

GAS PIPELINES ACT 2000

**PIPELINE LICENCE
(OPERATIONS)**

Granted to

DEI TASMANIA HOLDINGS PTY LTD

ACN 083 052 019

14 August 2002

Amended 26 September 2002

Tasmanian Gas Pipeline Licence

1. Definitions and Interpretation

- 1.1. In this licence, words and phrases appearing italicised in bold type:
- 1.1.1. which are defined in the *Gas Pipelines Act 2000*, have the same meaning when used in this licence; and
 - 1.1.2. which are not defined in the *Gas Pipelines Act 2000*, have the meaning ascribed to them in part 1 of schedule 1.
- 1.2. This licence should be interpreted in accordance with the rules set out in part 2 of schedule 1.

2. Grant of Licence

- 2.1. The **Director of Gas**, in exercise of the powers conferred by section 10 of the **Act**, grants the **Licensee** a pipeline licence to operate and maintain a **Pipeline** for carrying **natural gas (regulated activity)**, subject to the conditions contained in this licence.
- 2.2. The **Licensee** warrants that technical and other information supplied in support of its application for this licence, and otherwise as required by this licence, is true and correct to the best knowledge of the **Licensee**, the **Licensee** having made full and diligent inquiry.

3. Pipeline Operation and Maintenance

- 3.1. Subject to clause 4.2, the **pipeline** to which this licence applies, hereinafter referred to as “the **Pipeline**”, comprises the totality of the **pipelines** for which licences to construct were issued to the **Licensee** on 9 November 2001, 20 December 2001 and 25 January 2002, as amended.

- 3.2. The **Licensee** must operate and maintain the **Pipeline** in accordance with, and otherwise comply with, **AS 2885** and any other standards required by the **Director of Gas Safety**.

4. Conditions Precedent

- 4.1. The following are conditions precedent to this licence coming into effect:
- 4.1.1. that the **Licensee** enters into an operations and maintenance agreement with Duke Australia Operations Pty Ltd (ACN 083 050 319) to operate the **Pipeline** and provides a copy of such agreement to the **Director of Gas**; and
 - 4.1.2. that a **safety and operating plan** has been submitted to the **Director of Gas Safety** and independently certified by a person approved by the **Director of Gas Safety** as conforming to **AS 2885** and any other standards required by the **Director of Gas Safety** and to any standard or code prescribed by regulations made and in force under the **Act**.
- 4.2. Notwithstanding that the requirements of clause 4.1 may have been complied with in respect of one or more of the **pipeline sections**, this licence is only effective in respect of such of those **pipeline sections** as in respect of which:
- 4.2.1. the **Licensee** has complied with the requirements of clause 4.1;
 - 4.2.2. the **Director of Gas Safety** has accepted, in writing, the **Licensee's commissioning plan**;
 - 4.2.3. the **Director of Gas Safety** has given to the **Licensee** consent in writing to introduce **natural gas**; and
 - 4.2.4. the **Director of Gas** has indicated, by endorsing the relevant schedule of this licence, that he is satisfied that these requirements have been met.
- 4.3. Notwithstanding clause 4.2, the **Licensee** may not put **natural gas** into the **Pipeline** or a **pipeline section**, other than in accordance with the

commissioning plan, unless the **Director of Gas Safety** has given to the **Licensee** consent in writing.

5. Term of Licence

5.1. Subject to this licence and the **Act**, this licence takes effect on and from the date it is granted for a period of twenty five (25) years or until it is:

5.1.1. surrendered by the **Licensee** under section 25 of the **Act**; or

5.1.2. revoked by the **Director of Gas** under section 41 of the **Act**.

6. Renewal of Licence

6.1. This licence may be renewed by the **Director of Gas** on terms and conditions agreed between the **Director of Gas** and the **Licensee**.

7. Amendment to Licence

7.1. The terms and conditions of this licence may only be amended in accordance with section 20(2) or section 23 of the **Act**.

8. Transfer of Licence

8.1. This licence may only be transferred in accordance with section 24 of the **Act**.

9. Payment of Fees

9.1. In respect of the period commencing on the date of issue of this licence and ending 30 June 2003, the **Licensee** must pay, within 30 days of being advised of the amount of the fee, a fee determined in accordance with section 14 of the **Act** and advised by the **Director of Gas**.

9.2. Subject to clauses 9.1 and 9.3, the **Director of Gas** must, by 31 May in each year, advise the **Licensee** of the annual fee, payable in advance by 30 June in that year, determined in accordance with section 14 of the **Act**.

9.3. In respect of the period 1 July 2027 to the expiry of the term of this licence, the **Licensee** must pay, by no later than 30 June 2027, a fee determined in accordance with section 14 of the **Act** and advised by the **Director of Gas** by 31 May 2027.

10. Compliance with Law and Standards

10.1. The Licensee must comply with all applicable laws (including all applicable provisions of the **Tasmanian Gas Code**) and requirements (including but not limited to any technical or safety requirements) and with all relevant recognised standards and practices applicable to the operation and maintenance of a **pipeline**.

10.2. The **Licensee** must ensure that all contractors engaged by it comply with the terms and conditions of this licence.

10.3. The **Licensee** must develop and submit **management plans** as required under clause 4 of schedule 2.

11. Other licence conditions

11.1. This licence is also subject to the conditions set out in schedule 2.

12. Communications

12.1. A **communication** must be in **writing**.

12.2. A **communication** is to be regarded as having been given by the sender and received by the addressee :

12.2.1. when delivered in person to the addressee;

- 12.2.2. where sent by post, on the 3rd **business day** after the date of posting, if the **communication** is posted within Australia;
- 12.2.3. where sent by post, on the 7th **business day** after the date of posting, if the **communication** is posted outside Australia;
- 12.2.4. when, according to the sender's transmission report, received by facsimile transmission by the addressee; or
- 12.2.5. when sent by electronic mail when the **communication** is recorded as having been first received at the electronic mail destination.

Granted by Andrew John Reeves,)
DIRECTOR OF GAS)
)
14 August, 2002)

Original signed by AJ Reeves

Schedule 1 - Definitions and Interpretation

1. Definitions

“Act” means the *Gas Pipelines Act 2000* (Tas).

“AS 2885” means *AS 2885 Pipelines–Gas and liquid petroleum* published by the Standards Association of Australia, as in force from time to time (including any code or standard having effect under that standard).

“AS 3806” means *AS 3806 Compliance Programs* published by the Standards Association of Australia, as in force from time to time (including any code or standard having effect under that standard).

“communication” means a written notice, agreement, consent, direction, representation, advice, statement or other communication required or given pursuant to or in connection with this licence.

“commissioning plan” means a written plan developed by the **Licensee** and accepted by the **Director of Gas Safety**, including any variations accepted by the **Director of Gas Safety** from time to time, specifying the procedures and practices in accordance with which the **Licensee** will undertake the commissioning of the **Pipeline**, from completion of construction in accordance with contractual arrangements to satisfactory commencement of operations delivering **natural gas** to customers.

“compliance plan” means a written plan developed by the **Licensee** outlining the procedures, practices and strategies for managing, auditing and reporting on the **Licensee’s** compliance with the **Act**, the **regulations**, the **Tasmanian Gas Code**, other relevant permits, licences and authorities and this licence which must include (amongst other things) details of standards, indicators and targets for assessing the **Licensee’s** compliance performance and must be in accordance with **AS 3806**.

“Licensee” means DEI Tasmania Holdings Pty Ltd (ACN 083 052 019).

“management plan” means any of the plans referred to in clause 4.1 of schedule 2.

“Pipeline” means the pipeline described in clause 3.1 of this licence.

“pipeline section” means a section of the **Pipeline** described in any schedule to this licence.

“regulations” means any regulations made pursuant to the **Act**.

“relevant Director” means the **Director of Gas** or the **Director of Gas Safety** or both of them, as nominated by the **Director of Gas** with regard to the context in which the term is used.

“reporter” means an appropriately qualified person engaged by the **Licensee** with the approval of the **relevant Director**, to report to the **relevant Director** on adequacy of, and compliance with, **management plans** in accordance with terms of reference approved by the **relevant Director**.

“safety and operating plan” means the safety and operating plan required under section 47 of the **Act**.

“standards and procedures” means performance standards or codes of conduct issued by the **Director of Gas** under clause 5.2 of schedule 2.

“Tasmanian Gas Code” means the code of that name issued by the **Director of Gas**.

“writing” includes any mode of representing or reproducing words, figures, drawings and symbols in a visible form.

2. Interpretation

In this licence, unless the context otherwise requires:

- 2.1 headings are for convenience only and do not affect the interpretation of this licence;
- 2.2 words importing the singular include the plural and vice versa;
- 2.3 words importing a gender include any gender;
- 2.4 an expression importing a natural person includes any company, partnership, trust, joint venture, association, corporation or other body corporate and any governmental agency;

- 2.5 a reference to a condition, clause, schedule or part is to a condition, clause, schedule or part of this licence;
- 2.6 a reference to terms of an offer or agreement is to all terms, conditions and provisions of the offer or agreement;
- 2.7 a reference to any statute, regulation, proclamation, order in council, ordinance or by-law includes all statutes, regulations, proclamations, orders in council, ordinances or by-laws varying, consolidating, re-enacting, extending or replacing them and a reference to a statute includes all regulations, proclamations, orders in council, ordinances, by-laws and determinations issued under that statute;
- 2.8 a reference to a document or a provision of a document includes an amendment or supplement to, or replacement or novation of, that document or that provision of that document;
- 2.9 a reference to a person includes that person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and permitted assigns;
- 2.10 when italicised, other parts of speech and grammatical forms of a word or phrase defined in this licence have a corresponding meaning;
- 2.11 a period of time:
- (a) which dates from a given day or the day of an act or event is to be calculated exclusive of that day; or
 - (b) which commences on a given day or the day of an act or event is to be calculated inclusive of that day; and
 - (c) an event which is required under this licence to occur on or by a stipulated day which is not a ***business day*** may occur on or by the next ***business day***.
- 2.12 In the event of any inconsistency between the conditions of this licence, the ***Act*** or ***regulations***, the ***Act*** or ***regulations*** will prevail to the extent of such inconsistency.

2.13 In the event of any inconsistency between the conditions of this licence and the schedules, the conditions of this licence prevail to the extent of such inconsistency.

Schedule 2 - Other Licence Conditions

1. Provision of Information

- 1.1. The **Licensee** must provide to the person making the request, within the time specified in a written request from the **Director of Gas** or **Director of Gas Safety** for the information, any information the **Director of Gas** or the **Director of Gas Safety** may reasonably require relating to the operation and maintenance of the **Pipeline**.
- 1.2. If the **Licensee** becomes aware of any material breach, by the **Licensee**, of the **Act**, the **regulations**, the **Tasmanian Gas Code** or this licence, the **Licensee** must notify the **Director of Gas** as soon as practicable of the breach and provide such information as the **Director of Gas** requires in relation to the breach.
- 1.3. The **Licensee** must immediately advise the **Director of Gas** in the event of the variation, material breach, surrender, revocation or cancellation of any permit or other authority issued to the **Licensee** and directly relevant to the operation or maintenance of the **Pipeline** or a **pipeline section** and must provide such information as the **Director of Gas** requires in relation to the variation, breach, surrender, revocation or cancellation.

2. Records

- 2.1. The **Licensee** must maintain, in accordance with section 33 of the **Act**,:
 - 2.1.1. a record of all **regulated activities** carried out under this licence, including, where appropriate, maps and plans; and
 - 2.1.2. a record of compliance audits by internal or external auditors required under the **regulations**; and
 - 2.1.3. any other records required by the **regulations**.

- 2.2. The **Licensee** must provide the **Director of Gas** or the **Director of Gas Safety** with a copy of records maintained under clause 2.1 upon receipt of written notice from the **Director of Gas** or as prescribed in the **regulations**.
- 2.3. The **Director of Gas** or the **Director of Gas Safety** may issue a guideline detailing what information, reasonably required for the administration of the **Act**, the **Licensee** is required to record. The **Licensee** must comply with any such guideline.

3. Prudential Reporting

- 3.1. The **Licensee** must report the occurrence of any of the following circumstances to the **Director of Gas** as soon as possible:
- 3.1.1. the **Licensee** is put under external administration as defined in the *Corporations Act 2001* (Commonwealth); or
 - 3.1.2. the **Licensee** experiences a change in its circumstances which may affect the **Licensee's** ability to meet its obligations under the **Act**, the **regulations**, the **Tasmanian Gas Code** or this licence; or
 - 3.1.3. the manner in which the **Licensee** undertakes and/or fulfils its responsibilities under this licence undergoes a significant change.

4. Management Plans and Reports

- 4.1. The **Licensee** must develop and submit to the **relevant Director**:
- 4.1.1. a **safety and operating plan**;
 - 4.1.2. a **compliance plan**; and
 - 4.1.3. any other **management plan** relating to the fulfilment of the objectives of the **Act** as the **Director of Gas** directs.
- 4.2. The **compliance plan** must be submitted to the **Director of Gas** on or before 30 September 2002 or such other date as notified by the **Director of Gas**,

subsequently by the first anniversary of that date, and thereafter, as required and advised by the **Director of Gas**.

- 4.3. Any other **management plan** required under clause 4.1.3 must be submitted to the **Director of Gas** on such date as notified by the **Director of Gas**, subsequently by the first anniversary of that date, and thereafter, as required and advised by the **Director of Gas**.
- 4.4. The **management plans** are to be made in accordance with and take account of any **standards and procedures** or guidelines issued by the **Director of Gas**.
- 4.5. The **Licensee** must undertake, to the satisfaction of the **Director of Gas**, community consultation on aspects of **management plans** which may affect the public.
- 4.6. The **Licensee** must consider any comments made by the **Director of Gas** and the **Director of Gas Safety** on the **management plans** and, if required by either Director, amend provisions of a **management plan** related to reporting to the Director, including processes for capturing and analysing data that is to be reported.
- 4.7. Each year, commencing in 2003, the **Licensee** must provide to the **relevant Director**, by no later than 30 September or such other date as the **relevant Director** nominates, a report in respect of each **management plan** which includes:
 - 4.7.1. details of the **Licensee's** actual performance against the standards, indicators and targets included in the **management plan**;
 - 4.7.2. if the **Licensee's** actual performance is below the targets included in the **management plan**, the reasons for the failure to meet the targets and strategies for achieving the targets in the future;

- 4.7.3. projections of the **Licensee's** future performance against the standards, indicators and targets included in the **management plan**;
- 4.7.4. a description of the strategies adopted or to be adopted by the **Licensee** to achieve or exceed the performance targets included in the **management plan**; and
- 4.7.5. details of the **Licensee's** adherence to relevant Australian Standards and other standards.
- 4.8. For the avoidance of doubt, the requirement under clause 4.7 of this schedule 2 to prepare a report containing the information listed in paragraphs 4.7.1 to 4.7.5, does not limit the powers of the **Director of Gas** or the **Director of Gas Safety** under clause 1.1 of this schedule 2, the **Act** or the **regulations** to require the **Licensee** to produce information.
- 4.9. Reports prepared in accordance with clause 4.7 of this schedule 2 are to be submitted to the **relevant Director** accompanied by a report prepared by a **reporter**.
- 4.10. The **relevant Director** may require and advise the **Licensee** to arrange the provision of a report by a **reporter** at such times and on such conditions as are specified in terms of reference provided by the **relevant Director**.

5. Standards and Procedures

- 5.1. At the written request of the **Director of Gas**, the **Licensee** must participate to the extent reasonably specified by the **Director of Gas** in the development and review of any proposed **standards and procedures** specified by the **Director of Gas** which are, in the opinion of the **Director of Gas**, relevant to the achievement of the objects of the **Act** or to the functions of the **Director of Gas** under the **Act**.
- 5.2. The **Director of Gas** may issue **standards and procedures** applicable to the **Licensee** and with which the **Licensee** must comply, notwithstanding that the **Licensee** has failed to comply with clause 5.1.
- 5.3. The **Licensee** must, in accordance with directions of the **Director of Gas**, report to the **Director of Gas** on its performance against applicable **standards and procedures**.

6. Operations and Maintenance Agreements

- 6.1. In the event that the operations and maintenance agreement referred to in clause 4.1.1 is amended (including by extension of its term), the **Licensee** must provide the **Director of Gas** with a copy of the amended agreement.
- 6.2. The **Licensee** must advise the **Director of Gas** as soon as possible if the **Licensee** enters any agreement for the management or operation of the **Pipeline** by a third party, other than the agreement referred to in clause 4.1.1.
- 6.3. Not less than 14 days prior to the commencement of an agreement referred to in clause 6.2, the **Licensee** must submit to the **Director of Gas**:
 - 6.3.1. a copy of the agreement; and
 - 6.3.2. the following information in relation to a third party referred to in clause 6.2:

6.3.2.1. identity;

6.3.2.2. details of qualifications and experience; and

6.3.2.3. contact details.

Schedule 3 – Description and Technical Design Specification of Section 1 of the Pipeline

Section 1 of the pipeline is:

- the buried high-tensile steel pipe running from low water mark at Five Mile Bluff to the Bell Bay Power Station via the Bell Bay Natural Gas Pressure Reduction Station and having the following characteristics:

Parameter	Unit
Outer Diameter	350 mm
Pipe grade	API Spec 5L, Grades X65 and X 70
Usual wall thickness	9.8 mm and 12.7 mm
Minimum installation depth	In accordance with the <i>Licensee's</i> risk mitigation design but not less than 750 mm except at river crossings where the depth of cover shall be not less than 1200 mm and be sufficient to protect the pipeline from exposure, due to erosion of the medium in which it is buried, to a materially increased risk of damage.
Minimum standards	AS 2885, API Spec 5L
Fluid handled	Dry natural gas
Specific gravity of the gas	0.61
Design maximum operating pressure	15.3 MPa
Design minimum hydrostatic test pressure	19.1 MPa
Pipe lining:	
<ul style="list-style-type: none"> Internal 	Liquid epoxy 38 micron (DFT)
<ul style="list-style-type: none"> Coating 	Fusion bonded epoxy 400 micron (DFT) plus 600 micron Naprock

AND

2. the buried high-tensile steel pipe running from the Bell Bay Pressure Reduction Station, terminating at a point adjacent to property occupied by Ecka Granules Australia Pty Ltd and having the following characteristics:

Parameter	Unit
Outer Diameter	168 mm and 60 mm
Pipe grade	API Spec 5L, Grade X 65 and ASTM A106 Grade B
Usual wall thickness	7.9 mm and 8.7 mm
Minimum installation depth	In accordance with the <i>Licensee's</i> risk mitigation design but not less than 750 mm except at river crossings where the depth of cover shall be not less than 1200 mm and be sufficient to protect the pipeline from exposure, due to erosion of the medium in which it is buried, to a materially increased risk of damage.
Minimum standards	AS 2885, API Spec 5L
Fluid handled	Dry natural gas
Specific gravity of the gas	0.61
Design maximum operating pressure	5.1 MPa
Design minimum hydrostatic test pressure	15.3 MPa
Pipe coating:	Fusion bonded epoxy 400 micron (DFT) plus 600 micron Naprock and High Density Polyethylene

Schedule 4 - Description and Technical Design Specification of Section 2 of the Pipeline.¹

Section 2 of the pipeline is:

1. the buried high-tensile steel pipe running from the Bell Bay Natural Gas Pressure Reduction Station to the Rosevale/Westwood Natural Gas Pressure Reduction Station and having the following characteristics:

Parameter	Unit
Outer Diameter	219 mm
Pipe grade	API Spec 5L, Grade X65
Usual wall thickness	4.8 mm and 7.9 mm
Minimum installation depth	In accordance with the <i>Licensee's</i> risk mitigation design but not less than 750 mm except at river crossings where the depth of cover shall be not less than 1200 mm and be sufficient to protect the pipeline from exposure, due to erosion of the medium in which it is buried, to a materially increased risk of damage.
Minimum standards	AS 2885, API Spec 5L
Fluid handled	Dry natural gas
Specific gravity of the gas	0.61
Design maximum operating pressure	10.2 MPa
Design minimum hydrostatic test pressure	15.3 MPa
Pipe coating	Fusion bonded epoxy 400 micron (DFT) plus 600 micron Naprock

AND

¹ Schedule 4 inserted 26 September 2002.

2. the buried high-tensile steel pipe running from the Rosevale/Westwood Natural Gas Pressure Reduction Station, terminating at the Bridgewater Natural Gas Pressure Reduction Station and having the following characteristics:

Parameter	Unit
Outer Diameter	219mm
Pipe grade	API Spec 5L, Grade X 65
Usual wall thickness	7.9 mm and 4.8mm
Minimum installation depth	In accordance with the <i>Licensee's</i> risk mitigation design but not less than 750 mm except at river crossings where the depth of cover shall be not less than 1200 mm and be sufficient to protect the pipeline from exposure, due to erosion of the medium in which it is buried, to a materially increased risk of damage.
Minimum standards	AS 2885, API Spec 5L
Fluid handled	Dry natural gas
Specific gravity of the gas	0.61
Design maximum operating pressure	10.2 MPa
Design minimum hydrostatic test pressure	15.3 MPa
Pipe coating	Fusion bonded epoxy 400 micron (DFT) plus 600 micron Naprock