



*Gas Pipelines Act 2000*

## **Statement of Reasons**

### **Pipeline Licence Application**

**BBI TGP Pty Ltd**  
**(previously Alinta DTH Pty Ltd)**

ACN 083 052 019

**July 2008**

## Background

Pursuant to the *Gas Pipelines Act 2000* (the Act), the Director of Gas is responsible for administering the licensing system for gas entities. The Director of Gas has the authority to consider and determine licence applications, and can refuse or issue licences to construct or operate a transmission pipeline system or pipeline facility.

On 9 May 2008, the Director of Gas received an application from Alinta DTH Pty Ltd (ACN 083 052 019) for a pipeline licence. Alinta DTH Pty Ltd later advised the Director that it changed its name to BBI TGP Pty Ltd (but with the same ACN) from 20 June 2008. The licence applicant will be referred to as BBI TGP Pty Ltd hereafter.

## Consultation

The Director of Gas invited public comment in respect of the licence application by way of notice in the *Mercury*, *Advocate* and *Examiner* newspapers, the *Gazette* and on the website at [www.energyregulator.tas.gov.au](http://www.energyregulator.tas.gov.au).

Consultation commenced 17 May 2008 and concluded 6 June 2008. No submissions were received.

## Director of Gas' Assessment

The Director of Gas undertook a 'due diligence' assessment of the licence application from BBI TGP Pty Ltd, having regard to its compliance with statutory licence application requirements.

The relevant provisions of the Act provide that the Director of Gas may only issue a pipeline licence if satisfied that the applicant can meet the requirements of the Act.

Section 12(2) of the Act provides that:

“The Director may grant a pipeline licence only if he or she is satisfied that –

- (a) the applicant has adequate technical and financial resources to undertake the proposed activities; and
- (b) the applicant is a body corporate (or a partnership of 2 or more bodies corporate); and
- (c) a permit or other authority for the construction of the pipeline or pipeline facility has been granted under any other relevant law; and
- (d) the applicant can demonstrate compliance with, or an intention to comply with, the requirements of this Act.”

Sections 12(3) & (4) provide further pre-conditions for granting a pipeline licence.

Section 12(3) states that

“The Director of Gas must not grant a pipeline licence which authorises the construction or operation of a supply pipeline unless an order has been made under section 3(3) declaring the supply pipeline to be treated as a transmission pipeline for the purposes of this Act.”

Section 12(4) states that:

“The Director of Gas must not grant a pipeline licence unless the Director of Gas Safety has provided a certificate that, in his or her opinion, the pipeline or pipeline facility has, or will have, the necessary ability to convey or process gas, petroleum or another regulated substance safely.”

### **Section 12(2)(a) technical and financial resources available to the applicant**

BBI TGP Pty Ltd states that the upgrade to the Bell Bay Meter Station is seen as an extension to the existing activities undertaken by BBI TGP Pty Ltd in Tasmania and it:

- has sufficient technical resources available in Alinta Asset Management Pty Ltd (AAM) as the Project Manager. The application states that AAM will oversee the design, construction, commissioning and decommissioning of the Bell Bay Meter Station Upgrade Project, and will ensure that all works are in accordance with relevant legislative requirements and controlled by approved management plans. Powerco Tasmania Pty Ltd provided a letter in support of the application confirming that the technical expertise and support for Powerco Tasmania Pty Ltd from Alinta Asset Management Pty Ltd will be comparable to that provided for other Powerco Tasmania Pty Ltd projects in Australia;
- has relevant skills and experience for the planned activities;
- has relevant experience in the gas industry;
- holds gas pipeline (transmission) operating licences and its owner Babcock and Brown Infrastructure through nominated subsidiaries, owns, operates and manages other gas infrastructure with associated licences within Australia;
- is familiar with the operation of the Tasmanian gas industry; and
- has sufficient financial resources available for it to fund the activities for which the licence is required (A\$5.2 Million). The application states that Babcock and Brown Infrastructure is an ASX listed company with a market capitalisation of approximately A\$3.8 Billion and manages a portfolio of A\$11.5 Billion in infrastructure assets including energy transmission, distribution systems and transport. BBI will be responsible for funding the construction and, or, alterations to the Tasmanian Gas Pipeline. The Director of Gas notes that there are currently some debt financing issues within BBI, however the scale of this project is minor relative to BBI’s market capitalisation and the portfolio of assets under its management.

### **Section 12(2)(b) The applicant is a body corporate**

ASIC’s online National Names Index confirms that BBI TGP Pty Ltd is a body corporate registered in Australia. The Director has also received a copy of Certificate of Registration on Change of Name issued by ASIC on 20 June 2008.

### **Section 12(2)(c) Permit or other authority for the construction of the pipeline or pipeline facility has been granted under any other relevant law**

BBI TGP Pty Ltd via Powerco Tasmania Pty Ltd has provided the Director of Gas with a list of the relevant permits and authorities required for the project to construct and/or alter the Tasmanian Gas Pipeline at Bell Bay. The Director of Gas has

received confirmation from BBI TGP Pty Ltd that it has received all the necessary permits and approvals required for constructing the pipeline.

**Section 12(2)(d) The applicant can demonstrate compliance with, or an intention to comply with, the requirements of this Act.**

In its application, BBI TGP Pty Ltd has undertaken to comply with the Act in all pipeline construction activities.

**Section 12(3) Declaration of the supply pipeline as transmission pipeline**

The Director of Gas has received confirmation from the Solicitor General through the Department of Infrastructure, Energy and Resources that the supply pipeline in question has previously, by way of an order, been declared a transmission pipeline for the purposes of section 12(3) of the Act. The order made to the Hydro-Electric Corporation as the registered owner, or holder of lease, on commencement of this order for the Title CT 131620/1 still stands. The Solicitor General advised DIER that the status of the pipeline as a transmission pipeline is not affected by the fact that there have been changes in the particulars of title. On this basis the pipeline that is the subject of the application from BBI TGP Pty Ltd remains a transmission pipeline.

**Section 12(4) the pipeline or pipeline facility has or will have the necessary capacity for conveying or processing gas safely**

The Director of Gas has received a certificate from the Director of Gas Safety certifying that the construction and/or alterations to the pipeline will not alter the pipelines ability to convey or process gas safely.

**DIRECTOR OF GAS' decision**

After assessment of the application and consideration of the supporting information, the Director of Gas is satisfied that the issue of a pipeline construction licence to BBI TGP Pty Ltd is consistent with the Act.

The Director of Gas decides to grant a gas pipeline construction licence to BBI TGP Pty Ltd on 15 July 2008 for a period of five years.

The Director of Gas issues the licence accepting that Powerco Tasmania Pty Ltd, BBI TGP Pty Ltd's authorised agent, has made full and diligent inquiry to ensure that the information supplied by it is true and correct. The Director of Gas has relied in good faith on the representations made by the applicant's authorised agent in support of the application.

A copy of the licence is available on the website at [www.energyregulator.tas.gov.au](http://www.energyregulator.tas.gov.au).

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Andrew John Reeves

**DIRECTOR OF GAS**

15 July 2008