

**DRAFT MEDIA RELEASE**  
**THE REGULATION OF THE RETAIL PRICE OF PETROLEUM GAS**  
**(LPGAS) SUPPLIED TO RESIDENTIAL CONSUMERS THAT COMES INTO**  
**EFFECT FROM WEDNESDAY, 14 JULY 2010**

The Minister of Energy has approved the setting of **maximum retail prices for LPGas supplied to residential consumers with effect from Wednesday, the 14<sup>th</sup> of July 2010**. The Regulations and Working Rules to determine the maximum Retail Prices for LPGas are available on the website of the Department of Energy: [www.energy.gov.za](http://www.energy.gov.za). From August 2010, these prices will also be adjusted on the first Wednesday of each month as is the case with petrol, diesel and illuminating paraffin (IP). These prices will also differ from one Magisterial District Zone (MDZ) to the next due to the application of different transport tariffs applicable to each MDZ. The MDZs for LPGas have been determined in the same vein as those of petrol, diesel and IP which are already available on the Department's website.

The White Paper on Energy Policy advocates for security of energy supply through diversification of energy resources. It is in pursuance of this objective and Government's sustained effort to alleviate energy poverty that the Minister has undertaken the regulation of the price of LPGas. Moreover, this is in response to the public's outcry against the exorbitant LPGas prices fuelled by unpredictable and high mark-ups put by middlemen on the refinery gate price of LPGas.

Currently, LPGas is predominantly used by the affluent portion of the South African population for heating and recreational purposes. However, LPGas is not accessible to the majority of the South African residential sector due to its exorbitant prices and supply constraints. These households resort to using wood, illuminating paraffin, biomass and other non-conventional fuels that are less efficient and environmentally friendly when compared to LPGas for cooking and heating purposes.

LPGas is an effective alternative to electricity in respect of household heating (i.e. space heating and cooking) and its increased demand / consumption for this purpose would contribute to the alleviation of electricity supply challenges. Predictable prices would help to improve demand and, through the economies of scale, the whole LPGas industry will benefit as well.

The Department of Energy is of the view that by regulating maximum retail prices for LPGas supplied to residential consumers, the latter will no longer be exploited by exorbitant mark-ups whilst the role players in the LPGas industry are fairly compensated for their capital investments and operating costs. A maximum retail price for LPGas will also further enhance competition in the LPGas value chain and lead to the general accessibility thereof.

The regulation of the maximum retail prices for LPGas supplied to residential consumers is now law and regulated in terms of the Petroleum Products Act, 1977 (Act No. 120 of 1977). Any violation of the Regulation amounts to the contravention of the above-mentioned Act and will attract penalties as contemplated in Section 12 of the said Act. *[12. (1) Any person who contravenes a provision of this Act, shall be guilty of an offence and be liable on conviction to a fine not exceeding R1 000 000,00, or to imprisonment for a period not exceeding 10 years, or to both such fine and such imprisonment...]*

The Department will continuously endeavour to refine the elements of the maximum retail price for LPGas which will be mutually beneficial to all role players in the LPGas supply chain and residential consumers of LPGas.

**ENQUERIES:**

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