



Gas Pipelines Act 2000

Statement of Reasons

Pipeline (Operations) Licence Application

Tas Gas Networks Pty Ltd

ACN 104 499 569

28 May 2012

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 8 August 2011, the Regulator received an application from Tas Gas Networks Pty Ltd (ACN 104 499 569) (TGN) for a licence to construct and operate a natural gas pipeline, off-take station, and meter station in Ulverstone to supply the Simplot plant. The Regulator issued a gas pipeline construction licence to TGN on 22 September 2011. TGN has completed construction and requires a gas pipeline operations licence to operate the Pipeline.

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 for the application for both the Pipeline Construction and Operation licences commenced 20 August 2011 and concluded 9 September 2011. No submissions were received.

Assessment by the Regulator

The Regulator undertook a 'due diligence' assessment of the licence application from TGN, having regard to its compliance with statutory licence application requirements.

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 as set out in section 12(2).

Section 12(2) of the Act provides that:

"The Regulator may grant a pipeline licence only if 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 [not applicable, for construction only]

(d)

(e) the applicant can demonstrate compliance with, or an intention to comply with, the requirements of this Act.”

Section 12(2)(a) Technical and financial resources available to the applicant

In its application, TGN states that:

- The new off-take facility, high pressure pipeline and gas measurement system at Ulverstone is estimated to cost A\$10.6M. Brookfield Infrastructure Partners L.P, a Bermudan limited partnership, is the ultimate holding company of Brookfield TGN Holdings Pty Ltd, the owner of TGN. Brookfield Infrastructure Partners L.P is listed on the New York and Toronto stock exchanges, has a market capitalisation of approximately US\$3.9 billion, and manages a portfolio of approximately US \$13,456 million in infrastructure assets including energy transmission and distribution, systems, railroads, ports, coal handling and timber resources.
- For this project, TGN will enter into a contract with EPCM Consultants NZ Ltd to provide project management, engineering, procurement, compliance management, and construction management services.
- Jemena currently provide operations and maintenance support to the Tasmanian Gas Pipeline (TGP), under contract management to TGN, and will be involved in any works associated with the connection to the live asset and also any works on the TGP easement.
- Jemena will be responsible for the issuing and management of the Permit to Work requirements for any works on the TGP easements and to ensure the integrity of the existing live asset is not compromised during the construction works.
- Jemena also currently provide O&M services to TGN for the steel pipelines at Hobart, Launceston and Devonport and have the required expertise to assist TGN in the operations of the pipeline asset. Essentially this pipeline will be managed as per the TGP pipeline and also the TGN steel high pressure Distribution Licensed steel pipelines.

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

TGN (ACN 104 499 569) is a body corporate registered in Australia as confirmed by a search on the ASIC website.

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

TGN undertook to comply with the requirements of the Act. The Regulator notes that TGN has been a holder of gas distribution construction and operations licences in Tasmania since 2003 and a gas pipeline construction licence since December 2011 and it is experienced in complying with various legislative obligations.

Other considerations

Section 12(3) of the Act states that the Regulator 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 the Act. An Order to this effect has been made and notified in the *Gazette* on 21 September 2011.

Section 12(4) of the Act states that 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. The Regulator received a certificate from the Director of Gas Safety certifying that, in his opinion, that the natural gas pipeline will have the ability to convey natural gas safely.

Decision of the Regulator

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

The Regulator has decided to grant a gas pipeline operations licence to TGN effective on 28 May 2012 for a period of twenty-five (25) years.

The Regulator issues the licence accepting that TGN 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.

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Raymond Chan

DELEGATE OF THE REGULATOR

28 May 2012