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Our Ref 03/10558, 03/10792 pb/sm

Mr J Kendrew  
Executive Manager  
Powerco Tasmania Pty Ltd  
GPO Box 1236  
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Attention: Mr J Hollewand

Dear Mr Kendrew

### **STAGE 1 CONSTRUCTION LICENCE - ROUTE VARIATIONS**

Thank you for your letters of 11 September 2003 and 7 November 2003 advising of proposed changes to the route of the stage 1 distribution pipeline.

In consultation with the Director of Gas Safety, I determined that the proposed variations were not material and, therefore, I did not advise Powerco otherwise within the time limit specified in clause 6.3 of the construction licence. In accordance with that clause, the licence is now deemed to have been varied to include the altered routes. A notice of variation and a consolidated licence will be issued in due course.

In order to avoid having to go through this process on a regular basis, I am considering amending the licence to provide for a pipeline construction corridor rather than a defined route. Such a corridor could be defined to cover the area of, say, 500 metres either side of the proposed route. If a corridor were to be licensed, then any route variation within that corridor would not require amendment to the licence unless the Director of Gas Safety felt it necessary. As I understand it, provided the pipeline materials and the proposed operating pressure do not move outside the parameters of the standard applied in giving the original certification, the DGS will not be concerned by a change in the route.

The corridor approach would also be consistent with the approach I intend to adopt with respect to the licence for construction of stage 2. It will not be practical to include in the licence every little piece of distribution network in stage 2. Accordingly, I propose to licence Powerco to construct distribution networks within defined areas. I would anticipate that, initially anyway, those areas would correspond with the areas covered by the stage 2 Development Agreement. Construction of a distribution system anywhere within any of those areas would be permitted, provided the requirements of the DGS were met.

As you are no doubt aware, Powerco's construction licence contains requirements relating to the keeping of records. Such records will include "as constructed" maps. Similarly, regulation 67 of the *Gas (Safety) Regulations 2002* provides that "a licensee must ensure that information on the exact location of the gas infrastructure in respect of which he or she is licensed is available for examination by a member of the public". It is my view that, provided these requirements are adhered to, the activities undertaken pursuant to the licence will be able to be adequately identified.

I would appreciate your thoughts on these matters.

Yours sincerely

Andrew Reeves  
**REGULATOR**

25 November 2003