BIZCOMMUNITY

Transnet appoints Ngqura liquid bulk terminal operator

The Port of Ngqura is poised to play a vital role in ensuring the security of South Africa's fuel supply, while creating a new petroleum trading hub for Southern Africa in anticipation of the relocation of existing liquid bulk facilities from Port Elizabeth.

Port of Ngqura terminal. Source: Transnet

This follows the conclusion of an agreement between Transnet National Ports Authority (TNPA) and Oiltanking Grindrod Calulo (OTGC) to plan, fund, construct, own, maintain and operate a new liquid bulk handling facility at the Port of Ngqura. The project is one of the Section 56 initiatives that TNPA has identified to encourage private sector participation as a key element of the company's market demand strategy (MDS). It will provide storage and marine infrastructure to support the overall petroleum demand projections for South Africa.

Bulk liquids such as petroleum, diesel, jet fuel, illuminated paraffin and liquid petroleum gas, will be transported to the Port of Ngqura via ship and piped to the tank farm prior to local supply and/or local and global re-export. The facility will create a new tank farm for the Eastern Cape when the existing lease for petroleum storage facilities at the Port Elizabeth harbour expires.

OTGC was appointed as preferred bidder following an open and transparent tender process.

"We are extremely excited that the agreement with OTGC has been concluded and that we can welcome a world-class independent storage operator to the Port of Ngqura," said Richard Vallihu, chief executive of TNPA. He added: "This development will now also allow us to focus on expansion at the Port of Port Elizabeth. When the Ngqura facility becomes operational, the Port Elizabeth tank farm will be decommissioned and the site will be rehabilitated, which will free up port land for future expansion plans at Port Elizabeth."

OTGC, a majority South African-owned Level 2 BBBEE company, is an independent bulk liquid storage provider in South Africa which combines Oiltanking GmbH's expertise in handling bulk liquids with the local expertise and the full Black Economic Empowerment credentials of Grindrod South Africa (Pty) Ltd and Calulo Terminals (Pty) Ltd.

Oiltanking is an independent storage partner for oils, chemicals, gases and dry bulk, and owns and operates 81 terminals in 23 countries with a total storage capacity of 21 million cubic meters.

Petroleum demand

"Current petroleum demand projections for South Africa strongly support the need for significant investments in tank storage infrastructure to cater for the country's liquid fuel supply," said Gideon Loudon, chief executive officer of OTGC. He added: "OTGC's main objective in the Port of Ngqura is to develop a world-class, highly efficient and responsibly operated liquid bulk terminal facility in South Africa. OTGC shall build the terminal facility in strict accordance with the Oiltanking global technical, operating and HSSEQ standards."

Construction of the facility is estimated to commence in September 2017 and continue until June 2019. It will be commissioned during June-July 2019 and the planned operational date is August 2019.

The liquid bulk facility at the port includes the loading and offloading facilities at berth B100, the services and equipment to perform operations at the berth, pipeline connectivity to the liquid bulk facility, the buildings, tanks, structures, paving and surfacing on the 20 hectare site designated as the liquid bulk facility.

Port of Ngqura

The Port of Ngqura became an operational port in October 2009 and is the youngest port owned and managed by TNPA. Port infrastructure for the liquid bulk facility is in place at the port and bulk services and road access to the liquid bulk facility have already been completed.

Ngqura is strategically placed to service Southern African, Asian and South American trade routes and - with access to excellent deep water - has the potential to establish itself as a global transhipment hub focused on these major trade routes.

Phase 1 of the liquid bulk facility will provide for 158,000 cubic metres of storage capacity for refined products (i.e. petroleum, diesel, jet fuel, illuminated paraffin and liquid petroleum gas). Products will be received via vessel and distributed by road and the annual throughput is expected to be in the region of 1,250,000 cubic metres. Future phases will provide for an additional 550,000 cubic metres of storage capacity available for third party storage.

Socio-economic benefits

The companies claim that the liquid bulk facility will create socio-economic benefits and will boost the economies of the Eastern Cape and Nelson Mandela Bay Municipality including:

• Creating local jobs during the construction phase of the project for a period of 28 months;
• The total number of jobs created during the construction phase is anticipated to be 500, with a peak of 300 at mid of construction;
• Skills development in the local construction industry;
• The total number of permanent staff required for the terminal would be in the region of 50;
• Empowering local BBBEE businesses;

- Increased revenue for local businesses; and
- Additional tax revenue.