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The National Energy Regulator of South Africa (NERSA), a Schedule 3A Public Finance Management Act, 1999 (Act No. 1 of 1999) Public Entity was established on 1 October 2005 in terms of the National Energy Regulator Act, 2004 (Act No. 40 of 2004) to regulate:

- Electricity industry (Electricity Regulation Act, 2006 (Act No. 4 of 2006))
- Piped-Gas industry (Gas Act, 2001 (Act No. 48 of 2001))
- Petroleum Pipelines industry (Petroleum Pipelines Act, 2003 (Act No. 60 of 2003))
SA GAS MARKET STRUCTURE

**Upstream**
- Mozambique Exploration & Production by Sasol Petroleum International
- NG Importation Sasol Gas

**Midstream**
- Transmission
  - ROMPCO
  - Sasol Gas
  - Transnet
- Distribution
  - Sasol Gas
  - PFG (own use)

**Downstream**
- Reticulation - Regulated by Munics

**Domestic**
- Syn gas production by Sasol Synfuels
- PASA regulated Exploration & Production - On & offshore

**Trading**
- Pipeline gas:
  - Sasol Gas
  - Spring Lights
  - Reatile
- CNG:
  - VGN
  - Novo Energy
  - NGV Gas

**Additional Notes**
- Competition may not be levelled
- Sasol Gas has a competitive advantage:
  - as a single supplier of gas/gas distributor
  - Price advantage exhibited over other traders
- Competitive price advantage for CNG as a vehicle fuel over petrol
- Always priced approx. 20-30% below petrol price
- Potential for NGV growth due to
  - increasing policy drives to address environmental concerns (carbon tax)
  - increasing appetite for cleaner transport fuels (e.g., Municipalities)
  - increasing appetite for cheaper fuel (Taxi Industry)
Regulation of biogas mainly in terms of section 28 of the Gas Act, 2001 (Act No 48 of 2001)

Section 28 provides that:

- An owner of an operation involving any of the following activities must register such operation with NERSA:
  
  (a) the production or importation of gas
  
  (b) an activity referred to in Schedule 1 and 2 of the Gas Act

- Schedule 1 and 2 provides lists the following activities -
  
  (a) transmission of gas for own use
  
  (b) small biogas projects in rural communities
  
  (c) Gas reticulation and any trading incidental thereto
  
  (d) LPG supplied from a bulk storage tank or cylinder
Section A: Details of The Applicant

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

Clearly indicate the gas activity that you are engaged in by ticking the appropriate box:

- a) The production of gas
- b) The importation of gas
- c) The transmission of gas for personal exclusive use
- d) Small biogas projects in rural communities

The address or location of the gas activity to be registered

Provide a detailed description of the gas activity to be registered (use a separate page, if necessary)

Production of gas

- a) If you are involved in the production of gas must complete the section Gas production
  - 1) Type of gas
  - 2) Total gas production
  - 3) Gas used in-house (for own use)
  - 4) Gas reserves (except for producers of synthetic gas)
• **Gas importation**
  • 1) Type of gas
  • 2) Total gas production
  • 3) Gas used in-house (for own use)
  • 4) Gas reserves (except for producers of synthetic gas)

• **For both production and importation, provide:**
  • a) details of the gas usage;
  • b) the type of users of the gas, for example industrial users or households;
  • c) the number of users of the gas per type of usage; and
  • d) details of the gas reticulation network utilised (where applicable).
I. KEY STEPS IN PROCESSING OF REGISTRATION APPLICATIONS

Step 1: Adequacy check
- Does the application contain all information required?

Step 2: Decision on confidential information
- Information requested to be treated as confidential will not be available to the public.

Step 3: Verification of information
- Confirmation that information contained in the application is correct and accurate.

Step 4: Decision on application
- Report with recommendations is presented to NERSA board for decision.

Step 5: Registration certificate
- Registration certificate and conditions are sent to applicant.
REGISTRATION OBJECTIVES

**Level 1:** Past initiatives
- Create awareness about registration requirements in the Gas Act

**Level 2:** Short term
- Past initiatives
- Support and promote development of biogas infrastructure

**Level 3:** Medium term
- 2017 Target
- Database of all registered gas production operations

**Level 4:** Long term
- Beyond 2020 Target
- Access to alternative energy sources, in rural areas, energy self reliance

...ultimate goal to promote biogas and diversification of energy mix
ROLE OF GAS IN ENERGY MIX

Fig 1: Primary Energy sources used in SA (DoE)

- Coal 67%
- Crude Oil 20.1%
- Renewable 7.7%
- Nuclear 2.2%
- Hydro 0.4%
- Geotherm Solar etc 0.1%

Fig 2: Gas sources and consumption

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

Legislative challenges

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

Industry challenges

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

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