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**DEPARTMENT OF MINERAL RESOURCES AND ENERGY**

NO. R. 610

29 MAY 2020

**PETROLEUM PRODUCTS ACT, 1977****(ACT NO. 120 OF 1977)****REGULATIONS IN RESPECT OF THE MAXIMUM REFINERY GATE PRICE  
OF LIQUEFIED PETROLEUM GAS**

I, Samson Gwede Mantashe, the Minister of Mineral Resources and Energy, hereby under section 2(1)(c) of the Petroleum Products Act, 1977 (Act No. 120 of 1977), make the regulations in respect of the Maximum Refinery Gate Price of Liquefied Petroleum Gas in the schedule hereto.



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**SAMSON GWEDE MANTASHE****MINISTER OF MINERAL RESOURCES AND ENERGY**

## SCHEDULE

### Definitions

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

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

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

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

**'freight'** means the cost to transport liquefied petroleum gas from export refining centres to South African ports; and shall be based on a Time Charter Equivalent methodology that covers the cost of chartering and fueling an appropriate liquefied petroleum gas carrier;

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

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

**'refinery'** means a crude oil, or a natural gas processing, or a synthetic fuels production facility;

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

**'Saudi Contract Price'** means the contract price or official selling price for liquefied petroleum gas fixed by Saudi Arabian National Oil Company (Saudi Aramco) each month;

**'stock financing'** means the cost of stock financing based on the landed cost values of liquefied petroleum gas, allowable days of stockholding, and the ruling prime interest rate less two percent; and

**'storage'** means the cost of providing storage and handling facilities at coastal terminals determined by National Energy Regulator of South Africa in terms of section 20(1)(r) of the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003).

### **Calculation of refinery gate price**

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

(b) expressed in Rands per metric ton.

### **Monthly revision of refinery gate price**

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

### **Repeal**

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

### **Commencement**

5. These Regulations take effect immediately on the date of publication in the Gazette.