CLEAN COOKING: LPG and Natural Gas for households
(South Africa overview)
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PRESENTATION TO THE GAS COMPETENCE SEMINAR
23 September 2015, Maputo, Mozambique
By
SIMPHIWE MEHLOMAKULU,
CHAIRMAN REATILE GROUP, SOUTH AFRICA
“Energy is the golden thread that connects economic growth, increases social equity and an environment that allows the world to thrive”

(extract from Sustainable Energy for All – global action plan)
PRESENTATION OVERVIEW

- LPG supply market overview
- LPG Consumption profile
- Growth Drivers
- Structural Constraints
- LPG – Natural Gas dovetail
- Natural Gas Market profile
National Market overview – Reatile Gaz
LPG CONSUMPTION 2014/15

- TOTAL CONSUMPTION = 400 KT
- TOTAL REFINERY CAPACITY = 380KT
- REFINERY SUPPLY SHORTFALL = 20 – 30 KT
- DOMESTIC MARKET GROWTH = 8 – 10% p.a
- COMMERCIAL MARKET GROWTH = 1 – 2% p.a
- INDUSTRIAL MARKET GROWTH = 0 – 1% p.a
LPG MARKET GROWTH DRIVERS

- ENERGY DIVERSIFICATION GOVERNMENT POLICY
- DOMESTIC PARAFFIN DISPLACEMENT DRIVE
- HEALTH and SAFETY PROMOTION
- PORTABILITY OF LPG /ACCESIBILITY
- RISING COST OF ELECTRICITY
- CLEAN ENERGY DRIVE
- INVESTMENT LOW ENTRY BARRIERS (RESELLERS)
• SUPPLY/REFINERY SHORTAGE (AGEING)
• COASTAL LOCATION DOMINANCE OF REFINERIES
• TRANSPORTATION TO MARKET COST
• STORAGE CAPACITY SHORTAGE/NATIONAL
• POPULATION/MARKET DOMINANCE INLAND
• INADEQUATE IMPORTATION FACILITIES
• INADEQUATE RAIL CAPACITY FOR SOUTHERN AFRICA
• INACCESSIBILITY OF RURAL MARKETS
LPG – NATURAL GAS DOVETAIL

LPG
- QUICK INSTALLATION
- IMMEDIATE SUPPLY
- MOVABLE INSTALLATION
- EASILY CONVERTIBLE
- LOW COST ENTRY BARRIERS
- HIGH COST IN LONG TERM

CONVERSION

NATURAL GAS
- TIME - CONSUMING PIPELINE/CNG SET - UP
- CURRENTLY CONSTRAINED SUPPLY
- LONG TERM INVESTMENT
- HIGH COST OF ENTRY
- LOW COST IN LONG TERM
Egoli Gas
The Natural Alternative
Market and Customers
Egoli Gas (Pty) Ltd Business Model

• Sales and marketing of Natural gas.

• Reticulation of Natural gas through underground pipeline

• Network covers 1,200 km within Greater Johannesburg Metropolitan area.

• Pipeline is only route to market.

• Total customer base nearly 8,000.

• Consumption is approx 60% of allocation of 7mGJ
DOMESTIC CONSUMPTION

• Multi Dwelling (Block of Flats)
• Central Water (Flats with a Central Hot Water System)
• Single Dwelling (Household)
  • Gas Used for:
    – Cooking Purposes
    – Hot Water Systems
    – Space Heating
Market share per Customer segment
Thank you!

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