

MEDIA RELEASE

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Commission rejects Spring Lights Gas Exemption Application

The Competition Commission (“Commission”) has rejected Spring Lights Gas (Pty) Ltd (“SLG”) application for exemption from the provisions of section 4 of the Competition Act (“Act”).

Natural gas trader SLG sought an exemption from the Act in order to continue with the market allocation arrangement it entered into with Sasol Gas Ltd (“Sasol”) since SLG’s inception in 2002.

The arrangement prevents Sasol from competing for SLG’s current and future customers in KwaZulu-Natal (“KZN”). SLG argues that it needs this in order to survive and expand its business in the natural gas trading market.

SLG is a broad based black economic empowerment (“BBBEE”) company created through a partnership between Coal, Energy and Power Resources Limited, which owns 51% of this company and Sasol Gas Holdings (Pty) Ltd owns the remaining 49% of SLG.

Sasol is the sole supplier of natural gas in the country and in turn, to SLG. So, SLG was concerned it would not be able to compete with Sasol. SLG also felt the exemption was required for it, a BBBEE firm, to maintain its presence in the gas trading industry.

The Commission rejected the exemption application on the grounds that:

- a) SLG has made significant inroads into the KZN gas market in the absence of competition from Sasol. SLG has also become financially and administratively independent. The Commission does not believe that SLG requires further protection from competition to become more competitive.
- b) The Commission supports the objectives of the Gas Act, which includes promoting the development of competitive markets for gas and gas services, and it also requires the Gas Regulator to promote competition in the gas industry. Exempting an arrangement that eliminates competition between two competitors frustrates the attainment of these objectives.
- c) The Commission also believes that existing and future regulatory frameworks governing South Africa’s gas markets, together with the Competition Act, will ensure that there is a continuation of a level playing field on which SLG and other licensees in the KZN gas market may continue to grow.

Further details regarding the exemption and conditions can be found in the Government Gazette Notice 130 of 2012 published on 24 February 2012.

ENDS

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