The Fueling MAGAZINE

Energy on the Move

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Issue 4 Volume 3

Fuels Industry Association:

Innovation Driving the Retail Business

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Note from the PUBLISHER

The United States Federal Reserve is widely expected to cut interest rates in September 2024 to encourage borrowing and incentivize the job market after unemployment in the US rose in the four months to July hitting 4.3% from 4.1% in June.

Policy actions in the US result in trickle down effects on the global economy. An interest rate cut would signal a shift from price stabilization in the larger world economy to different frontiers. For instance, Bank of England Governor Andrew Bailey was quoted by the BBC saying "it was too early to declare victory over inflation in the UK," despite the Banks decision to cut rates at during its last interest policy meeting. Current global economic policy movements are in line with the World Bank's assessment in April, which indicated that Sub-Saharan Africa economies will rebound in 2024, rising from a low of 2.6 percent in 2023 to 3.4 percent in 2024 and 3.8 percent in 2025.

Key positive indicators include inflation cooling across most countries, falling from a median of 7.1 last year to 5.1 percent in 2024, private consumption growing and public debt slowing. And although this is largely good news, risks persist as most countries still face external liquidity problems, unsustainable debt burdens and inequality rates only second to Latin America and the Caribbean.

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The debt burden in Sub-Saharan African has manifested before with some countries defaulting on debts. Recently in Kenya, the issue took a different twist when the government tried to push through legislation meant to expand revenues to plug fiscal deficits. President William Ruto had to drop the legislation in the final implementation stages after street protests threatened the country's stability with some spillovers to neighbouring countries such as Uganda.

This edition of the Fueling Magazine was from the onset supported by ReFuel Forum Africa 2024 - a landmark event for leaders in the fuel retail industry across Africa hosted in Durban, South Africa annually. Fueling Magazine takes this opportunity to wish our advertisers, partners and ReFuel Forum Africa the very best as we meet in Durban to gain valuable insights, connect with peers, and explore the latest industry innovations shaping the future of fuel retailing on the continent!

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Transnet's Strategy to Secure Supply of Petroleum Products

Transnet has put up an elaborate strategy to develop projects that will enhance security of supply in South Africa beyond 2050.

While making a joint-presentation during the Fuels Industry Association of South Africa 30th Anniversary Conference, Phyllis Difeto, the Acting Chief Executive of Transnet National Ports Authority (TNPA) Transnet Port Terminals and Sibongiseni Khathi, the Chief Executive of Transnet Pipelines spelt out the security of petroleum products strategy from the present to beyond the next three decades.

The immediate to short-term projects will be implemented until 2030, while the short-to-medium term will be from 2030 to 2024. The medium-to-long-term will be executed beyond 2050.

"Transnet continues to engage and collaborate with industry stakeholders to unpack supply chain challenges and jointly drive an action plan to ensure consistent supply of fuel to meet the country's requirements," said Difeto.

Transnet pipelines' Coastal Terminal development in the port of Durban, which encompasses the Ransnet Fuel Import Terminal and Accumulator tanks, will act as a buffer against supply interruptions and ensure security of supply to the inland market.

Difeto said the accumulator tanks will provide; increased capacity; improved security of fuel supply to the inland market and operational efficiency.

According to International Energy Agency (IEA), global oil longer-term outlook is uncertain because of challenges from alternative fuels and the automotive industry; oil use for transportation is expected to go into a decline by 2026-2030, while oil's role as a key ingredient in plastics and other chemicals will continue to drive global consumption.

In the Net Zero Emissions by 2050 scenario, behaviour changes and increases in low-emissions liquid fuels mean oil demand will barely increase.

The initial transition will be to cleaner fuels to reduce carbon emissions. The transition away from refined petroleum products will be long and much slower than in developed countries – South Africa's transition is expected to be aligned to the Rest of Africa, Rest of Asia and Australia.

Consumption transition will happen in parallel emerging economies. Oil demand follows a different trajectory from the fossil fuel demand landscape. Demand for oil in these emerging economies remains positive over the next 20 plus years.

An uptake of oil in non-road transport is expected post 2030 but this does not result in significant growth in the overall sector. Emerging economies, including South Africa, show growth for oil demand, however this growth starts to decline in 2050 and beyond. Looking at the South Africa energy outlook, the 2015 Paris Agreement defined a bold ambition to limit global warming to below 2°C above pre-industrial levels and pursue efforts to limit it to 1.5°C – in part by pursuing net carbon neutrality by 2050.

Here, the challenge is particularly pronounced in six harder-to-abate sectors that, according to the International Energy Agency (IEA), currently account for around 32 percent of global carbon dioxide (CO_2) emissions.

These sectors share common characteristics, such as long asset lifespans, high energy dependency and complexity of electrification. As a result, decarbonisation of these industries will be slower. The following sectors are typically harder to decarbonise; namely transport, specifically road, shipping and aviation, iron and steel, chemicals and cement industries.

No adjustments have been made to the jet fuel forecast. The solutions to reduce the carbon footprint include carbon pricing, fleet upgrades, efficiencies, carbon offset and or removal, alternative fuel solutions which in general revolve around a closed loop carbon system and or renewable biofuel.

The impact will follow international trends and will be driven by the international aviation industry. The bulk of the jet fuel consumed in South Africa is attributed to international travel.

Advocate Phyllis Difeto, the Acting Chief Executive of Transnet National Ports Authority (TNPA) Transnet Port Terminals, has over 20 years of experience in operations, maritime affairs, and leadership, giving her a deep understanding of the logistics industry and seaborne trade.

Her colleague, Sibongiseni Khathi, the Chief Executive of Transnet Pipelines, previously served as General Manager Operations and Technical Maintenance at TPL, providing strategic leadership in transforming TPL operations.

President Cyril Ramaphosa pictured in March 2024 with other government officials during the launch a book that features infrastructure projects for the next seven years. The construction book details key infrastructure projects such as Transnet Freight Rail, a subsidiary of Transnet SOC Ltd. Picture Courtesy: Transnet

Fuels Industry Association of South Africa – Innovation Drives the Retail Business

For the past 30 years, the Fuels Industry Association of South Africa (formerly South African Petroleum Industry Association – SAPIA) has represented the collective interests of the fuels industry, addressing a range of common issues related to the refining, manufacturing, transporting, storing, distributing, marketing and transportation of petroleum products. The Association has also spearheaded engagements with key stakeholders, providing research information, expert advice and communicating the industry's views to government, the public and the media.

Fueling Magazine interviewed Avhapfani Tshifularo, the Executive Director on the three-decade journey in an insightful tête-à-tête.

Excerpts;

Q: How would you describe the current state of South Africa's fuel industry in a nutshell?

A:

From a supply perspective we have transitioned from being a small importer to a relatively large importer of liquid fuels in the local context – small by world standards since we account for less than 0.4% of global consumption! This shift has opened up the market to large international traders to enter the market.

In terms of product quality, we are behind some of the more advanced economies and even countries on the east coast of Africa. This is due to several issues, including – price regulation, slow regulatory response times, and lack of fiscal incentives.

From an infrastructure perspective, there are areas in which a lot of attention is being paid to improve local infrastructure within the constraints of the regulatory pricing framework.

However, from a strategic stock perspective, South Africa is behind in formulating proper policy for strategic stocks.

From a biofuels perspective, are no incentives in place to decarbonise the fuels pool so investment here is lacking. On the Customs and Excise front, the regulatory regime is not fit for purpose and is in urgent need of updating.
However, from a fuel retailing perspective, we are up there with the best!

Q: What key factors have contributed to the advancement of the fuels industry in South Africa?

A:

The industry has largely developed on its own by constantly innovating with minimum government intervention. To give you some examples, it was the industry with NAAMSA (The Automotive Business Council) that introduced unleaded petrol and reduced the sulphur content in diesel. Some companies who moved to take fuel to consumers rather than the other way round, especially in the agricultural space, and more recently with the provision of fuel for onsite generators and other fuel consumption avenues. Other developments include the introduction of consignment stock amongst some companies and developing companies for the distribution of fuel.

Top industry leaders listen keenly to a presentation during the Fuels Industry Association of South Africa 30th Anniversary Conference.

In other words if an opportunity opens up, it will be filled quite quickly through innovation by energy companies. When government gets involved, they slow things down!

Q: What are some of the key achievements of Fuels Industry Association of South Africa and its members in advancing the industry for the benefit of consumers?

A:

Our major achievement is our contribution to ensuring the security of supply for our consumers. In 2006, the erstwhile Department of Energy conducted a study that showed in the event of a fuel shortage, it would cost the economy approximately R1 billion per day.

Through the actions of the association, we have proactively engaged with the authorities to mitigate the impact of supply interruptions that have occurred from time to time. It is to the organisation's credit that we have not experienced fuel shedding unlike the issues experienced with electricity and water.

It is precisely because of the above efforts that we have remained out of the public eye thanks to the efforts of the Association and its members.

Other achievements include ensuring that the pricing regime neither benefits consumers nor suppliers. That it is fair to all. This is through lobbying to obtain a reasonable return on investments in the value chain, to ensure that importers are not prejudiced.

Other areas of achievements include tackling oil spill responses from members and coordinating industry responses to environmental issues, including groundwater pollution.

Q: What key challenges for Fuels Industry Association of South Africa and its members facing in advancing the industry for the benefit of consumers and all other stakeholders?

A:

The foremost challenge is lack of understanding of the industry's value chain and why prices are as they are. For example, people complain about the price of petrol without realising that about R/6 is government duties and levies.

Out of the balance, the industry needs to invest in infrastructure to ensure that quality products are delivered to consumers. This means buying crude, refining it, importing and storing finished product, and conveying product to areas of demand in a safe and environmentally friendly manner. . Along this value chain, suppliers need to be compensated for the services they provide, such as inspection, laboratory, trucking, safety, security, and so on.

The same applies to getting Liquefied Petroleum Gas (LPG) to consumers. The vast majority of LPG is now imported, and it needs to be conveyed to consumers in a safe and effective manner. Filling plants needs to abide by certain standards and laws to ensure that no illegal filling occurs and that consumers pay for what they get.

Q: How can these challenges be overcome? What are the gaps and opportunities?

A:

Creating awareness on all aspects of the supply chain so that the public understands what it takes to provide quality products to consumers is key. This will require the mobilisation of all companies to participate in public education.

Q: How is the South African fuel industry embracing the mobility transition from fossil fuels to electricity and other cleaner energies?

A:

In the first place, the transition is expected to take some time – a long time! The move will first be to hybrid vehicles and then to electric vehicles in the future. Some companies are already installing charging stations, but electric vehicle sales are currently too low to make any significant impact.

Q: What is the amount and value of liquid fuels consumed in South Africa last year (2023)?

A:

The amount of petrol and diesel consumed in South Africa in 2023 was about 9 billion liters and 13 billion liters, respectively. Determining the value of fuels sold is more complex due to the need to account for transport costs between areas of supply and consumption. Nevertheless, an order of magnitude estimate would be about R200 billion for petrol (including levies and taxes) at the retail value and R280 billion for diesel at the wholesale level. If we add jet fuel and other products to that, we easily approach R600 billion in sales (taxes included)!

Q: Where do you want to take the Fuels Industry Association of South Africa in the next 10 years?

A:

The next 10 years will be crucial for the Fuels Industry Association of South Africa. This period is likely to mark a pivotal shift towards embracing various types of energy mobility, reinforcing the association's role in representing both existing and future fuels. We are likely to witness the implementation of advanced, low carbon fuels to achieve more secure and sustainable energy futures for transport.

Q: What environmental programmes do you engage in as the Fuels Industry Association of South Africa?

A:

The association The Fuels Industry Association of South Africa works closely with its members, using an integrated approach to address social and environmental issues. These issues are risk-based and are member specific, addressing the challenges in the environments in which they operate. The industry has been operating voluntary oil recycling programmes via the ROSE foundation, which has since transitioned to a mandatory extended responsibility programme. Other member-related programmes include waste management, biodiversity and wildlife conservation, environmental education and training programmes, renewable electricity programmes, energy efficiency, cleaner fuels programme. The Association also continues to work with various tiers of government on various environmental initiatives.

ReFuel Africa: The Premier Gathering of Fuel Retail Leaders & Innovative Suppliers in Africa

Event to Feature Leading Companies, Key Insights, and Networking Opportunities. ReFuel Forum Africa 2024 - From September 2nd to 4th, Durban will host a landmark event for leaders in the fuel retail industry across Africa. This exclusive event will take place by the picturesque beaches of Durban, bringing together an elite group of individuals and companies dedicated to shaping the future of fuel retail across the continent.

A Stellar Lineup: A Who's Who of the Fuel Retail Industry

We are thrilled to announce the participation of major players in the industry, including Puma Energy, TotalEnergies, Engen, Vivo, Sasol, BP, GOIL, and many more. These companies represent the forefront of innovation and service in the fuel retail business. They will be joined by the most innovative international suppliers including Gibarco Veeder-Root, FuelTrans, PDI, Dover Fueling Solutions and more.

Key Highlights of the Event:

- Industry Insights: The event will feature discussions on the current trends, challenges, and opportunities in fuel retail across West, East, and Southern Africa. Notable speakers include Tizard Ansah of AOMC Ghana, Anthony Ogalo from SEPA Uganda, Vishal Premlall of SAPRA, and Vishnu Govender from Gilbarco Veeder-Root.

- Innovative Solutions: Attendees will be introduced to the latest products and solutions providing valuable insights into advancements that can drive business growth.

- Networking Opportunities: The event includes a comprehensive program of 1-to-1 meetings, offering participants the chance to forge new partnerships and strengthen existing relationships.

- Engaging Social Activities: The schedule also includes leisure activities like beach sports, allowing attendees to relax and network in a more casual setting.

- Expert Sessions: Key presentations will cover topics such as convenience trading at BP South Africa, and advanced strategies in network planning and site selection, featuring insights from industry leaders like Raj Golecha, CEO of PriceEasy.

Join Us: Your Opportunity to Connect and Grow

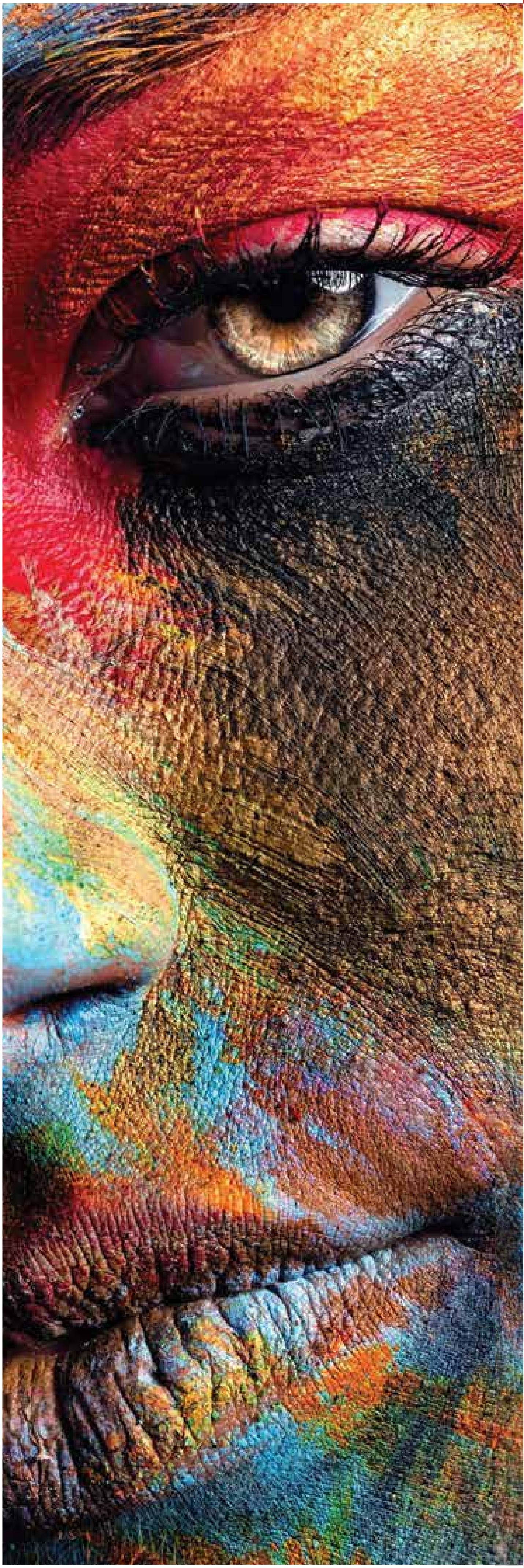
With leaders from the most influential companies across Africa already committed, this gathering offers a unique platform to gain valuable insights, connect with peers, and explore the latest industry innovations shaping the future of fuel retail on the continent.

Why Attend?

- Exclusive Networking: Connect with top executives and decision-makers from leading fuel retail companies.
- Insightful Discussions: Gain strategic insights into market trends, challenges, and innovations from expert speakers.
- Business Opportunities: Discover the latest products and solutions that can propel your business forward.
- Inspiring Environment: Enjoy a blend of business and leisure in the beautiful surroundings of Durban.

Register now and secure your place among the industry's leaders as we chart a course for the future of fuel retail in Africa.

For more information and to register, please visit our website or contact lucia@openroomevents.com.



Astron Energy launched the new Silulo Foundation Business & Career Centre in Dunoon, Cape Town, supported by the Astron Energy Development Fund. The centre is more than just a space—it's a beacon of hope, offering digital skills training and entrepreneurial support to empower 240 entrepreneurs and 600 unemployed youth over the next three years.

TotalEnergies Marketing South Africa team came together to make a positive impact in the community. Recently, the team took part in the Action! program and donated clothes to the Immaculata homeless shelter in Rosebank. The Immaculata shelter provides vital support to those in need, and the donation will help ensure that they have the necessities they require.

The Technotrade LLC team and their Eastern Africa partner Advatech during AFRIPET III in Nairobi, Kenya. The event has since rebranded to AfriFueling Convention and will be held again in Nairobi on May 6-8, 2025.

Some of the participants of the successful opportunity to network, build relationships and enjoying the beautiful game of golf at the Borrowdale Brooke Golf Club, Harare during Zuva Petroleum Corporate Golf Day on July 26.

Engen earlier in the year stepped forward to support people affected by the gale-force winds and flooding that wreaked havoc in the Western Cape. Partnered by Gift of the Givers, the team delivered food hampers and hygiene packs to residents in Lwandle township in the Strand area. Much-needed aid was also distributed to several other areas.

Mason Africa proudly orchestrated a memorable Gala Dinner during the Fuels Industry Association of South Africa Unveiling. The event welcomed industry stakeholders and distinguished guests, including Professor Bonang Mohale, Chancellor of the University of the Free State and Professor of Practice at the Johannesburg Business School (JBS), and former Chairperson of the Fuels Industry Association of South Africa.

Zimbabwe's Minister of Energy and Power Development, Edgar Moyo joined Puma Energy leadership, including CEO Hadi Hallouche, Head of Africa Fadi Mitri and Zimbabwe General Manager Donatien Kodog to commemorate the opening of a one million litre aviation fuel storage facility, which more than doubles Puma's existing storage capacity at the Robert Gabriel Mugabe Airport, Harare in June.

TotalEnergies Acquires Hydropower Assets to Reinforce Multi-energies Strategy

TotalEnergies recently signed an agreement with Scatec, a Norwegian renewable energy company, to acquire 100% of its subsidiary SN Power, which holds interests in renewable hydropower projects in Africa.

As a result, TotalEnergies will acquire a 28.3% stake in the Bujagali hydropower plant currently in operation in Uganda. With a capacity of 250 MW, the plant accounts for more than 25% of the country's peak electricity demand. TotalEnergies has also disclosed plans to also acquire minority stakes in two projects under development in Rwanda (206 MW) and Malawi (360 MW).

"This acquisition of renewable hydroelectric assets and projects in Africa reflects our desire to contribute to the continent's energy transition by bringing electricity to the people of African countries. In particular, we are delighted to be able to become a player in hydro power in Uganda, a country where we are also developing a major oil project. This is another example of TotalEnergies' ability to implement its multi-energy strategy in oil-producing countries to support them in their energy transition," said Patrick Pouyanné, Chairman and CEO, TotalEnergies.

"We are pleased to announce today's transaction, as we believe TotalEnergies will be a strong asset owner going forward, with the ability to further develop the projects and contribute to the energy transition in Africa. We would like to thank the entire hydropower team for their hard work and dedication over the years, you have made a significant impact. In addition, our gratitude goes to our joint venture partners, host governments, and lenders for the support since 2020," Terje Pilskog, CEO of Scatec adds.

TotalEnergies has interests in a number of hydropower projects with a gross capacity of 3.7 GW worldwide. These include; 218 MW installed in Europe: in France (19 MW), Portugal (33 MW) and Turkey (166 MW); 1.5 GW under development in Mozambique (Mphanda Nkuwa project) and 2 GW under development by Adani Green in India.

As part of its ambition to get to net zero by 2050, TotalEnergies is building a world class cost-competitive portfolio combining renewables (solar, onshore and offshore wind) and flexible assets (CCGT, storage) to deliver clean firm power to its customers. At the end of 2023, TotalEnergies' gross renewable electricity generation installed capacity was 22 GW. TotalEnergies plans continue to expand this business to reach 35 GW in 2025 and more than 100 TWh of net electricity production by 2030.

SAPIA Rebrands on its 30th Anniversary

The South African Petroleum Industry Association (SAPIA) rebranded in July to become the Fuels Industry Association of South Africa.

The transition was unveiled during the Association's 30th Anniversary Conference held at Sandton Convention Centre on July 01 2024. The event covered a range of vital themes and topics for the South African energy sector with insightful discussions from speakers from government and industry experts who make up the energy value chain.

The premium event, designed by professionals operating at the forefront of the energy landscape in South Africa, provided insight and a unique perspective into the challenges faced by the industry as it transitions into the future. The conference offered attendees the opportunity to network with industry peers and leaders and was aimed at mid to senior level executives.

The association was established in 1994 under the auspices of former president Nelson Mandela to represent the collective interests of the South African liquid fuels industry and to usher South Africa's vital liquid fuels industry into a new democratic era. The Association celebrated its 20th anniversary in July 2014, the same year that South Africa celebrated its 20 years of freedom and democracy.

Puma Energy Announces Stable Performance

Puma Energy has announced its financial results for the three-month period ending 30 June 2024. The company delivered a net profit of US$ 38 million in second quarter of 2024, excluding the impacts of IFRS 16.

During the quarter, Puma Energy achieved an EBITDA of US$ 92 million, up from US$ 81 million in quarter one of 2024. The core regions and segments have demonstrated a stable performance, with continued growth in aviation year over year, and the recovery of margins and higher volumes across Puma Energy's commercial segment compared to quarter one of 2024.

In Africa, Puma Energy grew the retail network with 27 new retail sites and exited eight non-performing sites. The company continued with refurbishment plans and forecourt upgrades as well as Quick Service Restaurant partnerships. Non-Fuel Retail stood at 5.1 percent of retail gross margin of its Africa business.

Overall increase in net profit was driven by EBITDA performance as well as the sale of 85 percent of Puma Energy's terminals in Vietnam. The positive cash flow from operations during quarter two of 2024 is linked to improvement in working capital, driven by normalization of fuel supply payables, higher collections of receivables and lower inventories.

"The business continues to deliver a stable performance with all our core regions and segments reporting an increase in gross profit this quarter versus quarter one and the same period last year." said Carlos Pons, Chief Financial Officer, Puma Energy. "We remain prudent as we navigate the current global macroeconomic environment, which continues to be underpinned by higher cost of borrowing and economic stress in some of the countries we operate in Africa," the CFO added.

"In June, we closed our 2024 Revolving Credit Facilities and Term Loan, which represent US$ 775 million of commitments. This refinancing coupled with the recent successful issuance of 2029 Notes to repay 2024 Notes, significantly extends Puma Energy's debt maturity profile from 1.5 years to 3.5 years demonstrating Puma Energy's capacity to source medium-term liquidity. The support we received from our existing and new lenders reflects the improved confidence in our company's future as we shift our focus from turning around the business to exploring prudent growth opportunities across our core downstream markets," Puma said in a statement.

Oryx Energies' New LPG Filling Station In Côte D'ivoire

Oryx Energies this July unveiled a new LPG (Liquid Petroleum Gas) filling station in Daloa, center-west of Côte d'Ivoire, the company's fourth in the west African country.

"This milestone strengthens Oryx Energies' position as a major player in LPG distribution in Côte d'Ivoire. We are proud to contribute to the growing energy needs of the region with cleaner energy solutions," Simon Pemont, Managing Director of Oryx Energies Côte d'Ivoire said.

The Daloa filling station employs 28 staff and covers an area of more than three hectares. It has a storage capacity of 200 tons, with the possibility of future extension to 300 tons. The station features a filling capacity of 1,200 6 kg cylinders per hour, and 800 cylinders of 12,5 kg per hour.

"We are delighted to inaugurate this facility that combines technology and safety. The new filling plant is strategically located to serve the Centre-West, Grand-West, and North-West regions of Côte d'Ivoire, contributing towards the government's policy of developing LPG throughout the country," Innocent Ouattara, Director of Operations at Oryx Gaz Côte d'Ivoire stated during the unveiling event.

Oryx Gaz Côte d'Ivoire is the leading operator in the country with the largest number of filling sites and a wide geographical coverage. The company continues to innovate in the domain of LPG filling cylinder protection with thermo-retractable protective caps, guaranteeing product quantity and quality. It also provides education and training to the population in safe gas use practices.

Highlights of the South African Fuels Market

By FRANCIS OCHIENG

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Last year, the overall production of oil in Africa grew by 2.4 percent including crude oil, shale oil, oil sands, and natural gas liquids reaching 341.5 million metric tonnes. The volume represented a paltry 9 percent of the global overall crude oil production of about 4.5 billion metric tonnes.

In South Africa, the petroleum market size is estimated at R153 billion (USD 8.30 billion). According to Mordor Intelligence, production is at 136,517 barrels per day ranking the country 42nd in the world. In terms of consumption, South Africa consumes 640,000 barrels per day thus ranked 29th in the world.

The South African oil industry is divided into upstream and downstream activities. The nation has no crude oil reserves of its own and all of its petroleum requirements are imported principally from the Middle East and Africa.

The major petroleum products sold in South Africa are petrol, diesel, jet fuel, illuminating paraffin, fuel oil, bitumen and Liquefied Petroleum Gas (LPG).

Petrol and diesel are the major liquid fuels that are used in South Africa with the retail price regulated by the Government. The South African petroleum prices are based off the Basic Fuel Price which is a formula that represents the market-related costs of importation. This means that the domestic price is influenced by supply and demand in international markets and foreign exchange movements.

Refined petroleum products are produced by; crude oil refining; coal-to-liquid fuels and gas-to-liquid fuels and natural gas to liquid fuels. There are six refineries in the country – four on the coast and two inland. South Africa has an installed capacity of 520 000 barrels per day of crude oil refineries. In addition, there is a Coal to Liquid refinery of 150 000 barrels per day. Furthermore, there is a Gas to Liquid refinery with the capacity to produce 45, 000 barrels per day.

In terms of distribution, petroleum products are distributed from refineries by pipelines, rail, sea and road to about 200 depots, 4,000 service stations and 100,000 direct consumers who are mostly farmers.

BP Southern Africa, Astron Energy, Engen Petroleum, PetroSA, Sasol Oil, Shell South Africa and TotalEnergies South Africa are the main players in the South African oil industry. They operate storage terminals and distribution facilities throughout the country. Until recently, there were very few non-refining wholesalers supplying petrol and diesel in South Africa. Today, the number registered with the Department of Mineral Resources and Energy is growing.

There are about 4, 000 service stations (forecourts – company owned and dealer owned) in South Africa. The Petroleum Products Amendment Act of 2003 brought in a licensing regime covering manufacturing, wholesaling and retailing that require adherence to a number of regulatory requirements as well as annual reporting of specific information to the Department of Mineral Resources and Energy.

Manufacturers and wholesalers are prohibited from holding retail licences except for training purposes. Branded sites essentially operate through Fuels Industry Association of South Africa members franchising a service station to an independent dealer and supply it with petroleum products under a contract. There are also stations that are independently operated and unbranded and those independently owned but branded under contract with the oil company supplying it with petroleum products.

The major stakeholders in the South African liquid fuels market are government and its associated institutions, as well as the association members. The Department of Mineral Resources and Energy (DMRE) is responsible for ensuring the secure and sustainable provision of energy for socio-economic development. Through institutions like the Central Energy Fund (CEF) and the National Energy Regulator of South Africa (NERSA), the government plays a significant role in the South African liquid fuels market.

The fuels industry's transformation roadmap is based on the 1998 Energy White Paper, Liquid Fuels Charter, Codes of Good Practice for BEE and the B-BBEE Act of 2003. The Liquid Fuels Charter was created in order to transform the liquid fuels industry to achieve the policy objectives of the 1998 Energy White Paper.

Similarly, there is the Liquid Fuels Charter for the South African Petroleum and Liquid Fuels Industry on Empowering Historically Disadvantaged South Africans in the Petroleum and Liquid Fuels Industry, known as the Liquid Fuels Charter (LFC) which was signed by the industry in 2000.

The charter aims at ensuring the sustainable presence, ownership and control by about 25 percent of historically disadvantaged South Africans across the industry value chain. As the first industry to sign such a charter, the association members prioritised the critical need to correct the imbalances of the past even before the Broad-Based Black Economic Empowerment Amendment Act of 2013.

All privately owned, integrated members of The association have concluded transactions, in differing arrangements, to facilitate Historically Disadvantaged South Africans (HDSA) ownership of their companies or to assist in the development of qualifying small enterprises. The implementation of the LFC includes ownership, procurement, employment equity, capacity building and creation of a supportive culture.

The association plays a central role in ensuring the development of the industry's human capital. The Human Resource Development Strategy integrates national and industry priorities for business growth and individual empowerment. The industry supported 1.5 percent of the country's total employment – for every one job created in the industry, a further 1.52 jobs are supported elsewhere in the economy.

One of the major arguments in favour of hydraulic fracturing in South Africa is that it could bring much needed economic benefits to the country. A national unemployment rate of around 25 percent, offers a large incentive for allowing hydraulic fracturing in the region. Unfortunately, the majority of the unemployed are also unskilled and are unlikely to receive any jobs needed for the technical drilling operations. 90 percent of electricity in South Africa is generated using coal, which many see as unsustainable, and even coal-generated electricity is unable to reach over 10 percent of the population.

It is expected that shale gas could serve as an additional fossil fuel and would not replace the domestic use of coal or the extraction thereof. South Africa is largely dependent on foreign imports for crude-oil needs with 70 percent being imported.

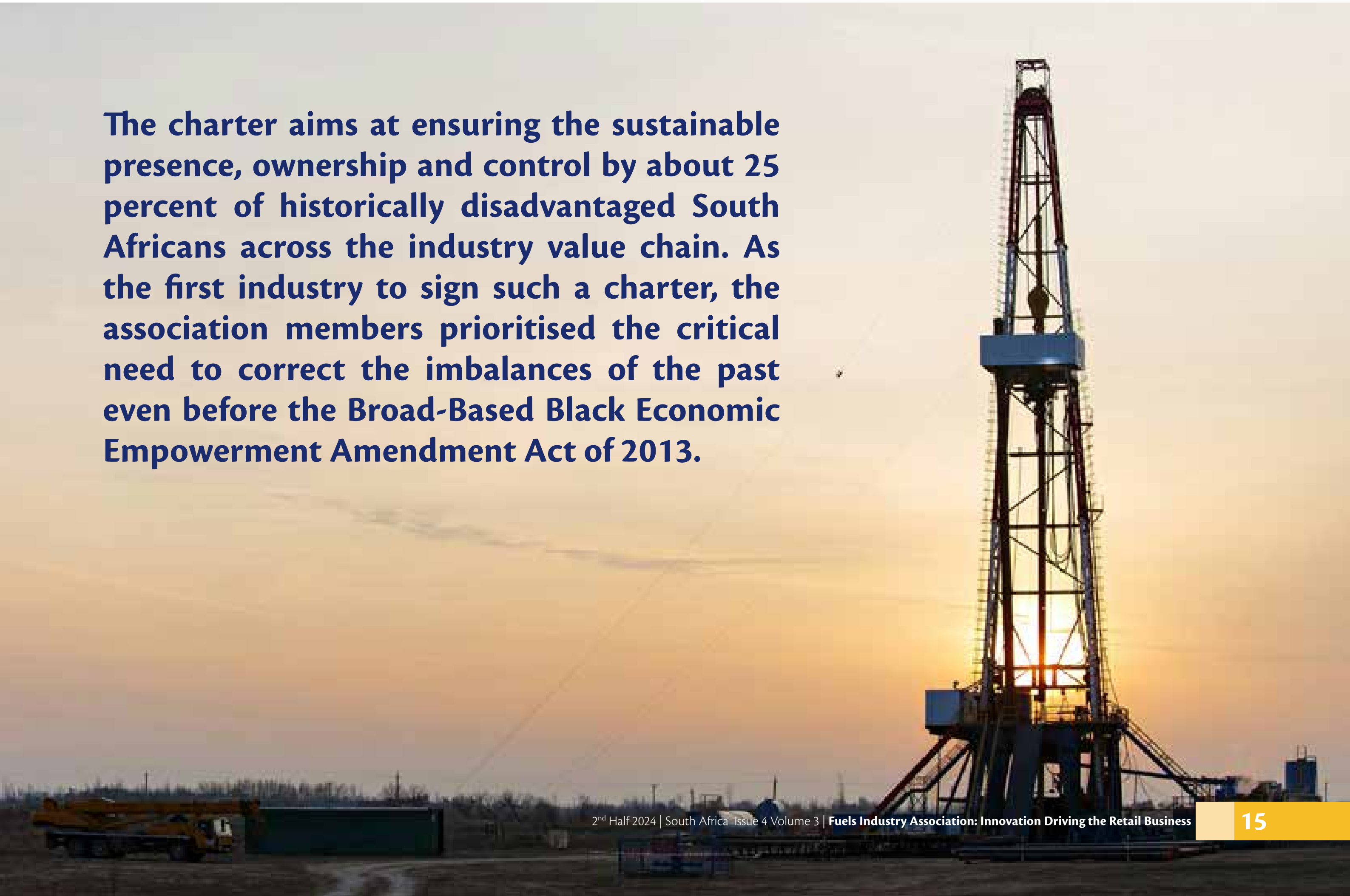
According to the association, Eskom Holdings produces nearly all of South Africa's electricity, but has struggled to meet demands. South Africa has experienced rolling blackouts as a result of energy infrastructure challenges, which disrupts crucial manufacturing and mining activities. Recent research show that a power generating capacity of 4,800 megawatts will be needed every five years for twenty years in order to keep up with rising energy demands in South Africa.

While South Africa slowly moves towards fracking, American petroleum company Anadarko made an offshore discovery of a potentially very large natural gas reserve that could drive production in Mozambique, which could make it a potential competitor with South Africa.

South Africa is already involved in Mozambique through domestic oil company Sasol, which is developing turbines powered by gas fields in the country.

The vast majority of carbon dioxide emissions in the energy sector come from the burning of fossil fuels such as coal, oil and natural gas for power generation or to fuel vehicles and machines. South Africa has a goal of 19 GW of renewable energy capacity in the next six years.

The first 3.6 GW of renewable energy is financed by South African public funds but these are not enough for the entire 19 GW. In order to reach its 2030 goals South Africa will require an estimated R659 billion (US$35.6 billion).



The charter aims at ensuring the sustainable presence, ownership and control by about 25 percent of historically disadvantaged South Africans across the industry value chain. As the first industry to sign such a charter, the association members prioritised the critical need to correct the imbalances of the past even before the Broad-Based Black Economic Empowerment Amendment Act of 2013.

Analysis of Fuel Consumption Trends

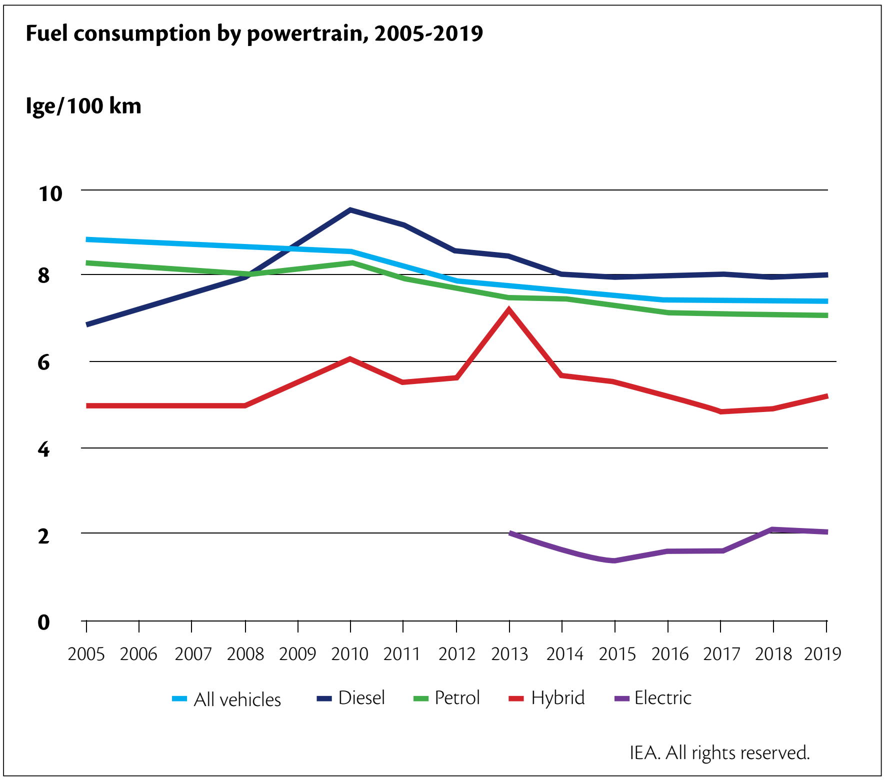
Light-duty vehicle (LDV) sales have been decreasing since 2017 in South Africa, with 503 000 LDVs sold in 2019. Average fuel consumption of new LDVs decreased on average by 1.3% per year between 2005 and 2019 in South Africa. In 2019, average fuel consumption of LDVs reached 7.4 litres of gasoline equivalent per 100 kilometres, which is 2.8% above the global average. Differentiated vehicle registration taxes introduced in 2010 helped spur improvements in average fuel consumption.

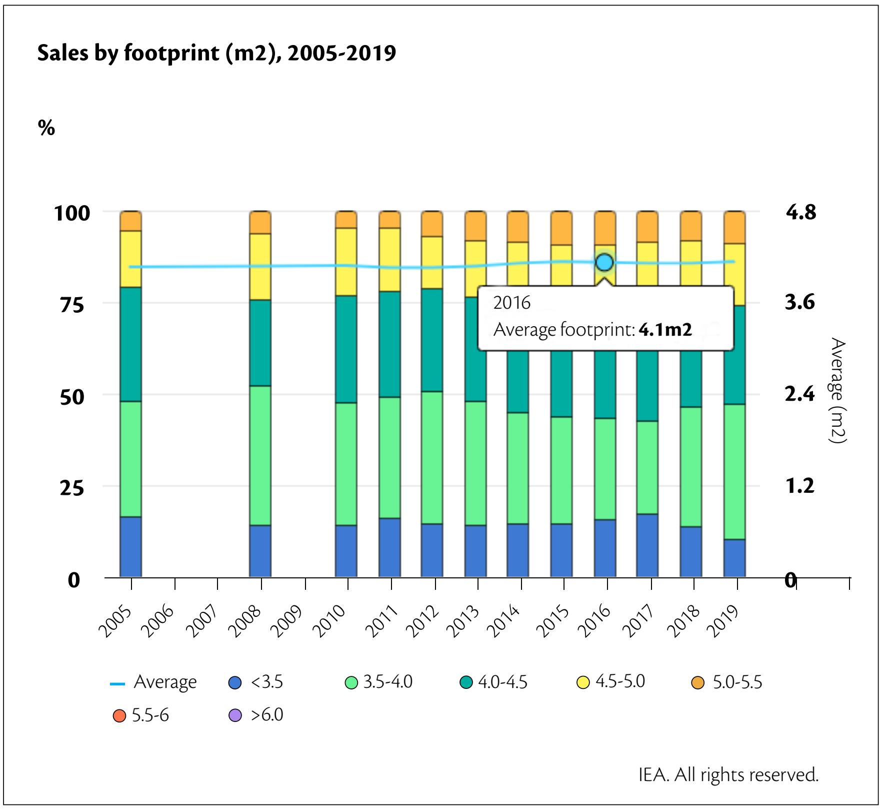
With a sales share of 49% in 2019, SUVs/pick-up trucks dominate the LDV market in South Africa. The sales share of small SUVs/pick-up trucks increased from 12% in 2005 to 23% in 2019, while growth in the large SUV/pick-up truck segment has been more modest. Sales shares of city cars have remained strong at close to 33% of LDVs sold since 2014, while the market for large and medium cars has contracted significantly during this time. Despite the most substantial improvements in fuel economy occurring in the large car segment between 2005 and 2017, fuel consumption within this segment has increased on average by 3.6% per year from 2017 to 2019. Progress has also stalled for small SUVs/pick-up trucks and city cars.

The sales share of gasoline LDVs has been shrinking since 2005, which has been made up for by diesel sales shares growing to 35% in 2019. Minimal uptake of electric, plug-in and hybrid vehicle is apparent in South Africa, with a combined sales share of less than 1% in 2019.

Overview of current fuel economy policy

South Africa currently does not have fuel economy or CO2 emissions standards for LDVs. Instead, the country imposed consumer fuel economy and CO2 emissions labeling since 2008 and a differentiated vehicle registration tax applied to vehicles with a CO2 emissions levels exceeding 120 g/km. Currently, there are no national level tax rebates, financial incentives or subisidies for purchases of electric vehicles, although incentives exist in select regions.





https://www.iea.org/articles/fuel-economy-in-south-africa
This report is part of Global Fuel Economy Initiative 2021

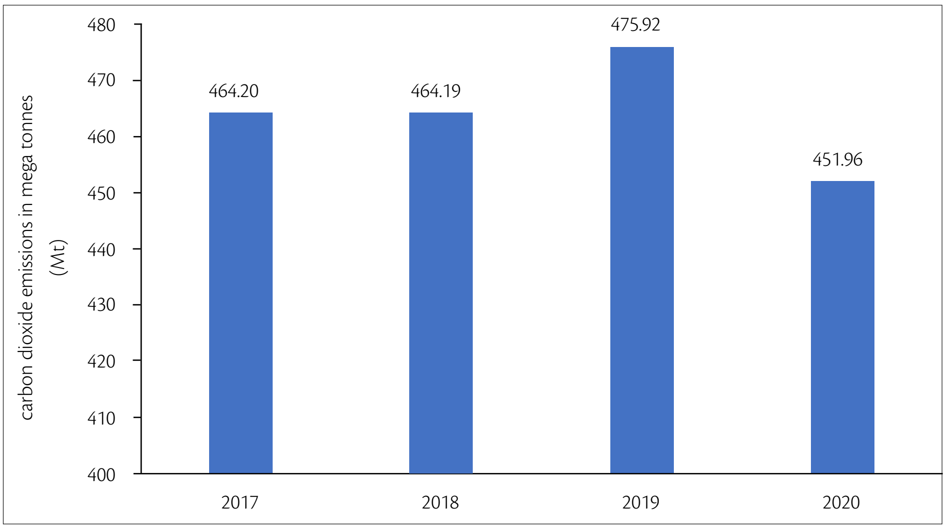
Fuel Consumption Data in South Africa

Department of Mineral Resources and Energy (DME) South Africa is aiming to reduce greenhouse gas emissions to 398 – 510 MtCO2e by 2025, and to 350 – 420 MtCO2e by 2030, in line with the Paris Agreement Pledge.

Various proxy indicators can be used to monitor trends in greenhouse gas emissions. Some of these indicators include monthly carbon dioxide emissions, the total installed capacity of renewable energy, fuel consumption, and several net zero-carbon buildings.

DME in South Africa publishes the total fuel consumption for each quarter of the year. The total fuel consumption includes diesel, petrol, jet fuel, paraffin, furnace oil, LPG, and aviation gasoline. The graph below displays the annual fuel consumption over the last 5 years in South Africa.

In general, the 2022 fuel consumption trends are similar to annual carbon dioxide emissions as the more fuel is consumed, the higher the emissions. An exception is observed for the year 2019 when fuel consumption went slightly down while carbon dioxide emissions went up. Thus it is crucial to monitor all relevant proxy indicators in order to get more insight into the levels of emissions.



Compiled using data from Our World in Data
https://www.climatescorecard.org/2022/12/fuel-consumption-data-in-south-africa/

Petroleum products prices in South Africa

2024 Petroleum Products Prices in Cents Per Litre

2024	03 Jan 24	07 Feb 24	00 Mar 24	03 Apr 24	01 May 24	05 Jun 24	03 Jul 24	07 Aug 24
COASTAL								
95 LRP (c)*	2177,00	2252.00	2373.00	2433,00	2470,00	2346,00	2247,00	2232.00
95 ULP (c/l)*	2177,00	2252.00	2373,00	2433,00	2470.00	2346.00	2247,00	2232,00
Diesel 0.05% (c)**	1990,97	2063.97	2169,87	2166,09	2136.09	2017.55	1987.17	1959.17
Diesel 0.005% (cf)**	2000,37	2070,37	2189.27	2180,49	2144,49	2035.95	2011.57	1994.57
Illuminating Paraffin (c)**	1438,438	1491,438	1555.438	1519,74	1500.738	1420,738	1402.738	1380.74
Liquefied Petroleum Gas (kg)***	3457,00	3494,00	3535.00	3536,00	3470,00	3335,00	3313.00	3299.00
GAUTENG								
93 LRP (c/l)*	2217,00	2292.00	2413.00	2478,00	2515,00	2391,00	2286,00	2271.00
93 ULP (c)*	2217.00	2292.00	2413.00	2478,00	2515.00	2391,00	2286.00	2271.00
95 ULP (c)*	2249,00	2324.00	2445,00	2512.00	2549,00	2425,00	2326.00	2311.00
Diesel 0.05% (c)**	2063.17	2136.17	2241.87	2245,00	2215,09	2096.55	2066.17	2038.17
Diesel 0.005% (c)**	2072.57	2142.57	2261.27	2259,49	2223.49	2114,95	2090.57	2073.57
Illuminating Paraffin (c)**	1530.938	1583,938	1647.938	1618.94	1599.938	1519,938	1501.938	1479.94
Liquefied Petroleum Gas (o/kg)***	3753.00	3790.00	3831,00	3822.00	3766.00	3631,00	3600,00	3505,00
NOTES:								
Retail price for petrol *								
Wholesale list price for Diesel & IP **								
Maximum Retail Price for LPG ***								

https://www.sapia.org.za/fuel-prices/

Engen opens its 700th Quickshop & Co.

Engen - South Africa's biggest fuel and convenience retailer opened its 700th Quickshop & Co store at Engen Summit Convenience Centre in Midrand on 1st August 2024.

Located at 386 Olifantsfontein Rd, Engen Summit is designed to serve customers navigating hectic schedules. Operating 24/7, the site's convenience bouquet includes: Quickshop & Co for groceries and everyday essentials, Café 365, barista made premium Brazmata coffee, and a Woolworths Foodstop affirming Engen's dedication to providing quality services and products to customers.

With approximately 1,050 service stations spread across South Africa, Engen is a trusted brand based on service excellence, quality and innovation. "Engen is committed to helping you streamline your day, offering a quick and satisfying pitstop that helps you re-energise and get back to what truly matters – whether it's work, studying, holidaying, or spending quality time with your loved ones," Enoch Hermanus, Engen's General Manager Retail says.

Engen pioneered fuel station convenience shopping in South Africa when it launched its first Quickshop in 1993, expanding and rebranding in the subsequent 31 years.

"Quickshop & Co is at the heart of Engen's convenience strategy, representing our commitment to continually innovate to meet the evolving needs of our customers," the company's General Manager Retail emphasizes.

With a business strategy that places the customer at front as well as the centre, Engen is firmly focused on continually evolving its forecourt offerings to meet customers' changing needs.

"This also extends to our quality fuel, Engen Primax Unleaded with Pro-Drive and Engen Dynamic Diesel with Pro-Drive, both crafted to deliver optimal performance and efficiency. Engen is proud to bring its valued customers a space that offers unparalleled service, quality, and variety," Hermanus adds.

During the opening of the 700th Quickshop & Co, Engen invited the Midrand community, and those passing through the area, to visit Engen Summit Convenience Centre to experience its exceptional service and offerings firsthand.

(L-R) Engen Sales Manager Inland, Durrel Gibson; Engen Summit Convenience Centre dealer Harm Schreurs and his wife Leonora; Engen Sales Operations Manager, Goodness Maseko and Engen General Manager Retail, Enoch Hermanus; during the official opening of Engen's 700th Quickshop & Co.

Astron Energy Cautions the Public About Scammers

Astron Energy recently issued an alert about a scam involving individuals falsely claiming to represent the company will the ill motive of defrauding members of the public.

"These scammers offer to help customers register for the Astron Energy Rewards Programme for a small fee. After "assisting" them, they instruct the customer to visit the nearest Astron Energy forecourt to redeem a prize. In one case, the victim's phone was stolen." Astron Energy cautioned in a statement.

Astron Energy strongly condemned the scams and any fraudulent schemes which seek to take advantage of innocent people and urged the public to take utmost caution. "Astron Energy will not be liable for (including but not limited to) any damages, losses, claims, or harm experienced, suffered, or otherwise incurred by any person (natural or juristic) as a result of such fraudulent schemes," the company added.

"If you are uncertain about any such fraudulent scheme, please feel free to contact Astron Energy at CRM@astronenergy.co.za or visit our website at astronenergy.co.za," the statement advised.

Astron Energy reiterated that it never under any circumstances ask for money from members of the public and advised individuals to be on the lookout for any offers for jobs, prizes, investments, vouchers and the like from non-Astron Energy email addresses.

OLA Energy Celebrates A Year of Achievements

Ola Energy this July celebrated improved financial results and strengthened partnerships over the last year under the leadership of Chairman, Abozid Swalem.

"We are pleased to mark the first anniversary of Mr. Abozid Swalem's nomination as the Chairman of OLA Energy Holdings Ltd. His exemplary leadership and strategic vision have significantly contributed to the ongoing success and growth of our company," the company said in a statement.

According to Ola Energy, since his nomination as Chairman in July 2023, Mr. Swalem has been instrumental in driving OLA Energy forward. Under his leadership, the company has improved its financial results with an EBIDTA increase of 33% and a NIAT increase of 158%.

In the same year, the company launched several key governance initiatives aimed at enhancing transparency, accountability, and ethical conduct across the organization, strengthened partnerships and enabled the group to expand into new markets. Mr Swalem has also been instrumental in fostering a culture of excellence and continuous improvement within across the Ola Energy business.

On his part, the Chairman expressed satisfaction and pride on what the company has achieved and expressed optimism about its future. "It is an immense honor and privilege to be part of the OLA Energy family. Over the past year, I have witnessed the dedication and passion of our team, and together, we have made significant strides in our mission to delighting our customers by delivering high quality products and services through energized teams and valuable partnerships, driving growth, and ensuring good returns for all stakeholders. I am proud of what we have achieved and excited about the future as we continue to innovate and grow" Mr Swalem said.

Prior to joining OLA Energy, Swalem held several prominent positions in the energy and telecommunications sectors, where he consistently delivered outstanding results. He had served as the Chairman of the Board of Wadi Oil Services Co. of which he is also the Founding partner, where he played a crucial role in supervising and overseeing several technical and logistic services of large Libyan industry leading companies operating in the energy sector.

Ola Energy has a presence in 17 African countries contributing to their economic and social development. The company, which celebrates and is loyal to its African origins, strives to be a responsible African Group, operating in accordance with key African ethical values; integrity; honesty and equity. It employs over 1,500 diverse employees, generating an estimate of 20,000 indirect jobs in the countries of operations and visited by up to 250,000 customers per day. With over 1,200 service stations, 8 blending plants over 60 fuel terminals and presence in over 50 Airports across Africa.

Volkswagen Group Aims to be Carbon Neutral by 2050

Volkswagen Group aims to become a carbon neutral company by 2050. Emission-free mobility reduces greenhouse gas emissions and combats climate change.

According to Martina Biene, Chairperson & Managing Director, Volkswagen Group Africa, in Europe, new electric car sales reached nearly 3.2 million in 2023, an increase of almost 20% versus 2022; 14.3% of total cars sold are EVs. Volkswagen sold almost 475 000 EVs in Europe last year; one in every 10 vehicles sold in Europe is now an electric vehicle.

While speaking at the Fuels Industry Association of South Africa's' 30th Anniversary Conference, Biene explained that investment into the automotive industry in Africa is not driven by what Africa needs. It follows the markets in Europe, Brazil and Japan because of the continent's low volumes as compared to the rest of the world. By the end of 2023, Europe had around 650 000 public charging points compared to 135 000 in 2019. South Africa is also a signatory to the Paris Climate Agreement although electric vehicle demand in South Africa remains slow due to lack of policy. An EV White paper was published in 2023, in consultation with naamsa. The paper outlines incentives for local EV production. Increasing demand for EVs should also be prioritized.

Over 7 500 new energy vehicles were sold in South Africa in 2023 (931 BEV, 267 plug-in hybrid and 6 495 hybrids); 1.45% of total new vehicle sales. Volkswagen Group electric vehicles in the local market include Audi e-Tron range, ID.4 (launching this week) and ID.Buzz test fleet.

Fuels Industry Association Backs Clean Fuels 2 Initiative

As part of the unwavering dedication of the South African petroleum industry to address climate change, the South African Fuel Industry Association is proud to back the government-enforced Clean Fuels 2 initiative for its potential to decrease detrimental tailpipe emissions.

The Clean Fuels 2 program, spearheaded by the Department of Mineral Resources and Energy (DMRE) starting 1 July 2027, directs consumer sales of petrol and diesel with a maximum of 10 ppm sulphur content and imposes stricter limits on some compounds present in petrol, such as benzene, aromatics, and olefins, according to Avhapfani Tshifularo, Executive Director of the association.

The initiative is crucial for several factors like reducing tailpipe emissions and playing a role in combating climate change. Implementing these regulations has triggered the South African Bureau of Standards (SABS) to update the associated standards for petrol and diesel. While secondary to DMRE regulations, these standards serve as a benchmark for fuel sold in the market. The move also allows the National Regulator for Compulsory Regulations (NCRS) to enforce the sale of vehicles approved at a higher tier than currently available - specifically Euro Positive Impact of Clean Fuels, says Tshifularo.

The association champions the Clean Fuels 2 program for its potential to lower toxic exhaust emissions, enhance air quality, and combat climate change. For instance, cutting sulphur in petrol and diesel results in decreased black carbon emissions from both old and new vehicles as reducing sulphur content also reduces the formation of these small black carbon particles.

"Moreover, the Clean Fuels 2 program paves the way for cutting-edge vehicle technologies that minimise consumption and further improve exhaust emissions. Modern vehicles with advanced catalytic converters and energy management systems foster this progress. For context, South Africa's petrol consumption dropped from around 11 billion litres to about 9 billion litres per year over a decade, despite a growing number of petrol cars. The program will also encourage more hybrid models to enter the market, optimising overall emissions performance," Tshifularo adds.

In addition, he notes that implementing the Clean Fuels 2 program will positively influence the transportation sector's greenhouse gas output, lessening its contribution to South Africa's GHG inventory from the current 11% (2017).

Namcor Namibia Appoints New Board of Directors

NAMCOR recently welcomed new board of directors to lead the company led by Chairperson, Mrs. Florentia Amuenje.

"Mrs Amuenje's expertise in strategy, governance, and leadership will be instrumental in guiding NAMCOR's mission going forward. Joining her are five other industry veterans with exceptional qualifications," the company said in a statement.

Tersia Gowases, a distinguished IT professional was re-appointed as Vice-Chairperson in-charge of steering NAMCOR's digital transformation journey. Also appointed was Trophimus Hiwilepo who brings extensive experience in oil & gas exploration and production, along with strong leadership and project management skills and Anna Libana, a seasoned professional in the energy sector, who boasts top range expertise in petroleum economics and strategic project management.

Others were Oscar Capelao, a Chartered Accountant with over 25 years of experience in financial services, bringing strong financial acumen to the board and Godfrey Ngaisiue with vast knowledge in geosciences and mineral resource management.

"This powerhouse team will be invaluable to the organization and is set to propel NAMCOR towards a bright future!," the company added in a statement.

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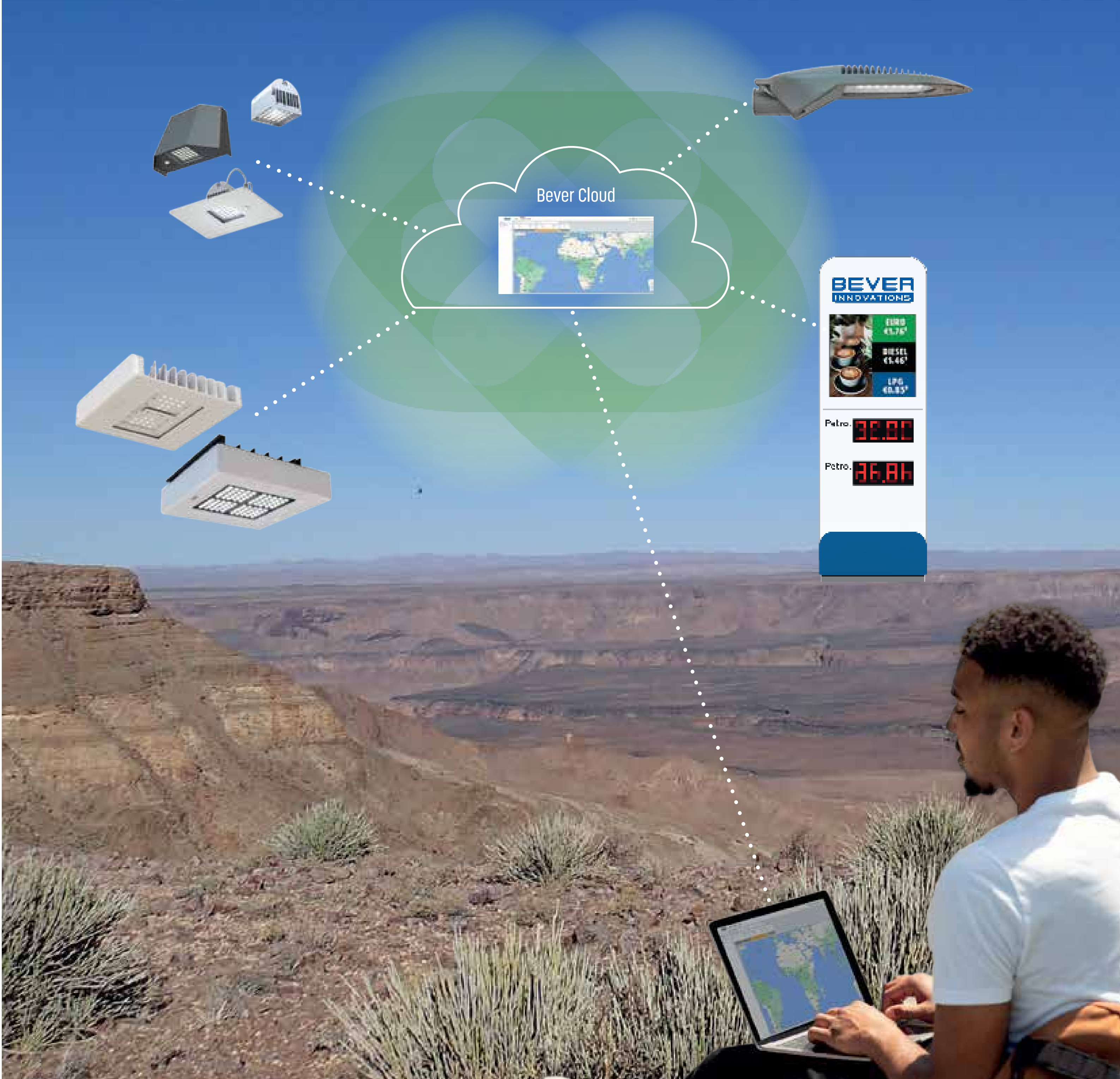

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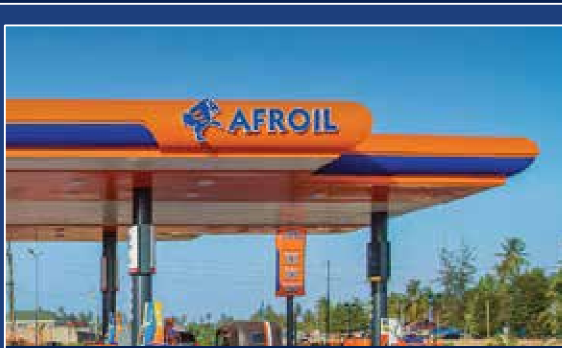

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SFB - Mali


Eagol - Uganda


Interpetrol - Burundi


8.5 MTR

8 MTR


8.5 MTR


6 MTR


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