



# Department of Energy

**BRIEFING SESSION ON FUEL SAMPLING AND TESTING  
PROJECT:  
DOE/009/2014/15  
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# Presentation Outline

- Purpose of briefing
- Legislative mandate
- Objective of the project
- Scope of work
- Terms and conditions
- Reporting requirements
- Confidentiality
- Closure



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# Purpose

To appoint a competent and appropriately resourced service provider to continue conducting fuel sampling and testing exercise on behalf of the Department of Energy (DoE) in all the Nine Provinces for a period of 24 months in order to determine the compliance status by operators in the petroleum industry, check the quality of petroleum products sold, entering and exiting the South African shores and or/ borders, and get broader understanding of the challenges confronting operators in terms of compliance to minimum fuel specifications and standards.

The project aims to build on the previous sampling and testing conducted by the DoE with the intention to further create a compliance database that will inform future policy and regulation formulation and/ or amendment in terms of fuel specifications and standards, as well as enhance general compliance monitoring and enforcement by the DoE.



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# Legislative Position

Pre - 1994 the South African petroleum industry has not been regulated for years. This gave petroleum industry players leeway to conduct their businesses as they saw fit in terms of compliance. Around 2003, the South African government amended the Petroleum Products Act, 1977 (Act No.120 of 1977) (“the Act”) to empower the Minister to make regulations under this legislation.

Around March 2006, the South African government, represented by then Department of Minerals and Energy, introduced a licensing and compliance regime which includes compliance to Regulations Regarding Fuel Specifications and Standards No. R. 627 of 2006.

The main purpose of the aforesaid Act and its regulations is to ensure an efficient manufacturing, wholesaling and retailing petroleum industry, to promote environment conducive to investment, develop small medium enterprises, promote competition in the industry and ensure compliance to conditions attached to operating licenses



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# Legislative Position Conti...

The DoE as the regulator seeks to ensure that petroleum operators comply with minimum fuel specifications and standards as one amongst strategic objectives to improve energy regulation, efficiency and competition. The foregoing is achieved through conducting of random fuel sampling and testing exercises to ensure compliance with minimum standards.

The above mandated is carried out by the Petroleum Inspectorate located under the Chief Directorate; Petroleum Compliance Monitoring and Enforcement, in the Branch; Petroleum and Petroleum Products Regulation.



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# Objectives of the exercise

To continue monitoring compliance to fuel specifications and standards regulations by the South African Petroleum Industry;

To determine the magnitude of petroleum products below minimum standards;

Identifying challenges confronting the petroleum operators with regard to compliance with minimum specifications and standards, and make policy recommendations based on the findings of the project; and

To continue building fuel specification and standards compliance database in South Africa for future use, referencing and benchmarking.



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# Scope of Work

Collect a minimum of 18 samples of petrol and diesel (combined) per province every month of the selected sites in a particular financial year and conduct laboratory analysis (testing) of all samples. A total minimum of each specified petroleum product sampled and tested should amount to 1892 units per annum;

Testing properties in **Petrol must include appearance, octane, aromatics content, benzene, manganese (metal content) and sulphur content;**

Testing properties in **Diesel must include appearance, CFPP (cold filter plugging point), sulphur content, total contamination and water;**

Preparation of a report summarizing the results of analytical testing and comparing the results to relevant fuel specifications and standards as per Regulations;

5 litres of each sample will be collected from each selected site to allow excess sample to be retained by the service provider for a period of two (2) years after the end of the financial year under review for potential future compositional analysis;



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# Scope of Work Conti...

Develop comprehensive sampling plans and methodology designed to represent specified populations of service stations. The sampling methods and choice of sample sizes must achieve adequate randomness and representativeness. Proposed sampling plans and methodologies shall be submitted to DoE for approval;

In consultation with the Project Manager, the service provider shall handle testing results in accordance with applicable confidentiality and law. The service provider shall adhere to the same confidentiality level that DoE personnel are required to maintain, and shall take steps through which all persons employed by the service provider and any sub-contractors will be made aware of the service provider's obligations for protection of confidentiality; and

At the end of the contract the service provider will make, recommendations to the DoE for future policies and regulations design as well as compliance monitoring and enforcement strategies.



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# Terms and Conditions

A service level agreement will be entered into with the successful service provider which will include, *inter alia*, obligations of the DoE and the successful service provider;

The DoE reserves the right to appoint more than one service provider for the project;

The DoE reserve the right to instruct the service provider to sample and test petrol or diesel within 24 hours as and when necessary and/ or in an emergency situation;

The successful service provider must have own laboratory for testing to ensure the integrity of samples tested;

The DoE Project Manager will from time to time randomly choose any tested samples for re-testing and conduct physical inspection at the service provider's laboratory were samples are being tested.



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# Terms and Conditions Conti...

The successful service provider must transfer skills in sampling and testing area through targeted training provided by accredited institution of higher learning and/or relevant SITA.

The successful service provider must create employment opportunities within the duration of the contract.



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# Reporting Requirements

The DoE will require an initial meeting with the successful bidder(s) to agree on the project process and options to be investigated. Reporting to DoE will be through the Project Manager: Deputy Director: Petroleum Inspectorate, and shall be done in the following manner:

Executive summary of the report (Word and PowerPoint);

Hard and electronic copies monthly reports including annexure of laboratory results;

Report on inspectors skills transfer (referred to in paragraph 10.6 of TOR) on the sampling method used; and

The successful service provider and the DoE will have monthly meetings;



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**Thank you**



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