

GAS ACT 2000

NOTICE OF VARIATION No. 1

of the

DISTRIBUTION LICENCE (OPERATIONS)

granted on

14 July 2003

to

POWERCO TASMANIA PTY LTD

ACN 104 499 569

Background

Powerco Tasmania Pty Ltd holds a licence to construct stage 1 and stage 2 natural gas distribution networks at various centres in Tasmania. Stage 1 networks will serve large commercial customers and stage 2 will deliver to smaller commercial and residential customers.

Powerco also holds an operations licence which currently authorises the operation of stage 1 networks at Longford, Bell Bay and Westbury. This licence was issued on 14 July 2003 (the licence).

The licence provides that, following fulfilment of all of the requirements of the Director of Gas Safety (DGS), Powerco must provide the Director of Gas with 'as constructed' information in relation to each network. When this information is received, the Director of Gas endorses the licence to the effect that Powerco may now operate that network. In this way, the licence was amended on 7 April 2004 to authorise operation of the Longford and Bell Bay stage 1 networks and on 25 June 2004 to authorise operation of the Westbury stage 1 network.

By a letter dated 22 July 2004, Powerco Tasmania Pty Ltd applied to the Director of Gas for authorisation under the licence, to operate its stage 2 network at Longford and its stages 1 and 2 networks at Wynyard, Devonport, Burnie, Launceston and Hobart.

The requirement to provide 'as constructed' information was practical in relation to the stage 1 networks because there was a significant time between completion of construction and the introduction of gas and because that information must be provided to the DGS to enable sign-off on the construction of each piece of the stage 1 network.

Maintaining, in relation to stage 2 networks, the requirement to provide the Director of Gas with 'as constructed' information will be onerous and an unnecessary duplication.

The DGS sets standards for the design and construction of the stage 2 networks and will conduct regular audits to ensure those standards are being adhered to. The DGS will continue to inspect and sign-off the stage 1 network components.

The relevant local authority will hold records, associated with road-opening permits, of the location of each part of the network.

In order to alleviate this duplication, the Director of Gas has proposed that the licence be varied to remove the requirement to lodge 'as constructed' information with the Director of Gas. The proposed changes will result in Powerco being able to operate any network which the DGS has signed-off, rather than the networks identified in a schedule to the licence.

These changes have resulted in amendments to clause 4, the deletion of schedule 3 and consequential changes to schedule 1.

The opportunity has also been taken to review the licence structure and to update some of the provisions of the licence in order to reflect the current views of the Director of Gas which have developed in the light of experience.

These other changes are minor in nature reflecting, primarily, a re-organisation of the clauses within the licence. The changes to the content of the licence are:

- clarification of the requirements under the clause now numbered 12;
- slight re-wording of the clause now numbered 14.1.2;
- removal of the clause relating to management plans and deletion of schedule 2 as management plans are dealt with in the Tasmanian Gas Distribution Code; and
- inclusion of clause 15 to clarify the timing and scope of the statutory annual return.

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.

Powerco has agreed to the proposed changes.

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 the manner proposed by the Director of Gas and agreed by Powerco.

The licence for the operation of a gas distribution network granted to Powerco Tasmania Pty Ltd on 14 July 2003, and amended on 7 April 2004 and 25 June 2004, is varied so as to read in accordance with the 10 pages attached to this Notice.

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Andrew John Reeves

Director of Gas

20 August 2004