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GOVERNMENT NOTICE

DEPARTMENT OF MINERALS AND ENERGY**No. R. 1432****31 December 2001****PETROLEUM PRODUCTS ACT, 1977
(ACT NO. 120 OF 1977)****REGULATIONS IN RESPECT OF THE REFINERY GATE PRICE
OF LIQUID PETROLEUM GAS**

The Minister of Minerals and Energy has, under section 2 (1) (c) of the Petroleum Products Act, 1977 (Act No. 120 of 1977) made regulations as set out in the Schedule hereto.

SCHEDULE

1. In these regulations, any word or expression defined in the Petroleum Products Act No. 120 of 1977 (hereinafter referred to as the Act) shall bear the meaning so assigned to it and, unless the context otherwise indicates.
 - 1.1 "Liquid Petroleum Gas" (hereinafter referred to as L P Gas) means a mixture of certain hydrocarbons, mainly propane and butane, which are
 - (a) gases at normal ambient temperatures and pressures, the liquefaction of which is achieved by application of pressures of a few atmospheres, and
 - (b) derived from natural gas processing, crude oil refining, or from synthetic fuels production from coal.
 - 1.2 "Refinery" means crude oil, or natural gas processing, or synthetic fuels production facility of the following companies
 - Caltex Oil SA (Pty) Ltd (at Cape Town)

- Engen Petroleum Ltd (at Durban)
- Mossgas (Pty) Ltd (at Mossel Bay)
- National Petroleum Refiners (Pty) Ltd (at Sasolburg)
- South African Petroleum Refinery (at Durban), being a joint venture of BP Southern Africa (Pty) Ltd and Shell South Africa (Pty) Ltd
- Sasol Synthetic Fuels (Pty) Ltd (at Secunda)

- 1.3 "Refinery gate price" means the maximum price (excluding any inland transport cost values referred to in paragraph 2) at which a refinery shall be permitted to market those quantities of its production of L P Gas which are intended for consumption within the Republic of South Africa, whether such transactions are by means of sales invoiced to another organization or by transfer pricing between the refining division and another division of the company which owns the refinery.
- 1.4 "Working Rules" means the guidelines followed by CEF (Pty) Ltd to administer the monthly changes to the prices of regulated fuel (petrols, diesel and illuminating paraffin) as approved by Cabinet in September 1994 and as amended thereafter from time to time.
- 1.5 "Basic Price of 93 octane leaded petrol" means the average monthly import parity value (also known as In Bond Landed Cost, or IBLC) of 93 octane leaded petrol at South African ports as determined by CEF (Pty) Ltd in terms of the Working Rules. It is noted that this average value is determined each month from daily import parity values for the period from the 26th day of a month to the 25th day of the following month.

It is further noted that the application of this Basic Price of 93 octane petrol to the determination of the refinery gate price amount of L P Gas (in terms of paragraph 2 below) shall be such that this amount for any current month is deemed to be

the average of daily import parity values from the 26th day of the previous month to the 25th day of such current month.

2. Determination of the refinery gate price of L P Gas to be applicable for each calendar month shall be calculated by CEF (Pty) Ltd, and notified by them to the refineries, as being the sum of
 - (a) the Basic Price of 93 octane leaded petrol expressed in South African cents per litre, converted to Rand per metric ton at a density factor of 0,74
 - (b) minus R205 per metric ton.

This resultant refinery gate price of L P Gas expressed in Rand per metric ton shall also be determined and expressed in South African cents per litre by application of a deemed average density for L P Gas of 0,555 (i.e. 1 litre of L P Gas being equal to 0,555 kilograms).

It is noted that whilst this refinery gate price (which is determined on the basis of average import parity values at coast) will apply equally to all refineries, those situated inland (i.e. National Petroleum Refiners (Pty) Ltd at Sasolburg and Sasol Synthetic Fuels (Pty) Ltd at Secunda,) will be entitled to add a transport cost factor equal to the cost of transporting L P Gas from a coast port to the applicable inland destination.

3. The initial implementation of this refinery gate price shall be with effect from 2 January 2002, and thereafter shall apply from the first day of each subsequent calendar month.
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