



Gas Pipelines Act 2000

Statement of Reasons

Pipeline (Operations) Licence Application

BOC Limited

ABN 95 000 029 729

March 2011

Background

Pursuant to the *Gas Pipelines Act 2000* (the Act), the Regulator is responsible for administering the licensing system for gas entities. The Regulator 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 10 June 2010, the Regulator received an application from BOC Limited (ABN 95 000 029 729) for a licence to operate a pipeline facility to process natural gas at Westbury. BOC Limited previously held a licence issued by the Regulator to construct that facility.

Due to delays in the completion of the construction work, BOC Limited requested in December 2010 that the licence not be issued until the facility was ready for operation.

In March 2011, BOC Limited requested that the operations licence be issued.

Consultation

The Regulator invited public comment in respect of the licence application by way of notice in three Tasmanian newspapers, the *Gazette* and on the website www.economicregulator.tas.gov.au.

Consultation closed on 16 July 2010. The Regulator did not receive any submissions.

Assessment by the Regulator

The relevant provisions of the Act provide that the Regulator 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 Regulator may grant a pipeline operation licence only if satisfied that –

- the applicant has adequate technical and financial resources to undertake the proposed activities; and
- the applicant is a body corporate (or a partnership of 2 or more bodies corporate); and
- a permit or other authority for the construction of the pipeline or pipeline facility has been granted under any other relevant law. [Not applicable - for construction only]; and
- the applicant can demonstrate compliance with, or an intention to comply with, the requirements of this Act.”

Section 12(4) provides a further pre-condition for granting a pipeline licence:

“The Regulator 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

In its application, BOC Limited stated that it is a member of the Linde Group which is the largest industrial gas company in the world, designing, constructing and operating industrial gas plants in North and South America, Eastern and Western Europe, Africa, Asia and the South Pacific regions.

BOC Limited is contracted by LNG Refuellers Pty Ltd of Tasmania to supply LNG to substitute diesel fuel for heavy haulage trucks. The LNG Plant at Westbury will have a capacity of 50 MTPD, which is equivalent to 70 000 litres of diesel.

In terms of financial resources, BOC Limited stated that the overall investment in this project is about \$27 million. The investment is funded internally by the Linde Group. On-going operation will be funded by sales of LNG product to LNG Refuellers Pty Ltd under a supply agreement.

In relation to technical resources for the operation of the facility, BOC Limited stated that:

‘..as a member of the Linde Group, BOC has access to the latest technologies and expertise in the operation of gas manufacturing processes. BOC has an in-house operation management team to look after the operation and maintenance of all plants in Australia. The existing LNG plant in Dandenong Victoria has been in operation for 30 years.

The plant in Westbury is designed and constructed by GLP Plant Pty Ltd. The GLP Group is an Australian owned and operated company established in 1998. The company has extensive experience in the supply of plants for the gas generation, gas treatment and the petrochemical industry. As a plant supplier, GLP will continue to provide technical support to BOC.’

The Regulator is satisfied that BOC Limited has the capacity to comply with the requirements of this section of the Act.

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

ASIC’s online National Names Index confirmed that BOC Limited is a body corporate registered in Australia.

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

BOC currently holds a pipeline construction licence for the facility at Westbury and has demonstrated compliance with the relevant requirements of the Act.

Section 12(4) Certificate from the Director of Gas Safety stating that the pipeline or pipeline facility has or will have the necessary capacity for conveying or processing gas safely

The Director of Gas Safety has issued a certificate stating that pipeline facility will have the necessary capacity for conveying or processing gas safely.

Decision of the Regulator

After considering BOC Limited's application and supporting information, the Regulator is satisfied that the issue of a pipeline operations licence to BOC Limited is consistent with the Act.

The Regulator has decided to grant a gas pipeline operations licence to BOC Limited effective on 12 March 2011 for a period of twenty five (25) years.

The Regulator issues the licence accepting that BOC Limited has made full and diligent inquiry to ensure that the information supplied by it is true and correct. The Regulator has relied in good faith on the representations made by the applicant in support of the application.

A copy of the licence is available on the website at www.economicregulator.tas.gov.au.

.....

Glenn Appleyard

**CHAIRMAN
TASMANIAN ECONOMIC REGULATOR**

12 March 2011