

**BP Southern Africa (Pty) Ltd**  
**Storage Facility Allocation Mechanism**

**Version 1.2017**

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## 1. Executive Summary

This document defines BP South Africa's (Pty) (BP) allocation mechanism required by the Pipelines Petroleum Act (2003) detailed in the Government Gazette, 4 APRIL 2008. The following key principles define how BP will allocate spare capacity to third parties at storage facilities licensed under the Act.

- **Tariff schedule:** BP have applied for a maximum tariff for each storage facility, see Appendix A for details
- **Spare capacity determination:** Spare capacity defined by NERSA as uncommitted capacity is constrained by BP's replenishment cycle. BP has therefore used a replenishment cycle module to determine each facility's uncommitted capacity that will be available to third parties.
- **Access rules and requirements:** Third parties requiring access to a BP storage facility are required to meet the following key criteria prior to gaining access:
  1. Anti-Corruption Due Diligence
  2. Product Specification
  3. EDI compliant
  4. Vehicle and driver HSSE compliant
  5. Agree on contractual terms and conditions
  6. Agree on the MOC process
- **Allocation rules:** BP will implement the following key rules when allocating the calculated uncommitted capacity:
  1. First come first serve
  2. Preference to high volume customers
  3. Use it or lose it principle applies

The above allocation mechanism will be reviewed annually with all amendments being submitted to NERSA for consideration.

## 2. Tariff schedule

BP South Africa (Pty) has an approved tariff schedule which could be accessed using the following link: [https://www.bp.com/en\\_za/south-africa/home/who-we-are/bp-in-south-africa/regulatory-compliance.html](https://www.bp.com/en_za/south-africa/home/who-we-are/bp-in-south-africa/regulatory-compliance.html)

## 3. Spare capacity determination mechanism

### 3.1 Definition of uncommitted capacity

Per the Pipelines Petroleum Act (2003) the definition for uncommitted capacity is: capacity determined by the Authority that is not required to meet contractual obligations.

For the purposes of this submission, BP defines capacity as the 'throughput capacity' of a facility. That is to say, the volume of product that passes through a storage facility during a period of time. This is in contrast to the total physical capacity of a storage tank at a point in time.

Therefore to determine a storage facility's throughput capacity BP has reviewed a facility's operational supply chain and determined that the ability to replenish a storage tank is the key limiting factor and thus what determines the throughput capacity. BP adopted a replenishment cycle approach to determining a storage facility's throughput capacity.

It is recognised that in some instances, the throughput capacity of a facility may be limited by either the offtake or demand on that facility or the loading infrastructure (gantry) serving the facility. Where such an example exists and it can be demonstrated that there is additional replenishment capacity to that which has been determined by BP, the throughput capacity will be reviewed and possibly amended.

Where a facility does not use the Electronic Data Interchange (EDI) model and standards to manage third party transactions, the third party will only be able to access uncommitted capacity that is available in an unutilised tank.

### 3.2 The replenishment cycle model

The replenishment cycle is the rate at which product is supplied to a storage facility, via pipeline, rail, ship or road. For replenishment to occur by these modes the product entering into the facility will need to be verified as compliant with the product specifications set out in this document. It being noted that:

- For pipeline replenishment, Transnet provide assurance on the product quality and therefore no further testing of the product is required before discharge into the facility.

- For rail replenishments, provided the Rail Tank Cars (RTC) are loaded by BP or it's agent, and the seals are intact at the receiving depot, no further testing of the product is required before discharge into the facility.

Where the RTC is not loaded by BP or its agent, or the seals have been altered, BP reserves the right to isolate the product pending testing thereof by a BP appointed agents at the product owner's expense.

- For road replenishments, provided the road tankers are loaded by BP or their agent, and the seals are intact at the receiving depot, no further testing of the product is required before discharge into the facility.

Where the road tanker is not loaded by BP or its agent, or the seals have been altered, BP reserves the right to isolate the product pending testing thereof by a BP appointed agent at the product owner's expense.

- For ship replenishments, the standard rules will apply as for any imports. Product will be tested and required to be compliant with the specifications prior to discharge.

In all cases, BP reserves the right to refuse the discharge of product into a facility for technical, commercial or safety reasons. Such reasons shall be supplied to the product owner.

The replenishment cycle is calculated on a weekly basis. The uncommitted capacity will be determined by product by facility and is the rate at which a facility is replenished less any committed capacity less a reasonable buffer throughput capacity,

The buff throughput capacity is facility specific and is determined according to structure and constraints of each facility.

Committed capacity is throughput capacity reserved for BP's own use and third parties for which BP is contractually obligated to provide.

The following table is an example of the above model.

Table 1:

<b>Replenishment cycle / week</b>	<b>Product (mil Litres)</b>
Road	100
Rail	200
Pipeline	300
Ship	-
<b>Replenishment capacity</b>	<b>600</b>
<b>Less BP capacity</b>	<b>(300)</b>
<b>Less Committed contracted capacity</b>	<b>(150)</b>
<b>Less Buffer capacity</b>	<b>(100)</b>
<b>Uncommitted capacity</b>	<b>50</b>

## **4. Access requirements to the facility**

All parties requiring access to a BP facility are required to comply with the following criteria before they are granted access to a facility. The following criteria are covered in detail in the attached contract (Annexure B). The process to request access by a third party is covered in Annexure E.

### **4.1 Anti-Corruption Due Diligence**

BP Group policy requires that all parties with which BP holds a business relationship must be vetted prior to entering into a contractual relationship with BP. BP will undertake the vetting process at its own cost and in accordance with the Group's ACDD policy. Should the party in question fail to meet the requirements of BP's vetting protocol no further business activity will be conducted with that party.

The vetting process includes the following criteria:

- Credit vetting
- Anti Money Laundering
- Anti Bribery vetting
- Sanctioned country and PEP (Politically Exposed Persons)
- Legal Contract
- S&O - HSSE Vetting

### **4.2 Product Specification**

Product entering a BP facility must comply with the following specifications:

- All petrol grades to meet SANS 1598-2006 specifications
- All diesel grades to meet SANS 342-2006 specifications
- IP to meet SANS 1913-2008 specifications.

It being noted further that BP does not allow for the use of heavy metals, ethers and oxygenates in fuel storage at BP facilities without prior written consent from the Head of Supply or his/her designate.

Further, BP approved product specifications are subject to change and any changes will be communicated to third parties accordingly.

### **4.3 Electronic Data Inter-change compliant**

All parties are required to be compliant with the Electronic Data Interchange (EDI) model and standards applicable to Industry. This is essential as BP manages product, payments and other transaction use specific systems which all parties requiring access to a facility need to be aligned with. This will ensure effective and accurate data transfer and product movement management. Further detail is defined in Annexure C.

#### **4.4 Vehicle and driver HSSE requirements**

Parties requiring access are required to have their vehicles and drivers vetted to align them with BP's Health, Safety, Security and Environment (HSSE) standards. Compliance with these requirements is a pre-condition to a third party entering a BP facility and BP will refuse entry to any party that fails to comply with this requirement. All certificates must be valid and up to date.

Drivers are required to complete the following:

- Driver defence training
- Driver depot induction

Vehicles are required to be vetted to ensure they meet the required equipment specifications prior to engaging with a BP storage facility.

#### **4.5 Contractual terms and conditions**

All parties are required to agree and sign the attached contractual agreement (Annexure B) setting out the terms and conditions of accessing and utilising a BP storage facility. The agreement includes but is not limited to the following criteria:

- Health Safety Security Environment Compliance
- Operations Compliance between Host and Third party
- Agreed Volumes
- Tariff and Payments terms
- Replenishment Cycle nomination procedure
- Termination clause
- Define penalties
- Stock Accounting and Reconciliation
- Entitlement management

#### **4.6 Management of Change process**

All parties requiring access to a facility are required to agree and sign a Management of Change (MOC) process (Annexure D) which defines the implementation plan required when accessing a storage facility. The implementation plan will detail the timings and responsibilities required to be met by the party requesting access to a BP facility.

## 5. Capacity Allocation Rules

### 5.1 First come first serve

The first company to inquire about the availability of the capacity will be treated as the first in line.

### 5.2 High volume customers

Preference is given to high volume customers when allocating capacity, i.e. if a customer requires double the amount of volume to that of another, preference will be given to the customer who requires the greater volume. This is strictly a commercial decision.

### 5.3 Use it or loose it

Parties will be expected to utilise the granted capacity as per the agreed contract, failure to do so will result in the third party losing the capacity and it being allocated to another party.

Where a party has been allocated capacity but fails to utilise it, the said party will still be liable for the applicable tariff for the capacity allocated.

## 6. Annexure

### 6.1 Annexure A: Tariff schedule

Refer: [https://www.bp.com/en\\_za/south-africa/home/who-we-are/bp-in-south-africa/regulatory-compliance.html](https://www.bp.com/en_za/south-africa/home/who-we-are/bp-in-south-africa/regulatory-compliance.html)

### 6.2 Annexure B: Generic 3<sup>rd</sup> Party Contract

Refer: [https://www.bp.com/en\\_za/south-africa/home/who-we-are/bp-in-south-africa/regulatory-compliance.html](https://www.bp.com/en_za/south-africa/home/who-we-are/bp-in-south-africa/regulatory-compliance.html)



### 6.3 Annexure C: EDI Compliance Rules

1. All product movements between host and tenants to be done using EDI message sets as follows:

Message	Description
<b>OILORD</b>	To order product: uplift or replenishment
<b>OILRSP</b>	Confirmation of receipt of OILORD
<b>OILNOT</b>	Replenishment only – used to notify host of impending arrival of product
<b>OILREC</b>	Replenishment only – used to acknowledge receipt of product by host
<b>OILMOV</b>	Confirmation of movement of product

All messages are as per the Industry EDI Interchange Agreement (as amended) and is maintained by the Oil Industry EDI Forum. The above is a sample of the messages and a full set is obtainable from the EDI Forum.

2. When a party wants to load product, an OILORD is needed. Product will not be supplied if there is no OILORD. Industry has adopted this as a 'NO ORDER – NO PRODUCT' rule.
3. EDI Messages can be used for various product exchange models:
  - a) Borrow Loan
  - b) Throughput
  - c) Buy-Sell
4. Messages must be appropriately coded to distinguish which model is used.
5. Messages must be sent within agreed lead times. For normal truck loads at a loading facility, orders (OILORD) can be sent up to two hours before actual load. Once movements are completed the actualization message (OILMOV) must be sent within 24 hours.
6. All EDI trading partners acknowledge that the EDI message is NOT a proof of delivery. There specified document (per Mode of Transport) constitutes proof of volumes being delivered. Details of these are obtainable from the EDI Forum.
7. New entrants can elect to be part of the EDI Forum – there are four industry meetings held per year, with special sub-committee meetings as required.

The above are a brief synopsis of some of the rules pertaining to the operations of the Industry EDI model.

## 6.4 Annexure D: MOC process

#	Execute Stage	Deliverable	Activity	Owner	Start Date dd-mm-yyyy	End Date dd-mm-yyyy	Status (% & Y/N)	Comments
1	Implementation Preparation: <b>MOC Preparation</b>	Implementation Approach	Agree Implementation Approach					
			Identify End-users					
		Training	Compile Training Plan					
			Schedule Training Logistics					
		Training Documentation	Update Training Manuals					
			Update Quick-reference Guides					
			Update 1-pager Movement Matrix Guide					
			Update System Training Presentations (New users and Existing users)					
			Update Business Process Training Presentations (New users and Existing users)					
		HR Documentation	Prepare Sign-off Sheets					
			Update Job Descriptions (new roles)					
			Update end-user performance contracts ( <u>New and Existing</u> CAMS users)					
				Update Line Manager performance contracts				
		Comms	See Communication Plan Tab					
2	Implementation: <b>MOC Implementation</b>	Training	Perform Business Process Training (Group 2a, 2b, 2c)					
			Perform CAMS Systems Training (Group 2a, 2b, 2c)					
			Obtain Training Sign-off (Group 2a, 2b, 2c)					
		Testing	Conduct UAT					
			Obtain UAT Sign-off					
		Training Documentation	Update Training Manuals					
			Update Quick-reference Guide					
			Update Training Presentation					
Comms	See Communication Plan Tab							
3	Post Implementation: <b>MOC Review</b>	End-user Feedback	Conduct End-user Satisfaction Survey (Group 2a, 2b, 2c)					
		Review Workshop	Conduct 6 Hats Review					
		Plans	Update MOC Plan					
			Update Overall Project Plan					
Comms	See Communication Plan Tab							

## 6.5 Annexure E: Process to request access.

- a) A third party may contact the following designated people first within BP regarding access to BP facilities.

Strategy Optimization Manager
Mr. Morne MacKay
Email: <a href="mailto:morne.mackay@za.bp.com">morne.mackay@za.bp.com</a>
Telephone: +27873544332

- b) BP will accept as a method of correspondence email and/or telephone.
- c) Following discussions with the designated BP person a third party will be required to complete an Application form (Attached in Annexure E) which needs to be accompanied by a written letter requesting access and giving information concerning petroleum to be stored.
- d) BP requires the third party to provide all the relevant supporting documentation stipulated in the Application form (Attached in Annexure E).
- e) The address to which the application should be directed is:

BP House  
199 Oxford Road  
Oxford Parks  
Dunkel  
Johannesburg  
2196

- f) BP will respond to the application within 10 working days after submission.

### **g) Preliminary Application Form:**

Refer [http://www.bp.com/en\\_za/southern-africa/bp-in-southern-africa/south-africa/regulatory\\_compliance.html](http://www.bp.com/en_za/southern-africa/bp-in-southern-africa/south-africa/regulatory_compliance.html)