

GAS ACT 2000

NOTICE OF VARIATION No. 7

of the

DISTRIBUTION LICENCE (CONSTRUCTION)

granted on

13 MAY 2003

to

POWERCO TASMANIA PTY LTD

ACN 104 499 569

Background

In accordance with section 34(2)(a) of the *Gas Act 2000*, Powerco Tasmania Pty Ltd, by letter dated 23 July 2004, applied to the Director of Gas for variations of Powerco's gas distribution network construction licence issued on 13 May 2003 (the licence).

The application sought variations to include 'footprints' for the Stage 2 roll-out of the gas distribution network at Devonport and Burnie and in the greater Launceston and Hobart metropolitan areas.

While these came to the Director of Gas in a single set of documentation, they in fact propose variations to quite distinct geographic areas which are recognised as such within Schedule 3 to the licence. Accordingly they may, and ought, be considered separately on their merits.

The Director of Gas has advised the public generally of the application and sought submissions in relation to the applications. This was done by way of newspaper advertisements and publication on the Office of the Tasmanian Energy Regulator website.

The consultation period specified in the advertisement has expired (on 27 August 2004) and no submissions were received.

The Director of Gas must consider whether to grant the licence variations and whether or not there ought be conditions attached to the variations. Variations have already been approved in respect of Devonport and Burnie and the parts of the greater Hobart and Launceston metropolitan areas within the municipal boundaries of the cities of Hobart and Launceston respectively.

In this matter the Director of Gas deals only with the application in respect of the greater Hobart area within the municipal boundaries of the city of Glenorchy.

The grant of a construction licence confers certain rights on Powerco to construct a gas pipeline so approved on public lands. The body which is responsible for those lands may impose conditions but may not refuse to allow construction. The conditions are appellable.

Powerco has a Development Agreement (DA2) with the State for the roll-out of natural gas distribution systems in five zones in the greater Hobart area. These do not include the central business district of Hobart nor the Port and Battery Point precincts.

Powerco has a construction licence for higher pressure gas mains into the five DA2 areas.

This proposal sought authorisation for the development of the gas network across the entire greater Hobart area including the central business district, Port and Battery Point precincts and significant areas of Glenorchy, Kingborough, Brighton and Clarence. In part, this potential development will be incremental in the areas where mains are already authorised. However, in the other areas, particularly Clarence and Kingborough, where mains are not authorised, it would be expected that further mains development will be required before a low pressure system roll-out can occur.

Submissions on this matter were sought from the relevant councils.

Glenorchy City Council has not, at this point, formally responded, however it has indicated that it has concerns with regard to the standard of rehabilitation works and the degree of council supervision being required in relation to the construction of the Stage 1 network in Glenorchy. It indicated it would seek a licence condition to the effect that the licensee must ensure that all rehabilitation works are carried out to the appropriate standard.

The Director of Gas notes that, while there may be issues associated with ensuring rehabilitation occurs to the necessary standard, the power of the council to set standards as a condition of the granting of a road-opening permit under section 46 of the *Local Government (Highways) Act 1982* is clear. In addition, that section provides for the revocation of permission and contains a mechanism whereby a penalty can be imposed should a condition of the permit be breached. In light of this, the Director of Gas does not consider it necessary or appropriate to condition the construction licence in this regard.

Conclusion

In relation to the areas within the municipal boundaries of the City of Glenorchy, the Director of Gas is satisfied that the proposed variations are not inconsistent with the objects of the *Gas Act 2000* and will, or will be likely to, promote:

- the development of the gas supply industry;
- efficiency in that industry; and
- the interests of consumers of gas.

The Director of Gas will determine the application insofar as it relates to areas within the Kingborough, Clarence, Brighton, West Tamar and Meander Valley municipal areas following receipt of confirmation of the councils' respective positions.

Decision

In exercise of the power conferred by section 34(1) of the *Gas Act 2000*, the decision of the Director of Gas is to vary the licence in accordance with the application, insofar as it relates to areas within the municipal boundaries of the city of Glenorchy.

Schedule 3 of the licence for the construction of a gas distribution network granted to Powerco Tasmania Pty Ltd on 13 May 2003 and amended on 8 July 2003, 28 January 2004, 3 March 2004, 21 July 2004, 13 August 2004, 16 September 2004 and 13 October 2004, is varied by:

1. substituting the page headed "Schedule 3 – Authorised Distribution Systems", attached to this Notice, for the page headed "Schedule 3 – Authorised Distribution Systems", attached to the licence.

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Andrew John Reeves

Director of Gas

1 November 2004

Schedule 3 – Authorised Distribution Systems²

This licence authorises the construction of gas distribution systems in the locations specified in the table below as follows:

1. (a) steel mains with a maximum allowable operating pressure from 1050 kPa up to 5100 kPa; and
(b) steel or polyethylene mains with a maximum allowable operating pressure from 500 kPa up to 1050 kPa,
the proposed routes of which are shown in blue or black on the Plan the number of which appears, or on the Plans the numbers of which appear, in the table against the name of the location, together with associated fittings and equipment, PROVIDED THAT such mains, fittings and equipment may be constructed within a corridor 1 kilometre wide centred on the proposed route in each location; and
2. steel and polyethylene mains and service pipes with a maximum allowable operating pressure of up to 500 kPa, together with associated fittings and equipment, within the area delineated by coloured boundary lines on the Plan the number of which appears, or on the Plans the numbers of which appear, in the table against the name of the location PROVIDED THAT:
 - a. in respect of the location Hobart, such mains, service pipes, fittings and equipment may only be constructed within the municipal boundaries of the cities of Hobart and Glenorchy; and
 - b. in respect of the location Launceston, such mains, service pipes, fittings and equipment may only be constructed within the municipal boundaries of the city of Launceston.

The Plans are attached to this licence.

² Schedule 3 amended:

8 July 2003 (Notice of Variation No. 1)

28 January 2004 (consolidation of a number of minor route variations involving substitution of plans and network diagrams but no alteration to the wording of the licence - no Notice of Variation issued)

3 March 2004 (Notice of Variation No. 2)

21 July 2004 (Notice of Variation No. 3)

13 August 2004 (Notice of Variation No. 4)

16 September 2004 (Notice of Variation No. 5)

13 October 2004 (Notice of Variation No. 6)

1 November 2004 (Notice of Variation No. 7)