

GAS ACT 2000

NOTICE OF VARIATION No. 5

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 July 2004 at Devonport, Burnie, Launceston and Hobart.

While these have come 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 has been 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. In this matter the Director of Gas deals only with those applications in respect of Devonport and Burnie.

Burnie – Powerco has a Development Agreement (DA2) with the State in respect of two separate and significant residential areas of Burnie. This does not include the central business district of Burnie nor the Port precinct.

Powerco has a construction licence for a higher pressure gas main into one of the 2 DA2 areas.

Powerco has a 'partnership agreement' with the Burnie City Council which includes the laying of gas mains in open sewer trenches outside the DA2 areas.

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.

It is fair to characterise this proposal as allowing for the incremental development of the gas network across the entire built-up Burnie area including the central business district and the Port precinct.

Notwithstanding the Burnie City Council has not made a submission on this matter, it is clear that they have been in close consultation with Powerco on gas network development and to that extent have considered the implications of an expanded 'construction footprint' within their area of responsibility.

Devonport – Powerco has a construction licence for gas mains from a gas off-take south of Devonport with comes into the city of Devonport through Quoiba and

Spreyton which may in part be characterised as industrial areas. While Powerco has a licence to construct the main pipeline through this area it does not have a DA2 agreement with the State in this area. Powerco advises it has entered into agreements with 2 industrial customers in this area and as a matter of urgency wishes to commence construction of connections from the main.

The DA2 covers the built up area of the city of Devonport west of the Mersey River. Powerco has a construction licence allowing it to cross the river and deliver to East Devonport, but does not have a 'footprint' to connect to customers other than at the terminus of the main.

Given that the main for East Devonport is already approved for construction it is appropriate to consider a 'footprint' which allows for incremental extension of the gas network in that area.

The proposed 'footprint' is consistent with what may be seen as a reasonable expectation of network development over time having regard to customer density and larger potential loads.

Conclusion

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.

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 applications.

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 and 21 July 2004, is varied by:

1. substituting the page headed "Schedule 3 – Authorised Distribution Systems", and the following page, attached to this Notice, for the page headed "Schedule 3 – Authorised Distribution Systems", and the following page, attached to the licence;
2. substituting Plan Number 2 (Amended) attached to this Notice, for Plan Number 2 attached to the licence;
3. substituting Plan Number 3 (Amended) attached to this Notice, for Plan Number 3 attached to the licence;

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Andrew John Reeves
Director of Gas

16 September 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.

The Plans are attached to this licence.

Location	Plan Number
Bell Bay	1
Burnie	2 (Amended)
Devonport	3 (Amended)
Hobart	4 (Amended)

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)

Location	Plan Number
Launceston	5 (Amended)
Longford	6 (Amended)
Ulverstone	7
Westbury	8
Wynyard	9 (Amended)