



**planning, monitoring  
& evaluation**

Department:  
Planning, Monitoring and Evaluation  
REPUBLIC OF SOUTH AFRICA

Department's Logo

**SOCIO-ECONOMIC IMPACT ASSESSMENT SYSTEM (SEIAS)**

**REVISED (2018) : FINAL IMPACT ASSESSMENT TEMPLATE –PHASE 2**

**NAME OF THE PROPOSAL: GAS AMENDMENT BILL (GAB)**

1. Date must be clearly indicated
2. Draft SEIAS report will have a watermark word DRAFT indicating the version and should be accompanied by the supporting documents (draft proposal, M&E plan and pieces of research work)
3. FINAL report will be in PDF format and will be inclusive of the sign-off
4. FINAL report will have the approval stamp of the DMPE on the front cover and will include the signoff
5. Sign off forms are valid for six months only

# PART ONE: ANALYSIS FOR FINAL SEIAS REPORT

Please keep your answers as short as possible. Do not copy directly from any other document.

## 1. Conceptual Framework, Problem Statement, Aims and Theory of Change

### 1.1. What socio-economic problem does the proposal aim to resolve?

The current Gas Act is primarily dedicated to the regulation of piped natural gas (gas transported through a pipeline) to the exclusion of other gas sources (landfill gas and unconventional gas like shale-gas and coal bed methane (CBM)) and other modes of transportation; and new technologies for storage and transportation such as liquid natural gas (LNG) and compressed natural gas (CNG).

Due to technological changes such as Small Scale LNG, Floating Liquefaction, Floating Liquefied Natural Gas (FLNG) and Floating Storage Regasification Unit (FSRU) and change in the global gas landscape it is important that the GAB should cater for such changes in the gas market. This will also assist in terms of flexibility for the country to source other forms of gases (such as LNG transported through a ship) to address security of supply. There is limited supply of gas and infrastructure to support that, therefore the Bill aims to facilitate the development of gas infrastructure and investment in the gas markets. Further to that the GAB also seek to address light-handedness of the Act with specific reference to pricing and tariff; restrictiveness of some terms/definitions used in the Act; Rigid statutory timeline for finalizing a licence application and inability of the Regulator(NERSA) to enforce compliance for some of the prohibited activities in the Act.

### 1.2. What are the main roots causes of the problem identified above?

What socio-economic problem does the proposal aim to resolve	What are the main roots or causes of the problem
Inability of the Regulator (NERSA) to enforce compliance for some of the prohibited activities in the Act.	<ul style="list-style-type: none"> <li>• Light handedness of the Act: No immediate penalisation.</li> <li>• Limitation in enforcement of the provisions of the Act.</li> </ul>
Uncertainty for prices to be charged by traders and to be paid by customers in the gas value-chain (outcome- negative impact on investments in the sector).	Nersa is currently not empowered to set(regulate) prices and tariff for gas but only to approve and monitor, on submission of an application by the licensee after having used methodologies prescribed by NERSA.
Restrictiveness of some terms/definitions used in the Act.	The Act was drafted to address the first supply of gas from Mozambique, therefore some of the definitions were restricted.

1.3. Summarise the aims of the proposal and how it will address the problem in no more than five sentences.

- The Bill will ensure the promotion of the orderly development of the gas industry by facilitating the development of Integrated Energy Projects and gas markets and gas facilities and promote skills development and employment equity in the gas industry and companies in the gas industry that are owned or controlled by black persons in accordance with the BBBEE Act.
- Further to that NERSA will be empowered with more powers to ensure that the gas sector is regulated effectively. The GAB allows for the Energy regulator to regulate prices and tariffs for gas and to enforce compliance through the issuing of compliance notices.
- The definitions which were restrictive were broadened to address the challenges encountered

1.4. Please describe how the problem identified could be addressed if this proposal is not adopted. At least one of the options should involve no legal or policy changes, but rather rely on changes in existing programmes or resource allocation.

<b>Option 1.</b>	Engaging with the public and industry stakeholders through meetings, workshops, public hearings and consultations on how to comply with the existing legislation (Education Stakeholder workshop).
<b>Option 2.</b>	By developing the Guidance Note or Rules to guide applicant and licensees' on how to implement/comply with the existing legislation.
<b>Option 3.</b>	

## PART TWO: IMPACT ASSESSMENT

### 2. Policy/Legislative alignment with other departments, behaviours, consultations with stakeholders, social/economic groups affected, assessment of costs and benefits and monitoring and evaluation.

2.1. Are other government laws or regulations linked to this proposal? If so, who are the custodian departments? Add more rows if required.

Government legislative prescripts	Custodian Department	Areas of Linkages	Areas of conflict
Piped-Gas Regulations	Department of Energy (DoE)	The acts prescribes for the development of Regulations by the Minister. The Regulations dictates how the provisions of the Act are applied.	None
Gas Sector BEE codes under the Petroleum Liquids Fuel Sector Charter.	Department of Energy	Broad Based Black Economic Empowerment Act, 2003(Act No. 53 of 2003) as amended requires sector charters to be in line with it.	None
Expropriation Act	Department of Agriculture, Land Reform & Rural Development	The Act allows the Energy Regulator to expropriate land on behalf of the licensee or applicant in consultation with the Minister and in accordance with section 25 of the Constitution.	

2.2. Proposals inevitably seek to change behaviour in order to achieve a desired outcome. Describe (a) the behaviour that must be changed, and (b) the main mechanisms to bring about those changes. These mechanisms may include modifications in decision-making systems; changes in procedures; educational work; sanctions; and/or incentives.

- a) What and whose behaviour does the proposal seek to change? How does the behaviour contribute to the socio-economic problem addressed?

Due to limited supply of gas and lack of infrastructure, there is no competition in the gas industry as a result of monopoly within the whole gas value chain. The behaviour to be changed is for the investors in the industry to allow access to the market but not playing within the whole value chain. (Producers/suppliers/ of gas and operators/traders of gas)

- b) How does the proposal aim to bring about the desired change?

Once the Bill becomes an Act, NERSA will be able regulate effectively by ensuring that there is competition and compliance within the gas industry. The Act will address all the regulatory gaps identified.

The Bill further aims to promote investment within the gas industry by facilitating the development of integrated energy projects and gas market and gas facilities and promote participation of black companies in the gas industry.

### 2.3. Consultations

- a) Who has been consulted inside of government and outside of it? Please identify major functional groups (e.g. business; labour; specific government departments or provinces; etc.); you can provide a list of individual entities and individuals as an annexure if you want.

#### Consulted Government Departments, Agencies and Other Organs of State

Department's name	What do they see as main <u>benefits</u> , <u>Implementation/</u> <u>Compliance costs</u> and <u>risks</u> ?	Do they <u>support</u> or <u>oppose</u> the proposal?	What <u>amendments</u> do they propose?	Have these amendments been <u>incorporated</u> in your proposal? If yes, under which section?

National Energy Regulator of South Africa (NERSA)	Empowerment of the Regulator with more powers to regulate effectively. The compliance and implementation cost that the Energy Regulator will bear in relation to the conducting of investigation on non-compliance.	Support	The amendment of Section 21 dealing with a pricing methodology	Yes: Section 21(E)
Department of Labour (DoL); Department of Trade and Industry (DTI); Department of Mineral Resources (DMR); Department of Public Enterprises (DPE); Department of Science and Technology (DST); Department of Transport (DoT) and the Department of Environmental Affairs.	N/A	Support	N/A	N/A

**Consulted stakeholders outside government**

Name of Stakeholder	What do they see as main <u>benefits</u> , <u>Implementation/ Compliance costs and risks?</u>	Do they <u>support</u> or <u>oppose</u> the proposal?	What <u>amendments</u> do they propose?	Have these <u>amendments</u> been <u>incorporated</u> in your proposal?
Business	Risk: Overlap between Petroleum Product Act and Gas Amendment in regulating Liquefied Petroleum Gas (LPG).	Oppose	Propose that “LPG” should not be regulated under the ambit of the Gas Act as per definition of “Gas” in the Gas Amendment Bill.	No: The definition of “gas” in the Gas Amendment Bill is explicit as to when is LPG falls under its ambit.
Labour	<p>Risk: Labour wanted Government to Facilitate the development of competitive markets for gas and gas services while strengthening the role of the state and broad-based participation.”</p> <p>Cost: cost in relation to investment in infrastructure which is capital intensive, Licence application fees, compliance monitoring costs, and Educational workshop on the rules and implementation of the Act.</p>	oppose	Labour propose the amendments in Section 2 of the Bill “Objects of the Act”	No: Government is of the view that it is necessary for the Government to play a meaningful role where everyone is allowed to participate fully in the market .
Business	<p>Risk: The Gas Bill provides for the Energy Regulator (herein referred to in the Gas Amendment Bill) to make a decision on a licence application within 120 days.</p> <p>Cost: cost in relation to investment in infrastructure which is capital intensive, Licence application fees, compliance monitoring costs, and Educational workshop on the rules and implementation of the Act.</p>	oppose	Business recommended that it is appropriate to provide that the Energy Regulator should decide on an application in the prescribed manner within 60 days. Furthermore, the elements of the proposed Section 19(4) can be combined for increased clarity	YES: Section 19 of the Bill provide for the finalisation of licences within 60 days.

Name of Stakeholder	What do they see as main <u>benefits</u> , <u>Implementation/ Compliance costs and risks?</u>	Do they <u>support</u> or <u>oppose</u> the proposal?	What <u>amendments</u> do they propose?	Have these amendments been <u>incorporated</u> in your proposal?
Labour	Risk: Section 28B (2) (b) that a person who will construct, manage, maintain or operate the facility should be a n organ of state or a private sector party	Oppose	Labour is of the view that we need to cater for socially owned entity such as co-operatives.	The Bill has been reviewed to cater for Co-operatives in terms of the Co-Operatives Act 14 Of 2005.
Business	Risk: In relation to section 28 A Business of the view that the review of the Integrated Gas Development Plan(IGDP) should not be done at suitable interval but after every two (2) years. Further to that the IGDP is better place under Energy Act not the Gas Act, as it is a plan contemplated under the Energy Act.		Business propose that the review should be done every two years not on suitable interval as proposed in the Bill	No Government is of the view that the 2 years is a short period before implementation.  No IGDP is a sector plan, therefore it is best suited in the Gas Act.

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b) Summarise and evaluate the main disagreements about the proposal arising out of discussions with stakeholders and experts inside and outside of government. Do not give details on each input, but rather group them into key points, indicating the main areas of contestation and the strength of support or opposition for each position

- ✓ Overlap between Petroleum Product Act (PPA) and Gas Amendment Bill in regulating Liquefied Petroleum Gas (LPG);
- ✓ Labour wanted Government to facilitate the development of competitive markets for gas and gas services while strengthening the role of the state and broad-based participation.”
- ✓ Business recommended that it is appropriate to provide that the Energy Regulator should decide on an application in the prescribed manner within 60 days. Furthermore, the elements of the proposed Section 19(4) can be combined for increased clarity
- ✓ **Section 28B** Labour is of the view that we need to cater for socially owned entity such as co-operatives.
- ✓ In relation to section 28 A Business of the view that the review of the Integrated Gas Development Plan(IGDP) should not be done at suitable interval but after every two (2) years.

#### 2.4. Assessment of costs and benefits to stakeholders inside and outside of government

- ✓ NERSA: Will bear the costs associated with compliance, monitoring and enforcement. Improve/increase capacity to ensure compliance, monitoring, enforcement of the legislation and administrative costs.
- ✓ Industry Players(Business): Will bear the cost in relation to investment in infrastructure which is capital intensive, Licence application fees, compliance monitoring costs, and Educational workshop on the rules and implementation of the Act to stakeholders.
- ✓ BEE companies: Will bear the cost in relation to investment in infrastructure which is Capital intensive, license application fees and compliance costs.
- ✓ Department of Energy: financial resources in order to ensure that the Bill is promulgated into law.

2.5. Describe the groups that will benefit from the proposal, and the groups that will face a cost. These groups could be described by their role in the economy or in society. Note: NO law or regulation will benefit everyone equally so do not claim that it will. Rather indicate which groups will be expected to bear some cost as well as which will benefit. Please be as precise as possible in identifying who will win and who will lose from your proposal. Think of the vulnerable groups (disabled, youth women, SMME), but not limited to other groups.

List of beneficiaries (groups that will benefit)	How will they benefit?
NERSA	Effective and efficient implementation of the Act, to ensure economic regulation of the sector.
Business and BBBEE (Youth and Women)	The proposal aims to facilitate the development of Integrated Energy Project which will require Public and Private (Business) partnership. This will increase generation of Gross Domestic Product which will in turn creates jobs and economic development.
Communities	The proposal aims to develop gas markets which will diversify different supply of gas through importation, regional supply or exploration of our indigenous gas. This will in turn lead to cheaper gas depending on the Global markets. This will create jobs that will benefit community through the development of infrastructure.
Department of Energy	Gas contribution to energy mix, promoting green economy as is cleaner than other sources of energy. Facilitation of transformation within the gas industry.

List of cost bearers (groups that will bear the cost)	How will they incur / bear the cost
NERSA	<ul style="list-style-type: none"> <li>✓ No extra cost to be incurred by the Regulator other than the cost incurred in conducting their normal responsibilities.</li> <li>✓ Improve/increase capacity to ensure compliance, monitoring, enforcement of the legislation and administrative costs.</li> </ul>
Applicants	Incur the cost associated with lodging of an application for a licence.
Private Sector	Infrastructure development is capital intensive. The development of the gas markets to cater for power generation, industrial, commercial and domestic markets will require gas infrastructure.

2.6 Describe the costs and benefits of implementing the proposal to each of the groups identified above, using the following chart. Please do not leave out any of the groups mentioned, but you may add more groups if desirable. Quantify the costs and benefits as far as possible and appropriate. Add more lines to the chart if required.

*Note: "Implementation costs" refer to the burden of setting up new systems or other actions to comply with new legal requirements, for instance new registration or reporting requirements or by initiating changed behaviour. "Compliance costs" refers to on-going costs that may arise thereafter, for instance providing annual reports or other administrative actions. The costs and benefits from achieving the desired outcomes relate to whether the particular group is expected to gain or lose from the solution of the problem.*

*For instance, when the UIF was extended to domestic workers:*

- *The implementation costs were that employers and the UIF had to set up new systems to register domestic workers.*
- *The compliance costs were that employers had to pay regularly through the defined systems, and the UIF had to register the payments.*
- *To understand the inherent costs requires understanding the problem being resolved. In the case of UIF for domestic workers, the main problem is that retrenchment by employers imposes costs on domestic workers and their families and on the state. The costs and benefits from the desired outcome are therefore: (a) domestic workers benefit from payments if they are retrenched, but pay part of the cost through levies; (b) employers pay for levies but benefit from greater social cohesion and reduced resistance to retrenchment since workers have a cushion; and (c) the state benefits because it does not have to pay itself for a safety net for retrenched workers and their families.*

Group	Implementation costs	Compliance costs	Costs/benefits from achieving desired outcome	Comments
NERSA	<ul style="list-style-type: none"> <li>✓ Improve/increase capacity to ensure compliance, monitoring and enforcement of the legislation. This may relate to the hiring of new employees to ensure that compliance and monitoring is conducted effectively.</li> </ul>	<p>Administrative costs related to the day-to-day undertaking of the duties to ensure compliance, monitoring and enforcement.</p>	<ul style="list-style-type: none"> <li>✓ Orderly development of the gas sector, to ensure that there is competition.</li> </ul>	
Business	<ul style="list-style-type: none"> <li>✓ Cost related to Infrastructure development. Depending on the magnitude of the project it cost +- Billions of rand.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Compliance costs for business administration or to ensure compliance with licence conditions.</li> <li>✓ License application fee cost related to publication of an advert for a licence in three newspapers.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Revenue generation through imposition of levies (tax, fee and charge).</li> <li>✓ Job creation and skills development.</li> <li>✓ Participate in the economic development of the country.</li> </ul>	

<p>BBBEE(Black owned companies)</p>	<ul style="list-style-type: none"> <li>✓ Cost related to Investment in the Gas Sector which is capital intensive for the development of gas infrastructure.</li> <li>✓</li> </ul>	<ul style="list-style-type: none"> <li>✓ Cost related to the lodging of an application for License .The cost relate to the publication of an advert for a licence in three newspapers. The estimation is about +- R100.000.</li> <li>✓ Compliance costs and day-to-day financial administration. Cost to ensure compliance with licence conditions.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Revenue generation through trading in gas.</li> <li>✓ Job creation and skills development and retention within the country.</li> <li>✓ Economic development of the country and the region.</li> </ul>	
<p>Communities/consumers</p>	<ul style="list-style-type: none"> <li>✓ Costs of purchasing gas.</li> <li>✓ Consumers will bear the costs of switching technologies (from conventional energy to gas).</li> </ul>	<p>Cost associated with the use of accredited installers for the use of new technology</p>	<ul style="list-style-type: none"> <li>✓ Cheaper source of energy</li> <li>✓ Jobs created for the community.</li> <li>✓ Community development in terms of new infrastructure.</li> <li>✓ Benefits for the community as they will be a promotion of local content.</li> </ul>	
<p>Department of Energy</p>	<ul style="list-style-type: none"> <li>✓ Cost related to conducting of workshops on the Bill once promulgated.</li> </ul>	<p>N/A</p>	<ul style="list-style-type: none"> <li>✓ Gas contribution to the energy mix.</li> <li>✓ Transformation within the gas industry.</li> <li>✓ Promoting green economy as gas is cleaner than other sources of energy</li> </ul>	

2.7 Cost to government: Describe the changes that the proposal will require and identify where the affected agencies will need additional resources

- a) Budgets, has it been included in the relevant Medium Term Expenditure Framework (MTEF)

Yes: GAB is one of the legislations that is on the Departmental Annual Performance Plan (APP) and a budget has been allocated for the project. What are the financial implication to DME?

- b) Staffing and organisation in the government agencies that have to implement it (including the courts and police, where relevant). Has it been included in the relevant Human Resource Plan (HRP)

No other Departments will be affected by implementation of this Proposal. NERSA as an implementing agent may depending on its staff complement in the Gas Division, require capacity to ensure compliance, monitoring and enforcement.

*Note: You MUST provide some estimate of the immediate fiscal and personnel implications of the proposal, although you can note where it might be offset by reduced costs in other areas or absorbed by existing budgets. It is assumed that existing staff are fully employed and cannot simply absorb extra work without relinquishing other tasks.*

2.8 Describe how the proposal minimises implementation and compliance costs for the affected groups both inside and outside of government.

**For groups outside of government (add more lines if required)**

Group	Nature of cost (from question 2.6)	What has been done to minimise the cost?
Business, BBBEE	<ul style="list-style-type: none"> <li>✓ Infrastructure Development.</li> <li>✓ License application.</li> </ul>	<ul style="list-style-type: none"> <li>✓ The Bill promote public and private partnership which require both financing of projects by allowing the Minister to make a Determination for the development of gas infrastructure. The Bill allows for applicant to have a prior discussion with the Energy Regulator before an application is lodged. This will ensure that proper documents are submitted during the course of processing an application to avoid repetition of tasks. This will limit implementation cost.</li> </ul>

	<ul style="list-style-type: none"> <li>✓ Compliance costs.</li> <li>✓ Education on the benefits of using gas.</li> </ul>	<ul style="list-style-type: none"> <li>✓ The Regulator has developed a manual setting out Rules to comply with the Act.</li> </ul>
Residents/communities	<ul style="list-style-type: none"> <li>✓ Costs related to the unstable gas prices.</li> </ul>	<ul style="list-style-type: none"> <li>✓ The Act provides NERSA with the mandate to regulate prices and tariffs. To ensure that prices and tariff are not applied with undue discrimination.</li> </ul>

**For government agencies and institutions:**

Agency/institution	Nature of cost (from question 2.6)	What has been done to minimise the cost?
NERSA	<ul style="list-style-type: none"> <li>✓ Cost related to the undertaking of Compliance monitoring and enforcement.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Holding of stakeholder/customer workshop on compliance and monitoring. Effective compliance programs to identify problems and taking corrective measures</li> </ul>
Department of Energy	<ul style="list-style-type: none"> <li>✓ Financial resources to ensure that the Bill is promulgated.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Review of actual implementation and compliance costs in line with available budget funds.</li> </ul>

**2.9 Managing Risk and Potential Dispute**

- a) Describe the main risks to the achievement of the desired outcomes of the proposal and/or to national aims that could arise from implementation of the proposal. Add more lines if required.
- ✓ Dispute could arise where NERSA fails to grant a licence to the applicant after failing to comply with requirements for licence application.
  - ✓ Dispute may arise where licensees fails to comply with conditions of licence.
  - ✓ Dispute could arise relating to the supply of gas or unreasonable or excessive prices or tariff for gas.

*Note: It is inevitable that change will always come with risks. Risks may arise from (a) unanticipated costs; (b) opposition from stakeholders; and/or (c) ineffective implementation co-ordination between state agencies. Please consider each area of risk to identify potential challenges.*

- b) Describe the measures taken to manage the identified risks. Add more rows if necessary.

*Mitigation measures means interventions designed to reduce the likelihood that the risk actually takes place.*

Identified risk	Mitigation measures
Dispute could arise where NERSA fails to grant a licence to the applicant after failing to comply with requirements for licence application	✓ The Act provide for prior consultation with Energy Regulator before the lodging of an application.
Dispute may arise where licensees fails to comply with conditions of licence.	✓ Nersa has been empowered with the powers to issue compliance notices to the licensees who fails to comply with condition of licence.
Dispute could arise relating to the supply of gas or unreasonable or excessive prices or tariff	✓ NERSA has been empowered receive complaints, undertake investigations, inspections and inquiries into the activities of licensees and activities that are required to be licenced or are regulated by this Act, and take appropriate action;

- c) What kinds of dispute might arise in the course of implementing the proposal, whether (a) between government departments and government agencies/parastatals, (b) between government agencies/parastatals and non-state actors, or (c) between non-state actors? Please provide as complete a list as possible. What dispute-resolution mechanisms are expected to resolve the disputes? Please include all of the possible areas of dispute identified above. Add more lines if required.

*Note: Disputes arising from regulations and legislation represent a risk to both government and non-state actors in terms of delays, capacity requirements and expenses. It is therefore important to anticipate the nature of disputes and, where possible, identify fast and low-cost mechanisms to address them.*

Nature of possible dispute (from sub-section above)	Stakeholders involved	Dispute-resolution mechanism
Dispute could arise where NERSA fails to grant a licence to the applicant after failing to comply with requirements for licence application	NERSA and Business	The matter can be dealt through Judicial Review.
Dispute between licensees may arise where a licensee conduct itself in manner that is contrary to the provisions of the Act	NERSA, Business	✓ The licensee may appoint NERSA to mediate (voluntary dispute resolution is provided for in the Bill).

Nature of possible dispute (from sub-section above)	Stakeholders involved	Dispute-resolution mechanism
		✓ The aggrieved party may as provided for in the National Energy Regulator Bill approach the Regulator if aggrieved by its decision.
Dispute between infrastructure owner/operator and third party who want access to the infrastructure	Owner/Operator and third party.	✓ Enforcement of regulated "Third Party Access" to the infrastructure belonging to the operator/owner by the third party through the GAB.

Would it be possible to establish or use more efficient and lower-cost dispute-resolution mechanisms than those now foreseen? These mechanisms could include, for instance, internal appeals (e.g. to the Minister or a dedicated tribunal) or mediation of some kind.

Nature of possible dispute	Proposed improvement in dispute-resolution mechanism
Dispute between licensees may arise where a licensee conduct itself in manner that is contrary to the provisions of the Act	✓ The licensee may submit the complaint to NERSA who will investigate the matter.

## 2.10 Monitoring and Evaluation

- a) When is implementation expected to commence after the approval of the proposal?
  - ✓ After the promulgation of the Gas Amendment Bill.
- b) Describe the mechanisms that you will apply to monitor the implementation of the proposal after being approved.
  - ✓ Consult with NERSA to identify any gaps in relation to implementation of the proposal.
- c) Who will be responsible for monitoring the implementation of this proposal?
  - ✓ NERSA on behalf of the Department of Energy (DoE).
- d) What are the results and key indicators to be used to for monitoring? Complete the table below:

Results	Indicators	Baseline	Target	Responsibility
Impact: long term result (change emanating from the implementation of the				

proposal in the whole of society or parts of it)				
<b>Impact:</b> long term result (change emanating from the implementation of the proposal in the society).	<ul style="list-style-type: none"> <li>✓ Number of reports on the analysis of performance to monitor the impact of the proposal on the industry players.</li> </ul>	Quarterly	4 analysis reports with 75% of positive outcomes	Department
<b>Outcome:</b> medium term result (what beneficiaries achieve as a result of the implementation of the proposal)	<ul style="list-style-type: none"> <li>✓ Number of inspections conducted and non-compliance notices issued and reported to the relevant Subcommittee</li> </ul>	Quarterly	15 inspections and non-compliance notices issued.	NERSA
	<ul style="list-style-type: none"> <li>✓ % of licence applications within 120 days from receipt of all required information for NERSA to execute its mandate to issue licences with conditions, aimed at ensuring the orderly development of the gas industry.</li> </ul>	Annually	100% of licence applications processed within statutory timeframes (120 days from receipt of all required information).	NERSA
	<ul style="list-style-type: none"> <li>✓ Number of distribution audit reports on the state of compliance of licensees with licence conditions, including consolidated</li> </ul>	Quarterly	10 distributed audit reports on the state of compliance of licensees with licence conditions, including consolidated audit reports	NERSA

	audit reports considered by the relevant Subcommittee.		considered by the relevant Subcommittee.	
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- e) When will this proposal be evaluated on its outcomes and what key evaluation questions will be asked? Below please find evaluation questions for your consideration:
- i. What was the quality of proposal design/content? (Assess relevance, equity, equality, human rights)
  - ii. How well was the proposal implemented and adapted as needed? (Utilise the Monitoring and Evaluation plan to assess effectiveness and efficiency)
  - iii. Did the proposal achieve its intended results (activities, outputs and outcome) as per the Monitoring and Evaluation plan?
  - iv. What unintended results (positive and/or negative) did the implementation of the proposal produce?
  - v. What were the barriers and enablers that made the difference between successful and failed proposal implementation and results
  - vi. How valuable were the results of your proposal to the intended beneficiaries?
- f) Provide a comprehensive implementation plan (see Annexure A) aligned to 2.10 (b)
- ✓ Nersa is responsible for the development of implementation plan as it is an implementing agent. This will be done by enhancing the existing Rules and procedures to be in line with the proposal.
- g) Please identify areas where additional research would improve understanding of then costs, benefit and/or of the legislation.
- ✓ Continuous comparative studies with developed countries (international benchmarking) to see how other countries have dealt with similar proposal/issue.

***For the purpose of building a SEIAS body of knowledge please complete the following:***

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<b>Designation</b>	Deputy Director :Gas Policy
<b>Unit</b>	Gas Policy
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<b>Email address</b>	stella.mamogale@dmre.gov.za

## PART THREE: SUMMARY AND CONCLUSIONS

1. Briefly summarise the proposal in terms of (a) the problem being addressed and its main causes and (b) the measures proposed to resolve the problem.
  - ✓ The current Gas Act is primarily dedicated to the regulation of piped natural gas (gas transported through a pipeline) to the exclusion of other gas sources (landfill gas and unconventional gas like shale-gas and coal bed methane (CBM)) and other modes of transportation; and new technologies for storage and transportation such as liquid natural gas (LNG) and compressed natural gas (CNG).
  - ✓ Due to technological changes and change in the global gas landscape it is important that the GAB should cater for such changes in the gas market. This will also assist in terms of flexibility for the country to source other forms of gases (such as LNG transported through a ship) to address security of supply. There is limited supply of gas and infrastructure to support that, therefore the Bill aims to facilitate the development of gas infrastructure and investment in the gas markets. Further to that the GAB also seek to address light-handedness of the Act with specific reference to pricing and tariff; restrictiveness of some terms/definitions used in the Act; Rigid statutory timeline for finalizing a licence application and inability of the Regulator (NERSA) to enforce compliance for some of the prohibited activities in the Act.
  - ✓ The Bill will ensure the promotion of the orderly development of the gas industry by facilitating the development of Integrated Energy Projects and gas markets and gas facilities and promote skills development and employment equity in the gas industry and companies in the gas industry that are owned or controlled by black persons in accordance with the BBBEE Act.
  - ✓ Further to that NERSA will be empowered with more powers to ensure that the gas sector is regulated effectively. The GAB allows for the Energy regulator to regulate prices and tariffs for gas and to enforce compliance through the issuing of compliance notices.
  - ✓ The definitions which where restrictive were broadened to address the challenges encountered
  
2. Identify the social groups that would benefit and those that would bear a cost, and describe how they would be affected. Add rows if required.

Groups	How they would be affected
<i>Beneficiaries</i>	

1. Regulators	✓ Generation of income through the imposition of levies (tax, fee, charge) for the purpose of general administrative costs of the Regulator.
2. Industry Players	✓ Boost economic growth of the country, and investment opportunities.
3. Government.	✓ The proposal aims to facilitate the development of the gas industry.
<b>Cost bearers</b>	
1. Customers/Residents	✓ Global unstable markets (depending on price index) can lead to higher prices of gas.
2. Industry Players/Private Sector	✓ Capital intensive related to Infrastructure development.
3. Applicants for new licences	✓ Applicants will incur cost associated with the acquisition of a licence

3. What are the main risks from the proposal in terms of (a) undesired costs, (b) opposition by specified social groups, and (b) inadequate coordination between state agencies?

✓ The proposal does not pose any risk in relation to the above.

4. Summarise the cost to government in terms of (a) budgetary outlays and (b) institutional capacity.

✓ None

5. Given the assessment of the costs, benefits and risks in the proposal, why should it be adopted ?

✓ The proposal will facilitate the economic development of the gas industry.

6. Please provide two other options for resolving the problems identified if this proposal were not adopted.

<b>Option 1.</b>	✓ Engaging the public and industry stakeholders through meetings, workshops, public hearings and consultations.
<b>Option 2.</b>	✓ By developing the Guidelines and Rules to assist with the implementation of the Act.

7. What measures proposed to reduce the costs, maximise the benefits, and mitigate the risks associated with the legislation?

✓ Reducing the costs:

- Nersa educational programs to new entrants in the gas sector.

- Allowing applicants before lodging applications for a licence to engage NERSA to discuss requirements of a licence application.
- ✓ Maximising the benefits: Promote competition within the gas market, thereby stimulating economic development.
- ✓ Mitigating the risks:
- ✓ Promote Public Private Partnership(PPP)
- ✓ Request private sector to participate by Calling Request for Information(RFI) and Request for Proposal(RFP) to invest in gas sector
- ✓ The best proposal to manage the associated risk is to consult and engage the industry players during development and implementation process.

8. Is the proposal (mark one; answer all questions)

	Yes	No
a. Constitutional?	yes	
b. Necessary to achieve the priorities of the state?	yes	
c. As cost-effective as possible?	yes	
d. Agreed and supported by the affected departments?	yes	

9. Which NDP priorities would be most supported by this proposal?

<p>Social cohesion (addressing the imbalances of the past)</p>	<ul style="list-style-type: none"> <li>✓ Improvement of quality of life of the people of the Republic of South Africa (RSA) through income generating activities and sustainable livelihoods.</li> <li>✓ Improving access to the use of alternative energy (gas) to groups that did not have previous access.</li> <li>✓ Equal opportunities for all, including BEE companies to invest in the gas sector.</li> </ul>
<p>Security (safety and security, social security)</p>	<ul style="list-style-type: none"> <li>✓ Increasing access to affordable energy services: Government promotes access to affordable energy services for disadvantaged households, small businesses, small farms and community services.</li> <li>✓ Securing supply through diversity: government pursues energy security by encouraging a diversity of both supply sources and primary energy carriers.</li> </ul>
<p>Economic growth and investment</p>	<ul style="list-style-type: none"> <li>✓ Investment in the gas sector will boost economic growth of South Africa</li> </ul>
<p>Economic inclusion (employment creation and equity)</p>	<ul style="list-style-type: none"> <li>✓ Investment in the gas sector will create employment and ensures that there is equity by promoting black empowerment.</li> </ul>
<p>Environmental sustainability</p>	<ul style="list-style-type: none"> <li>✓ The use of gas is environmentally friendly as it produces less Green House Gases (GHG).</li> </ul>