



Auto Commodities Northern Cape (Pty) Ltd License Number: PPL.sf.F3/337/2020

UNCOMMITTED CAPACITY ALLOCATION MECHANISM AND ACCESS ARRANGEMENTS AS CONTEMPLATED IN SECTION 20 (1) (n) OF THE ACT

1. PREAMBLE

The allocation mechanism described in this document is intended to cover the fuel storage facilities for Auto Commodities Northern Cape and was compiled with reference to the “Allocation Mechanism Guidelines for Third Party Access to Petroleum Storage Facilities” published by NERSA. Should capacity be available, the parties will enter into a detailed agreement that will regularize all interaction for the transaction

2. BACKGROUND

Being an active reseller facility with a consequent storage component used primarily to support its main business, Auto Commodities NC available capacity is based on market supply and demand, tank turnover volatility and the understanding that capacity is determined by the most limiting part of the whole storage system.

Typically storage process consist of 3 three separate but inter connected components, i.e. a) Receipt of the product, b) Storage and c) Loading for dispatch, that need to be taken into account in determining available capacity.

3. ALLOCATION MECHANISM

3.1. Receipt of Product

Auto Commodities Kimberley depot product can be replenished via two modes of transport, i.e. road and potentially rail via a rail siding, which constitutes the receipt of product activity. The facility has capacity for one road tanker (it is not intended to use the road discharge as a receipt facility) and five rail tank cars discharging into tanks via multi point discharge facilities. Planned reopening of the currently mothballed facility will allow bulk products of Diesel 50ppm and 500ppm and Illuminating Kerosene as well as petrol to be handled. The rate of receipt is approximately 950 lt per minute for road and rail and 1200 lt per minute for rail. Typical road tankers of 40 000 lt are received and take around 60 minutes to discharge. The Diesels and IP receipted by the depot are branded products (in other words product which has company specific additives or tracers) and as such cannot be co mingled with a different brand product.

3.2.

Storage System

The facility has the following aggregate storage capacities for each of the products handled.

Tank ID	Tank Type	Product Type	Diameter (m)	Height (m)	Design Capacity (m ³)	Operational Capacity (m ³)
3	Vertical	Diesel	11,000	10,980	977	950
5	Vertical	ULP95	6,006	7,935	195	222
6	Vertical	ULP95	6,007	7,934	195	222
7	Vertical	Diesel	9,006	9,500	574	547
8	Vertical	Diesel	7,620	11,500	480	453
9	Vertical	Diesel	6,002	7,500	211	184
10	Vertical	Diesel	7,620	16,800	752	725
11	Vertical	Empty	7,620	16,800	752	725
12	Vertical	ULP93	7,620	17,000	750	723
Combined capacity					4 886	4 751

**Product held in tanks can vary with operational requirements

3.3. Loading system

The depot consists of 2 gantry loading bays, each with 4 loading arms for road tankers. The loading gantry is equipped with bottom loading arms only and is equipped with an additive injection system. The gantry loading rate is around 1500 lt per minute and each truck takes approximately 1 hour to load and weigh. Final quantities are controlled via the meter reading.

4 ALLOCATION OF UNCOMMITTED CAPACITY

4.1. "First come, first served" Principle

Auto Commodities NC will consider applications for use of storage capacity on a first come, first served basis, subject to the available capacity and time period being suitable to both parties and such parties complying to all requirements as stipulated in this document and will be approved, if uncommitted capacity is available.

4.2. "Use it or lose it" principle

In order to ensure the facility capacity is optimized, Auto Commodities NC will implement monitoring systems to ensure that tenant/s utilize capacity as set out in the agreement. The committed capacity will be on a 'take or pay' basis. Furthermore a tenant that defaults on this arrangement by failing to utilize its share of allocated capacity shall forfeit it to a qualifying applicant whose requirement may not have been met due to capacity unavailability. Allocated capacity can only be in segregated tank capacity if product is other than the current branded product held in tank.

4.3 Key requirements to be met

4.3.1 Quality and Technical Specifications

All fuels (currently Diesel 500ppm, 50 ppm and Illuminating Paraffin) have to meet quality specifications as for the South African Oil Industry and National Standards and laid down by Department of Energy for each of the acceptable products and amended from time to time by Auto Commodities NC. The third-party user must ensure any product intended for storage must be compatible with the existing stored product. Additivated product cannot be accommodated in facilities where non-additivated or regularly hosted but different additivated product is stored

4.3.2 Adherence to applicable laws and regulations

The third-party warrants that it is and will always be in compliance with all laws and policies applicable to the distribution and handling of petroleum products, including, but not limited to, all South African Revenue Service (SARS), Department of Energy (DoE), NERSA (National Energy Regulator of South Africa) and Department of Trade and Industry (DTI) requirements.

The third party must at all times adhere to Auto Commodities NC, site HSSE (Health, Safety, Security and Environmental) rules.

4.3.3 Timelines for applications and planning

Any third party will need to form part of a 3-week rolling plan and therefore will need to present its requirements well in advance. The minimum notice period should be 6 weeks before the start of the 3-week cycle and Auto Commodities will revert 1 week before the start of the cycle. Additivated product cannot be accommodated in facilities where non-additivated product is stored.

Given the nature of the Auto Commodities business being a wholesaler and therefore requiring their own tanks for their prime business activity, and therefore any unused capacity rented to third parties requires a clear and agreed uplift plan and timetable which must be adhered to. Failure to uplift for any reason as planned could result in penalties being applied.

The site hours of business are: 07h30 to 16h30 Monday to Friday excl public holidays

The site operator will be responsible for communicating planned maintenance schedules that may influence capacity to all tenants 3 weeks in advance with the exception of emergency repairs. In cases of unplanned interruptions (breakdowns), the operator will communicate to all tenants immediately.

5. PROCESS FOR APPLICATION

Contact details

All applications for spare capacity allocation shall be addressed to the following:

Attention: General Manager Auto Commodities NC
72 Study Street, Beaconsfield, Kimberley 8301.

The applicant must provide the following information on the application:

Full name, registration number and contact details of the company and capacity per product required.

The applicant must also provide confirmation of their capacity to procure, handle and distribute petroleum products and must comply with, but not limited to, the following criteria:

Applicants must be registered as Wholesalers of Petroleum Products as set out in the Petroleum Products Act 120 of 1977 (as amended).

Applicants must be in a position to prove financial stability and Auto Commodities reserves the right to verify the details provided.

Applicants must prove and provide certificates confirming their BEE status as per the Liquid Fuels Charter.

Applicants must be willing and able to submit the information to Auto Commodities as stipulated under the License Conditions as imposed by NERSA.

Preference will be given to historically disadvantaged South Africans, who meet the criteria.

6. CUSTODY OF PETROLEUM PRODUCTS

Auto Commodities NC as the host shall manage all stock at the depot.

The volume of product received shall be measured by ullage in the rail tankcar with a decanting Gauge and record the reading. Temperature will be taken and a dip for water. All the details of the rail tankcar (RTC Number, Type, Marked Capacity, Ullage) to be taken into account to be able to calculate the loss/gain. Refer to support documents that's needed to perform a calculation of a loss/gain.

- Gauging tables for tank wagons (Spoornet ISBN 1/86805/046/7)
- Load capacities etc. of Tank Wagons (Spoornet ISBN 1/86805/027/0)

Density Table B volume reduction to 20.0 degrees.

Auto Commodities NC shall report on the host's product movement and stock balances on a monthly basis.

7. TARIFF TO BE CHARGED AT THE DEPOT

The following tariffs will be charged at the Auto Commodities depot (per tariff application and subject to NERSA approval) and adjust in line with any NERSA approved amendments:

R0.50c per liter maximum (Exclusive of VAT) as per Standard option 2, NERSA Tariff calculations.

8. TECHNICAL REQUIREMENTS FOR ACCESS TO STORAGE FACILITY

Transport contractors/owners delivering and/or uplifting product from the Auto Commodities facility have to comply with the required safety standards as per the Auto Commodities NC HSSE (Health, Safety and Environment) policy and the Daily Vehicle checklist. This process is meant to ensure all fleet operators have a safety management system in place and comply with safety and environmental legislation.

All drivers must hold a hazardous goods permit endorsement, agree to the site requirements and register and complete the site induction requirements.

Drivers must be equipped with Personal Protection Equipment as per site requirements.

Vehicle Vetting Process

All vehicles entering the facility will be inspected according to the standard requirements as per the checklist prescribed in the attached: Induction Entry Checklist

All vehicles must conform to and hold a local authorities transport permit as required and issued by the relevant authorities.

9. CONTRACTUAL TERMS AND PAYMENT CONDITIONS

Contractual terms and payment processes shall be negotiated between Auto Commodities, as the host and the prospective third-party tenant. Payment terms are in advance for any rented storage utilized unless otherwise negotiated by Auto Commodities.

10. THE ALLOCATION MECHANISM

The allocation mechanism, once approved and implemented, shall be made available on request and a written copy shall be kept at the facility to enable potential customers to understand the mechanism. Our company website: <http://www.autocommoditiesholdings.co.za/>

