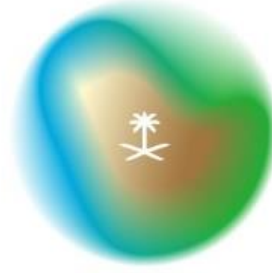


وزارة الطاقة
MINISTRY OF ENERGY



The Kingdom of Saudi Arabia
The Ministry of Energy

Bylaws of the Liquefied Petroleum Gas Cylinders in Retail Sale Activity

April (2023)

This translation is provided for guidance. The governing text is the Arabic text.

Table of Contents

Introduction:	- 3 -
Article (1) Definitions:	- 4 -
Article (2) General Provisions:	- 5 -
Article (3) Licensing Conditions and Duration:	- 5 -
Article (4) License Renewal Conditions:	- 6 -
Article (5) License Amendment Conditions:	- 6 -
Article (6) License Transfer Conditions:	- 6 -
Article (7) Fees:	- 6 -
Article (8) Technical Obligations and Responsibilities on the Licensee for selling LPG Cylinders in retail shops:	- 7 -
Article (9) Technical Obligations and Responsibilities on the Licensee for Selling LPG Cylinders via Cages:	- 7 -
Article (10) Technical Obligations and Responsibilities on the Licensee for Selling LPG Cylinders via Vending Machines:	- 8 -
Article (11) Technical Responsibilities and Obligations on the Licensee for Selling LPG Cylinders in Retail Shops who Desire to Provide Delivery Service:	- 8 -
Article (12) Technical Obligations and Responsibilities on the Licensee for selling LPG Cylinders in Retail Shops Desiring to Provide Camping Cylinders Filling Services:	- 9 -
Article (13) Invoicing Procedures:	- 10 -
Article (14) Licensee's Relationship with Another Licensee:	- 10 -
Article (15) Auditing and Inspection Powers:	- 10 -
Article (16) Secure LPG Supply:	- 10 -
Article (17) Retention of Documents:	- 11 -
Article (18) Entry into Effect:	- 11 -

Introduction:

Based on Article (7) of the Law on Dry Gas and Liquefied Petroleum Gas Distribution for Residential and Commercial Purposes, amended by the Royal Decree No. (M/112) dated 9/11/1443 AH, and based on the Ministry's regulatory role, these Bylaws have been enacted to set out the procedures and conditions for licensing and practicing the activity of retail sale of liquefied petroleum gas cylinders, in addition to the regulatory and technical requirements and procedures that the Licensee shall observe and comply with.

Article (1) Definitions:

1. The terms and phrases mentioned in the Law on Dry Gas and Liquefied Petroleum Gas Distribution for Residential and Commercial Purposes and its Implementing Regulations shall have the same meanings assigned thereto, unless they are otherwise defined in these Bylaws.
2. The following terms and phrases, shall have the meanings assigned thereto, unless the context requires otherwise:

Bylaws: The Bylaws of LPG Cylinders Retail Sale Activity.

Service Provider Manual: The approved rules by the Ministry, which determine controls for service provision, between licensees and consumers, as well as the principles that regulate the relationship between the service providers and consumers.

Retail Sale Activity: LPG Cylinders Retail Sale Activity.

License: A permission granted for carrying out the activity of Selling Liquid Petroleum Gas Cylinders in Retail Locations, via Cages or vending machines.

Licensee: A person who obtains a License for practicing the activity of selling LPG Cylinders in retail locations, via Cages or vending machines.

Agreement: A contract between the Licensee and another licensee to obtain specific services.

Sale Outlet: A place where cylinders are sold to a consumer, including shops, Cages or cylinders' vending machines.

Cages: An outlet for selling cylinders to a consumer in Cages prepared for this purpose, located in the outer squares within an area designated for retail activity in central markets, commercial complexes, or service centers with specific quantities.

Self-service Gas Cylinder Vending Machines: An outlet for selling cylinders to the consumer in automatic cages prepared for this purpose, located in the outer squares within an area designated for retail activity in central markets, commercial complexes, or service centers with specific quantities.

Cylinders: Reusable transportable containers made of metal or composite materials of different capacities.

Camping Cylinders: Refillable cylinders weighing (5) kg or less.

Defective Cylinders: Cylinders with a defect that arises out of their production, storage or transport, which results in danger or damage to the consumer.

Vehicles: Vehicles allocated to deliver the LPG Cylinders to the consumer:

Delivery Service: Delivery of Cylinders from Sales Outlet to the consumer.

Preparatory Works: Include all construction and organizational works, approvals and permits from the relevant authorities for the Licensee to practice the retail activity.

Distribution Fees: The fees approved by the Ministry that are paid by the Licensee for the retail sale activity of LPG cylinders, including operational and capital costs, profit margin added to the approved gas price, transportation fees, filling and storage fees.

Article (2) General Provisions:

1. The applicant for the License shall fulfill conditions and requirements for granting the License stipulated in the Bylaws and these Regulations to practice the retail sale activity.
2. Persons who receives an under-incorporation license may not practice the retail activity until after obtaining the License.
3. The Licensee shall comply with the following:
 - a. Service Provider Manual.
 - b. All necessary requirements and approvals under the relevant laws.
 - c. Ensure that all its devices and equipment conform to the requirements issued by the relevant authorities, including: Saudi Standards, Metrology and Quality Organization and Saudi Building Code.
 - d. Maintain all maintenance and calibration records for a period not less than five (5) years to be shared with the Ministry upon request.
 - e. Not to engage in any practice that undermines or prejudices fair competition in the gas activities or part thereof.
 - f. Not discontinue practicing retail sale activity without a prior approval from the Ministry.
 - g. Selling Cylinders according to the approved tariff.
 - h. Keep confidentiality of consumers' information.
 - i. Not to tamper with the valve or the plastic cap.
 - j. Not to sell Cylinders that are defective or that do not have an intact plastic cover.
4. When there is a dispute between a LPG Cylinders distribution licensee and a Licensee for retail sale activity over any of the terms of the Agreement, either party may resort to the Ministry for an amicable settlement, and the Ministry may take the necessary measures to ensure the continuity of the service.

Article (3) Licensing Conditions and Duration:

1. Any person who intends to carry out preparations to engage in retail sale activity and obtain the License shall apply to the Ministry to obtain an under-incorporation license before starting such preparatory work, register and fill in the form on the Ministry's website.
2. The Ministry shall grant the License upon fulfilling the following:
 - a. Completing the preparatory works.

- b. Completing the registration on the Ministry's website and attaching all required documents.
 - c. Paying the licensing fees.
 - d. Providing an accurate description of the location of retail sale activity subject of license and attaching coordinates.
 - e. Obtaining the necessary approvals and permits from the relevant authorities in respect of retail activity, including the following:
 - i. A commercial activity license from the Ministry of Municipal, Rural Affairs and Housing.
 - ii. An approval from the General Directorate of Civil Defense.
 - iii. Obtained a Commercial Register for gas activity.
3. The License shall remain valid for three (3) calendar years starting from its issue date. The Licensee shall practice the retail sale activity within three (3) months as of the License issue date. If the Licensee fails to practice the retail sale activity during such period, the License shall be deemed canceled.

Article (4) License Renewal Conditions:

To apply for a License renewal, the Licensee shall:

1. Apply to the Ministry for a License renewal approval, and fulfill the Licensing conditions stipulated under Article (3) hereof, three (3) months prior to its expiry date.
2. Pay the Licensee fines.
3. Pay the License renewal fees.

Article (5) License Amendment Conditions:

To amend a License, the Licensee shall:

1. Apply to the Ministry for approval of the License amendment.
2. Pay the Licensee fines.

Article (6) License Transfer Conditions:

To transfer a License, the Licensee shall:

1. Apply to the Ministry for the License transfer approval.
2. Fulfill the Licensing conditions set forth in Article (3) hereof.
3. Pay the Licensee fines.

Article (7) Fees:

The fees for issuing or renewing a License shall be five hundred (SAR 500) Saudi Riyals, to be paid once before the License is granted or renewed.

Article (8) Technical Obligations and Responsibilities on the Licensee for selling LPG Cylinders in retail shops:

To sell LPG Cylinders in retail shops, the Licensee shall comply with the following:

1. Cylinder sale tariff shall be clear, stand out, and displayed at the shop.
2. Cylinders stock shall be enough to cover the average sales of two days at minimum.
3. Cylinders shall be stored in open and well-ventilated areas.
4. Cylinders shall be handled by qualified persons, and a small hand cart shall be provided to ensure safe handling of Cylinders, and to avoid risks of falling, dragging or rolling; this shall be in accordance with the requirements for filling and storing liquefied petroleum gas Cylinders issued by the Saudi Standards, Metrology and Quality Organization.
5. A forklift shall be provided for loading and unloading Cages from trucks.
6. Cylinders shall be stored in steel Cages at designated locations.
7. Cylinders shall be maintained in a vertical position with their valves upwards; and the full, empty and Defective Cylinders shall be stored separately in specific and distinguishable areas with clear guiding signs. Storage in bounces [alley] areas shall be prohibited; Cylinders shall also be stored away from any other materials.
8. Only trading in gas cylinder[s] that meet the Saudi approved standards.
9. At least one qualified worker shall be present throughout normal working hours.

Article (9) Technical Obligations and Responsibilities on the Licensee for Selling LPG Cylinders via Cages:

To sell LPG Cylinders via Cages, the Licensee shall comply with the following:

1. Cages design and location shall be complied with the requirements of the relevant authorities.
2. Cylinders sale tariff shall be clear, stand out, and displayed on Cages or via a display screen at the service center.
3. Cages shall be consistently filled with Cylinders, ensuring the availability of full Cylinders all day.
4. Cylinders shall be stored in Cages located in open and well-ventilated areas.
5. Cylinders shall not be stored nearby other cylinders containing other dangerous or flammable gases or material.
6. Full and empty Cylinders shall be separated.
7. Only qualified persons shall handle Cylinders to ensure safe handling and to avoid risks of falling, dragging or rolling; this shall be in accordance with the requirements for filling and storing liquefied petroleum gas Cylinders issued by the Saudi Standards, Metrology and Quality Organization.
8. Cylinder Cages shall not be used for any other purposes.

9. Periodic examination of Cages shall be conducted to ensure their safety before storing Cylinders; Cages shall be maintained according to the technical requirements issued by the relevant authorities.
10. Cages shall be fitted with tightly-sealed doors to prevent tampering with Cylinders; and shall be fixed to prevent repositioning from the approved location.
11. Cages shall be fitted with an effective grounding system (earth line).
12. Cages shelves shall not exceed three (3) shelves maximum.
13. Cylinder storage location shall be protected with a proper fixed barrier to prevent the Vehicles access thereto, in accordance with engineering practices at locations where continuous movement of Vehicles is expected.
14. The Cage ceiling shall prevent leakage or accumulation of rainwater.

Article (10) Technical Obligations and Responsibilities on the Licensee for Selling LPG Cylinders via Vending Machines:

To sell LPG Cylinders via Vending Machines, the Licensee shall comply with the following:

1. Vending Machines' design and location shall be complied with the requirements of the relevant authorities.
2. Cylinder sale and services tariff shall be displayed on the screen of Vending Machines.
3. Vending Machines shall be consistently filled with Cylinders, ensuring the availability of full Cylinders all day.
4. Cylinders shall not be stored nearby any dangerous items or flammable materials.
5. Vending Machines shall be consistently maintained as per manufacturer's criteria.
6. Cylinder storage location shall be protected with a proper fixed barrier to prevent the Vehicles access thereto, in accordance with engineering practices at locations where continuous movement of Vehicles is expected.
7. Warning signs, alarm and safety notification system shall be installed in prominent places in the Cylinder storage locations.
8. Vending Machines shall be fixed properly to prevent repositioning from approved locations.
9. User's manual shall be developed which explains to consumers how to use and deal with the Vending Machines, the manual shall include method of dealing with Defective Cylinders.

Article (11) Technical Responsibilities and Obligations on the Licensee for Selling LPG Cylinders in Retail Shops who Desire to Provide Delivery Service:

To sell LPG Cylinders in retail shops who desire to provide Delivery Service, the Licensee shall comply with the following:

1. The Vehicle shall be approved by the Saudi Standards, Metrology and Quality Organization.

2. A qualified person shall be in charge of handling the Cylinders.
3. Vehicles and equipment shall be maintained as per technical requirements issued by the relevant authorities.
4. Training and awareness programs shall be consistently provided to drivers and staff about risks of LPG and gas Cylinders transport.
5. LPG Cylinder delivery Vehicles shall not be used for any other purposes.
6. If a software application is available, the Licensee shall enable consumers to have access on the following:
 - a. Access to the trade name.
 - b. Access to the products and prices.
 - c. Access to the Delivery Services charges, when delivery services is requested.
 - d. Access to request the service, determine the execution time, and tracking services.
 - e. Access to amend or cancel the request services.
 - f. Access to contact for inquiries and addressing complaints.
 - g. Access to conditions of service provision to the consumer.
 - h. Access to review and feedback the services.
 - i. Access to the written procedures for addressing complaints as per the Service Provider Manual.

Article (12) Technical Obligations and Responsibilities on the Licensee for selling LPG Cylinders in Retail Shops Desiring to Provide Camping Cylinders Filling Services:

To sell LPG Cylinders in retail shops desiring to provide Camping Cylinders filling services , the Licensee shall comply with the following:

1. Small Cylinders shall be filled by specialized equipment which shall conform to the requirements issued by the relevant authorities.
2. Camping Cylinders shall only be filled in designated places that are suitable location inside the retail Sale Outlet, this designated location shall be safe and in compliance with safety requirements approved by the relevant authorities.
3. Prices list shall display the different costs of filling different volumes of Camping Cylinders.
4. Small Cylinders shall be filled in open and well-ventilated areas.
5. The area of the retail Sale Outlet shall not be less than (400) square meters.
6. Cylinder shall be visually examined before filling to ensure safety and absence of defects.
7. Cylinder filling devices shall be consistently maintained as per the manufacturer's criteria.
8. Cylinders must not be filled directly from other Cylinders.
9. All workers at the Sale Outlet shall receive training programs on safety, fire protection, and safe handling of LPG Cylinders.

10. A Cylinder shall not be filled if it is not complied with the requirements issued by the Saudi Standards, Metrology and Quality Organization.
11. Only qualified persons shall be in charge of filling Cylinders.

Article (13) Invoicing Procedures:

Without prejudice to the jurisdiction of other relevant authorities, the invoices shall include the following details:

1. Licensee's name and information, commercial register number and tax register number.
2. Invoice number and date, method of payment, value-add tax, and invoice total amount.
3. Item number and description (empty steel cylinder or composite material, cylinder replacement).
4. Quantity and unit price; and service charges – if available-.

Article (14) Licensee's Relationship with Another Licensee:

1. The Licensee shall obtain Cylinders from licensed persons for the activity of wholesale distribution of LPG Cylinders, after signing an agreement between them in accordance with the Ministry's requirements.
2. Purchase price of full Cylinders and replacement by a licensed wholesale distributor of LPG Cylinders shall be according to the distribution fees.

Article (15) Auditing and Inspection Powers:

1. The Ministry may carry out audits, inspections and examinations of Licensee's sites during the Licensee official working hours to ensure compliance with the provisions of the Law, Implementing Regulations, these Bylaws, instructions, and License conditions.
2. The Licensee shall enable the inspectors to examine all documents related to the Retail Sale Activity.
3. The Licensee shall provide all information requested by the Ministry for auditing and inspection purposes.

Article (16) Secure LPG Supply:

The Licensee shall comply with the following:

1. Sign necessary Agreements for Cylinders' provision.
2. Develop a sales report of expected Cylinders' sales per year.
3. Make necessary arrangements to ensure their business continuity and fulfill their obligations in the event of an unexpected interruption of its business, taking into account nature and size of their business.

Article (17) Retention of Documents:

1. The Licensee shall retain copies of all accounts for five (5) years.
2. The Licensee shall retain documents related to Retails Sale Activity which shall at a minimum contain the following information:
 - a. Licenses issued by the relevant authorities.
 - b. Documents related to business continuity arrangements.
 - c. Copies of the Agreements with the Licensees.
 - d. List of workers, Vehicles and drivers.
 - e. Workers training reports.
 - f. Statement of monthly sales of LPG Cylinders.
3. The Ministry may request the Licensee to provide copies or samples of these documents, whether in hard or soft copies.

Article (18) Entry into Effect:

These Bylaws shall enter into force as of the date of their publication on the Ministry's website.