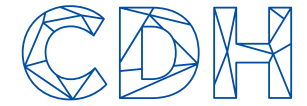


Corporate & Commercial and Oil & Gas

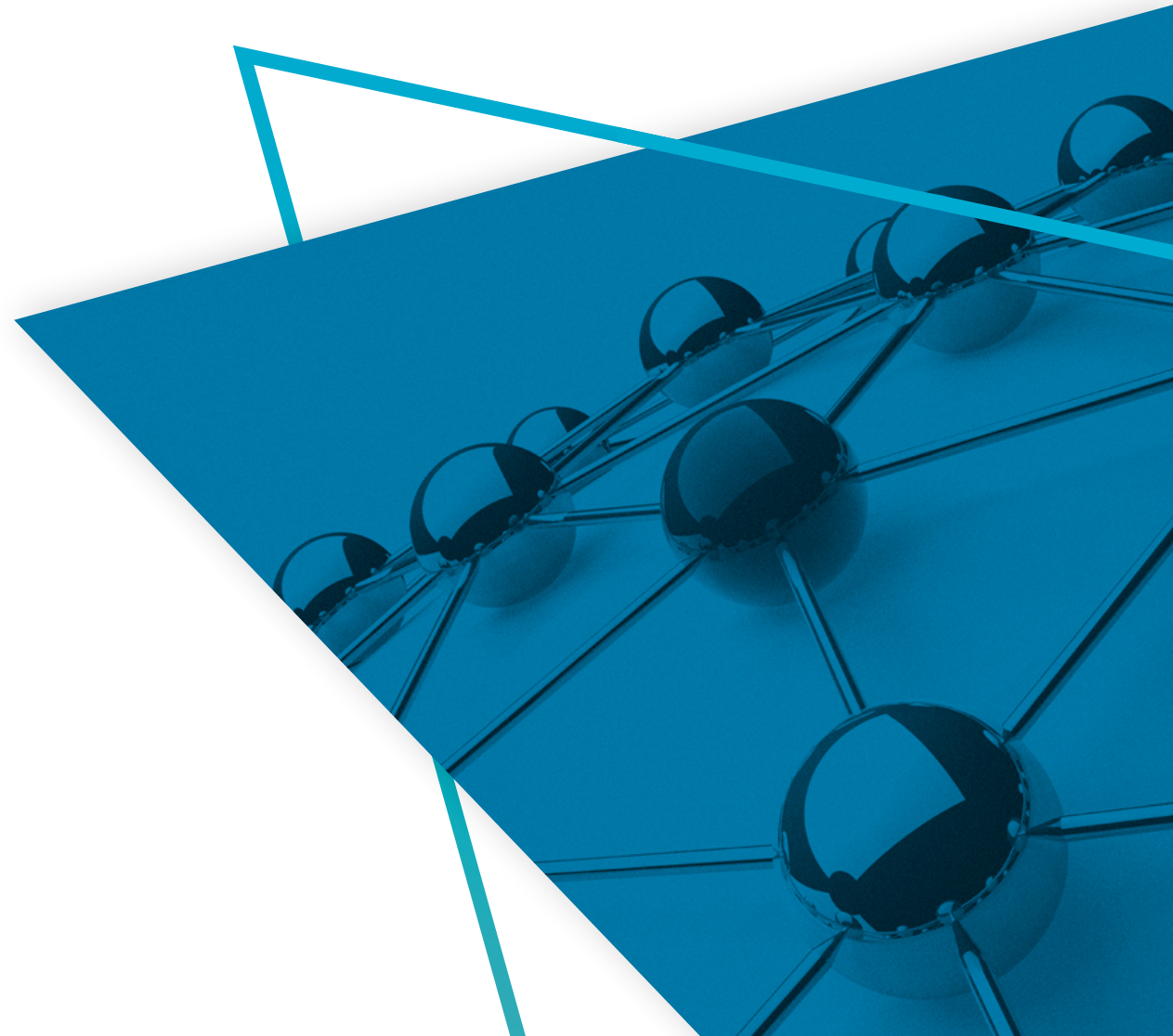


ALERT | 4 September 2024

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SOUTH AFRICA

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The strategic separation of mineral resources and energy portfolios

Earlier this year, President Cyril Ramaphosa announced that the Department of Mineral Resources and Energy (DMRE) would be separated into the Department of Mineral and Petroleum Resources (DMPR) and the Department of Electricity and Energy (DEE).

The split has been broadly welcomed, as this is not the first time these sectors have been separated. Back in 2009, the then Department of Minerals and Energy was split into the Department of Energy and the Department of Mineral Resources. Then, in 2019, these sectors merged into the Department of Mineral Resources and Energy.

As part of implementing this split, on 28 August 2024 the President transferred legislation previously administered by the DMRE to the DMPR and the DEE, respectively.

The legislation transferred to the Electricity and Energy Minister includes the:

- Abolition of the National Energy Council Act 95 of 1991
- Nuclear Energy Act 131 of 1993
- Nuclear Energy Act 46 of 1999
- National Nuclear Regulator Act 47 of 1999
- Gas Act 48 of 2001 (Gas Act)
- Gas Regulator Levies Act 75 of 2002 (Gas Regulator Levies Act)
- National Energy Regulator Act 40 of 2004 (National Energy Regulator Act)
- Electricity Regulation Act 4 of 2006
- National Energy Act 34 of 2008
- National Radioactive Waste Disposal Institute Act 53 of 2008

The legislation transferred to the Mineral and Petroleum Resources Minister includes the:

- Central Energy Fund Act 38 of 1977
- Petroleum Products Act 120 of 1977
- Petroleum Pipelines Act 60 of 2003 (Petroleum Pipelines Act)
- Petroleum Pipelines Levies Act 28 of 2004
- Mines and Works Act 27 of 1956
- Mining Titles Registration Act 16 of 1967
- Diamonds Act 56 of 1986
- Mineral Technology Act 30 of 1989
- Geoscience Act 100 of 1993
- Mine Health and Safety Act 29 of 1996
- Abolition of Lebowa Mineral Trust Act 67 of 2000
- Mineral and Petroleum Resources Development Act 28 of 2002
- Precious Metals Act 37 of 2005

Uncertainty around gas oversight

A concern raised by industry stakeholders is the potential overlap between the DMPR and the DEE insofar as it relates to gas. This is because whilst the Gas Act, Gas Regulator Levies Act, and the National Energy Regulator Act have been transferred to the DEE portfolio, the Petroleum Pipelines Act remains within the DMPR.

The Petroleum Pipelines Act is the primary legislation that governs the licencing, construction and operation of a petroleum pipeline, loading facility or storage facility and is regulated by the National Energy Regulator Act (NERSA).

**CORPORATE & COMMERCIAL AND OIL & GAS
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The act applies to crude oil, any liquid petroleum fuel and any lubricant and provides that no person may construct a petroleum pipeline, loading facility or storage facility without a licence issued by NERSA.

The Gas Act, in turn, regulates the transportation, storage, liquefaction and re-gasification of natural gas and is also regulated by NERSA. The Gas Act applies to all hydrocarbon gases transported by pipeline and to liquefied petroleum gas. Under the Gas Act, no person may construct gas transmission, storage, distribution, liquefaction and re-gasification facilities, convert infrastructure into such facilities, or trade in gas without a licence issued by NERSA.

It may be that, although the departments are going to be separate, NERSA will remain the regulator responsible for the issuing of licences, and report to the two ministries (being the DMPR and the DEE), as opposed to the current construct whereby NERSA reports only to the DMRE. We hope that this will become clear during the implementation of the separation.

The DMRE, however, continues to exist until the necessary legislation and human and financial resources are transferred, after which it will be replaced by the DMPR and the DEE. The President announced that an agreement will be entered into to ensure the DMRE provides the necessary support to Minister Ramokgopa for the remainder of the 2024/25 financial year and until the new DEE is established and fully operational.

For the oil and gas industry, this means that the status quo remains until such time as the DEE becomes fully operational. CDH will follow this process closely and provide updates as and when required.

Amore Carstens and Megan Rodgers



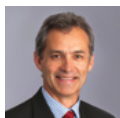
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Our BBBEE verification is one of several components of our transformation strategy and we continue to seek ways of improving it in a meaningful manner.

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