



**competition commission**  
south africa

## **Media Statement**

### **For Immediate Release**

**11 July 2023**

### **COMMISSION PROSECUTES SASOL GAS FOR EXCESSIVE PRICING OF NATURAL GAS**

The Competition Commission (Commission) has on Monday 10 July 2023 referred a complaint against Sasol Gas (Pty) Ltd (Sasol Gas) for excessive pricing of natural piped gas to the Competition Tribunal (Tribunal) in contravention of section 8(1)(a) of the Competition Act 89 of 1998, as amended (the Competition Act). The Commission found that Sasol Gas extracted mark-ups of up to 72%. The excessive pricing has continued for almost a decade and is ongoing.

Natural gas is used as an alternative source of energy to electricity and is used by industrial, commercial, and domestic customers. Sasol Gas is the only supplier of natural piped gas in South Africa and supplies gas to gas traders and end-users in the country through a network of transmission and distribution pipelines. Sasol Gas sources natural gas from the Pande and Temane gas fields in Mozambique through an 865km long pipeline that transports the gas from Mozambique to Secunda. Publicly available information indicates that the Pande and Temane gas fields in Mozambique are likely to start declining in 2025 and are likely to be depleted between 2029 and 2030.

This prosecution stems from three complaints against Sasol Gas which were lodged, in early 2022, with the Commission, by Egoli Gas (Pty) Ltd (Egoli Gas), the Industrial Gas Users Association of South Africa (IGUA-SA), and Spring Lights Gas (Pty) Ltd (Spring Lights). The complainants alleged, amongst others, that Sasol Gas engaged in excessive pricing of natural piped gas in contravention of the Competition Act. Egoli Gas and Spring Lights are gas traders, and IGUA-SA's members are industrial gas customers.

The Commission relied on publicly available information to assess the prices charged by Sasol Gas to the complainants against the costs of supplying natural piped gas. This information consists of the gas landing cost information that Sasol Gas provides to the United States Securities and Exchange Commission each financial year and information recorded by the South African Revenue Service (SARS) in its Trade Statistics Data, reflecting the value and volume of natural gas imports from Mozambique.

Considering the landed cost of the gas molecule and the trading cost, the Commission found the average mark-ups per gigajoule by Sasol Gas to the three complainants were, on a conservative basis, as follows:

- IGUA-SA members were charged an excessive mark-up of **55%**, over nine years from 2014 to 2022;
- Egoli was charged an excessive mark-up of **72%**, over nine years from 2014 to 2022; and
- Spring Lights Gas was charged an excessive mark-up of **59%**, over five years from 2018 to 2022.

The Commission also found that Sasol Gas' excessive pricing to gas traders and industrial customers ultimately affected the pricing to the end consumers, as gas traders and industrial customers generally pass these costs to consumers.

Sasol Gas did not provide the Commission with the relevant information it had requested during its investigation. Instead, Sasol Gas elected to file a review application in the Competition Appeal Court (CAC) challenging the Commission's jurisdiction to investigate the three complaints. However, the Competition Act only affords the Commission a period of one year to investigate a complaint lodged by a member of the public unless extended by the complainant. In this case, the one-year period has already lapsed and one of the complainants has indicated that it is not amenable to granting any further extension pending Sasol Gas' jurisdictional challenge in the CAC. Under these circumstances, and in the public interest, the Commission had a duty to refer the complaint to the Tribunal for prosecution before it lapses.

The Commission is of the view that this matter requires expeditious resolution. If the Commission is hindered by the conduct of respondents from referring complaints from members of the public to the Tribunal timeously, the rights of complainants to have their complaints heard and to obtain relief from the Tribunal will be negatively affected.

**[ENDS]**

**Issued by:**

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