67, which was the lowest in four years. These led to the lowest drop of petrol prices in 2014 whereby ULP 95 plunged to R12.47 per litre (coastal) and R12.06 per litre (inland) in December.²

² the above analysis is based on media statements issued by the Department of Energy on the adjustment of fuel prices on the first Wednesday of every month which can be accessed on http://www.energy.gov.za/files/petroleum_frame.html

A breakdown of the price of unleaded petrol 93 in the coastal region divided into individual components (customs & excise duty, dealers margin, fuel levy, incremental inland transport recovery levy, petroleum products levy, road accident fund levy, service cost recoveries, slate levy, storage, handling & delivery costs, wholesale margin, zone differential and contribution to the basic fuel price) from 2008 to 2014 is shown in Table 2.4. The difference between the retail price of ULP 93 and ULP 95 in the inland region of around 15 cents per litre on average is mainly due to the 10 cents per litre Demand-Side Management levy charged on ULP 95 as well as quarterly adjustments of octane/grade zone differentials.

Table 2.4: Monthly Individual Components Mogas 93 - Coast Price - cents per litre (c/l)

Period	BFP	Custom & Excise duty	Dealers margin	Fuel Levy	Incremental transport recover levy	IP Tracer levy	Petroleum Pipeline levy	RAF levy	Service cost recoveries	Slate levy	Wholesale Margin	Zone differential in Gauteng	DMSL	Equalisation Fund levy	Pump Rounding	Retail Price
02-Jan-08	441.63	4.00	59.70	121.00	0.00	0.00	0.19	41.50	7.00	4.81	39.27	13.90	0.00	0.00	0.00	733.00
06-Feb-08	458.63	4.00	59.70	121.00	0.00	0.00	0.19	41.50	7.00	4.81	39.27	13.90	0.00	0.00	0.00	750.00
05-Mar-08	519.63	4.00	59.70	121.00	0.00	0.00	0.19	41.50	7.00	4.81	39.27	13.90	0.00	0.00	0.00	811.00
02-Apr-08	575.63	4.00	59.70	127.00	0.00	0.00	0.19	46.50	7.00	4.85	39.27	13.90	0.00	0.00	0.00	878.00
07-May-08	606.63	4.00	59.70	127.00	1.50	0.00	0.15	46.50	7.00	24.85	39.27	13.90	0.00	0.00	0.00	933.00
04-Jun-08	651.63	4.00	64.70	127.00	1.50	0.00	0.15	46.50	9.50	24.85	39.27	13.90	0.00	0.00	0.00	983.00
02-Jul-08	723.23	4.00	64.70	127.00	1.50	0.00	0.15	46.50	9.50	24.85	44.67	13.90	0.00	0.00	0.00	1060.00
06-Aug-08	682.63	4.00	64.70	127.00	1.50	0.00	0.15	46.50	9.50	24.85	44.67	14.50	0.00	0.00	0.00	1017.00
03-Sep-08	593.63	4.00	64.70	127.00	1.50	0.00	0.15	46.50	9.50	44.85	44.67	14.50	0.00	0.00	0.00	951.00
05-Nov-08	519.03	4.00	67.30	127.00	1.50	0.00	0.15	46.50	9.50	44.85	44.67	14.50	0.00	0.00	0.00	879.00
03-Dec-08	358.03	4.00	67.30	127.00	1.50	0.00	0.15	46.50	9.50	44.85	44.67	14.50	0.00	0.00	0.00	718.00
02-Jan-09	265.98	4.00	67.30	127.00	1.50	0.00	0.15	46.50	9.50	0.00	44.67	15.40	0.00	0.00	0.00	582.00
07-Feb-09	326.98	4.00	67.30	127.00	1.50	0.00	0.15	46.50	9.50	0.00	44.67	15.40	0.00	0.00	0.00	643.00
04-Mar-09	371.98	4.00	67.30	127.00	1.50	0.00	0.15	46.50	9.50	0.00	44.67	15.40	0.00	0.00	0.00	688.00
04-Apr-09	367.48	4.00	67.30	150.00	1.50	0.00	0.15	64.00	9.50	0.00	44.67	15.40	0.00	0.00	0.00	724.00
01-May-09	364.48	4.00	67.30	150.00	1.50	0.00	0.15	64.00	9.50	0.00	44.67	15.40	0.00	0.00	0.00	721.00

Period	BFP	Custom & Excise duty	Dealers margin	Fuel Levy	Incremental transport recover levy	IP Tracer levy	Petroleum Pipeline levy	RAF levy	Service cost recoveries	Slate levy	Wholesale Margin	Zone differential in Gauteng	DMSL	Equalisation Fund Levy	Pump Rounding	Retail Price
06-Jun-09	379.38	4.00	67.30	150.00	3.00	0.00	0.15	64.00	9.50	0.00	44.67	14.00	0.00	0.00	0.00	736.00
03-Jul-09	416.38	4.00	67.30	150.00	3.00	0.00	0.15	64.00	9.50	0.00	44.67	14.00	0.00	0.00	0.00	773.00
01-Aug-09	389.98	4.00	72.70	150.00	3.00	0.00	0.15	64.00	9.50	0.00	44.67	14.00	0.00	0.00	0.00	752.00
05-Sep-09	425.98	4.00	72.70	150.00	3.00	0.00	0.15	64.00	9.50	0.00	44.67	14.00	0.00	0.00	0.00	788.00
02-Oct-09	379.48	4.00	72.70	150.00	3.00	0.00	0.15	64.00	10.80	0.00	50.87	14.00	0.00	0.00	0.00	749.00
07-Nov-09	379.48	4.00	72.70	150.00	3.00	0.00	0.15	64.00	10.80	0.00	50.87	14.00	0.00	0.00	0.00	749.00
04-Dec-09	406.48	4.00	72.70	150.00	3.00	0.00	0.15	64.00	10.80	0.00	50.87	14.00	0.00	0.00	0.00	776.00
07-Jan-10	397.48	4.00	72.70	150.00	3.00	0.00	0.15	64.00	10.80	0.00	50.87	14.00	0.00	0.00	0.00	767.00
02-Feb-10	415.48	4.00	72.70	150.00	3.00	0.00	0.15	64.00	10.80	0.00	50.87	14.00	0.00	0.00	0.00	785.00
06-Mar-10	421.78	4.00	72.70	150.00	3.00	0.00	0.15	64.00	10.80	0.00	50.87	14.00	0.00	0.00	-0.30	791.00
03-Apr-10	445.28	4.00	72.70	167.50	3.00	0.00	0.15	72.00	10.80	0.00	50.87	14.00	0.00	0.00	-0.30	840.00
03-May-10	457.28	4.00	72.70	167.50	3.00	0.00	0.15	72.00	10.80	0.00	50.87	15.50	0.00	0.00	0.20	854.00
07-Jun-10	445.28	4.00	72.70	167.50	3.00	0.00	0.15	72.00	10.80	0.00	50.87	15.50	0.00	0.00	0.20	842.00
05-Jul-10	457.28	4.00	72.70	167.50	3.00	0.00	0.15	72.00	10.80	0.00	50.87	15.50	0.00	0.00	0.20	854.00
02-Aug-10	405.28	4.00	72.70	167.50	3.00	0.00	0.15	72.00	10.80	0.00	50.87	15.50	0.00	0.00	0.20	802.00
07-Sep-10	395.28	4.00	72.70	167.50	3.00	0.00	0.15	72.00	10.80	0.00	50.87	15.50	0.00	0.00	0.20	792.00
04-Oct-10	390.78	4.00	81.20	167.50	3.00	0.00	0.15	72.00	10.80	0.00	50.87	15.50	0.00	0.00	0.20	796.00
01-Nov-10	410.78	4.00	81.20	167.50	3.00	0.00	0.15	72.00	10.80	0.00	50.87	15.50	0.00	0.00	0.20	816.00
06-Dec-10	423.78	4.00	81.20	167.50	3.00	0.00	0.15	72.00	10.80	0.00	50.87	15.50	0.00	0.00	0.20	829.00
03-Jan-11	449.18	4.00	81.20	167.50	3.00	0.00	0.15	72.00	11.40	0.00	53.87	15.50	0.00	0.00	0.20	858.00
01-Feb-11	475.18	4.00	81.20	167.50	3.00	0.00	0.15	72.00	11.40	0.00	53.87	15.50	0.00	0.00	0.20	884.00
05-Mar-11	518.18	4.00	81.20	167.50	3.00	0.00	0.15	72.00	11.40	0.00	53.87	15.50	0.00	0.00	0.20	927.00
02-Apr-11	546.38	4.00	81.20	177.50	3.00	0.00	0.15	80.00	11.40	0.00	53.87	22.90	0.00	0.00	-0.40	980.00
02-May-11	575.38	4.00	81.20	177.50	3.00	0.00	0.15	80.00	11.40	0.00	53.87	22.90	0.00	0.00	-0.40	1009.00
06-Jun-11	573.38	4.00	81.20	177.50	3.00	0.00	0.15	80.00	11.40	0.00	53.87	22.90	0.00	0.00	-0.40	1007.00
04-Jul-11	540.38	4.00	81.20	177.50	3.00	0.00	0.15	80.00	11.40	0.00	53.87	22.90	0.00	0.00	-0.40	974.00
01-Aug-11	557.38	4.00	81.20	177.50	3.00	0.00	0.15	80.00	11.40	0.00	53.87	22.90	0.00	0.00	-0.40	991.00

Period	BFP	Custom & Excise duty	Dealers margin	Fuel Levy	Incremental transport recover levy	IP Tracer levy	Petroleum Pipeline levy	RAF levy	Service cost recoveries	Slate levy	Wholesale Margin	Zone differential in Gauteng	DMSL	Equalisation Fund Levy	Pump Rounding	Retail Price
06-Sep-11	566.38	4.00	81.20	177.50	3.00	0.00	0.15	80.00	11.40	0.00	53.87	22.90	0.00	0.00	-0.40	1000.00
03-Oct-11	599.38	4.00	85.20	177.50	3.00	0.00	0.15	80.00	11.40	0.00	53.87	22.90	0.00	0.00	-0.40	1037.00
07-Nov-11	622.38	4.00	85.20	177.50	3.00	0.00	0.15	80.00	11.40	0.00	53.87	22.90	0.00	0.00	-0.40	1060.00
05-Dec-11	596.55	4.00	91.80	177.50	3.00	0.00	0.15	80.00	21.00	0.00	52.50	22.90	0.00	0.00	-0.40	1049.00
04-Jan-12	590.55	4.00	91.80	177.50	3.00	0.00	0.15	80.00	21.00	0.00	52.50	22.90	0.00	0.00	-0.40	1043.00
01-Feb-12	624.55	4.00	91.80	177.50	3.00	0.00	0.15	80.00	21.00	0.00	52.50	22.90	0.00	0.00	-0.40	1077.00
07-Mar-12	648.17	4.00	91.80	177.50	3.00	0.00	0.15	80.00	21.00	4.38	52.50	22.90	0.00	0.00	-0.40	1105.00
04-Apr-12	687.57	4.00	91.80	197.50	3.00	0.00	0.15	88.00	21.00	4.38	52.50	26.80	0.00	0.00	0.30	1177.00
02-May-12	711.17	4.00	91.80	197.50	3.00	0.00	0.15	88.00	21.00	8.78	52.50	26.80	0.00	0.00	0.30	1205.00
06-Jun-12	653.99	4.00	91.80	197.50	3.00	0.00	0.15	88.00	21.00	10.96	52.50	26.80	0.00	0.00	0.30	1150.00
04-Jul-12	571.57	4.00	91.80	197.50	3.00	0.00	0.15	88.00	21.00	4.38	52.50	26.80	0.00	0.00	0.30	1061.00
01-Aug-12	597.95	4.00	91.80	197.50	3.00	0.00	0.15	88.00	21.00	0.00	52.50	26.80	0.00	0.00	0.30	1083.00
05-Sep-12	687.45	4.00	95.30	197.50	3.00	0.00	0.15	88.00	21.00	0.00	52.50	26.80	0.00	0.00	0.30	1176.00
03-Oct-12	695.29	4.00	95.30	197.50	3.00	0.00	0.15	88.00	21.00	13.16	52.50	26.80	0.00	0.00	0.30	1197.00
07-Nov-12	683.09	4.00	95.30	197.50	3.00	0.00	0.15	88.00	21.00	15.36	52.50	26.80	0.00	0.00	0.30	1187.00
05-Dec-12	660.19	4.00	99.20	197.50	3.00	0.00	0.15	88.00	25.50	15.36	58.00	26.80	0.00	0.00	0.30	1178.00
02-Jan-13	653.77	4.00	99.20	197.50	3.00	0.00	0.15	88.00	25.50	8.78	58.00	26.80	0.00	0.00	0.30	1165.00
01-Feb-13	696.97	4.00	99.20	197.50	3.00	0.00	0.15	88.00	25.50	6.58	58.00	26.80	0.00	0.00	0.30	1206.00
06-Mar-13	773.59	4.00	99.20	197.50	3.00	0.00	0.15	88.00	25.50	10.96	58.00	26.80	0.00	0.00	0.30	1287.00
03-Apr-13	747.43	4.00	99.20	212.50	3.00	0.00	0.15	96.00	25.50	21.92	58.00	28.90	0.00	0.00	0.40	1297.00
01-May-13	680.99	4.00	99.20	212.50	3.00	0.00	0.15	96.00	25.50	15.36	58.00	28.90	0.00	0.00	0.40	1224.00
05-Jun-13	683.97	4.00	99.20	212.50	3.00	0.00	0.15	96.00	25.50	4.38	58.00	28.90	0.00	0.00	0.40	1216.00
03-Jul-13	765.77	4.00	99.20	212.50	3.00	0.00	0.15	96.00	25.50	6.58	58.00	28.90	0.00	0.00	0.40	1300.00
07-Aug-13	786.81	4.00	99.20	212.50	3.00	0.00	0.15	96.00	25.50	17.54	58.00	28.90	0.00	0.00	0.40	1332.00
04-Sep-13	783.99	4.00	99.20	212.50	3.00	0.00	0.15	96.00	25.50	15.36	58.00	28.90	0.00	0.00	0.40	1327.00
02-Oct-13	760.09	4.00	104.10	212.50	3.00	0.00	0.15	96.00	25.50	15.36	58.00	28.90	0.00	0.00	0.40	1308.00
06-Nov-13	734.29	4.00	104.10	212.50	3.00	0.00	0.15	96.00	25.50	13.16	58.00	28.90	0.00	0.00	0.40	1280.00

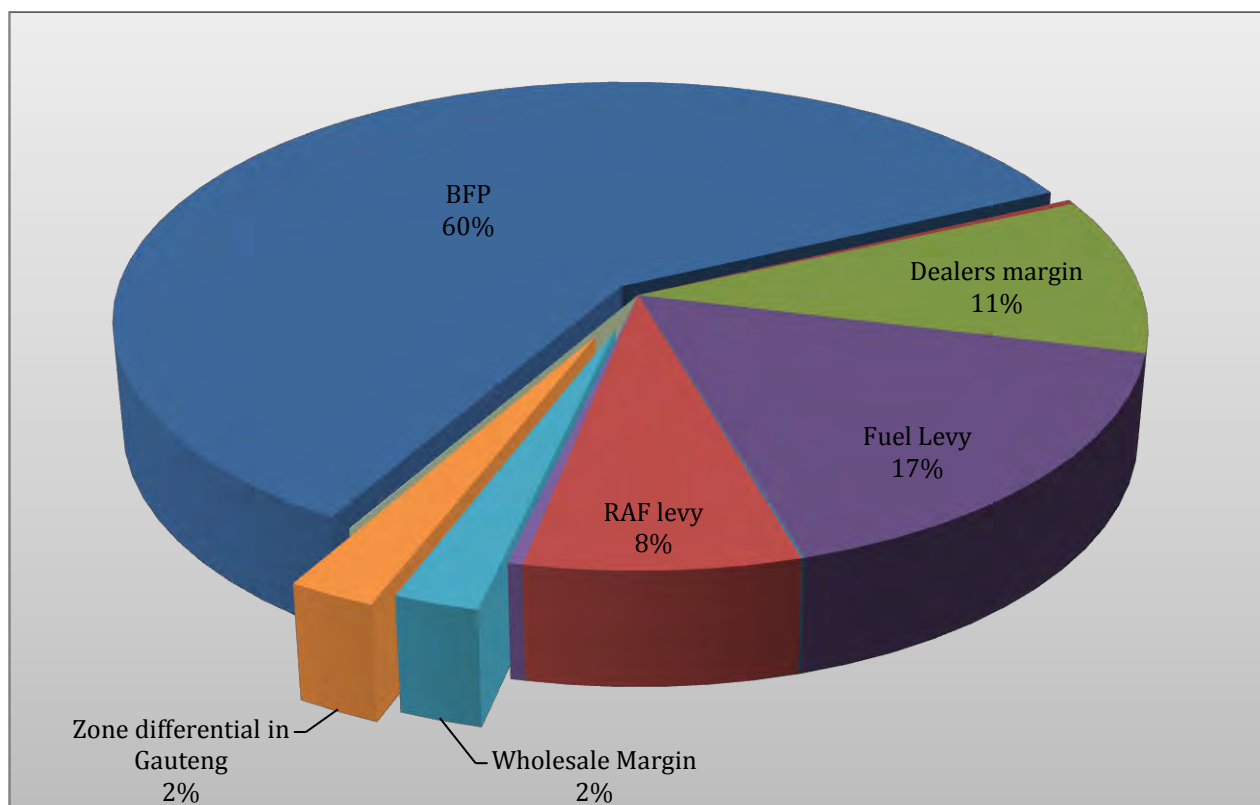
Period	BFP	Custom & Excise duty	Dealers margin	Fuel Levy	Incremental transport recover levy	IP Tracer levy	Petroleum Pipeline levy	RAF levy	Service cost recoveries	Slate levy	Wholesale Margin	Zone differential in Gauteng	DMSL	Equalisation Fund levy	Pump Rounding	Retail Price
04-Dec-13	744.37	4.00	139.10	212.50	3.00	0.00	0.15	96.00	17.10	8.78	31.00	28.90	0.00	0.00	0.40	1297.00
07-Jan-14	781.19	4.00	139.10	212.50	3.00	0.00	0.15	96.00	0.00	10.96	31.00	28.90	0.00	0.00	0.40	1336.00
04-Feb-14	828.99	4.00	139.10	212.50	3.00	0.00	0.15	96.00	0.00	13.16	31.00	28.90	0.00	0.00	0.40	1375.00
04-Mar-14	851.79	4.00	139.10	212.50	3.00	0.00	0.15	96.00	0.00	15.36	31.00	28.90	0.00	0.00	0.40	1411.00
08-Apr-14	835.59	4.00	139.10	224.50	0.00	0.00	0.15	104.00	0.00	15.36	31.00	33.10	0.00	0.00	0.40	1416.00
06-May-14	829.37	4.00	139.10	224.50	0.00	0.00	0.15	104.00	0.00	6.58	31.00	33.10	0.00	0.00	0.40	1401.00
03-Jun-14	813.95	4.00	139.10	224.50	0.00	0.00	0.15	104.00	0.00	0.00	31.00	33.10	0.00	0.00	0.40	1379.00
01-Jul-14	842.95	4.00	139.10	224.50	0.00	0.00	0.15	104.00	0.00	0.00	31.00	33.10	0.00	0.00	0.40	1408.00
05-Aug-14	838.57	4.00	139.10	224.50	0.00	0.00	0.15	104.00	0.00	4.38	31.00	33.10	0.00	0.00	0.40	1408.00
02-Sep-14	771.75	4.00	143.30	224.50	0.00	0.00	0.15	104.00	0.00	0.00	31.00	33.10	0.00	0.00	0.40	1341.00
07-Oct-14	773.75	4.00	143.30	224.50	0.00	0.00	0.15	104.00	0.00	0.00	31.00	33.10	0.00	0.00	0.40	1343.00
04-Nov-14	728.75	4.00	143.30	224.50	0.00	0.00	0.15	104.00	0.00	0.00	31.00	33.10	0.00	0.00	0.40	1298.00
02-Dec-14	648.25	4.00	143.30	224.50	0.00	0.00	0.15	104.00	0.00	0.00	33.50	33.10	0.00	0.00	0.40	1229.00

Source: DoE

To identify the contribution of each component to the final retail price of petrol, all the components are illustrated in Figure 2.4 with their percentage contributions. The BFP and fuel levy had a larger share in the final retail price of Petrol ULP 93 in 2014, contributing 60% and 17% respectively. The dealer's margin and Road Accident Fund (RAF) contributed 11% and 8% respectively. The wholesale margin and the zone differential in Gauteng contributed 2% each to the final retail price of petrol. The rest of the components contributed a negligible amount towards the final price.

During the 2014 budget speech, the Minister of Finance announced the general fuel levy increase to an inflation-related 12 cents per litre, and the RAF levy increase of 8 cents per litre with effect from 2 April 2014.

Figure 2.4: Retail Petrol Prices - Individual Components 2014 (ULP 93 - c/l)



Source: DoE

The petrol margins are adjusted on an annual basis in December. The margins are adjusted in accordance with the wholly implemented Regulatory Accounting System as approved by the Department. The margins increased from 198.9c/l in 2013 to 215.4c/ in 2014. The overall margins adjustment increased the petrol price by 12,3 cents per litre after taking into account the 4.2c/l salary adjustment for petrol attendants that was included in the petrol price in September 2014.

2.2.2 Diesel

The coast and inland prices from 2008 to 2014 of 0.05% sulphur diesel are provided in Table 2.5.

Table 2.5: Monthly Diesel Wholesale Prices - cents per litre (c/l)

Period	Diesel 0.05% Sulphur	
	Coast	Inland
02-Jan-08	711.50	725.30
06-Feb-08	718.50	732.30
05-Mar-08	796.50	810.30
02-Apr-08	924.50	938.30
07-May-08	995.50	1009.30
04-Jun-08	1066.50	1080.30
02-Jul-08	1129.50	1143.30
06-Aug-08	1113.50	1127.30
03-Sep-08	969.50	983.30
01-Oct-08	913.50	927.30
05-Nov-08	889.50	903.30
03-Dec-08	808.50	822.30
07-Jan-09	639.65	654.35
04-Feb-09	634.65	649.35
04-Mar-09	596.65	611.35
01-Apr-09	636.15	650.85
06-May-09	644.15	658.85
03-Jun-09	632.65	645.95
01-Jul-09	672.65	685.95
05-Aug-09	652.65	665.95
02-Sep-09	687.65	700.95
07-Oct-09	655.15	668.45
04-Nov-09	665.15	678.45
02-Dec-09	690.15	703.45
06-Jan-10	676.15	689.45
03-Feb-10	686.15	699.45
03-Mar-10	690.15	703.45
07-Apr-10	738.65	751.95
05-May-10	767.65	781.45
02-Jun-10	752.65	766.45
07-Jul-10	737.65	751.45
04-Aug-10	724.65	738.45
01-Sep-10	724.65	738.45
06-Oct-10	721.65	735.45
03-Nov-10	732.65	746.45
01-Dec-10	746.65	760.45
05-Jan-11	770.25	789.45
02-Feb-11	800.25	814.05
02-Mar-11	864.25	878.05

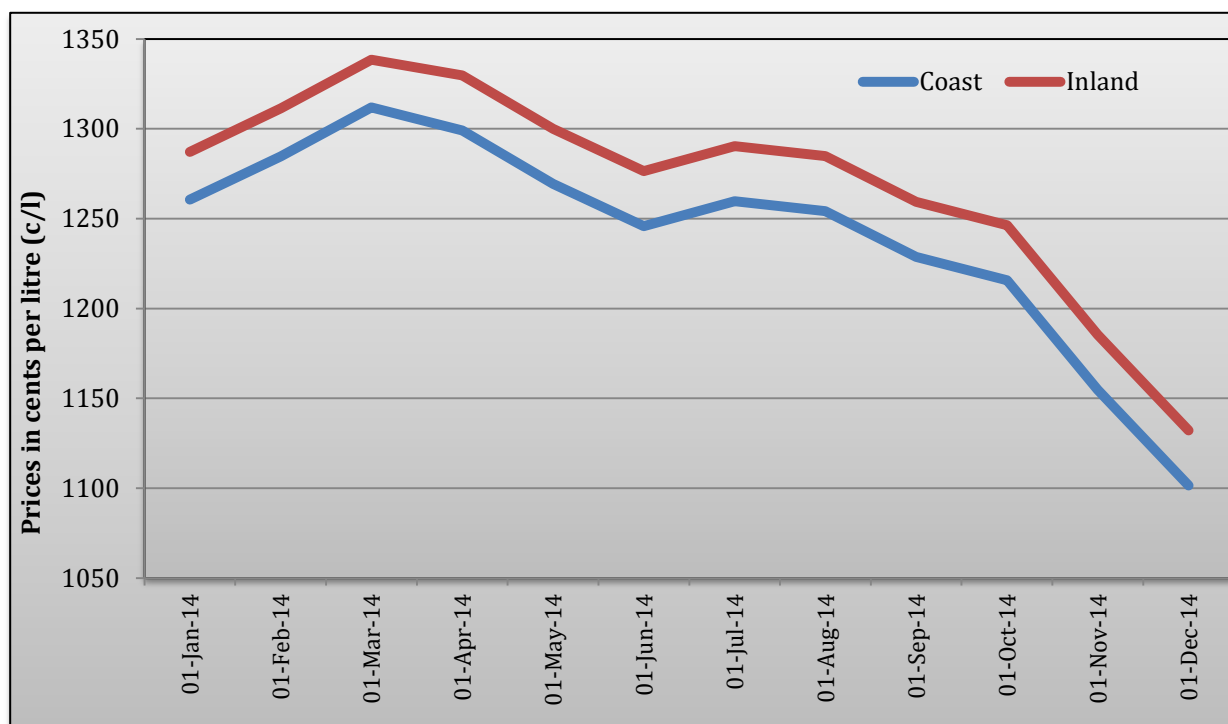
Period	Diesel 0.05% Sulphur	
	Coast	Inland
06-Apr-11	928.05	948.45
04-May-11	944.05	964.45
01-Jun-11	906.05	926.45
06-Jul-11	895.05	915.45
03-Aug-11	910.05	930.45
07-Sep-11	910.05	930.45
05-Oct-11	945.05	965.45
02-Nov-11	981.05	1001.45
07-Dec-11	1028.29	1048.69
04-Jan-12	1007.29	1027.69
01-Feb-12	1006.29	1026.69
07-Mar-12	1016.67	1037.07
04-Apr-12	1064.27	1088.97
02-May-12	1073.67	1098.37
06-Jun-12	1048.85	1073.55
04-Jul-12	986.27	1010.97
01-Aug-12	1000.89	1025.59
05-Sep-12	1069.89	1094.59
03-Oct-12	1109.05	1133.75
07-Nov-12	1119.25	1143.95
05-Dec-12	1114.25	1138.95
02-Jan-13	1086.67	1111.37
06-Feb-13	1104.47	1129.17
06-Mar-13	1162.85	1187.55
03-Apr-13	1170.01	1196.61
01-May-13	1114.45	1141.05
05-Jun-13	1110.47	1137.07
03-Jul-13	1188.67	1215.27
07-Aug-13	1221.63	1248.23
04-Sep-13	1235.45	1262.05
02-Oct-13	1233.45	1260.05
06-Nov-13	1218.25	1244.85
04-Dec-13	1228.37	1254.97
07-Jan-14	1260.55	1287.15
04-Feb-14	1284.75	1311.35
04-Mar-14	1311.95	1338.55
08-Apr-14	1299.15	1329.75
06-May-14	1269.37	1299.97
03-Jun-14	1245.79	1276.39
01-Jul-14	1259.79	1290.39
05-Aug-14	1254.17	1284.77
02-Sep-14	1228.79	1259.39
07-Oct-14	1215.79	1246.39
04-Nov-14	1154.79	1185.39
02-Dec-14	1101.49	1132.09

Source: DoE

Explanatory Notes

1. As from March 1998 the wholesale price of diesel but not the retail price is regulated.
2. Diesel grades: With effect from 2nd January 2002 the current 0.5% sulphur content diesel grade was replaced by 0.3% sulphur content diesel grade; on 4th January 2006 0.3% sulphur was replaced with 0.05% sulphur.
3. The Department of Energy started to report prices of diesel with 0.05% sulphur in 2006.

Figure 2.5: Monthly 0.05% Sulphur Diesel Prices, 2014 - cents per litre (c/l)



Source: DoE

The fluctuations and trend of 0.05% Sulphur Diesel prices for 2014 are depicted in Figure 2.6 above. The 2014 diesel prices kick started with 32.18 cents per litre increase due to oil price increases of US\$3 per barrel from US\$107 to US\$110 per barrel in December 2013.

In February prices increased by 24 cents per litre compared to 32.18 cents per litre in January. These increases continued through to March. The price increase in March was influenced by the rise in oil prices due to bitterly cold weather in the United States during January and February which led to increased demand for space heating fuels. Diesel prices in March were the highest recorded in 2014 where coastal prices crossed over the R13 threshold and the inland and coastal prices hit the record high of R13.39 per litre and R13.12 per litre respectively.

There was relentless decrease in the prices of diesel from April through to June. The reduction of the slate levy (along with low oil prices and appreciation of the Rand) by 6.58 cents per litre contributed to the drop of diesel prices in June. The month of July saw 14 cents per litre increase in prices as a result of peaking oil prices and a weaker Rand. The Rand depreciated by 2.6 % to US\$10.68.

Average decrease in the prices of petroleum products in the international markets and the strengthening of the Rand against the US Dollar led to the slight decrease in diesel prices by 5.62 cents to R12.54 and R12.85 in the coastal and inland respectively in August.

From September through to December, there had been a persistent decrease in diesel prices. The lowest drop was encountered in December where the prices dropped by 53.5 cents per litre due to a huge decline in Brent crude oil prices and the weak economic signals from China and Europe. This was the lowest diesel prices in 2014 with coastal and inland prices sitting R11.01 and R11.32 respectively.³

³ the above analysis is based on media statements issued by the Department of Energy on the adjustment of fuel prices on the first Wednesday of every month which can be accessed on http://www.energy.gov.za/files/petroleum_frame.html

Table 2.6: Monthly wholesale diesel prices - individual components - cents per litre (c/l)

Period	BFP	Custom & Excise duty	Fuel levy	Incremental Inland Transport	IP Tracer levy	Petroleum pipeline levy	RAF levy	Service cost recovery	Slate levy	Wholesale margin	Zone differential in Gauteng	Wholesale price
Diesel 0.05% Sulphur												
02-Jan-08	509.63	4.00	105.00	0.00	0.01	0.19	41.50	7.00	4.81	39.26	13.90	725.30
06-Feb-08	516.63	4.00	105.00	0.00	0.01	0.19	41.50	7.00	4.81	39.26	13.90	732.30
05-Mar-08	594.63	4.00	105.00	0.00	0.01	0.19	41.50	7.00	4.81	39.26	13.90	810.30
02-Apr-08	711.63	4.00	111.00	0.00	0.01	0.15	46.50	7.00	4.85	39.26	13.90	938.30
07-May-08	758.63	4.00	111.00	1.50	0.01	0.15	46.50	9.50	24.85	39.26	13.90	1009.30
04-Jun-08	829.63	4.00	111.00	1.50	0.01	0.15	46.50	9.50	24.85	39.26	13.90	1080.30
02-Jul-08	892.63	4.00	111.00	1.50	0.01	0.15	46.50	9.50	24.85	44.66	13.90	1148.70
06-Aug-08	870.63	4.00	111.00	1.50	0.01	0.15	46.50	9.50	24.85	44.66	14.50	1127.30
03-Sep-08	706.63	4.00	111.00	1.50	0.01	0.15	46.50	9.50	44.85	44.66	14.50	983.30
05-Nov-08	626.63	4.00	111.00	1.50	0.01	0.15	46.50	9.50	44.85	44.66	14.50	903.30
03-Dec-08	545.63	4.00	111.00	1.50	0.01	0.15	46.50	9.50	44.85	44.66	14.50	822.30
02-Jan-09	421.63	4.00	111.00	1.50	0.01	0.15	46.50	9.50	0.00	44.66	15.40	654.35
04-Feb-09	416.63	4.00	111.00	1.50	0.01	0.15	46.50	9.50	0.00	44.66	15.40	649.35
04-Mar-09	378.63	4.00	111.00	1.50	0.01	0.15	46.50	9.50	0.00	44.66	15.40	611.35
01-Apr-09	376.63	4.00	135.00	1.50	0.01	0.15	64.00	9.50	0.00	44.66	15.40	650.85
06-May-09	384.63	4.00	135.00	1.50	0.01	0.15	64.00	9.50	0.00	44.66	15.40	658.85
03-Jun-09	371.63	4.00	135.00	3.00	0.01	0.15	64.00	9.50	0.00	44.66	14.00	645.95
01-Jul-09	411.63	4.00	135.00	3.00	0.01	0.15	64.00	9.50	0.00	44.66	14.00	685.95
05-Aug-09	391.63	4.00	135.00	3.00	0.01	0.15	64.00	9.50	0.00	44.66	14.00	665.95
02-Sep-09	426.63	4.00	135.00	3.00	0.01	0.15	64.00	9.50	0.00	44.66	14.00	700.95
07-Oct-09	386.63	4.00	135.00	3.00	0.01	0.15	64.00	10.80	0.00	50.86	14.00	668.45
07-Nov-09	396.63	4.00	135.00	3.00	0.01	0.15	64.00	10.80	0.00	50.86	14.00	678.45
02-Dec-09	421.63	4.00	135.00	3.00	0.01	0.15	64.00	10.80	0.00	50.86	14.00	703.45
06-Jan-10	407.63	4.00	135.00	3.00	0.01	0.15	64.00	10.80	0.00	50.86	14.00	689.45
03-Feb-10	417.63	4.00	135.00	3.00	0.01	0.15	64.00	10.80	0.00	50.86	14.00	699.45

Period	BFP	Custom & Excise duty	Fuel levy	Incremental Inland Transport	IP Tracer levy	Petroleum pipeline levy	RAF levy	Service cost recovery	Slate levy	Wholesale margin	Zone differential in Gauteng	Wholesale price
03-Mar-10	421.63	4.00	135.00	3.00	0.01	0.15	64.00	10.80	0.00	50.86	14.00	703.45
07-Apr-10	444.63	4.00	152.50	3.00	0.01	0.15	72.00	10.80	0.00	50.86	14.00	751.95
05-May-10	472.63	4.00	152.50	3.00	0.01	0.15	72.00	10.80	0.00	50.86	15.50	781.45
02-Jun-10	457.63	4.00	152.50	3.00	0.01	0.15	72.00	10.80	0.00	50.86	15.50	766.54
07-Jul-10	442.63	4.00	152.50	3.00	0.01	0.15	72.00	10.80	0.00	50.86	15.50	751.45
04-Aug-10	429.63	4.00	152.50	3.00	0.01	0.15	72.00	10.80	0.00	50.86	15.50	738.45
01-Sep-10	429.63	4.00	152.50	3.00	0.01	0.15	72.00	10.80	0.00	50.86	15.50	738.45
06-Oct-10	426.63	4.00	152.50	3.00	0.01	0.15	72.00	10.80	0.00	50.86	15.50	735.45
03-Nov-10	437.63	4.00	152.50	3.00	0.01	0.15	72.00	10.80	0.00	50.86	15.50	746.45
01-Dec-10	451.63	4.00	152.50	3.00	0.05	0.15	72.00	10.80	0.00	50.86	15.50	760.45
05-Jan-11	471.63	4.00	152.50	3.00	0.01	0.15	72.00	11.40	0.00	53.86	15.50	784.05
02-Feb-11	501.63	4.00	152.50	3.00	0.01	0.15	72.00	11.40	0.00	53.86	15.50	814.05
02-Mar-11	565.63	4.00	152.50	3.00	0.01	0.15	72.00	11.40	0.00	53.86	15.50	878.05
06-Apr-11	610.63	4.00	162.50	3.00	0.01	0.15	80.00	11.40	0.00	53.86	22.90	948.45
04-May-11	626.63	4.00	162.50	3.00	0.01	0.15	80.00	11.40	0.00	53.86	22.90	964.45
01-Jun-11	588.63	4.00	162.50	3.00	0.01	0.15	80.00	11.40	0.00	53.86	22.90	926.45
06-Jul-11	577.63	4.00	162.50	3.00	0.01	0.15	80.00	11.40	0.00	53.86	22.90	915.45
03-Aug-11	592.63	4.00	162.50	3.00	0.01	0.15	80.00	11.40	0.00	53.86	22.90	930.45
07-Sep-11	592.63	4.00	162.50	3.00	0.01	0.15	80.00	11.40	0.00	53.86	22.90	930.45
05-Oct-11	627.63	4.00	162.50	3.00	0.01	0.15	80.00	11.40	0.00	53.86	22.90	965.45
02-Nov-11	663.63	4.00	162.50	3.00	0.01	0.15	80.00	11.40	0.00	53.86	22.90	1001.45
07-Dec-11	702.63	4.00	162.50	3.00	0.01	0.15	80.00	21.00	0.00	52.50	22.90	1048.69
04-Jan-12	681.63	4.00	162.50	3.00	0.01	0.15	80.00	21.00	0.00	52.50	22.90	1027.69
01-Feb-12	680.63	4.00	162.50	3.00	0.01	0.15	80.00	21.00	0.00	52.50	22.90	1026.69
07-Mar-12	686.63	4.00	162.50	3.00	0.01	0.15	80.00	21.00	4.38	52.50	22.90	1037.07
04-Apr-12	706.63	4.00	182.50	3.00	0.01	0.15	88.00	21.00	4.38	52.50	26.80	1088.97
02-May-12	711.63	4.00	182.50	3.00	0.01	0.15	88.00	21.00	8.78	52.50	26.80	1098.37

Period	BFP	Custom & Excise duty	Fuel levy	Incremental Inland Transport	IP Tracer levy	Petroleum pipeline levy	RAF levy	Service cost recovery	Slate levy	Wholesale margin	Zone differential in Gauteng	Wholesale price
06-Jun-12	684.63	4.00	182.50	3.00	0.01	0.15	88.00	21.00	10.96	52.50	26.80	1073.55
04-Jul-12	628.63	4.00	182.50	3.00	0.01	0.15	88.00	21.00	4.38	52.50	26.80	1010.97
01-Aug-12	647.63	4.00	182.50	3.00	0.01	0.15	88.00	21.00	0.00	52.50	26.80	1025.59
05-Sep-12	716.63	4.00	182.50	3.00	0.01	0.15	88.00	21.00	0.00	52.50	26.80	1094.59
03-Oct-12	742.63	4.00	182.50	3.00	0.01	0.15	88.00	21.00	13.16	52.50	26.80	1133.75
07-Nov-12	750.63	4.00	182.50	3.00	0.01	0.15	88.00	21.00	15.36	52.50	26.80	1143.95
05-Dec-12	735.63	4.00	182.50	3.00	0.01	0.15	88.00	25.50	15.36	58.00	26.80	1138.95
02-Jan-13	714.63	4.00	182.50	3.00	0.01	0.15	88.00	25.50	8.78	58.00	26.80	1111.37
01-Feb-13	734.63	4.00	182.50	3.00	0.01	0.15	88.00	25.50	6.58	58.00	26.80	1129.17
06-Mar-13	788.63	4.00	182.50	3.00	0.01	0.15	88.00	25.50	10.96	58.00	26.80	1187.55
03-Apr-13	761.63	4.00	197.50	3.00	0.01	0.15	96.00	25.50	21.92	58.00	28.90	1196.61
01-May-13	712.63	4.00	197.50	3.00	0.01	0.15	96.00	25.50	15.36	58.00	28.90	1141.05
05-Jun-13	719.63	4.00	197.50	3.00	0.01	0.15	96.00	25.50	4.38	58.00	28.90	1137.07
03-Jul-13	795.63	4.00	197.50	3.00	0.01	0.15	96.00	25.50	6.58	58.00	28.90	1215.27
07-Aug-13	817.63	4.00	197.50	3.00	0.01	0.15	96.00	25.50	17.54	58.00	28.90	1248.23
04-Sep-13	833.63	4.00	197.50	3.00	0.01	0.15	96.00	25.50	15.36	58.00	28.90	1262.05
02-Oct-13	831.63	4.00	197.50	3.00	0.01	0.15	96.00	25.50	15.36	58.00	28.90	1260.05
06-Nov-13	818.63	4.00	197.50	3.00	0.01	0.15	96.00	25.50	13.16	58.00	28.90	1244.85
04-Dec-13	826.63	4.00	197.50	3.00	0.01	0.15	96.00	17.10	8.78	61.20	28.90	1254.97
04-Feb-14	878.63	4.00	197.50	3.00	0.01	0.15	96.00	17.10	13.16	61.20	28.90	1311.35
04-Mar-14	903.63	4.00	197.50	3.00	0.01	0.15	96.00	17.10	15.36	61.20	28.90	1338.55
08-Apr-14	873.63	4.00	209.50	0.00	0.01	0.15	104.00	17.10	15.36	61.20	28.90	1329.75
06-May-14	852.63	4.00	209.50	0.00	0.01	0.15	104.00	17.10	6.58	61.20	28.90	1299.97
03-Jun-14	835.63	4.00	209.50	0.00	0.01	0.15	104.00	17.10	0.00	61.20	28.90	1276.39
01-Jul-14	849.63	4.00	209.50	0.00	0.01	0.15	104.00	17.10	0.00	61.20	28.90	1290.39
05-Aug-14	839.63	4.00	209.50	0.00	0.01	0.15	104.00	17.10	4.38	61.20	28.90	1284.77
02-Sep-14	824.03	4.00	209.50	0.00	0.01	0.15	104.00	17.10	0.00	61.20	28.90	1259.39

Period	BFP	Custom & Excise duty	Fuel levy	Incremental Inland Transport	IP Tracer levy	Petroleum pipeline levy	RAF levy	Service cost recovery	Slate levy	Wholesale margin	Zone differential in Gauteng	Wholesale price
07-Oct-14	805.63	4.00	209.50	0.00	0.01	0.15	104.00	17.10	0.00	61.20	28.90	1246.39
04-Nov-14	744.63	4.00	209.50	0.00	0.01	0.15	104.00	17.10	0.00	61.20	28.90	1185.39
02-Dec-14	686.63	4.00	209.50	0.00	0.01	0.15	104.00	17.10	0.00	61.20	28.90	1132.09
Diesel 0.005% Sulphur												
02-Jan-08	513.03	4.00	105.00	0.00	0.01	0.19	41.50	7.00	4.81	39.26	13.90	728.70
06-Feb-08	520.03	4.00	105.00	0.00	0.01	0.19	41.50	7.00	4.81	39.26	13.90	735.70
05-Mar-08	598.03	4.00	105.00	0.00	0.01	0.19	41.50	7.00	4.81	39.26	13.90	813.70
02-Apr-08	717.03	4.00	111.00	0.00	0.01	0.15	46.50	7.00	4.85	39.26	13.90	943.70
07-May-08	765.03	4.00	111.00	1.50	0.01	0.15	46.50	9.50	24.85	39.26	13.90	1015.70
04-Jun-08	835.03	4.00	111.00	1.50	0.01	0.15	46.50	9.50	24.85	39.26	13.90	1085.70
02-Jul-08	898.03	4.00	111.00	1.50	0.01	0.15	46.50	9.50	24.85	44.66	13.90	1154.10
06-Aug-08	875.03	4.00	111.00	1.50	0.01	0.15	46.50	9.50	24.85	44.66	14.50	1131.70
03-Sep-08	709.03	4.00	111.00	1.50	0.01	0.15	46.50	9.50	24.85	44.66	14.50	965.70
05-Nov-08	633.03	4.00	111.00	1.50	0.01	0.15	46.50	9.50	44.85	44.66	14.50	909.70
03-Dec-08	553.03	4.00	111.00	1.50	0.01	0.15	46.50	9.50	44.85	44.66	14.50	829.70
02-Jan-09	431.03	4.00	111.00	1.50	0.01	0.15	46.50	9.50	0.00	44.66	15.40	663.75
04-Feb-09	424.03	4.00	111.00	1.50	0.01	0.15	46.50	9.50	0.00	44.66	15.40	656.75
04-Mar-09	386.03	4.00	111.00	1.50	0.01	0.15	46.50	9.50	0.00	44.66	15.40	618.75
01-Apr-09	384.03	4.00	135.00	1.50	0.01	0.15	64.00	9.50	0.00	44.66	15.40	658.25
06-May-09	390.03	4.00	135.00	1.50	0.01	0.15	64.00	9.50	0.00	44.66	15.40	664.25
03-Jun-09	376.03	4.00	135.00	3.00	0.01	0.15	64.00	9.50	0.00	44.66	14.00	650.35
01-Jul-09	416.03	4.00	135.00	3.00	0.01	0.15	64.00	9.50	0.00	44.66	14.00	690.35
05-Aug-09	395.03	4.00	135.00	3.00	0.01	0.15	64.00	9.50	0.00	44.66	14.00	669.35
02-Sep-09	431.03	4.00	135.00	3.00	0.01	0.15	64.00	9.50	0.00	44.66	14.00	705.35
07-Oct-09	390.03	4.00	135.00	3.00	0.01	0.15	64.00	10.80	0.00	50.86	14.00	671.85
07-Nov-09	398.03	4.00	135.00	3.00	0.01	0.15	64.00	10.80	0.00	50.86	14.00	679.85
02-Dec-09	424.03	4.00	135.00	3.00	0.01	0.15	64.00	10.80	0.00	50.86	14.00	705.85

Period	BFP	Custom & Excise duty	Fuel levy	Incremental Inland Transport	IP Tracer levy	Petroleum pipeline levy	RAF levy	Service cost recovery	Slate levy	Wholesale margin	Zone differential in Gauteng	Wholesale price
06-Jan-10	410.03	4.00	135.00	3.00	0.01	0.15	64.00	10.80	0.00	50.86	14.00	691.85
03-Feb-10	420.03	4.00	135.00	3.00	0.01	0.15	64.00	10.80	0.00	50.86	14.00	701.85
03-Mar-10	420.03	4.00	135.00	3.00	0.01	0.15	64.00	10.80	0.00	50.86	14.00	701.85
07-Apr-10	447.03	4.00	152.50	3.00	0.01	0.15	72.00	10.80	0.00	50.86	14.00	754.35
05-May-10	475.03	4.00	152.50	3.00	0.01	0.15	72.00	10.80	0.00	50.86	15.50	783.85
02-Jun-10	460.03	4.00	152.50	3.00	0.01	0.15	72.00	10.80	0.00	50.86	15.50	768.85
07-Jul-10	444.03	4.00	152.50	3.00	0.01	0.15	72.00	10.80	0.00	50.86	15.50	752.85
04-Aug-10	413.03	4.00	152.50	3.00	0.01	0.15	72.00	10.80	0.00	50.86	15.50	739.85
01-Sep-10	433.03	4.00	152.50	3.00	0.01	0.15	72.00	10.80	0.00	50.86	15.50	741.85
06-Oct-10	430.03	4.00	152.50	3.00	0.01	0.15	72.00	10.80	0.00	50.86	15.50	738.85
03-Nov-10	442.03	4.00	152.50	3.00	0.01	0.15	72.00	10.80	0.00	50.86	15.50	750.85
01-Dec-10	457.03	4.00	152.50	3.00	0.01	0.15	72.00	10.80	0.00	50.86	15.50	765.85
05-Jan-11	477.03	4.00	152.50	3.00	0.01	0.15	72.00	11.40	0.00	53.86	15.50	789.45
02-Feb-11	509.03	4.00	152.50	3.00	0.01	0.15	72.00	11.40	0.00	53.86	15.50	821.45
02-Mar-11	572.03	4.00	152.50	3.00	0.01	0.15	72.00	11.40	0.00	53.86	15.50	884.45
06-Apr-11	616.03	4.00	162.50	3.00	0.01	0.15	80.00	11.40	0.00	53.86	22.90	953.85
04-May-11	632.03	4.00	162.50	3.00	0.01	0.15	80.00	11.40	0.00	53.86	22.90	969.85
01-Jun-11	595.03	4.00	162.50	3.00	0.01	0.15	80.00	11.40	0.00	53.86	22.90	932.85
06-Jul-11	583.03	4.00	162.50	3.00	0.01	0.29	80.00	11.40	0.00	53.86	22.90	920.85
03-Aug-11	598.03	4.00	162.50	3.00	0.01	0.29	80.00	11.40	0.00	53.86	22.90	935.85
07-Sep-11	598.03	4.00	162.50	3.00	0.01	0.15	80.00	11.40	0.00	53.86	22.90	935.85
05-Oct-11	635.03	4.00	162.50	3.00	0.01	0.15	80.00	11.40	0.00	53.86	22.90	972.85
02-Nov-11	671.03	4.00	162.50	3.00	0.01	0.15	80.00	11.40	0.00	53.86	22.90	1008.85
07-Dec-11	707.03	4.00	162.50	3.00	0.01	0.15	80.00	21.00	0.00	52.50	22.90	1053.09
04-Jan-12	687.03	4.00	162.50	3.00	0.01	0.15	80.00	21.00	0.00	52.50	22.90	1033.09
01-Feb-12	685.03	4.00	162.50	3.00	0.01	0.15	80.00	21.00	0.00	52.50	22.90	1031.09
07-Mar-12	690.03	4.00	162.50	3.00	0.01	0.15	80.00	21.00	4.38	52.50	22.90	1040.47

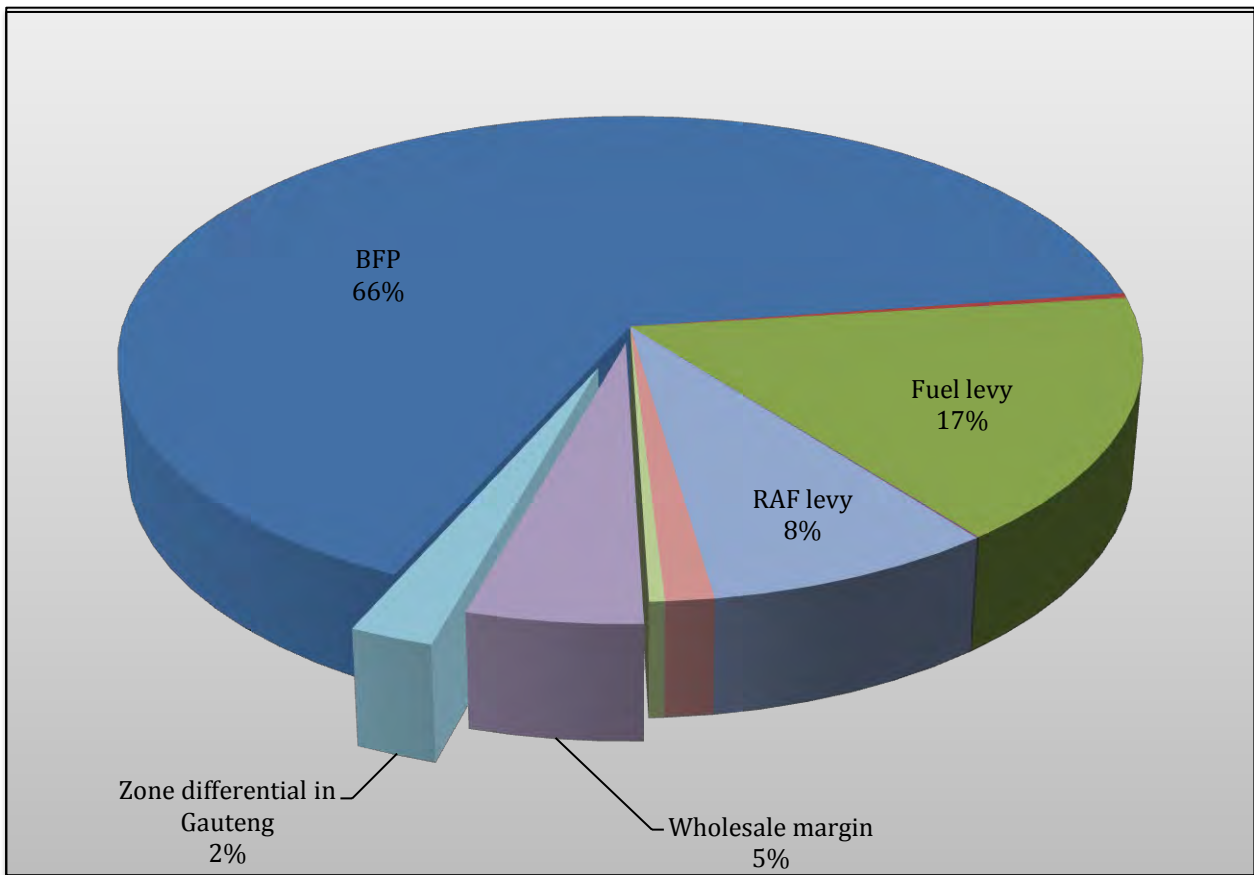
Period	BFP	Custom & Excise duty	Fuel levy	Incremental Inland Transport	IP Tracer levy	Petroleum pipeline levy	RAF levy	Service cost recovery	Slate levy	Wholesale margin	Zone differential in Gauteng	Wholesale price
04-Apr-12	712.03	4.00	182.50	3.00	0.01	0.15	88.00	21.00	4.38	52.50	26.80	1094.37
02-May-12	716.03	4.00	182.50	3.00	0.01	0.15	88.00	21.00	8.78	52.50	26.80	1102.77
06-Jun-12	689.03	4.00	182.50	3.00	0.01	0.15	88.00	21.00	10.96	52.50	26.80	1077.95
04-Jul-12	634.03	4.00	182.50	3.00	0.01	0.15	88.00	21.00	4.38	52.50	26.80	1016.37
01-Aug-12	654.03	4.00	182.50	3.00	0.01	0.15	88.00	21.00	0.00	52.50	26.80	1031.99
05-Sep-12	723.03	4.00	182.50	3.00	0.01	0.15	88.00	21.00	0.00	52.50	26.80	1100.99
03-Oct-12	750.03	4.00	182.50	3.00	0.01	0.15	88.00	21.00	13.16	52.50	26.80	1141.15
07-Nov-12	757.03	4.00	182.50	3.00	0.01	0.15	88.00	21.00	15.36	52.50	26.80	1150.35
05-Dec-12	741.03	4.00	182.50	3.00	0.01	0.15	88.00	25.50	15.36	58.00	26.80	1144.35
02-Jan-13	719.03	4.00	182.50	3.00	0.01	0.15	88.00	25.50	8.78	58.00	26.80	1115.77
01-Feb-13	739.03	4.00	182.50	3.00	0.01	0.15	88.00	25.50	6.58	58.00	26.80	1133.57
06-Mar-13	793.03	4.00	182.50	3.00	0.01	0.15	88.00	25.50	10.96	58.00	26.80	1191.95
03-Apr-13	767.03	4.00	197.50	3.00	0.01	0.15	96.00	25.50	21.92	58.00	28.90	1202.01
01-May-13	717.03	4.00	197.50	3.00	0.01	0.15	96.00	25.50	15.36	58.00	28.90	1145.45
05-Jun-13	724.03	4.00	197.50	3.00	0.01	0.15	96.00	25.50	4.38	58.00	28.90	1141.47
03-Jul-13	800.03	4.00	197.50	3.00	0.01	0.15	96.00	25.50	6.58	58.00	28.90	1219.67
07-Aug-13	822.03	4.00	197.50	3.00	0.01	0.15	96.00	25.50	17.54	58.00	28.90	1252.63
04-Sep-13	839.03	4.00	197.50	3.00	0.01	0.15	96.00	25.50	15.36	58.00	28.90	1267.45
02-Oct-13	837.03	4.00	197.50	3.00	0.01	0.15	96.00	25.50	15.36	58.00	28.90	1265.45
06-Nov-13	822.03	4.00	197.50	3.00	0.01	0.15	96.00	25.50	13.16	58.00	28.90	1248.25
04-Dec-13	830.03	4.00	197.50	3.00	0.01	0.15	96.00	17.10	8.78	61.20	28.90	1258.37
07-Jan-14	860.03	4.00	197.50	3.00	0.01	0.15	96.00	17.10	10.96	61.20	28.90	1290.55
04-Feb-14	882.03	4.00	197.50	3.00	0.01	0.15	96.00	17.10	13.16	61.20	28.90	1314.75
04-Mar-14	908.03	4.00	197.50	3.00	0.01	0.15	96.00	17.10	15.36	61.20	28.90	1342.95
08-Apr-14	879.03	4.00	209.50	0.00	0.01	0.15	104.00	17.10	15.36	61.20	28.90	1335.15
06-May-14	858.03	4.00	209.50	0.00	0.01	0.15	104.00	17.10	6.58	61.20	28.90	1305.37
03-Jun-14	839.03	4.00	209.50	0.00	0.01	0.15	104.00	17.10	0.00	61.20	28.90	1279.79

Period	BFP	Custom & Excise duty	Fuel levy	Incremental Inland Transport	IP Tracer levy	Petroleum pipeline levy	RAF levy	Service cost recovery	Slate levy	Wholesale margin	Zone differential in Gauteng	Wholesale price
01-Jul-14	853.03	4.00	209.50	0.00	0.01	0.15	104.00	17.10	0.00	61.20	28.90	1293.79
05-Aug-14	844.03	4.00	209.50	0.00	0.01	0.15	104.00	17.10	4.38	61.20	28.90	1288.17
02-Sep-14	824.03	4.00	209.50	0.00	0.01	0.15	104.00	17.10	0.00	61.20	28.90	1264.79
07-Oct-14	811.03	4.00	209.50	0.00	0.01	0.15	104.00	17.10	0.00	61.20	28.90	1251.79

Source: DoE

To identify the contribution of each component to the diesel wholesale price, all the components are shown in Figure 2.6. In 2014 the BFP was the largest contributor to the total wholesale price of diesel with 66%. The second largest contributor to diesel wholesale price was fuel levy contributing 16%, followed by Road Accident Fund (RAF) levy 8%, and wholesale margin 5%. Zone differential and service cost recovery contributed 2% and 1% to the final diesel price respectively. The rest of the components contributed a negligible amount towards the final price.

Figure 2.6: Annual Wholesale Diesel Prices, 2014 - Individual Components-cents per litre (c/l)



Source: DoE

2.2.3 Illuminating Paraffin

The historical prices in the coastal and inland areas of illuminating paraffin from 2008 to 2014 are shown in Table 2.7 below.

Table 2.7: 2008 - 2014 Monthly Illuminating Paraffin Prices- cents per litre (c/l)

Period	Illuminating Paraffin	
	Coast	Gauteng
02-Jan-08	554.20	578.10
06-Feb-08	556.20	580.10
05-Mar-08	632.20	656.10
02-Apr-08	750.20	774.10
07-May-08	805.70	829.60
04-Jun-08	876.70	900.60
02-Jul-08	925.70	949.60
06-Aug-08	929.10	953.00
03-Sep-08	783.10	807.00
01-Oct-08	718.10	742.00
05-Nov-08	679.10	703.00
03-Dec-08	604.10	628.00
07-Jan-09	467.60	496.70
04-Feb-09	453.60	482.70
04-Mar-09	427.60	456.70
01-Apr-09	422.60	451.70
06-May-09	435.60	464.70
03-Jun-09	426.60	455.70
01-Jul-09	472.60	501.70
05-Aug-09	458.60	487.70
02-Sep-09	479.60	508.70
07-Oct-09	452.10	481.20
04-Nov-09	466.10	495.20
02-Dec-09	495.10	524.20
06-Jan-10	483.10	512.20
03-Feb-10	488.10	517.20
03-Mar-10	486.10	515.20
07-Apr-10	507.10	536.20
05-May-10	538.10	566.20
02-Jun-10	525.10	553.20
07-Jul-10	513.10	541.20
04-Aug-10	498.10	526.20
01-Sep-10	493.10	521.20
06-Oct-10	492.10	520.20
03-Nov-10	506.10	534.20
01-Dec-10	520.10	548.20
05-Jan-11	541.71	569.81
02-Feb-11	573.71	601.81
02-Mar-11	643.71	671.81

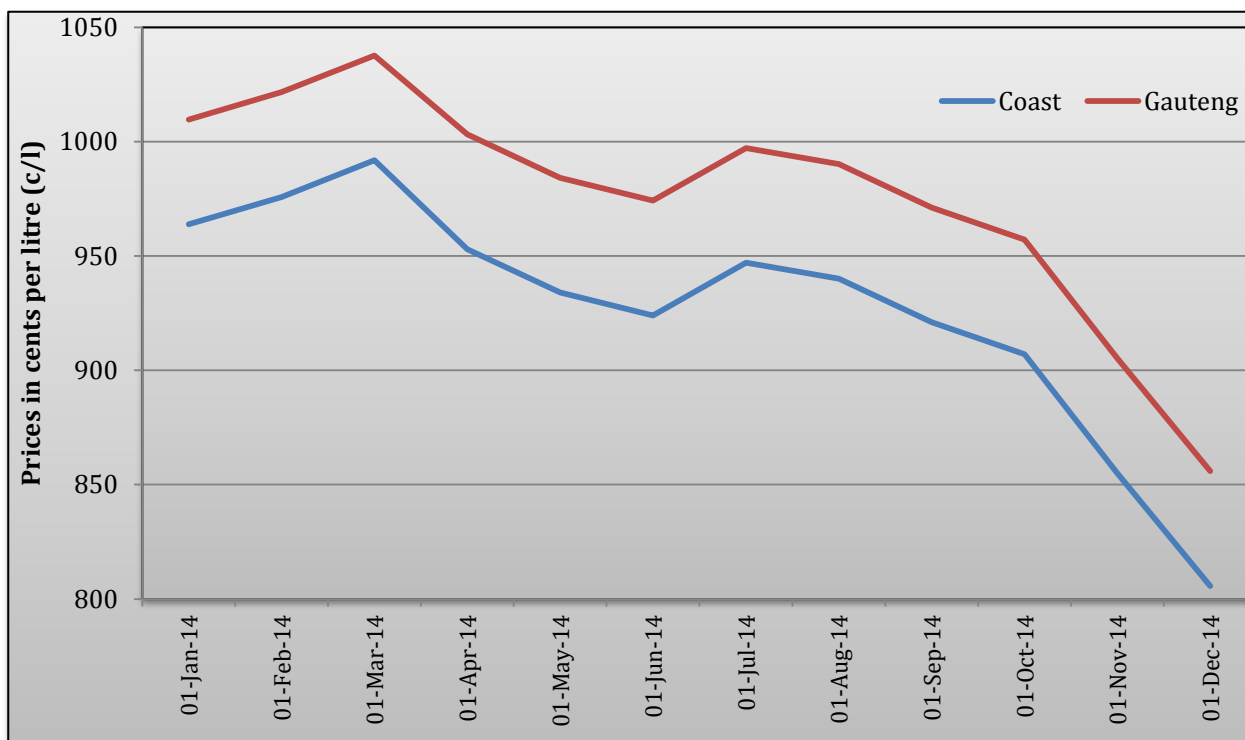
Period	Illuminating Paraffin	
	Coast	Gauteng
06-Apr-11	684.51	720.41
04-May-11	699.51	735.41
01-Jun-11	667.51	703.41
06-Jul-11	655.51	691.41
03-Aug-11	665.51	701.41
07-Sep-11	663.51	699.41
05-Oct-11	693.51	729.41
02-Nov-11	734.53	770.41
07-Dec-11	777.53	770.41
04-Jan-12	752.53	788.43
01-Feb-12	749.53	785.43
07-Mar-12	753.53	789.43
04-Apr-12	774.13	816.03
02-May-12	783.13	825.03
06-Jun-12	762.13	804.03
04-Jul-12	704.13	746.03
01-Aug-12	719.13	761.03
05-Sep-12	792.13	834.03
03-Oct-12	825.13	867.03
07-Nov-12	828.13	870.03
05-Dec-12	824.13	866.03
02-Jan-13	807.13	849.03
06-Feb-13	833.13	875.03
06-Mar-13	890.13	932.03
03-Apr-13	860.33	906.23
01-May-13	802.33	848.23
05-Jun-13	803.33	849.23
03-Jul-13	878.33	924.22
07-Aug-13	903.33	949.23
04-Sep-13	928.33	974.23
02-Oct-13	924.33	970.23
06-Nov-13	908.33	954.23
04-Dec-13	924.83	970.73
07-Jan-14	963.828	1009.728
04-Feb-14	975.828	1021.728
04-Mar-14	991.828	1037.728
08-Apr-14	953.028	1003.228
06-May-14	934.028	984.228
03-Jun-14	924.028	974.228
01-Jul-14	947.028	997.228
05-Aug-14	940.028	990.228
02-Sep-14	921.028	971.228
07-Oct-14	907.028	957.228
04-Nov-14	855.028	905.228
02-Dec-14	805.728	855.928

Source: DoE

Explanatory Notes:

1. Data until 2009 was sourced from SAPIA and the Department of Minerals and Energy (DME).
2. From 2010 the data is sourced from the Department of Energy.
3. The bulk prices are list prices and exclude a controlled maximum retail margin of 33.3%.
4. The prices are exclusive of VAT

Figure 2.7: Monthly Illuminating Paraffin Price, 2014 - cents per litre (c/l)



Source: DoE

The Department of Energy started to regulate the maximum retail price for illuminating paraffin, excluding the price of any form of packaging since January 2010. Almost all households require energy for cooking, heating and lighting to satisfy basic human needs. Paraffin, also known as kerosene, is widely used by poor households in developing countries. Paraffin prices remain cheaper than other petroleum products in comparison. International oil prices and the Rand/Dollar exchange rate are the contributing factors to the movements in the prices of paraffin.

As shown in Figure 2.7 above, illuminating paraffin prices showed an increasing trend in the first quarter of 2014. The price per litre in January was R10.10 (inland) and R9.64 (coastal) and by March it went up to R10.38 (inland) and R9.92 (coastal). The prices peaked during the month of March at R10.37 (inland) and R9.92 (coastal) and the lowest were recorded in December at R8.06 (inland) and R8.56 (coastal).

2.2.4 Liquid Petroleum Gas (LPG)

Approximately 300 000 tons of LPG is manufactured and sold in South Africa annually generating a turnover of about R1.5 billion. The sector is still characterised by limited supply with imports supplementing the domestic supply. Most of the LPG produced in South Africa is consumed by industrial users such as manufacturing plants and commercial users such as shopping centres with only marginal quantities consumed by households. Only about 3% of households in South Africa use LPG as their main energy source for cooking. LPG generally differentiates itself from other energy sources on the basis of portability, convenience, low sulphur content, controllability and its clean burning nature. It burns cleanly, releasing very few sulphur emissions, and posing no ground or water pollution hazards

There are over a thousand applications of LPG particularly in commercial and industrial businesses. In particular, LPG is used in the following industries:

- ✓ Industrial customers: for heating purposes where a readily controlled temperature is needed.
- ✓ Commercial: This includes, for example, a shopping centre with a number of restaurants which may have one bulk tank with LPG reticulated to individual restaurants/stores.
- ✓ Households: LPG in households is mainly used by for heating and cooking.

The storage of LPG is licensed and regulated by the National Energy Regulator of South Africa (“NERSA”). NERSA regulates LPG marine loading facilities, pipelines and storage facilities when the LPG is in liquid form. The LPG value chain includes refineries, distributors/resellers, retailers and other stockists. There are six refineries in South Africa involved in the production and supply of LPG. The refineries are generally dispersed across the country and are owned by the major oil companies.

The refinery gate and retail prices of LPG from 2008 to 2014 are shown in Table 2.8 below. These prices are presented in different units including cents per kilogram, cents per litre, rand per gigajoule, rand per kilogram and rand per ton.

Table 2.8: Monthly Regulated Maximum Refinery Gate and Maximum Retail Prices for Liquefied Petroleum Gas (LPG)

Period	Regulated Maximum Refinery Gate Prices					Regulated Maximum Retail Gate Prices (cents per kilogram)	
	Cents per kilogram	cents per litre	Rand per GigaJoule	Rand per kilogram	Rand per ton	Inland	Coastal
01-Jan-08	612.16	339.75	123.82	6.12	6121.61		
01-Feb-08	689.78	382.82	139.52	6.90	6897.77		
01-Mar-08	756.74	419.99	153.06	7.57	7567.43		
01-Apr-08	756.81	420.02	153.06	7.57	7568.07		
01-May-08	788.60	437.67	159.51	7.89	7885.97		
01-Jun-08	849.07	471.24	171.74	8.49	8490.73		
01-Jul-08	946.61	525.37	191.47	9.47	9466.13		
01-Aug-08	904.16	501.81	182.88	9.04	9041.62		
01-Sep-08	789.15	437.98	159.62	7.89	7891.48		
01-Oct-08	761.67	422.73	154.06	7.62	7616.74		
01-Nov-08	684.30	379.79	138.41	6.84	6843.00		
01-Dec-08	480.70	266.79	97.23	4.81	4806.97		
01-Jan-09	373.97	207.56	75.64	3.74	3739.74		
01-Feb-09	439.66	244.01	88.93	4.40	4396.58		
01-Mar-09	473.76	262.94	95.82	4.74	4737.58		
01-Apr-09	473.81	262.96	95.83	4.74	4812.06		
01-May-09	475.89	264.12	96.26	4.76	4758.95		
01-Jun-09	492.11	273.12	99.54	4.92	4995.13		
01-Jul-09	545.75	302.89	110.39	5.46	5457.53		
01-Aug-09	507.72	281.79	102.69	5.08	5077.22		
01-Sep-09	566.98	314.68	114.68	5.67	5669.84		
01-Oct-09	493.70	274.00	99.86	4.94	4936.95		
01-Nov-09	510.38	283.26	103.23	5.10	5103.85		
01-Dec-09	534.95	296.90	108.20	5.35	5349.53		
01-Jan-10	520.57	288.92	105.29	5.21	5205.70		
01-Feb-10	548.47	304.40	110.94	5.48	5484.74		
01-Mar-10	550.82	305.71	111.41	5.51	5508.21		
01-Apr-10	586.72	325.63	271.75	5.87	5867.21		
01-May-10	597.13	331.41	120.78	5.97	5971.28		
01-Jun-10	566.06	314.16	114.49	5.66	5660.60		
01-Jul-10	549.45	304.94	111.13	5.49	5494.46	1727.00	1569.00
01-Aug-10	541.57	300.57	109.54	5.42	5415.68	1801.00	1619.00
01-Sep-10	521.87	289.64	105.56	5.22	5218.72	1775.00	1593.00
01-Oct-10	516.70	286.77	104.51	5.17	5166.97	1768.00	1586.00
01-Nov-10	541.42	300.49	109.51	5.41	5414.20	1800.00	1618.00
01-Dec-10	553.87	307.40	112.03	5.54	5538.71	1817.00	1635.00
01-Jan-11	588.84	326.81	119.09	5.89	5888.41	1863.00	1681.00
01-Feb-11	620.66	344.47	125.53	6.21	6206.59	1904.00	1722.00
01-Mar-11	647.18	374.17	130.89	6.47	6471.80	1975.00	1793.00
01-Apr-11	712.97	395.70	144.20	7.13	7129.72	2025.00	1843.00
01-May-11	753.33	418.10	152.36	7.53	7533.31	2078.00	1896.00

Period	Regulated Maximum Refinery Gate Prices					Regulated Maximum Retail Gate Prices (cents per kilogram)	
	Cents per kilogram	cents per litre	Rand per GigaJoule	Rand per kilogram	Rand per ton	Inland	Coastal
01-Jun-11	745.53	413.77	150.78	7.45	7455.34	2068.00	1886.00
01-Jul-11	713.14	395.79	144.23	7.13	7131.37	2026.00	1844.00
01-Aug-11	742.76	412.23	150.22	7.43	7427.60	2064.00	1882.00
01-Sep-11	742.44	412.05	150.16	7.42	7424.40	2064.00	1882.00
01-Oct-11	789.50	438.17	159.63	7.89	7895.03	2126.00	1944.00
01-Nov-11	815.33	452.52	164.90	8.15	8153.50	2160.00	1978.00
01-Dec-11	784.71	435.51	158.71	7.84	7847.10	2119.00	1937.00
01-Jan-12	785.76	436.10	158.92	7.86	16094.70	2121.00	1939.00
01-Feb-12	823.71	457.16	166.60	8.24	8237.10	2171.00	1989.00
01-Mar-12	851.41	472.54	172.20	8.51	8514.14	2207.00	2025.00
01-Apr-12	903.40	501.39	182.71	9.03	9033.98	2275.00	2093.00
01-May-12	927.27	514.63	187.54	9.27	9272.68	2306.00	2124.00
01-Jun-12	851.40	472.53	172.20	8.51	8514.01	2207.00	2 025.00
01-Jul-12	765.42	424.81	154.81	7.65	7654.21	2094.00	1912.00
01-Aug-12	805.14	446.85	162.84	8.05	8051.41	2146.00	1964.00
01-Sep-12	903.61	501.50	182.75	9.04	9036.11	2275.00	2093.00
03-Oct-12	901.11	500.11	182.25	9.01	9011.10	2272.00	2090.00
07-Nov-12	901.88	500.54	182.40	9.02	9018.80	2273.00	2091.00
05-Dec-12	875.42	485.86	177.05	8.75	8754.21	2238.00	2056.00
01-Jan-13	868.54	482.04	175.66	8.69	8685.40	2229.00	2047.00
06-Feb-13	924.28	512.98	186.94	9.24	9242.85	2302.00	2120.00
06-Mar-13	1014.23	562.91	205.13	10.14	10142.25	2420.00	2238.00
03-Apr-13	972.22	539.58	196.63	9.72	9722.21	2365.00	2183.00
01-May-13	910.44	505.29	184.13	9.10	9104.35	2284.00	2102.00
05-Jun-13	914.40	507.49	184.94	9.14	9144.01	2289.00	2107.00
03-Jul-13	1012.79	562.10	204.83	10.13	10127.85	2418.00	2236.00
07-Aug-13	1029.34	571.28	208.18	10.29	10293.42	2440.00	2258.00
03-Sep-13	1035.82	574.88	209.49	10.36	10358.19	2449.00	2267.00
04-Oct-13	1005.70	558.16	203.40	10.06	10056.99	2409.00	2227.00
02-Nov-13	974.66	558.16	203.40	9.75	9746.58	2368.00	2186.00
04-Dec-13	988.41	548.57	399.82	9.88	9884.10	2386.00	2204.00
07-Jan-14	1030.42	1143.76	416.80	1051.02	10304.18	2442.00	2260.00
04-Feb-14	1071.62	1189.50	216.73	10.72	21432.34	2496.00	2314.00
04-Mar-14	2232.98	619.65	451.62	22.32	33494.55	2554.00	2372.00
08-Apr-14	1099.19	1220.10	222.31	10.99	21983.76	2532.00	2350.00
06-May-14	3267.99	1813.73	439.25	21.72	21922.88	2528.00	2346.00
03-Jun-14	1075.70	597.01	217.56	10.76	10756.99	2501.00	2319.00
01-Jul-14	1119.62	1242.78	452.88	11.20	22392.34	2559.00	2377.00
05-Aug-14	2221.64	616.51	449.32	22.22	11108.20	2547.00	2365.00
02-Sep-14	2057.50	1141.92	416.12	10.29	10287.55	2439.00	2257.00
07-Oct-14	2075.26	1151.78	419.72	10.38	10376.33	2451.00	2269.00
04-Nov-14	1915.72	1063.22	193.73	19.96	9578.60	2346.00	2164.00
02-Dec-14	861.89	478.35	348.64	17.24	8618.89	2221.00	2039.00

Source: CEF (Pty) Ltd

The price of LPG is regulated at certain levels of the LPG value chain in terms of the Petroleum Products Act. The Department of Energy regulates the Maximum Refinery Gate Price of LPG (“MRGP”) which is the price at which refineries sell LPG. The price regulation is both at the refinery level of the market (MGRP) and also at the retail level (cylinders). However, the wholesale price of LPG is not regulated.

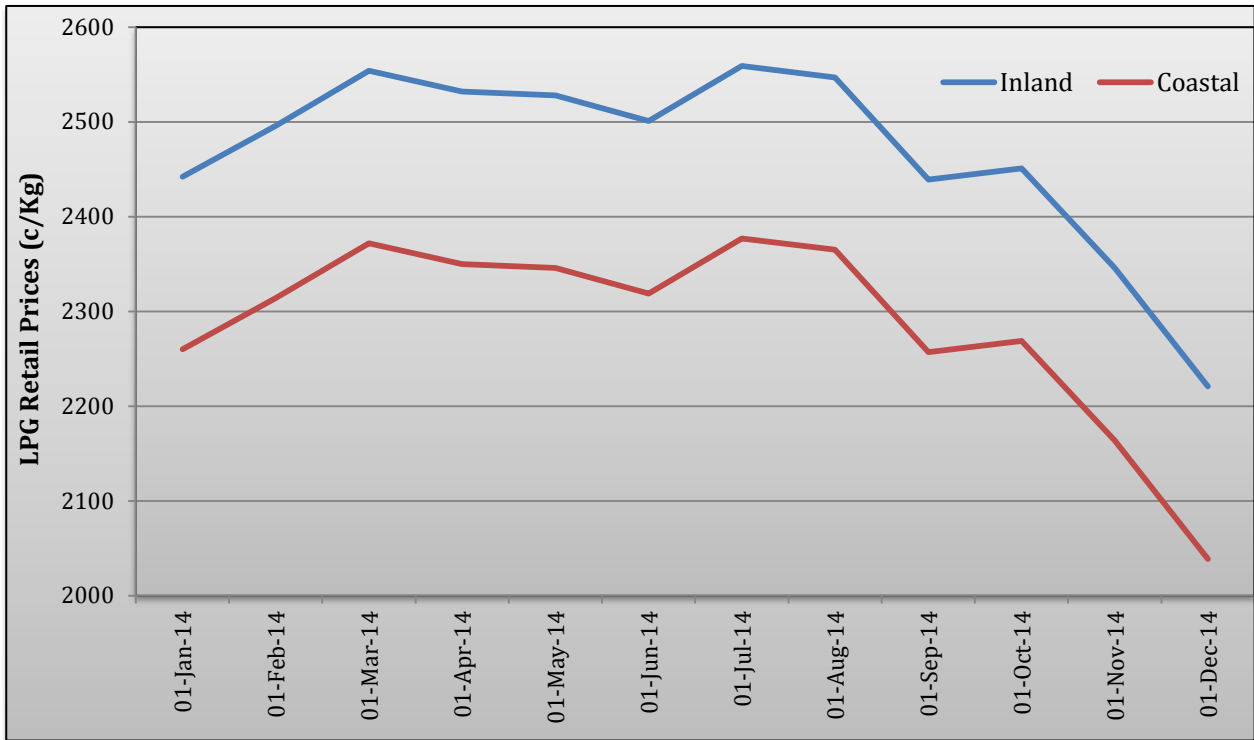
The LPG industry faces shortages from time to time, mainly in the winter months when demand increases with limited supply, largely due to unplanned shutdowns of refineries, late start-up after planned maintenance and limited storage facilities. Notwithstanding the shortages, importing is challenging as import facilities are also limited.

The demand for LPG in South Africa seems to be growing as more end-users diversify their energy mix in response to, amongst others; electricity supply shortages and increasing electricity prices. The biggest single factor that affects the price of LPG is the price of crude oil. The volatility of the crude oil price causes constant fluctuations in the price of LPG.

As depicted in figure 2.8 below, since January 2014 maximum LPG retail prices have been moderately increasing until March, in April there was a slight drop of 22c/kg for both coastal and inland prices. The drop was seen as beneficial to households that use these products, especially as winter was approaching. From April to June there was a persistent decline in LPG prices due to resilient appreciation of the Rand against the US Dollar. The lowest LPG prices for the year were experienced in December due to the continual drop in the crude oil prices, which fell to about US\$80 per barrel. The coastal and inland prices were 2039 c/kg and 2222 c/kg respectively.⁴

⁴ the above analysis is based on media statements issued by the Department of Energy on the adjustment of fuel prices on the first Wednesday of every month which can be accessed on http://www.energy.gov.za/files/petroleum_frame.html

Figure 2.8: Monthly LPG Prices (c/kg) - Regulated Maximum Retail LPG Prices



Source: DoE

3 NATURAL GAS

Natural gas is globally accepted as an important source of energy and is considered to be the cleanest burning fossil due to its low emissions and particulate matter compared with other fossil fuels. Due to its superior environmental performance, gas is increasingly becoming a fuel of choice for many applications. Natural gas comprises several gases but consists mainly of methane and is taken from natural underground reserves. Natural gas can be used as a primary energy source, fuel for gas-to-power, chemical feedstock (e.g. for gas to liquids - GTL). The majority of the demand for gas in South Africa in the short to medium term will be from the GTL and industrial sectors.

Until now, the use of natural gas in South Africa has been largely limited to applications in the industrial and residential markets. Only three types of gas are currently supplied to the South African market, namely: natural gas, synthetic gas (methane rich gas) and compressed natural gas. The gas supplied in South Africa is transported through a pipeline in line with the requirements of the Gas Act of 2001.

The natural gas industry is still at a very early stage of development with limited competition in South Africa. Sasol Gas Ltd is the only supplier of natural gas in South Africa apart from PetroSA, who produces exclusively for own use. Sasol Gas imports the natural gas from Mozambique and also produces methane rich gas in its plant in Secunda. The gas is then sold to its sister companies within the Sasol Limited's group; to other gas traders and directly to industrial customers. Sasol Gas owns the transmission and distribution pipeline infrastructure that transport this gas to the South African market. Sasol Gas is a dominant player in the trading of gas at wholesale and retail levels. In the KwaZulu-Natal area, Transnet Pipelines also provides transmission services. However, Sasol Gas has exclusive use of this transmission pipeline.

Table 3.1 presents the South African historical natural gas prices supplied by Sasol Gas from 2008 to 2014. The tariffs are grouped into six customer categories of average annual consumption measured in GJ/a.

Table 3.1: Annual Natural Gas Prices - Rand per GigaJoule(R/GJ)

Period	Annual consumption 0 - 5000 GJ/a	Annual consumption 5000 - 15000 GJ/a	Annual consumption 15000 - 40000 GJ/a	Annual consumption 40000 - 100000 GJ/a	Annual consumption 100000 - 400000 GJ/a	Annual consumption > 400000 GJ/a		
01-Jan-08	152.97	155.53	144.13	144.13	124.99	86.32		
01-Feb-08	155.11	157.63	146.29	146.29	127.04	88.39		
01-Mar-08	172.95	175.52	161.96	161.96	140.01	95.17		
01-Apr-08	195.72	198.84	182.70	182.70	157.26	104.44		
01-May-08	205.30	208.91	192.01	192.01	165.21	109.45		
01-Jun-08	221.35	225.78	207.41	207.41	178.20	117.00		
01-Jul-08	241.70	246.61	226.35	226.35	194.29	126.92		
01-Aug-08	251.69	257.67	239.66	239.66	207.93	143.66		
01-Sep-08	207.51	212.54	199.69	199.69	174.80	126.25		
01-Oct-08	197.34	201.52	189.15	189.15	165.60	119.80		
01-Nov-08	196.02	199.34	185.39	185.39	161.26	113.13		
01-Dec-08	171.45	172.29	154.40	154.40	130.42	78.06		
01-Jan-09	152.34	152.12	137.39	137.39	117.22	74.58		
01-Feb-09	148.87	148.81	135.02	135.02	115.65	75.17		
01-Mar-09	144.07	144.35	132.66	132.66	114.84	78.96		
01-Apr-09	138.18	137.78	126.31	126.31	109.32	75.19		
01-May-09	137.99	138.38	127.68	127.68	110.88	77.46		
01-Jun-09	135.77	136.61	127.28	127.28	111.34	80.61		
01-Jul-09	145.26	146.76	137.13	137.13	120.08	87.23		
01-Aug-09	139.99	141.54	132.95	132.95	116.92	86.67		
01-Sep-09	149.28	151.13	142.09	142.09	124.99	92.77		
01-Oct-09	138.12	139.79	131.84	131.84	116.32	87.50		
01-Nov-09	137.66	139.49	131.35	131.35	115.65	86.21		
01-Dec-09	149.16	151.35	142.58	142.58	125.52	93.46		
01-Jan-10	144.07	146.34	138.33	138.33	122.11	92.01		
01-Feb-10	148.71	151.26	143.14	143.14	126.41	95.41		
01-Mar-10	145.14	147.23	139.06	139.06	122.72	92.43		
01-Apr-10	147.57	149.75	140.93	140.93	123.98	91.96		
01-May-10	153.42	155.84	146.19	146.19	128.19	93.59		
01-Jun-10	155.98	158.36	148.72	148.72	130.56	95.86		
01-Jul-10	149.02	151.02	141.22	141.22	123.60	89.49		
01-Aug-10	146.94	148.90	139.49	139.49	122.29	89.24		
01-Sep-10	146.15	148.28	139.07	139.07	121.98	89.19		
01-Oct-10	142.19	144.14	134.73	134.73	117.85	85.09		
01-Nov-10	143.95	146.22	136.85	136.85	119.75	86.57		
01-Dec-10	148.54	151.01	141.57	141.57	124.03	90.15		
01-Jan-11	151.97	154.57	144.65	144.65	126.51	91.17		
01-Feb-11	156.91	159.76	149.53	149.53	130.73	94.04		
01-Mar-11	175.41	179.12	168.65	168.65	148.06	108.57		
01-Apr-11	182.93	187.09	176.02	176.02	154.33	112.42		
01-May-11	187.22	191.56	180.29	180.29	158.11	115.27		
01-Jun-11	180.86	185.01	174.37	174.37	153.12	112.34		

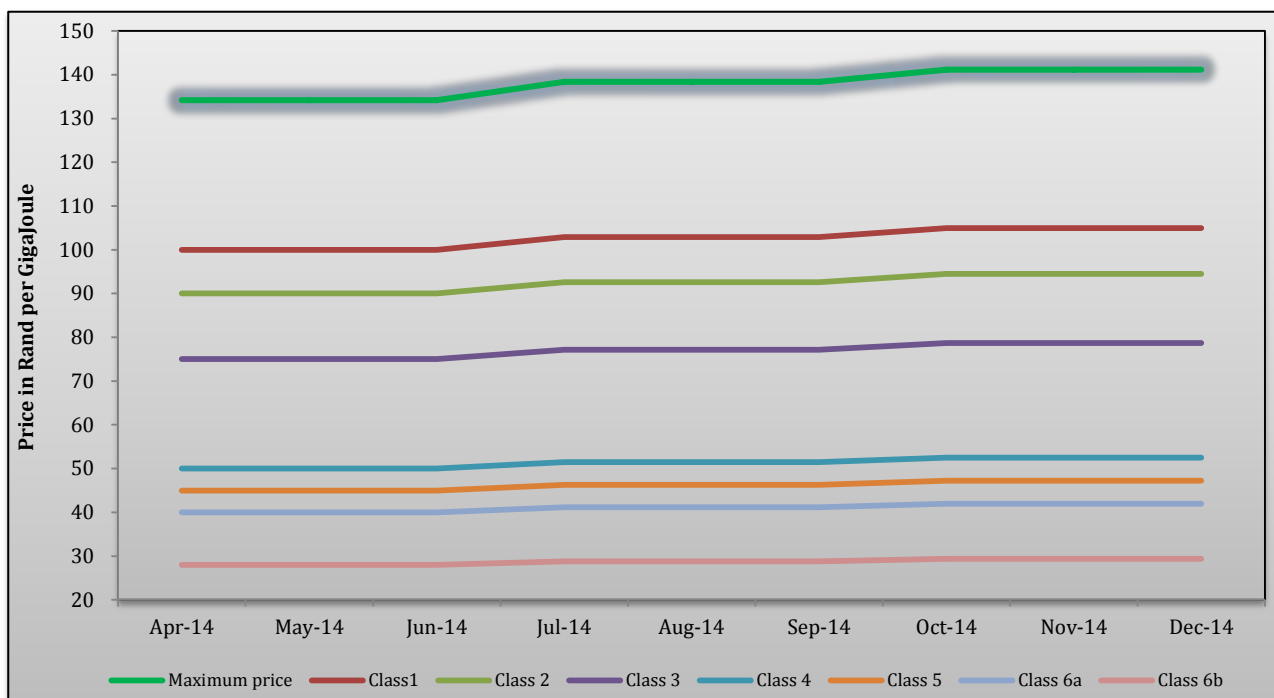
01-Jul-11	177.45	181.57	171.60	171.60	151.04	112.04		
01-Aug-11	179.78	183.91	173.77	173.77	152.93	113.39		
01-Sep-11	183.72	187.96	177.88	177.88	156.76	116.97		
01-Oct-11	190.57	194.89	184.53	184.53	162.70	121.73		
01-Nov-11	203.51	208.21	197.33	197.33	174.11	130.66		
01-Dec-11	215.88	221.06	209.99	209.99	185.58	140.30		
01-Jan-12	210.60	215.39	204.49	204.49	180.73	136.71		
01-Feb-12	214.31	219.42	209.23	209.23	185.53	142.42		
01-Mar-12	209.43	214.58	204.31	204.31	180.90	137.90		
01-Apr-12	212.62	218.03	207.77	207.77	184.04	140.43		
01-May-12	216.45	221.96	211.37	211.37	187.10	142.47		
01-Jun-12	211.63	216.77	206.17	206.17	182.40	138.52		
01-Jul-12	198.25	202.34	191.51	191.51	168.93	126.73		
01-Aug-12	199.09	203.32	192.20	192.20	169.32	126.20		
01-Sep-12	217.49	222.51	210.42	210.42	185.31	137.83		
01-Oct-12	225.29	230.80	218.46	218.46	192.45	143.32		
01-Nov-12	229.64	234.96	221.36	221.36	194.28	142.22		
01-Dec-12	224.07	228.89	214.96	214.96	188.27	136.45		
01-Jan-13	220.05	224.70	210.98	184.79	170.27	133.97		
01-Feb-13	223.67	228.59	214.90	188.35	173.67	136.97		
01-Mar-13	240.66	246.11	231.15	202.38	186.32	146.40		
01-Apr-13	235.75	240.96	227.38	199.94	185.16	147.70		
01-May-13	225.93	230.77	218.16	192.18	178.42	143.22		
01-Jun-13	228.19	232.89	220.00	193.75	179.84	144.21		
01-Jul-13	247.20	252.29	238.62	210.36	195.53	157.35		
01-Aug-13	249.60	254.53	239.21	209.78	193.69	153.10		
01-Sep-13	254.21	259.49	196.16	216.77	227.07	150.30		
01-Oct-13	256.42	261.76	197.63	218.57	229.04	151.43		
01-Nov-13	254.87	260.08	197.65	217.63	227.58	151.44		
01-Dec-13	258.06	263.32	247.46	216.95	200.21	158.08		
01-Jan-14	266.87	272.44	255.41	223.40	205.48	160.90		
01-Feb-14	271.00	276.64	260.25	228.36	210.95	167.02		
14-Mar-14	277.89	283.63	266.53	233.65	215.57	170.15		
Period	Maximum Price	Class1	Class 2	Class 3	Class 4	Class 5	Class 6a	Class 6b
		33 GJ	333 GJ	3 333 GJ	33 333 GJ	333 333 GJ	1 054 093 GJ	>1 054 093 GJ
14-Apr-14	134.18	100.00	90.00	75.00	50.00	45.00	40.00	28.00
14-May-14	134.18	100.00	90.00	75.00	50.00	45.00	40.00	28.00
13-Jun-14	134.18	100.00	90.00	75.00	50.00	45.00	40.00	28.00
13-Jul-14	138.40	102.90	92.61	77.17	51.45	46.30	41.16	28.82
12-Aug-14	138.40	102.90	92.61	77.17	51.45	46.30	41.16	28.82
11-Sep-14	138.40	102.90	92.61	77.17	51.45	46.30	41.16	28.82
11-Oct-14	141.18	104.97	94.47	78.72	52.48	47.23	41.99	29.39
10-Nov-14	141.18	104.97	94.47	78.72	52.48	47.23	41.99	29.39
10-Dec-14	141.18	104.97	94.47	78.72	52.48	47.23	41.99	29.39

Source: SASOL

Explanatory Notes:

1. According to the Regulatory Agreement, in terms of Section 36 of the Gas Bill, Sasol Gas has to comply to the Market Value Pricing principle which are defined as follows:
 - a). The cost of the alternative fuel delivered to the customer's premises or anticipated place of use (in the case of Greenfields customers) plus;
 - b). The difference between all the operating costs of the customer's use of the alternative fuel and all the operating costs of using natural gas; plus
 - c). The difference between the Net Present Value (NPV) of the capital costs of the customer's continued use of the alternative fuel and the NPV of the capital costs involved in switching to natural gas, as would be reflected in the customer's accounts.
2. Gas prices are negotiated with customers individually. The prices above are indicative of pipeline gas sold by Sasol Gas.
3. The prices above are exclusive of VAT.
4. Since April 2014, the above-mentioned indicative gas prices are subject to monthly adjustment in accordance with the applicable adjustment formula. The maximum Gas Energy Prices ("GE") are determined in accordance with the Methodology to Approve Maximum Prices of Piped-Gas in South Africa promulgated by NERSA in October 2011 (the "Methodology"). In terms of the said Methodology, the maximum energy prices are referenced to price indicators of certain energy sources.
5. Section 21(1)(p) of the Gas Act requires NERSA to approve maximum prices for distributors, reticulators and all classes of consumers. The Methodology states that NERSA will approve a single maximum GE Price for a licensee in terms of the Gas Act, based on which Gas class maximum GE Prices will be approved.

Figure 3.1: Monthly Natural Gas Prices - Rand per GigaJoule (R/GJ)



Source: Sasol

The National Energy Regulator of South Africa (NERSA) regulates piped-gas maximum prices in terms of the Gas Act of 2001. In 2011, NERSA approved the methodology to approve maximum prices of piped-gas; the methodology came into effect on 01 July 2012. In terms of the Methodology to Approve Maximum Prices of Piped-Gas in South Africa (as approved by the NERSA on 28 October 2011), maximum prices of gas can be determined based on two approaches, viz;

- The Energy Price Indicators Approach; and
- The „pass-through of costs“ approach.

In approving the maximum prices of gas, NERSA will not set actual prices, but reviews applications for maximum piped-gas prices prepared by licensees or applicants, may request licensees to amend maximum prices; and may approve or decide not to approve maximum gas prices. NERSA only approves a price ceiling, implying that the actual prices charged to customers should not exceed the maximum price. NERSA has no legislated powers to (i) set or regulate the distribution tariff, (ii) to set the price of gas, or (iii) to set the transmission tariff.

Figure 3.1 depicts the prices of pipeline natural gas sold by Sasol to various customers. Sasol Gas maximum price application is made in terms of the Energy Price Indicators Approach which is one of two options provided for the Maximum Prices Methodology of

2011. In terms of this approach, the maximum price for gas (at the point of its first entry into the transmission/distribution system) is referenced to price indicators of certain relevant energy sources (i.e. coal, electricity, Heavy Fuel Oil, Liquefied Petroleum Gas and Diesel). It is also worth noting that actual piped gas prices are determined based on contractual negotiations between a licensee and its customers, and the negotiated price should comply with section 22 of the Gas Act.

NERSA approved Sasol Gas's application for the maximum prices of gas at R117.69/GJ as at 26 March 2013; which was effected and implemented on 26 March 2014. The gas prices set are maximum not actual prices therefore customers negotiate actual prices that are below the maximum levels. NERSA has also approved transmission tariffs and a trading margin for Sasol Gas which must be added on the actual price offered to the customer. The approved transmission tariffs are applicable to three zones, namely:

- Zone 1 – R5,09/GJ – Secunda – Gauteng;
- Zone 2 – R14,20/GJ – Witbank – Middleburg; and
- Zone 3 – R5,61/GJ – KwaZulu-Natal.

In terms of the Gas Act, there is a difference between a tariff and a price. A „tariff“ refers to a charge related to gas services to any customer such as transportation, distribution and storage. On the other hand, a „price“ refers to a charge for gas to a distributor, reticulator or final customer. It is the value/cost of the gas molecule.⁵

⁵ the above analysis is based on media statements issued on the 26th of March 2013 by NERSA on the *approval of piped-gas transmission tariffs for Sasol Gas for the period 26 March 2014 to 30 June 2015* and *approval of Maximum Prices Application from Sasol Gas* which can be accessed on www.nersa.org.za

4 COAL

South Africa's indigenous energy resource base is dominated by coal. Coal mines in South Africa play an important role in the country's economy, with 77% of all primary energy needs being provided for by coal. Internationally, coal is the most widely used primary fuel, accounting for about 36 percent of the total fuel consumption of the world's electricity production.⁶

Many of the deposits in the country can be exploited at extremely favourable costs and, as a result, a large coal-mining industry has developed. In addition to the extensive use of coal in the domestic economy, about 28 percent of South Africa's production is exported, mainly through the Richards Bay Coal Terminal, making South Africa the fourth-largest coal exporting country in the world.

South Africa also used to be the main supplier of coal to Europe but, over the last few years, has seen its exports flow increasingly to the Pacific basin, where demand is growing more quickly and prices are higher. South Africa benefits from a position at the low end of the global cost curve, with FOB costs broadly falling in a range of \$40-70 per tonne. It also has a favourable geographical location that allows exporters to supply into both the Atlantic and Pacific basins at a reasonable freight cost.

South Africa is the world's seventh largest coal producer after China, USA, India, Australia, Indonesia and Russia. 31% of all coal mines in South Africa can be found in the central Highveld while Witbank and Ermelo feature 30% and 13, 8% respectively.⁷

Eskom accounts for over 60% of coal consumption and is by far the main buyer of domestic coal. The utility procures most of its coal needs through long-term contracts that are typically priced at production cost, plus a rate of return. The main alternative market for coal producers is export: Coal mines that produce export-quality coal have an incentive to export any surplus that is not contracted domestically. The cost-plus coal prices paid by Eskom are typically much lower than the international coal price at Richard's Bay.

⁶ www.energy.gov.za/files/coal_frame.html

⁷ <http://www.projects iq.co.za/coal-mines-in-south-africa.htm>

The following section provides the prices of thermal coal sold locally and exported.

4.1 Local and export coal prices

Table 4.1 below shows the average local and export prices of anthracite and bituminous coal from 2005 to 2015.

Table 4.1: Annual average local and export coal prices - Rand per ton (R/t)

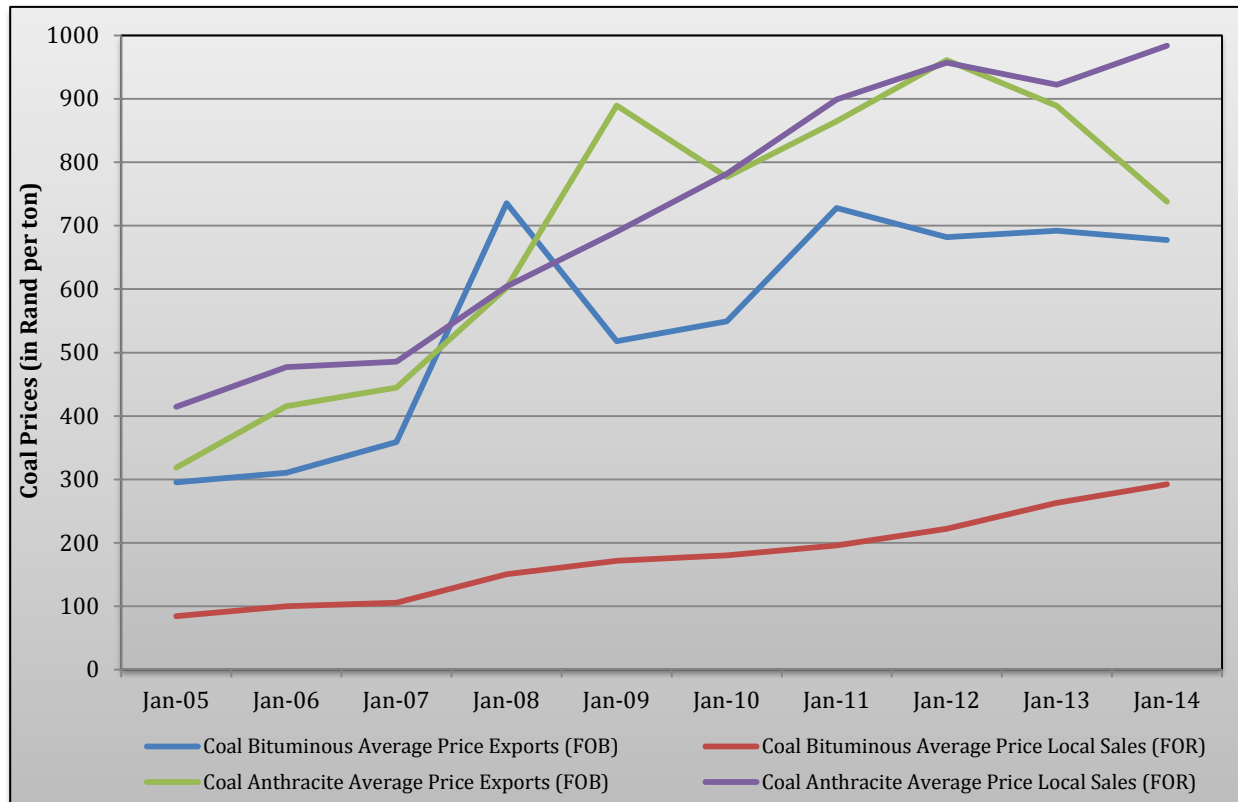
Date	Coal Bituminous		Coal Anthracite	
	Average Price Exports (FOB)	Average Price Local Sales (FOR)	Average Price Exports (FOB)	Average Price Local Sales (FOR)
Jan-05	295.58	84.42	318.58	414.33
Jan-07	310.42	100.00	415.58	477.17
Jan-08	358.83	105.86	444.93	485.67
Jan-09	735.64	150.68	602.11	604.24
Jan-10	517.91	171.63	889.64	690.36
Jan-11	549.33	180.5	776.83	781.75
Jan-12	727.85	196.02	864.65	898.9
Jan-13	692.00	263.00	889.00	922.00
Jan-14	677.50	292.42	738.17	983.92

Source: Department of Mineral Resources

Explanatory Notes:

1. FOB: Free On Board.
2. FOR: Free On Road.
3. The prices are exclusive of VAT

Figure 4.1: Annual Average Local (FOR) and Exports Prices (FOB) - Rand per ton (R/t)



Source: Department of Mineral Resources (DMR)

Anthracite is a hard, compact variety of coal that has the highest carbon content, the fewest impurities, and the highest calorific content of all types of coal. It is categorized into standard grade, which is used mainly in power generation. Bituminous is a relatively soft coal containing a tarlike substance called bitumen. It is of a poorer quality compared to anthracite.

Bituminous coal export prices fell by 2.14% year-on-year, from R692 per ton in 2013 to R677.5 per ton in 2014. Anthracite coal export prices suffered the same fate with a drop of 20.43% year-on-year. The drop in prices can be attributed to a weaker demand and market oversupply. On the contrary, local prices for both grades of coal increased year-on-year. This reflects an increase in demand by local industries for both grades of coal. Bituminous prices rose by 11.19% to R292.42 per ton and anthracite by 6.72% to R932.92 per ton in 2014.

5 ELECTRICITY

South Africa supplies two-thirds of Africa's electricity and is one of the four cheapest electricity producers in the world. The electricity sector in South Africa is dominated by the national utility Eskom, which owns and operates most of the national electricity generation infrastructure and supplies 95 percent of the country's electricity requirements. The balance is supplied by municipalities and redistributors (4%), as well as private generators (1%). In global terms, the utility is among the top seven in generating capacity, among the top nine in terms of sales, and has one of the world's biggest dry-cooled power stations.

The National Energy Regulator (NERSA) is the regulatory authority over the energy sector in South Africa and its mandate includes the regulation of the electricity supply industry. Its regulation amongst others includes regulation of electricity prices and tariffs. The electricity pricing scheme employed by NERSA is based on the multi-year pricing determination (MYPD). The MYPD was implemented, based on Eskom's cost recovery requirements, such that the utility remains functioning and sustains itself economically.

The South African electricity industry has seen a dramatic increase in prices over the past few years. These increases have been blanket across all sectors and are based on a number of factors such as sector, usage and, in the case of domestic pricing, suburb. The cost of electricity in South Africa, particularly to the industrial sector, has been among the lowest in the world.

The average price of Eskom electricity has tripled in real terms since 2005. Expensive diesel-fired peaking plants are being called upon on a regular basis to meet demand, setting an implicit benchmark against which almost all alternative sources of power provide good value. And these alternatives are starting to appear, notably a well-designed programme to support renewable power projects, which has held four bidding rounds since 2011. These four rounds resulted in commitments from private investors to almost 4 GW of grid-connected renewables capacity: the first projects started operation in late 2013.

The revenue generated by Eskom per kWh for various customer categories between 2004 and 2014 from different uses are shown in Table 5.1.

Table 5.1: Annual Electricity Price by Customer Category (nominal prices) - cents per kilowatt hour (c/kWh)

Period	Bulk	Domestic and Street Lighting	Commercial	Industrial	Mining	Rural / Farming	Traction	International	Average for all Categories
2004/2005	15.19	38.7	21.88	13.97	15.36	30.83	19.37	8.63	16.04
2006/2007	16.13	40.08	22.69	14.75	16.19	32.86	20.25	9.83	17.05
2007/2008	18.21	44.56	24.85	17.28	17.99	35.91	23.31	14.17	19.6
2008/2009	23.29	53.43	31.61	21.69	23.12	45.78	29.78	18.45	24.97
2009/2010	30.84	63.98	40.97	27.03	30.25	58.96	38.23	22.47	32
2010/2011	39.53	66.45	52.63	34.34	39.78	72.72	48.55	31.04	40.31
2011/2012	49.96	79.52	65.92	42.13	50.11	89.22	58.23	37.53	50.27
2012/2013	54.59	87.05	73.24	45.56	55.74	99.75	68.66	42.72	55.5
2013/2014	60.67	92.41	82.67	51.79	64.66	108.75	77.34	47.56	62.22
2014/2015	65.92	98.06	89.16	56.81	69.52	115.66	0.00	52.55	67.68

Source: Eskom

Explanatory Notes:

1. The data in this table is from various Eskom Statistical Yearbooks and Annual Reports.
2. The price data in this table is only applicable to Eskom's direct sales to the categories as listed. Sales by local authorities to the Domestic, Commercial and Industry categories are not included in this table.
3. The prices are in c/kWh for each of a number of sales categories.
4. The real price was calculated by using the annual CPI with 2000 = 100 from 1970 till 2008 and 2008 = 100 from 2009 till 2011.
5. Prices are exclusive of VAT

Eskom generates its revenue from different electricity users; Table 5.2 shows various types of electricity users from 2004 and 2014. The electricity usage includes electricity used for domestic and street lighting, commercial, industrial, international, mining and farming.

Table 5.2: Annual Electricity Eskom Prices by Customer Category (real prices) - cents per kilowatt hour (c/kWh)

Year	Bulk	Domestic and Street Lighting	Commercial	Industrial	Mining	Rural / Farming	Traction	International	Average for all Categories
2004/2005	12.27	31.26	17.67	11.28	12.41	24.90	15.65	6.97	12.96
2006/2007	12.04	29.91	16.93	11.01	12.08	24.52	15.11	7.19	12.72
2007/2008	12.69	31.05	17.32	12.04	12.54	25.02	16.24	9.87	13.66
2008/2009	21.75	49.88	29.51	20.25	21.59	42.74	27.81	17.23	23.31
2009/2010	28.79	59.74	38.26	25.24	28.24	55.05	35.69	20.98	29.88
2010/2011	35.39	59.49	47.12	30.74	35.61	65.1	43.47	27.79	36.09
2011/2012	42.59	67.79	56.2	35.92	42.72	76.06	49.64	31.99	42.86
2012/2013	44.06	70.25	59.11	36.77	44.99	80.51	55.41	34.48	44.8
2013/2014	58.68	89.37	79.95	50.08	62.53	105.17	68.33	46	60.17
2014/2015	60.10	89.39	81.28	51.79	63.37	105.44	0.00	47.90	61.70

Source: Eskom

Explanatory Notes:

1. The data in this table is from various Eskom Statistical Yearbooks and Annual Reports.
2. The price data in this table is only applicable to Eskom's direct sales to the categories as listed. Sales by local authorities to the Domestic, Commercial and Industry categories are not included in this table.
3. The prices are c/kWh for each of a number of sales categories.
4. The real price was calculated by using the annual CPI with 2000 = 100 from 1970 till 2008 and 2008 = 100 from 2009 till 2011.
5. Prices are exclusive of VAT

Eskom's tariffs are adjusted on an annual basis, coinciding with Eskom's financial year price adjustments on 1st April every year. The average tariff adjustments for the past 10 years are indicated in Table 5.3.

Table 5.3: Eskom's average price adjustment

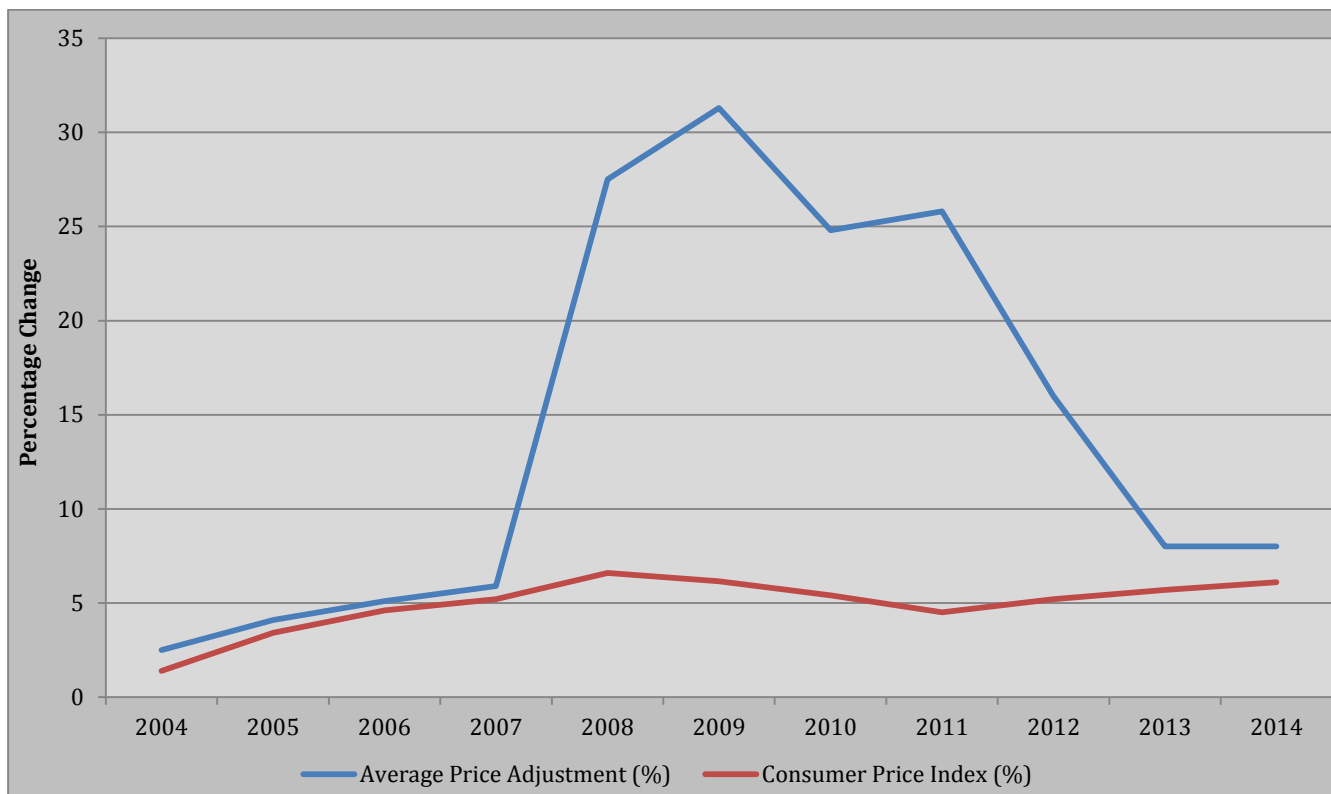
Period	Average Price Adjustment (%)	Consumer Price Index (%)
2004	2.5	1.4
2005	4.1	3.4
2006	5.1	4.6
2007	5.9	5.2
2008	27.5	6.6
2009	31.3	6.2
2010	24.8	5.4
2011	25.8	4.5
2012	16.0	5.2
2013	8.0	5.7
2014	8.0	6.1

Source: Eskom

Explanatory Notes:

1. Eskom's average price tariffs were adjusted annually (calendar period: January to December) from 2002 to 2005
2. Eskom's average price tariffs are adjusted at the end of the financial year (end of April) from 2005 to 2012
3. Eskom's average tariff adjustment figures are published on Eskom's website.
4. The adjustments are according to Eskom's financial year end, which is end of the March.

Figure 5.1: Annual Eskom Average Price Adjustment



Source: Eskom

NERSA as an energy regulator has exercised regulation over electricity pricing and tariffs by setting of tariff guidelines and structure, tariff methodologies, evaluates tariff applications from licensees and pricing frameworks

NERSA, on 28 February 2013, approved an 8% average increase per annum for the next five years. The average electricity price increased to 65.51c/kWh in 2013/14 up to 89.13c/kWh in 2018. The total revenue approved for the five years amounts to R906 553 million. This announcement was following Eskom's Revenue Application for the Third Multi-Year Price Determination, referred to as MYPD3 in 18 October 2012. The application covered a five-year period from 01 April 2013 to 31 March 2018.⁸

On 3 October 2014, the NERSA announced its decision to allow Eskom to increase its tariffs by 12,69 %, instead of the 8,0 per cent increase initially approved, pertaining to the 2015/16 financial year specifically.⁹

⁸ Media Statement by NERSA's decision on Eskom's Revenue Application for the Third Multi-Year Price Determination period 2013/14 to 2017/18 released on 28 February 2013

⁹ South African Reserve Bank Quarterly Economic Review, December 2014, page 26.

As depicted above, average price adjustments have deviated far above CPI since 2008 until 2013 where it dropped to 8% where the CPI was standing at 5.7%. The year 2009 had experienced a peak at 31.3% compared to inflation of 6.16%. In 2014 the average price adjustment was 8% with the inflation rate for the year being 6.1% just over the inflation target range.

6 APPENDIX A: ECONOMIC INDICATORS

The purpose of this section is to give an overview of the economic indicators such as consumer price index, producer price index, exchange rates and foreign exchange rates. These economic indicators are published by the Reserve Bank of South Africa and Statistics South Africa. Table A.1 includes monthly consumer price index and producer price index data from 2008 to 2013.

Table A.1: Annual consumer price index (CPI) and Production Price Index (PPI)

Period	CPI Index Numbers	CPI Rates	PPI Index Numbers	PPI Rates
	Dec 2012=100	Dec 2012=100	2000=100	2012=100
01-Jan-08	74.8	9.3	164.9	
01-Feb-08	75.1	9.8	167.2	
01-Mar-08	76.3	10.6	170.6	
01-Apr-08	77.7	11.1	174.1	
01-May-08	78.5	11.7	182.7	
01-Jun-08	79.6	12.2	187.5	
01-Jul-08	81.2	13.4	192.5	
01-Aug-08	81.8	13.7	193.5	
01-Sep-08	81.8	13.1	186.7	
01-Oct-08	81.9	12.1	185.8	
01-Nov-08	82	11.8	183.4	
01-Dec-08	81.1	9.5	181.3	
01-Jan-09	81.4	8.1	180	
01-Feb-09	82.3	8.6	179.4	
01-Mar-09	83.4	8.5	179.6	
01-Apr-09	83.8	8.4	179.2	
01-May-09	84.1	8	177.2	
01-Jun-09	84.5	6.9	179.9	
01-Jul-09	85.4	6.7	185.2	
01-Aug-09	85.6	6.4	185.8	
01-Sep-09	86	6.1	179.8	
01-Oct-09	86	5.9	179.7	
01-Nov-09	86	5.8	181.2	
01-Dec-09	86.2	6.3	184.9	
01-Jan-10	86.4	6.2	185.6	
01-Feb-10	87	5.7	185.6	
01-Mar-10	87.7	5.1	186.2	
01-Apr-10	87.8	4.8	189	
01-May-10	88	4.6	189.3	

Period	CPI Index Numbers	CPI Rates	PPI Index Numbers	PPI Rates
	Dec 2012=100	Dec 2012=100	2000=100	2012=100
01-Jun-10	88	4.1	196.8	
01-Jul-10	88.6	3.7	199.4	
01-Aug-10	88.6	3.5	200.2	
01-Sep-10	88.7	3.2	192	
01-Oct-10	88.9	3.4	191.2	
01-Nov-10	89	3.6	192.5	
01-Dec-10	89.2	3.5	193	
01-Jan-11	89.6	3.7	195.1	
01-Feb-11	90.2	3.7	198	
01-Mar-11	91.3	4.1	199.7	
01-Apr-11	91.6	4.2	201.5	
01-May-11	92	4.6	202.4	
01-Jun-11	92.4	5	211.4	
01-Jul-11	93.2	5.3	217.2	
01-Aug-11	93.4	5.3	219.4	
01-Sep-11	93.8	5.7	212.2	
01-Oct-11	94.2	6	211.5	
01-Nov-11	94.5	6.1	212	
01-Dec-11	94.6	6.1	211.9	
			2012=100	2012=100
01-Jan-12	95.2	6.3	97.1	
01-Feb-12	95.7	6.1	98	
01-Mar-12	86.8	6	98.6	
01-Apr-12	97.2	6.1	99.2	
01-May-12	97.2	5.7	100	
01-Jun-12	97.5	5.5	99.8	
01-Jul-12	97.8	4.9	99.8	
01-Aug-12	98	5	100.5	
01-Sep-12	98.9	5.5	100.8	
01-Oct-12	99.5	5.6	101.7	
01-Nov-12	99.8	5.6	102.4	
01-Dec-12	100	5.7	102.2	
01-Jan-13	100.3	5.4	102.7	5.8
01-Feb-13	101.3	5.9	103.3	5.4
01-Mar-13	102.5	5.9	104.2	5.7
01-Apr-13	102.9	5.9	104.6	5.4
01-May-13	102.6	5.6	104.9	4.9
01-Jun-13	102.9	5.5	105.7	5.9
01-Jul-13	104	6.3	106.4	6.6
01-Aug-13	104.3	6.4	107.2	6.7

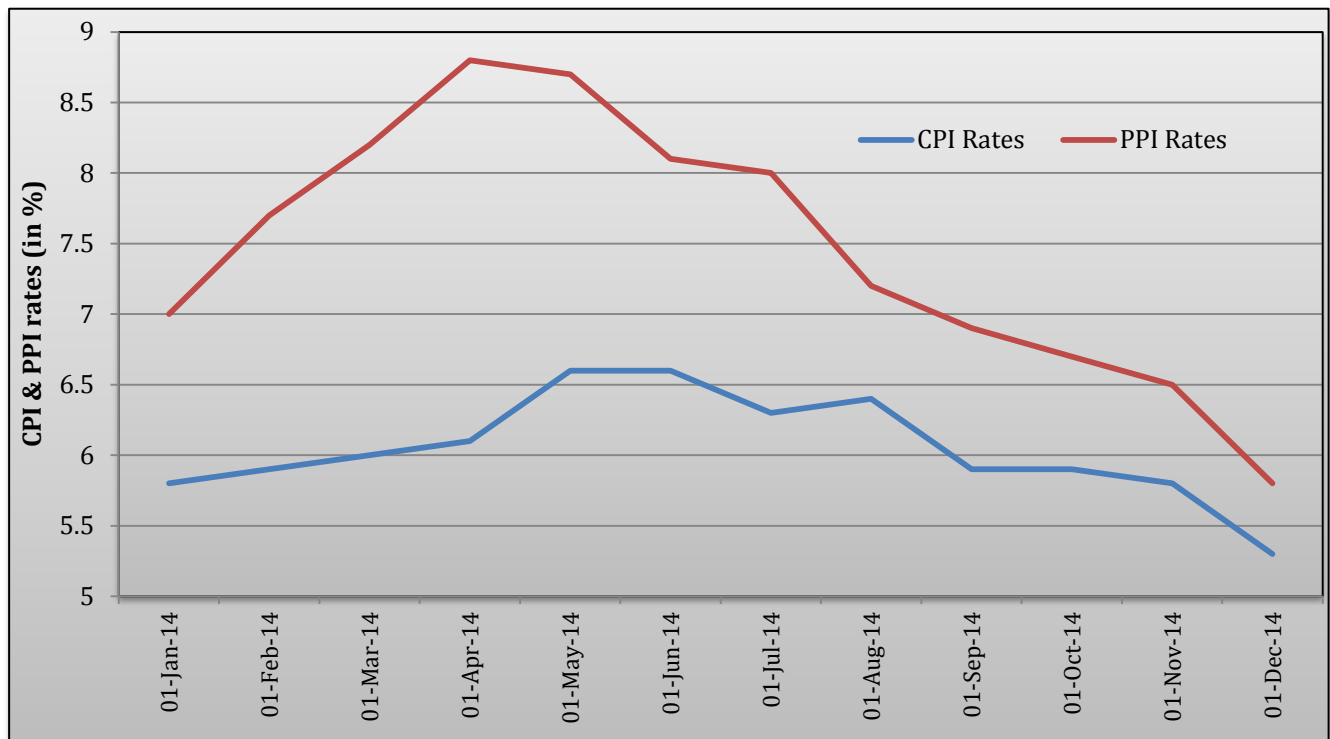
Period	CPI Index Numbers	CPI Rates	PPI Index Numbers	PPI Rates
	Dec 2012=100	Dec 2012=100	2000=100	2012=100
01-Sep-13	104.8	6	108.1	6.7
01-Oct-13	105	5.5	108.1	6.3
01-Nov-13	105.1	5.3	108.3	5.8
01-Dec-13	105.4	5.4	108.8	6.5
01-Jan-14	106.1	5.8	109.9	7
01-Feb-14	107.3	5.9	111.3	7.7
01-Mar-14	108.7	6	112.7	8.2
01-Apr-14	109.2	6.1	113.8	8.8
01-May-14	109.4	6.6	114	8.7
01-Jun-14	109.7	6.6	114.3	8.1
01-Jul-14	110.6	6.3	114.9	8
01-Aug-14	111.0	6.4	114.9	7.2
01-Sep-14	111.0	5.9	115	6.9
01-Oct-14	111.2	5.9	115.3	6.7
01-Nov-14	111.2	5.8	115.3	6.5
01-Dec-14	111	5.3	115.1	5.8

Source: Statistics SA

Explanatory Notes

1. The base year for PPI changed from 2000 to 2012 (2012=100).
2. The PPI for domestic output was replaced with 5 stages of production PPI's and the weights for the stages of production changed.
3. For the CPI, all indices were rebased so that December 2012 equals 100. .
4. New weights and basket came into effect in January 2013 for the CPI.

Figure 6.1: Consumer Price Index and Producer Price Index, 2014



Source: Statistics SA

Lower crude oil prices, coupled with continued deflation in global food prices and a somewhat more stable exchange rate of the rand prior the fourth quarter, contributed to a slightly more benign domestic inflationary outcome than initially expected. As depicted in Figure 8.1 above, headline consumer price inflation accelerated throughout the opening months of 2014, breaching the 6,0 per cent upper limit of the inflation target range in April and peaking at 6,6 per cent in June, before moderating to 5,9 per cent in both September and October as food and petrol price inflation decelerated.

Following a notable build-up of inflationary pressures at the producer level during the opening months of 2014, these pressures eased somewhat in the second half of the year as most measures of producer price inflation began to moderate. Twelve-month producer price inflation for final manufactured goods slowed from a recent peak of 8,8 per cent in April 2014 to 6,7 per cent in October in response to the deceleration in producer price inflation for intermediate manufactured goods, which moderated from 10,5 per cent in February 2014 to 6,2 per cent in October. Among the final manufactured producer goods categories, moderations in price inflation occurred in the textiles, clothing and footwear; the coal,

petroleum, chemical, rubber and plastic products; the electrical machinery and apparatus; and in the transport equipment categories.

Although headline consumer price inflation breached the upper limit of the inflation target range during the middle months of 2014, inflation expectations, as reflected in the *Inflation Expectations Survey* conducted by the BER, have remained anchored at the upper end of the target range. As such, the average inflation expectations of financial analysts, business representatives and trade union representatives for 2014 and 2015 have remained largely unchanged for the seventh consecutive quarter in the third quarter of 2014.¹⁰

¹⁰ the above analysis is extracted from the SARB 2014 quarterly bulletins

6.1 Exchange Rates

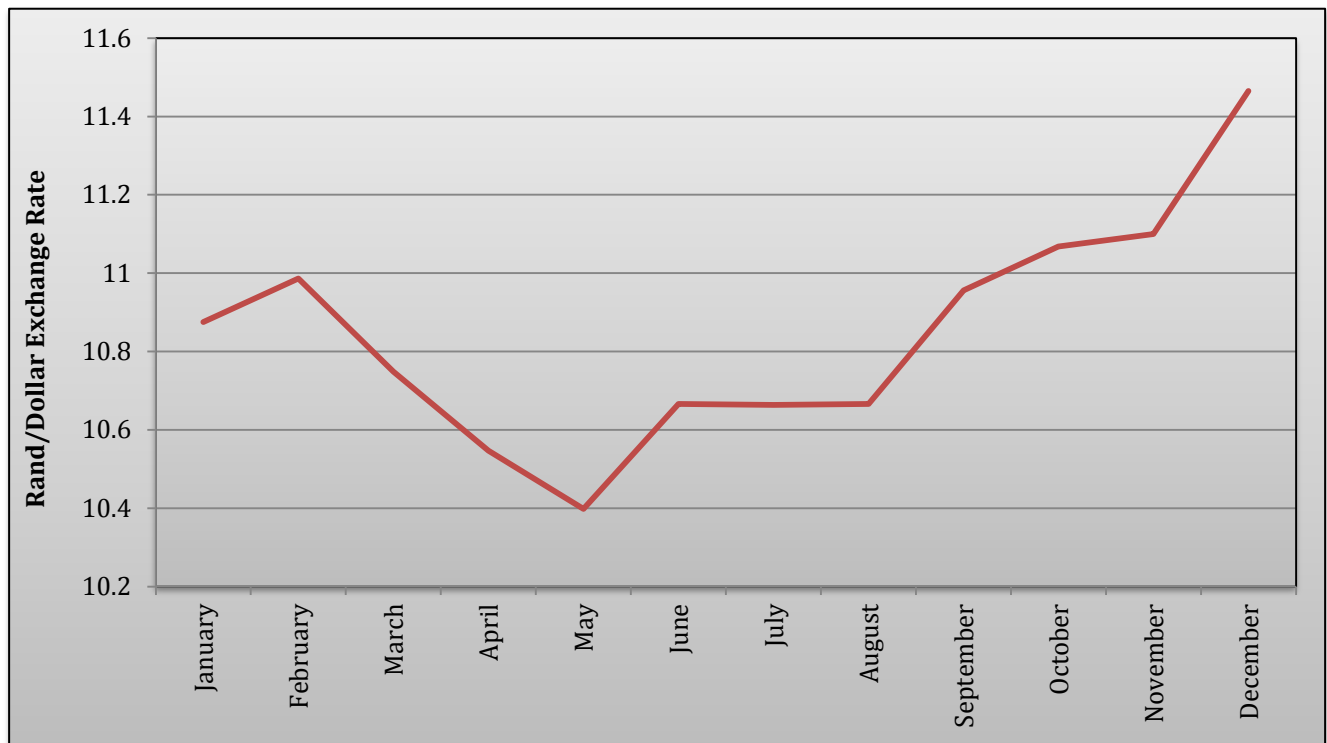
In simple terms, exchange rate is the price of one country's currency expressed in another country's currency. Exchange rates are mainly used to facilitate international trade and international investment. The 2014 foreign exchange rate of South African Rand compared to the US dollar is shown in Table A.2.

Table A.2: Average Monthly Foreign Exchange Rates, 2014

Period	Rand per US Dollar
January	10.88
February	10.99
March	10.75
April	10.55
May	10.40
June	10.67
July	10.66
August	10.67
September	10.96
October	11.07
November	11.10
December	11.46

Source: SARB

Figure 6.2: Average Monthly Foreign Exchange Rates, 2014



Source: SARB

The fiscal and current-account deficits, the ongoing industrial action in the platinum-mining sector, concerns about the sustainability of electricity supply, and the country's poor economic growth performance were some of the factors specific to South Africa that affected the exchange in 2014. The International Monetary Fund revised its economic growth forecast for South Africa for 2014 downward to 2,3 per cent in April 2014 from a previously forecasted 2,8 per cent in January. However, risk-aversion towards emerging-market economies moderated since the end of February as the US Federal Reserve re-emphasised its commitment to a gradual exit approach from assets purchasing. In addition, the acquisition of South African bonds by non-resident investors also supported the domestic currency towards the end of the first quarter of 2014.

The nominal effective exchange rate of the rand declined further, on balance, by 1,2 per cent in the first quarter of 2014 compared with a decrease of 3,8 per cent in the previous quarter. The domestic currency recovered most of its losses that were incurred in January 2014 during February and March 2014: during January 2014 the exchange value of the rand decreased, on balance, by 5,7 per cent before increasing by 3,6 per cent and 1,2 per cent in

February and March respectively. From the end of March 2014 to the end of May, the nominal effective exchange rate of the rand increased by 1,8 per cent.

The South African rand experienced some strain in the third quarter of 2014, in line with the performance of other emerging-market currencies. Factors that weighed down on the rand included industrial strike action in the steel and engineering industry, subdued domestic economic growth, a further decline in international commodity prices as well as the country's twin deficits. On balance, the nominal effective exchange rate of the rand declined by 2,0 per cent in the third quarter of 2014 with the depreciation concentrated in September 2014, partly due to the strengthening of the US dollar. However, the nominal effective exchange rate of the rand recovered by no less than 4,0 per cent in October as the US Federal Reserve announced that monetary policy in the US would remain accommodative for longer and further stimulus injection measures were introduced by the People's Bank of China and the European Central Bank. In addition, the exchange rate of the rand also benefited from the announcement of a narrowing in the country's trade deficit for September and a prudent Medium Term Budget Policy Statement delivered at the end of October 2014.

The real effective exchange rate of the rand on balance increased by approximately 6,9 per cent from January 2014 to October 2014, but nevertheless remained below its ten-year average level. Structural factors continued to impair South Africa's ability to take full advantage of the more competitive levels of the exchange rate and step up the country's exports.¹¹

¹¹ the above analysis is extracted from the SARB 2014 quarterly bulletins

APPENDIX B: FUEL PROPERTIES

Table B.1: Calorific Values of Various Fuels

Carrier	Calorific Value	Calorific Value Unit	Density
LPG	26.7	MJ/l	0.54
Paraffin Power	37.5	MJ/l	0.81
Gas SASOL	18.0	MJ/m ³	
Diesel	38.1	MJ/l	0.84
Electricity	3.6	MJ/kWh	
Gas	41.0	MJ/m ³	
Heavy Fuel Oil	41.6	MJ/l	0.98
Petrol	34.2	MJ/l	0.72
Paraffin Illuminating CSS (StatsSA) Data	37.0	MJ/l	0.79
Aviation Gas	33.9	MJ/l	0.73
Jet Fuel	34.3	MJ/l	0.79
Coal Eskom Average	20.1	MJ/kg	
Coal (General purpose)	24.3	MJ/kg	
Coal (Coking)	30.1	MJ/kg	
Coke	27.9	MJ/kg	
Coke oven gas	17.3	MJ/m ³	
Blast furnace gas	3.1	MJ/m ³	
Bagasse (wet)	7.0	MJ/kg	
Bagasse fibre (dry)	14.0	MJ/kg	
Biomass (wood dry typical)	17.0	MJ/kg	
Gas Sasol - methane rich	35.0	MJ/m ³	

APPENDIX C: UNIT CONVERSIONS

Table C.2: Energy Unit Conversion Factors

From \ To	J	kWh	toe	Btu
1 J	1	0.278×10^{-6}	0.2388×10^{-6}	0.948×10^{-3}
1 kWh	3.6×10^6	1	0.86×10^{-6}	3.412×10^3
1 toe	42×10^9	11630	1	39.68×10^6
1 Btu	1.055×10^3	0.293×10^{-3}	0.252×10^{-9}	1

Note: toe = ton oil equivalent

Table C.3: Unit Prefixes

Prefix	Symbol	Power
Kilo	k	10^3
Mega	M	10^6
Giga	G	10^9
Tera	T	10^{12}
Peta	P	10^{15}
Exa	E	10^{18}

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