

# APPENDICES



## Appendix 1: Glossary

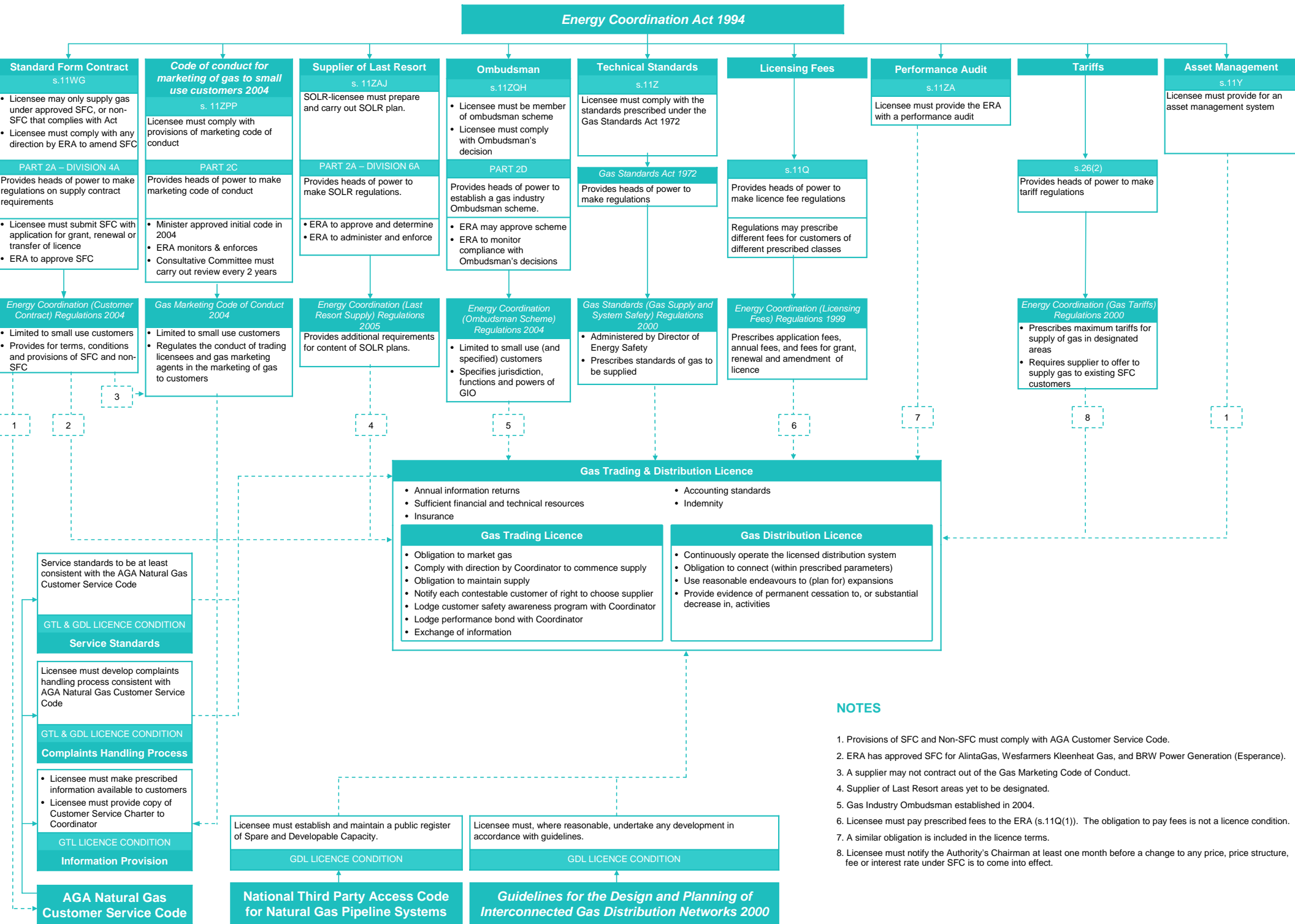
Term	Definition
Act	<i>Energy Coordination Act 1994</i>
AGA Code	Australian Gas Association's Natural Gas Customer Service Code AG 755-1998
AER	Australian Energy Regulator
Authority	Economic Regulation Authority
distributor	A person who holds a gas distribution licence under section 11D(1)(a) of the Act
EIA 2004	<i>Electricity Industry Act 2004</i>
ESC	Essential Services Commission, Victoria
ESCOSA	Essential Services Commission, South Australia
IPART	Independent Pricing and Regulatory Tribunal, New South Wales
small use customer	A person who consumes less than 1 terajoule of gas per annum
standard customer contract	A contract approved by the Authority applicable to small use customer under section 11WF of the Act
Supply Area	A geographic area designated by the Governor, under Part 2A Division 1 of the Act, in which a gas trading or gas distribution licence can only apply
trader	A person who holds a gas trading licence under section 11D(1)(b) of the Act

# Appendix 2: Licence Regulatory Inter-relationships



# Interrelationship between gas regulatory requirements and licence framework

## July 2006



## Appendix 3: Gas Trading Licence





# **GAS TRADING LICENCE – GTL**



# ENERGY COORDINATION ACT 1994

## TRADING LICENCE NO. (GTL )

I, ANNE NOLAN, Coordinator of Energy for the State of Western Australia, hereby grant a trading licence under the *Energy Coordination Act 1994* to:

on the terms and conditions set out in Schedule 1, to sell gas transported through a distribution system to small use customers within the licence area specified in clause 2 of Schedule 1.

.....  
ANNE NOLAN  
**COORDINATOR OF ENERGY**



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## SCHEDULE 1: TERMS AND CONDITIONS

### Interpretation

1. (1) Unless the contrary intention appears, the following definitions apply in the licence.

<b>Act</b>	means the <i>Energy Coordination Act 1994</i> .
<b>AGA code</b>	means the Australian Gas Association's Natural Gas Customer Service Code AG 755-1998.
<b>another supplier</b>	see definition of <b>other supplier</b> .
<b>business customer</b>	means a small use customer who is not a residential customer.
<b>competent person</b>	means a person having the ability, appropriate training, knowledge and experience to supervise or carry out or both supervise and carry out activities the subject of the licence.
<b>contestable customer</b>	has the meaning given to it by section 91(3) of the <i>Gas Pipelines Access (Western Australia) Act 1998</i> , for the purposes of section 90(2)(b) of that Act.
<b>Coordinator</b>	includes the Coordinator's duly authorised delegate.
<b>customer service code</b>	means: <ol style="list-style-type: none"> <li>(a) until the Coordinator approves an alternative code under clause 10(10) – the AGA code; and</li> <li>(b) if the Coordinator approves an alternative code under clause 10(10) – the approved alternative code, in which case references to that code are to be read in accordance with clause 10(11).</li> </ol>
<b>date of grant</b>	means the date on which the licence is granted.
<b>licence</b>	means the licence to which these terms and conditions are scheduled.



- licence area** means the area specified in clause 2 as the area to which the licence applies.
- licensee** means the person specified in the licence, and its duly authorised delegates and assignees.
- other supplier** means a person other than the licensee who holds a trading licence.
- residential customer** means a small use customer using gas solely for residential use, at premises which are a house, flat, home unit or other place of residence.
- Schedule** means the schedule or schedules (including this Schedule 1) which are appended to, and which form part of, the licence.
- standard customer contract** means the contract referred to in clause 12(1).
- term** means the period specified under clause 3.
- (2) The *Interpretation Act 1984* applies to the interpretation of the licence as though it is a written law.
- (3) Where information in the licence is set out in braces (namely “{” and “}”), whether or not preceded by the expression “Note”, the information:
- (a) is provided for information only and does not form part of the licence;
  - (b) is to be disregarded in interpreting the licence; and
  - (c) might not reflect amendments to the licence, the Act or other written laws made after the first publication of this document.

## Licence area

2. The area to which the licence applies is the area of land shown shaded on Deposited Plan 41099 registered with the Department of Land Information, a copy of which is contained in Schedule 2.



**Term**

3. The term of the licence is for a period of 10 years commencing on the date of grant, unless earlier surrendered under clause 25 or cancelled under section 11ZE of the Act.

**Licence fees**

4. Licence fees will be determined under section 11Q of the Act.

**Notices**

5. Any notice or other communication to be given or made between the Coordinator and licensee under the licence must be in writing, must be signed by or on behalf of the person giving or making it, and may be given by pre-paid mail or hand delivery, or by facsimile transmission if a confirming copy is subsequently sent by pre-paid mail or hand delivery.

**Licence review**

6. (1) Subject to subclause (2), the Coordinator and the licensee will meet to review and discuss matters relevant to the licence:
- (a) approximately 2 years after the date of grant;
  - (b) approximately every 3 years thereafter during the term; and
  - (c) approximately 6 months prior to expiry of the term.
- (2) Nothing in subclause (1) obliges the Coordinator or the licensee to agree to any proposed variation to the licence.

**Obligation to market gas**

7. The licensee must, to the extent commercially viable, make reasonable endeavours to promote the sale of gas to all small use customers within the licence area.

**Coordinator may direct licensee to commence supply**

8. (1) In this clause:
- “commence supply”** means to offer, subject to subclause (11), to enter a standard customer contract with a small use customer who is the owner or occupier of eligible premises for the sale of gas to those premises;
- “eligible premises”** means premises located within the licence area which meet at least one of the following criteria:
- (a) connected to a distribution system;

- (b) to be connected to a distribution system prior to the requested date of commencing sale; or
- (c) so located (and, if applicable, of such a nature) that the holder of a distribution licence can be obliged under a provision of the distribution licence to connect the premises to a distribution system if certain conditions are satisfied;

and

**“relevant other supplier”** means another supplier who is able to sell gas to a small use customer who is the owner or occupier of eligible premises.

- (2) Subject to subclauses (3) and (4), the Coordinator may direct the licensee to commence supply to a small use customer who:
  - (a) is the owner or occupier of eligible premises; and
  - (b) is specified in the direction.
- (3) The Coordinator must not make a direction under subclause (2) in respect of a small use customer unless he or she is satisfied that:
  - (a) the licensee has failed or refused to commence supply to the small use customer; and
  - (b) the small use customer’s efforts to obtain a supply of gas from the licensee were reasonably adequate.
- (4) Without limiting subclause (3), if the Coordinator is satisfied that a small use customer has been refused supply by both the licensee and one or more relevant other suppliers, then the Coordinator must:
  - (a) consider which (if any) of the licensee and the relevant other supplier or relevant other suppliers should be directed to commence supply; and
  - (b) for the purposes of paragraph (a):
    - (i) take into account each of the matters referred to in section 11H(3) of the Act; and
    - (ii) endeavour to fairly apportion directions to commence supply between relevant licensees.
- (5) The Coordinator may, to assist him or her to determine whether to make a direction under subclause (2), request the licensee to provide its reasons for refusing to commence supply to a small use customer.
- (6) The licensee must comply with a request of the Coordinator under subclause (5) within 3 days after a request by the Coordinator.





- (7) A direction under subclause (2):
  - (a) must set out the Coordinator's reasons for giving the direction; and
  - (b) may be given on reasonable terms and conditions, and if so must set out those terms and conditions.
- (8) Subject to subclauses (9) and (11), the licensee must comply with a direction by the Coordinator under subclause (2).
- (9) If the licensee is directed under subclause (2) to commence supply to any small use customer at premises referred to in paragraph (c) of the definition of "eligible premises" in subclause (1), then subject to subclause (10) the licensee must apply to have the premises connected to the distribution system and must make reasonable endeavours to meet the requirements referred to in that paragraph (c).
- (10) Subclause (9) does not require the licensee to pay the costs of connecting premises in excess of the amount the holder of the distribution licence is required by the distribution licence to bear.
- (11) The licensee may make an offer referred to in the definition of "commence supply" in subclause (1) conditional upon the small use customer meeting the licensee's reasonable minimum prudential requirements and credit standards.

### **Obligation to maintain supply**

- 9. (1) In this clause, "**maintain supply**" has the meaning given in subclause (4).
- (2) If the licensee supplies, or within the last 12 months has previously supplied but is not currently supplying, gas to a small use customer at premises, then subject to subclause (3) the licensee must maintain supply to that small use customer at the premises.
- (3) If at any time another supplier starts to supply gas to the small use customer at the premises, then from the time that supply starts the obligation under subclause (2) ends, but to avoid doubt subclause (2) will apply anew if the licensee subsequently resumes supplying gas to the small use customer at the premises.

- (4) If this clause requires the licensee to **“maintain supply”** to a small use customer, then unless the licensee and the small use customer agree otherwise:
- (a) subject to the terms of the gas supply contract between the licensee and the small use customer and subclause (4)(b), the licensee must supply gas to the small use customer at the premises, in sufficient quantity to meet the small use customer’s gas requirements, for the duration of the gas supply contract;
  - (b) the maximum quantity of gas that the licensee is required to supply to a small use customer under subclause (4)(a) is the quantity of gas that can be physically delivered to the licensee by the relevant distribution licensee using “standard residential delivery facilities”, as that term is defined in the relevant distribution licence;
  - (c) the licensee must not terminate, or purport to terminate, the gas supply contract other than in accordance with its terms; and
  - (d) if the gas supply contract expires or is terminated in accordance with its terms, then:
    - (i) subject to subparagraph (ii), the licensee must offer to enter into a standard customer contract with the small use customer in place of the expired or terminated contract; and
    - (ii) before entering into a contract in place of the expired or terminated contract, the licensee may require the small use customer to meet the licensee’s reasonable minimum prudential requirements and credit standards.
- (5) To avoid doubt, a reference in subclause (4) to **“gas supply contract”** includes a standard customer contract and a contract other than a standard customer contract.

### Service standards and information provision

10. (1) Subject to subclause (2), the licensee must use its best endeavours to maintain a level of customer service (including the provision and treatment of information) at least consistent with the customer service code, except where the Coordinator permits otherwise.
- (2) Except as expressly provided under the licence, the customer service code does not apply to the licensee and, to the extent of any inconsistency, a provision of the licence prevails over a provision of the customer service code.
- (3) Without limiting subclause (1), the licensee must:
- (a) make available to the Coordinator a copy of the Customer Charter (**“customer charter”**) it prepares under the customer service code; and



- (b) include in the customer charter at least a statement of the general principles upon which it will provide services to its small use customers.
- (4) Subclause (3) does not create a duty upon the licensee to comply with any provision of the customer charter, nor does it provide any person with a legally enforceable right or cause of action in relation to or associated with any provision of the customer charter.
- (5) Without limiting the generality of the customer service code, the licensee must make available to its small use customers on request the following information, whether as part of its customer charter or otherwise:
  - (a) any information required to be made available to the small use customer under the standard customer contract, in the manner required by the standard customer contract;
  - (b) the information required to be provided under clause 2.1.2.1 of the customer service code;
  - (c) a summary of key relevant provisions of the customer service code, together with information required by clause 1.3.4 of the customer service code regarding changes to the code;
  - (d) a summary of the licensee's key relevant powers in the event of an emergency; and
  - (e) a summary of the licensee's processes for handling enquiries and complaints.
- (6) The licensee must provide to each small use customer either on or before the date of the first bill either:
  - (a) the information specified in subclause (5); or
  - (b) a list of the information available on request under subclause (5).
- (7) The licensee must at its own expense make available a copy of the terms of the standard customer contract to any small use customer or prospective small use customer who requests them.
- (8) If any variation to the licence changes the terms of the standard customer contract, the licensee must within a reasonable time provide a copy of the changed terms to each affected small use customer.
- (9) The licensee may comply with subclause (8) by including a copy of the changed terms in each affected small use customer's next gas invoice.

- (10) The licensee may request the Coordinator to approve a code (“**alternative code**”) in substitution for the AGA code (or for a code previously approved under this clause), and the Coordinator may approve the alternative code.
- (11) If the customer service code is not the AGA code, a reference in these terms and conditions to a numbered clause of the customer service code is to be read as a reference to the provision (if any) in the customer service code that corresponds to the clause in the AGA code with the same number.

### Complaints handling process

- 11. (1) The licensee must:
  - (a) develop and within 3 months after the date of grant lodge with the Coordinator a copy of; and
  - (b) thereafter be in a position to implement when needed,
 a process (“**complaints handling process**”) for dealing with complaints against the licensee arising out of the licensee’s activities the subject of the licence by:
  - (c) a small use customer;
  - (d) a prospective small use customer; or
  - (e) a person occupying premises directly affected by the activities.
- (2) Without limiting clause 10(1), the complaints handling process must comply with clause 2.5 of the customer service code.

### Standard customer contracts

- 12. (1) Schedule 3 sets out the terms of the standard customer contract for the sale of gas by the licensee to a small use customer.
- (2) The licensee and a small use customer may agree on terms, including terms regarding price, which differ from those in Schedule 3.
- (3) In the absence of any express agreement between the licensee and the small use customer to the contrary, the terms from time to time of any contract between the licensee and a small use customer for the supply of gas are to be those set out in Schedule 3, as amended from time to time.

{Note: The effect of clause 12(3) is that the terms of the standard customer contract that are to apply between the licensee and a small use customer (unless they agree to the contrary) are to be those terms contained in Schedule 3. Any amendment to the terms of the standard customer contract apply from the time those amendments are effective to all standard customer contracts, regardless of the terms applicable at the time a standard customer contract was entered into.}

### **Contestability**

13. (1) The licensee must give written notice in a form satisfactory to the Coordinator to each small use customer on a standard customer contract informing the customer of its right to obtain gas from another supplier (if any) within the licence area or a part of the licence area.
- (2) A notice under subclause (1) must be given with the gas invoices immediately prior to and immediately after the time the customer becomes a contestable customer, and regardless of whether there is at the time any, or any prospective, other supplier.

### **Customer safety awareness program**

14. (1) The licensee is to lodge with the Coordinator within 3 months after the date of grant, a customer safety awareness program in accordance with subclause (3).
- (2) The licensee must consult with the Coordinator when preparing the customer safety awareness program.
- (3) The customer safety awareness program is to communicate information to small use customers regarding safety in the use of gas and must address, at a minimum, provision of the following information to small use customers:
- (a) information on the properties of gas relevant to its use by small use customers;
  - (b) a notice of the requirement for proper installation and use of approved appliances and equipment;
  - (c) a notice of the requirement to use only qualified tradepersons for gas connection and appliance and equipment installation;
  - (d) the proper procedure for the reporting of gas leaks or appliance or equipment defects; and
  - (e) safety procedures to be followed and the appropriate telephone number to call in case of emergency.

### **Annual information returns**

15. The licensee is to provide to the Coordinator the information listed in Schedule 4 for each financial year by no later than the 31 August immediately following the financial year to which the information relates.



### Financial and technical resources

16. (1) The licensee must have and continue to have financial and technical resources sufficient to meet current and reasonably foreseeable obligations that might arise in relation to its activities the subject of the licence.
- (2) The licensee must ensure that its employees, agents and subcontractors are competent persons.
- (3) The licensee must:
- (a) within 2 weeks after receipt of a written request by the Coordinator provide to the Coordinator written evidence, as reasonably specified by the Coordinator, that the licensee maintains the financial and technical resources required under this clause; and
  - (b) notify the Coordinator immediately of a significant reduction (or proposed reduction) in the licensee's financial or technical resources that would, in the licensee's reasonable opinion, materially inhibit the performance of the current and reasonably foreseeable obligations that may arise in relation to its activities the subject of the licence.

### Backup trader arrangements

17. (1) The Coordinator may require the licensee, in conjunction with one or more other suppliers with licences which relate to the whole or a part of the licence area, to participate in the development of backup trader arrangements to provide for the supply of gas to small use customers within the licence area if a trading licensee is not able to continue supply to its customers.
- (2) Subject to subclause (3), the Coordinator may by notice direct the licensee to supply gas to a small use customer within the licence area which at the time of the direction is not a small use customer of the licensee, in circumstances where:
- (a) the other supplier who most recently supplied gas to the small use customer is materially in breach of an obligation to maintain supply to the small use customer; and
  - (b) the licensee can comply with the direction without significantly prejudicing its ability to continue to supply its small use customers and to fulfil its contractual obligations for the supply of gas.
- (3) A notice under subclause (2):
- (a) must not require the licensee to supply a small use customer unless it also includes arrangements for the payment of fair and reasonable compensation to the licensee in respect of that supply; and

- (b) must not require the licensee to supply a small use customer for a period longer than 3 months.
- (4) Supply by the licensee to a small use customer under subclause (2) is to be on the terms of a standard customer contract unless the licensee offers, and the small use customer accepts, supply on terms other than a standard customer contract.

### Performance bond

18. (1) The licensee must as soon as practicable after receiving notice of the Coordinator's final decision under clause 22(2)(e) lodge with the Coordinator a performance bond in the amount set out in Part 1 of Schedule 5 as amended ("**performance bond**") to:
  - (a) secure the licensee's performance of those obligations identified in Part 2 of Schedule 5 as amended ("**secured obligations**"); and
  - (b) provide for the continuation of gas supply to the licensee's small use customers in accordance with clause 17.
- (2) If at any time:
  - (a) an amount is recoverable by the Minister for Energy under section 11ZB(4) of the Act in respect of the licensee's failure to comply with a notice under section 11ZB(1) of the Act, where the notice related to the licensee's contravention of one or more of the secured obligations; or
  - (b) an amount is payable to another supplier under a provision in the other supplier's trading licence similar to clause 17(3),

then the Coordinator may apply all or part of the performance bond to pay that amount to the Minister for Energy or the other supplier, as applicable, and may thereafter require the licensee to reinstate the performance bond to the amount set out in Part 1 of Schedule 5.
- (3) Despite subclause (4), the allocation of the benefit of the performance bond under subclause (2) is in the Coordinator's discretion.
- (4) In allocating the benefit of the performance bond between classes of small use customers, the Coordinator is to have regard to the desirability of making allocations to the benefit of the following classes of small use customers, in decreasing order of priority:
  - (a) residential customers who are, or immediately before interruption of gas supplies were, supplied with gas by the licensee under a standard customer contract;

- (b) residential customers who are, or immediately before interruption of gas supplies were, supplied with gas by the licensee under a contract other than a standard customer contract;
  - (c) business customers who are, or immediately before interruption of gas supplies were, supplied with gas by the licensee under a standard customer contract; and
  - (d) business customers who are, or immediately before interruption of gas supplies were, supplied with gas by the licensee under a contract other than a standard customer contract.
- (5) The Coordinator will provide the licensee with a detailed statement in respect of any amount applied under subclause (2).
- (6) For so long as the Coordinator holds the performance bond, the provisions set out in Part 3 of Schedule 5 apply in respect of the manner in which the Coordinator is to hold the performance bond and the interest rate to be paid on the performance bond.
- (7) Instead of paying the performance bond to the Coordinator, the licensee may provide the Coordinator with a bank or other guarantee for the amount set out in Part 1 of Schedule 5 in a form acceptable to the Coordinator in his or her reasonable discretion.

## Insurance

19. (1) The licensee must, for the duration of the term, have:
- (a) adequate property insurance against damage, loss, or destruction to property required by the licensee to conduct its activities the subject of the licence; and
  - (b) adequate liability insurance against loss, damage, death, or injury to the property or personnel of the licensee and the public, in connection with, arising out of or related to its activities the subject of the licence.
- (2) The licensee is to provide the Coordinator, upon request, details of insurance coverage in terms of:
- (a) the currency of insurance;
  - (b) the amount insured;
  - (c) the activities insured; and
  - (d) any other details reasonably required by the Coordinator.



- (3) The Coordinator may wholly or partially waive compliance with this clause if he or she is satisfied that the licensee has made:
- (a) adequate alternative arrangements;
  - (b) accepts the licensee as a self insurer; or
  - (c) considers that there are other sufficient reasons for doing so.

## Accounting

20. (1) The licensee must:
- (a) determine all income, expenditure, assets, and liabilities relating to the activities under the licence;
  - (b) ensure that its accounts and records are in such a form as to enable all income, expenditure, assets and liabilities relating to the activities relating to the licence to be properly recorded and distinguished from other income, expenditure, assets and liabilities of the licensee;
  - (c) prepare annually from those accounts and records audited financial statements to the level of detail consistent with AASB 1034 and AASB 1035:
    - (i) which gives a true and fair view of its profit and loss relating solely to the activities under the licence (or to such of the licensee's activities as first approved in writing by the Coordinator, which approval may be given, given subject to conditions, or withheld in the Coordinator's absolute discretion) for the relevant financial year; and
    - (ii) which gives a true and fair view of the state of affairs relating solely to the activities under the licence (or to such of the licensee's activities as first approved in writing by the Coordinator, which approval may be given, given subject to conditions, or withheld in the Coordinator's absolute discretion) at the end of the financial year;
  - (d) obtain a report from an independent auditor approved by the Coordinator, whose approval will not unreasonably be withheld, as to whether, in the auditor's opinion:
    - (i) the financial statements comply with the licence and applicable accounting standards; and
    - (ii) transfer payments by the licensee to other parts of the licensee's business or to a related body corporate of the licensee are a true and fair payment for services rendered; and

- (e) by no later than the 31 October, or such other date as approved by the Coordinator, immediately following the financial year to which the auditor's report relates, provide a copy of the auditor's report to the Coordinator.
- (2) The licensee may comply with the requirements of subclause (1) in a manner that also complies with its obligations (if any) under section 4 of the National Third Party Access Code for Natural Gas Pipeline Systems.
- (3) For the purposes of this clause, "**related body corporate**" has the same meaning as in the *Corporations Law*

### Performance criteria

- 21. For the purposes of section 11ZA(2)(b) of the Act, compliance with clauses 7, 10, 11, 14, 16 and 19 are performance criteria.

### Amendment of the licence

- 22. (1) This clause sets out the procedure to be followed in making a determination to amend or substitute the licence under section 11W(2) of the Act.
- (2) Where the Coordinator proposes to amend Schedule 5, the Coordinator must act in accordance with the following procedure:-
  - (a) The Coordinator must give written notice to the licensee specifying:
    - (i) his or her reasons for the proposal;
    - (ii) the date at which Schedule 5 will be amended; and
    - (iii) details of the proposed amended Schedule 5.
  - (b) The date specified as the date at which Schedule 5 will be amended must be at least 30 days after the licensee is notified in writing of the Coordinator's proposal.
  - (c) Within 15 days after the day on which the licensee is notified in writing of the Coordinator's proposal, the licensee may make written submissions to the Coordinator regarding the Coordinator's proposal.
  - (d) Within 15 days after the day on which the Coordinator received the licensee's last submission under paragraph (c), the Coordinator must take into consideration, together with any other matters he or she considers relevant, the submission or submissions of the licensee in determining his or her final decision regarding the amendment.

- (e) As soon as practicable after making his or her final decision regarding the amendment, the Coordinator must notify the licensee of his or her final decision.
- (3) Where subclause (2) does not apply:-
  - (a) The Coordinator may at any time by written notice to the licensee advise the licensee of the Coordinator's proposal to amend or substitute the licence.
  - (b) The Coordinator may set out in the written notice referred to in paragraph (a) the terms and conditions (if any) on which the amendment or substitution is proposed to be made.
  - (c) The Coordinator must give the licensee a reasonable period of time to make submissions on the proposed amendment or substitution, which in any event must be at least 30 days.
  - (d) Within 15 days after the day on which the Coordinator received the licensee's last submission under paragraph (c), the Coordinator must take into consideration, together with any other matters he or she considers relevant, the submissions of the licensee in determining matters relating to any proposed amendment or substitution.
  - (e) As soon as practicable after making his or her final decision regarding the proposed amendment or substitution, the Coordinator must notify the licensee of his or her final decision.

### **Exchange of information between the licensee and the holder of a distribution licence**

23. (1) Subject to subclause (2), the licensee must provide reasonable information relating to its activities the subject of the licence as requested by the holder of a distribution licence in respect of the relevant distribution system to enable the holder of the distribution licence to provide for the safe and efficient operation of the relevant distribution system.
- (2) The licensee may refuse to provide information under subclause (1), if its disclosure prejudices the commercial interests of the licensee.
- (3) Where the licensee refuses under subclause (2) to provide information, the Coordinator may direct the licensee to provide the information in a categorised or aggregated form to the extent necessary to ensure the disclosure of the information is, in the opinion of the Coordinator, not unduly harmful to the commercial interests of the licensee.
- (4) In this clause, **“relevant distribution system”** means the distribution system through which gas is transported for sale by the licensee under the licence.

## Indemnity

24. The licensee must indemnify and hold harmless and keep indemnified the State of Western Australia including, but not limited to, the Minister for Energy, the Coordinator and the Office of Energy and the State's instrumentalities, servants, agents and contractors ("**State**") against:

- (a) all actions, claims, costs, proceedings, suits and demands whatsoever which may at any time be brought, maintained or made against the State by any person whether during or after the expiration of the licence:
  - (i) in respect of any loss, injury or damage of or to any nature or kind of property;
  - (ii) in respect of any death or injury sustained by any person; and
  - (iii) in respect of any other loss or damage including, but not limited to, consequential loss, loss of profits, business interruption and opportunity loss,

caused by, arising out of, or in connection with or as a result of the licensee's activities or obligations under the licence or under the Act;
- (b) the full cost of rectifying any breach of the provisions of the licence or the Act by the licensee, its servants, agents or subcontractors whether or not the State is liable for any reason to any person to carry out such rectification; and
- (c) the reasonable legal costs of the State in relation to any of the matters set out in paragraphs (a) and (b) above.

PROVIDED THAT, subject to the provisions of any other relevant Act, such indemnity shall not apply in circumstances where the State, its servants, agents or contractors are negligent in carrying out work for the licensee pursuant to the licence.

## Surrender of licence

25. (1) The licensee may, at any time, by instrument in writing served on the Coordinator, surrender its licence as to the whole or a part of the licence area.
- (2) Subject to subclause (3), the licensee must comply with each of the following requirements before surrendering the licence:
- (a) pay all amounts payable by it under the Act or make arrangements which are satisfactory to the Coordinator for the payment of those amounts;



- (b) comply with the terms and conditions of the licence and with the provisions of the Act and of the Regulations;
- (c) where the Coordinator has directed the licensee to do so, cause to be published in such newspapers as may be specified in the direction, notice advising of:
  - (i) the licensee's intention to surrender the licence as to the whole or a part of the licence area; and
  - (ii) a date at least one month after publication of the notice on or before which any person having an interest in any land in the licence area may, by instrument in writing served on the Coordinator, submit any matters that he or she wishes to be considered in connection with the surrender; and
- (d) to the extent that it is reasonably required to do so by the Coordinator and to the satisfaction of the Coordinator:
  - (i) either:
    - A. remove or cause to be removed from the area to which the surrender relates, property brought into that area by any person engaged or concerned in the operations the subject of the licence; or
    - B. make arrangements for the removal or disposal of that property;

and
  - (ii) make arrangements for the restoration of the area.
- (3) The Coordinator may waive one or more of the requirements of subclause (2) if he or she is satisfied that special circumstances exist that justify the waiver.

### **Fees and charges**

26. The licensee must notify the Coordinator at least one month before a change to any price, price structure, fee or interest rate under the standard customer contract is to come into effect.

## **SCHEDULE 2: DEPOSITED PLAN**

(Schedule 1, clause 2)



The Deposited Plan appears behind this page.



## **SCHEDULE 3: STANDARD CUSTOMER CONTRACT**

(Schedule 1, clause 12)

The standard customer contract appears behind this page.



## SCHEDULE 4: INFORMATION TO BE CONTAINED WITHIN ANNUAL INFORMATION RETURNS

(Schedule 1, clause 15)

1. In this Schedule, “**previous financial year**” means the period covered by the return under clause 15 immediately preceding the current return.
2. The information set out below is to be provided in respect of the financial year to which the return relates.
  - (1) Amount of gas sold to small use customers within the licence area – GJ and percentage change from previous financial year.
  - (2) Number of small use customers supplied gas – total number and percentage change from previous financial year.
  - (3) Number of small use customers on standard customer contracts – total number and percentage change from previous financial year.
  - (4) Average consumption per residential customer showing GJ and percentage change from previous financial year.
  - (5) Number of new small use customer connections:
    - (a) residential; and
    - (b) other,
 showing, for each class, total number and percentage change from previous financial year.
  - (6) Number of existing small use customer connections:
    - (a) residential; and
    - (b) other,
 showing, for each class, total number and percentage change from previous financial year.
  - (7) Number of small use customer complaints – total number and percentage change from previous financial year.
  - (8) Classifications of the nature of the complaints.
  - (9) Classifications of the action taken by the licensee to rectify the complaints.





- (10) Classifications of the timing for the complaints to be rectified.
- (11) Description of the endeavours to promote the sale of gas to small use customers undertaken since the previous financial year.

## **SCHEDULE 5: PERFORMANCE BOND**

(Schedule 1, clause 18)

### **Part 1: Amount of performance bond**

Nil.

### **Part 2: Secured obligations**

None.

### **Part 3: Manner of holding and interest rate to be paid**

Not applicable.

## SCHEDULE 6: SUMMARY OF KEY STATUTORY PROVISIONS

This Schedule sets out summaries of the key definitions and provisions of the *Energy Coordination Act 1994* which relate to the licence and the licensee's operations under the licence. The summaries are for information only and are of no legal effect. They do not replace or amend any provision of the Act or any other written law including the licence. They are not terms and conditions of the licence.

### DEFINITIONS

**“Coordinator”** means the Coordinator of Energy referred to under section 4 of the *Energy Coordination Act 1994*.

**“distribution system”** means:

- (a) a system of pipelines, mains and gas service pipes, designed to operate at a pressure of less than 1.9 megapascals, for transportation of gas to customers; or
- (b) any other part of the gas distribution system (as defined in section 90 of the *Gas Corporation Act 1994*) at the time when a distribution licence is first issued for all or any part of that system (regardless of the pressure at which it is designated to operate),

and any associated apparatus, facilities, structures, plant or equipment.

**“small use customer”** means a customer whose consumption of gas is less than 1 terajoule per year.

### PROVISIONS

#### Section 11R – Transfer of licence

The licensee shall not transfer the licence except with the approval of the Coordinator.

#### Section 11V – Other laws not affected

The grant, renewal or transfer of the licence does not affect the licensee's obligations to comply with any other written law in relation to the matters covered by the licence.

#### Section 11X – Interruption of supply

The licensee may interrupt, suspend or restrict the supply of gas provided by the licensee, if in the opinion of the licensee it is necessary to do so because of an accident, emergency, potential danger or other unavoidable cause. The licensee must take reasonable steps to minimise the extent or duration of any such interruption, suspension or restriction.



**Section 11Z – Compliance with technical standards**

The licensee must comply with the standards prescribed under the *Gas Standards Act 1972* and *Liquid Petroleum Gas Act 1956* to the extent that those standards apply to the supply of gas by the licensee.

**Section 11ZA – Timing of performance audit**

The licensee is to not less than once in every period of 24 months (or such longer period as the Coordinator may allow) calculated from the date of grant provide the Coordinator of Energy with a performance audit conducted by an independent expert acceptable to the Coordinator.

## Appendix 4: Gas Distribution Licence



# **GAS DISTRIBUTION LICENCE – GDL**



**ENERGY COORDINATION ACT 1994**

**GAS DISTRIBUTION LICENCE NO. (GDL )**

I, DR LES FARRANT, Coordinator of Energy for the State of Western Australia, hereby grant a distribution licence under the *Energy Coordination Act 1994* to:

on the terms and conditions set out in Schedule 1, to construct, alter, operate and maintain, and to transport gas through, a distribution system within the licence area specified in clause 2 of Schedule 1.

.....  
DR LES FARRANT  
COORDINATOR OF ENERGY





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## SCHEDULE 1: TERMS AND CONDITIONS

### Interpretation

1. (1) Unless the contrary intention appears, the following definitions apply in this licence.

**AGA code** means the Australian Gas Association's Natural Gas Customer Service Code AG 755-1998.

**competent person** means a person having the ability, appropriate training, knowledge and experience to supervise or carry out or both supervise and carry out activities the subject of this licence.

**Coordinator** includes the Coordinator's duly authorised delegate.

**covered pipeline** has the meaning given to "Covered Pipeline" by the National Access Code.

**customer service code** means:

- (a) until the Coordinator approves an alternative code under clause 10(2) – the AGA code; and
- (b) if the Coordinator approves an alternative code under clause 10(2) – the approved alternative code in which case references to that code are to be read in accordance with clause 10(3).

**date of grant** means the date on which this licence is granted.

**distribution outlet point** means the flange or joint on the consumer's gas installation immediately downstream of the master meter at which the consumer is entitled to take delivery of gas from the licensed distribution system.

**licence** means the licence to which these terms and conditions are scheduled.

**licence area** means the area specified in clause 2 as the area to which this licence applies.



- licensed distribution system** means the distribution system within the licence area that the licensee is authorised under this licence to construct, alter, operate and maintain, and to transport gas through.
- licensee** means the person specified in the licence, and its duly authorised delegates and assignees.
- National Access Code** means the *National Third Party Access Code for Natural Gas Pipeline Systems*, having effect under the *Gas Pipelines Access (Western Australia) Act 1998*.
- term** means the period specified under clause 3.
- Schedule** means the schedule or schedules (including this Schedule 1) which are appended to, and which form part of, this licence.
- (2) The *Interpretation Act 1984* applies to the interpretation of this licence as though it is a written law.
- (3) Where information in this licence is set out in braces (namely “{” and “}”), whether or not preceded by the expression “Note”, the information:
- (a) is provided for information only and does not form part of this licence;
  - (b) is to be disregarded in interpreting this licence; and
  - (c) might not reflect amendments to this licence, the Act or other written laws made after the first publication of this document.

#### Licence area

2. The area to which this licence applies is the area of land shown shaded on Statutory Services Plan 21104 registered with the Department of Land Administration, a copy of which is contained in Schedule 2.

#### Term

3. The term of the licence is for a period of 21 years commencing on the date of grant, unless earlier surrendered under clause 25 or cancelled under section 11ZE of the Act.

#### Licence fees

4. Licence fees will be determined under section 11Q of the Act.



### Notices

5. Any notice or other communication to be given or made between the Coordinator and licensee under this licence must be in writing, must be signed by or on behalf of the person giving or making it, and may be given by pre-paid mail or hand delivery, or by facsimile transmission if a confirming copy is subsequently sent by pre-paid mail or hand delivery.

### Licence review

6. (1) Subject to subclause (2), the Coordinator and the licensee will meet to review and discuss matters relevant to the licence:
- (a) approximately 3 years after the date of grant;
  - (b) approximately every 5 years thereafter during the term; and
  - (c) approximately 6 months prior to expiry of the term.
- (2) Nothing in subclause (1) obliges the Coordinator or the licensee to agree to any proposed variation to the licence.

### Continuous operation

7. (1) Subject to section 11X of the Act and subclause (2), the licensee must continuously operate the licensed distribution system except to the extent necessary for compliance with:
- (a) the *Gas Standards (Gas Supply and System Safety) Regulations 2000*;
  - or
  - (b) clauses 17 and 18,
- whichever is applicable.
- (2) Subclause (1) only applies to those parts of the licensed distribution system required for the licensee to meet its obligations from time to time to supply gas.

### Obligation to connect

8. (1) This clause applies in respect of residential premises located within the licence area if the licensee is requested by a trader to connect the premises to the licensed distribution system.
- (2) Subject to subclause (3), the licensee must connect the premises to the licensed distribution system.
- (3) The licensee's obligation to connect the premises under subclause (2) is subject to the following:



- (a) The licensee may adopt a method of establishing the connection that results in the least connection cost.
- (b) The licensee must bear whichever is the lesser of:
  - (i) the least connection cost of establishing the connection; and
  - (ii) \$650.
- (c) If:
  - (i) the trader requests a method of establishing the connection which would result in a connection cost that exceeds the least connection cost; or
  - (ii) the least connection cost of establishing the connection exceeds \$650,then the licensee may decline to undertake the connection unless another person bears the amount of the excess.
- (d) The obligation to connect applies:
  - (i) only in respect of connections which require 20 metres or less of service pipe; and
  - (ii) only where the gas main is so located that it is practicable in accordance with good industry practice to connect the relevant premises to the main,and accordingly, the licensee may decline to undertake a connection that requires:
  - (iii) more than 20 metres of service pipe; or
  - (iv) any extension to a main.
- (e) The connection is, unless otherwise agreed between the licensee and the trader, to comprise a standard residential delivery facility.
- (f) The obligation to connect is limited to connections to the medium pressure/low pressure part of the licensed distribution system.
- (g) If, in the course of establishing a connection under this clause 8, the licensee opens or breaks up any sealed or paved surface, or damages or disturbs any lawn, landscaping or other improvement at the premises, then the licensee must if necessary fill in any ground to restore it to approximately its previous level, but (unless the licensee agrees otherwise with any person) the licensee is not otherwise obliged to

reinstate or make good, or pay compensation in respect of any damage to, any such surface, lawn, landscaping or other improvement.

- (h) The licensee is not obliged to connect a premises, if that premises is already connected to a distribution system.
  - (i) Before establishing the connection, the licensee may require the trader to procure the agreement of the owner of any land through which the service pipe is to pass and on which the delivery facilities will be installed, that the connection may be established.
  - (j) Before establishing the connection, the licensee may require the trader to enter into (or to procure its gas supplier to enter into) a gas transportation contract with the licensee.
  - (k) Before establishing the connection, the licensee may require the person who is to enter into the gas transportation contract referred to in paragraph (j) to meet the licensee's reasonable minimum prudential requirements and credit standards.
- (4) Nothing in this clause 8 limits the licensee's ability to recover any connection cost through tariffs for access to the licensed distribution system, or requires such recovery.
- (5) In this clause 8:

**"connection cost"** means the licensee's costs directly attributable to connecting the premises to the licensed distribution system;

**"least connection cost"** means the lowest practicable connection cost which would be incurred in respect of the premises by a prudent operator acting efficiently who, in accordance with this clause and accepted good industry practice, uses the lowest cost:

- (i) route;
- (ii) location of distribution outlet point;
- (iii) methods;
- (iv) labour;
- (v) standard residential delivery facilities; and
- (vi) other materials;

**"residential premises"** means premises at which the supply of gas satisfies the requirements for "residential purposes" under regulation 4(2) of the *Energy Coordination (Gas Tariffs) Regulations 2000*;

**“standard residential delivery facility” means:**

- (i) up to 20 metres of service pipe between the distribution outlet point and the gas main;
- (ii) a gas meter; and
- (iii) one or more pressure regulators,

each of adequate capacity to supply residential premises and each of a standard which would be applied by a prudent operator complying with accepted good industry practice; and

**“trader”** means the holder of a trading licence seeking to sell gas to a small use customer who is the owner or occupier of residential premises.

### Third party access

9. (1) This clause applies where a person (**“applicant”**) applies to the licensee seeking third party access to a service (as defined in the National Access Code) (**“service”**) provided using those parts of the licensed distribution system that are not part of a covered pipeline (**“non-covered pipeline”**).
- (2) If the applicant and the licensee are unable to agree on one or more aspects of access to the service, the applicant or the licensee may notify the Coordinator in writing (**“referral”**) that a dispute (**“access dispute”**) exists.
- (3) On receiving a referral under subclause (2), the Coordinator must decide that:
  - (a) the dispute should be arbitrated under this clause; or
  - (b) the dispute should not be arbitrated under this clause.
- (4) The Coordinator must decide under subclause (3)(a) that the dispute should be arbitrated under this clause, where he or she is reasonably satisfied that:
  - (a) the referral under subclause (2) is neither vexatious, trivial, misconceived, lacking in substance, unreasonable nor made not in good faith; and
  - (b) there is good reason, taking into account each of the matters referred to in section 1.9(a) to (d) of the National Access Code, for his or her intervention in the access dispute; and
  - (c) the licensee has not made an offer of terms (which includes tariffs and a tariff path) to the applicant which is reasonable taking into account the factors listed in section 6.15 of the National Access Code; and

- (d) the licensee and the applicant have been endeavouring in good faith to negotiate the terms for third party access to a non-covered pipeline but have been unable, and are unlikely, to agree on mutually acceptable terms for access.
- (5) If the Coordinator decides under subclause (3)(a) that the dispute should be arbitrated under this clause, then:
  - (a) the arbitration is to be heard by:
    - (i) if regulations have been made under section 74(2)(a) of the *Gas Pipelines Access (Western Australia) Act 1998* granting jurisdiction to the Western Australian Gas Disputes Arbitrator (“**Gas Disputes Arbitrator**”) in respect of disputes which include an access dispute – the Gas Disputes Arbitrator;
    - (ii) otherwise – the person who from time to time occupies the office of the Western Australian Gas Disputes Arbitrator or his or her nominee (“**other arbitrator**”);
  - (b) if the dispute is being arbitrated:
    - (i) under subparagraph (a)(i), then the arbitration must be conducted under the regulations referred to in that subparagraph;
    - (ii) under subparagraph (a)(ii), then:
      - A. subject to this clause, the arbitration must be conducted as though it was an arbitration submitted under the *Commercial Arbitration Act 1985* and under the Institute of Arbitrators and Mediators Australia Rules for the Conduct of Commercial Arbitrations; and
      - B. the other arbitrator must make a decision on access by the applicant to a service; and
      - C. this clause 9 is an arbitration agreement between the applicant and the licensee; and
      - D. the following sections of the National Access Code, read with appropriate modifications, apply to the arbitration:
        - i. sections 6.8 to 6.12;
        - ii. sections 6.15 to 6.17;
        - iii. section 6.18(b) and (c);





- iv. sections 6.20 to 6.22 but disregarding the words in parentheses in section 6.22(e);
- v. section 6.23(c);
- vi. section 6.24;
- vii. section 6.26; and
- viii. section 6.27;

and

- (c) where sections in the National Access Code are stated by this clause to be read with appropriate modifications, then without limiting that statement a reference in the National Access Code to:
  - (i) “Service Provider” is a reference to the licensee;
  - (ii) “Prospective User” is a reference to the applicant; and
  - (iii) “Arbitrator” is a reference to the Gas Disputes Arbitrator or other arbitrator as applicable.

### Service standards

- 10. (1) The licensee must use its best endeavours to maintain a level of customer service at least consistent with the customer service code, except where the Coordinator permits otherwise.
- (2) The licensee may request the Coordinator to approve a code (“**alternative code**”) in substitution for the AGA code (or for a code previously approved under this clause), and the Coordinator may approve the alternative code.
- (3) If the customer service code is not the AGA code, a reference in these terms and conditions to a numbered clause of the customer service code is to be read as a reference to the provision (if any) in the customer service code that corresponds to the clause in the AGA code with the same number.

### Complaints handling process

- 11. (1) The licensee must:
  - (a) develop and within 3 months after the date of grant lodge with the Coordinator a copy of; and
  - (b) thereafter be in a position to implement when needed,
 a process for dealing with a complaint (“**complaints handling process**”) against the licensee by a person owning or occupying premises directly



affected by the licensee's activities the subject of this licence ("**affected person**").

- (2) Without limiting clause 10, the complaints handling process must comply with clause 2.5 of the customer service code.
- (3) While the customer service code is the AGA code, clause 2.5 of that code is to be read as though the term "customer" in that clause included an affected person.

#### **Asset management system**

12. (1) The asset management system implemented by the licensee under section 11Y of the Act must provide for the efficient and economic operation of the licensed distribution system.
- (2) The licensee's first notification under section 11Y(1)(b) of the Act must be submitted to the Coordinator within 12 months after the date of grant.

#### **Annual information returns**

13. The licensee is to provide to the Coordinator the information listed in Schedule 3 for each financial year by no later than the 31 August immediately following the financial year to which the information relates.

#### **Future development of the licensed distribution system**

14. (1) The licensee must use reasonable endeavours to continue to plan for future expansion and to seek opportunities to expand the coverage of the licensed distribution system within the licence area.
- (2) The licensee must where reasonably practicable undertake any activities under subclause (1) in accordance with the Office of Energy Guidelines for the Design and Planning of Interconnected Gas Distribution Networks dated February 2000.

#### **Financial and technical resources**

15. (1) The licensee must have and continue to have financial and technical resources sufficient to meet current and reasonably foreseeable obligations that might arise in relation to its activities the subject of this licence.
- (2) If the licensee is not the operator of the licensed distribution system ("**operator**"), the licensee must ensure that the operator has and continues to have technical resources sufficient to meet current and reasonably foreseeable obligations that might arise in relation to its activities the subject of this licence.

- (3) The licensee must ensure that its employees, agents and subcontractors are competent persons.
- (4) The licensee must:
  - (a) within 2 weeks after receipt of a written request by the Coordinator provide to the Coordinator written evidence, as reasonably specified by the Coordinator, that the licensee maintains the financial and technical resources, and the operator (if any) maintains the technical resources, required under this clause;
  - (b) notify the Coordinator immediately of a significant reduction (or proposed reduction) in the licensee's financial or technical resources or the operator's technical resources that would, in the licensee's reasonable opinion, materially inhibit the performance of the current and reasonably foreseeable obligations that may arise in relation to its activities the subject of this licence; and
  - (c) notify the Coordinator prior to the appointment of an operator or change in the operator.

### Insurance

- 16. (1) The licensee must, for the duration of the term, have:
  - (a) adequate property damage insurance against damage, loss or destruction of, or a part of, the licensed distribution system; and
  - (b) adequate liability insurance against loss, damage, death or injury to the property or personnel of the licensee and the public, in connection with, arising out of or related to its activities the subject of this licence.
- (2) The licensee is to provide the Coordinator, upon request, details of insurance coverage in terms of:
  - (a) the currency of insurance;
  - (b) the amount insured;
  - (c) the activities insured; and
  - (d) any other details reasonably required by the Coordinator.
- (3) The Coordinator may wholly or partially waive compliance with this clause if he or she is satisfied that the licensee has made:
  - (a) adequate alternative arrangements;
  - (b) accepts the licensee as a self insurer; or

- (c) considers that there are other sufficient reasons for doing so.

### **Compliance with technical standards**

17. (1) This clause has effect until the proposed *Gas Standards (Gas Supply and System Safety) Regulations 2000* come into effect in respect of the licensed distribution system and the licensee's activities the subject of this licence.
- (2) The licensee must ensure that the licensed distribution system is constructed, altered, operated and maintained in accordance with the Codes and Australian Standards listed in Schedule 4.
- (3) The licensee must ensure that gas is transported through the licensed distribution system in accordance with the Codes and Australian Standards listed in Schedule 4.

### **Technical and safety conditions and notification of incidents**

18. (1) This clause has effect until the proposed *Gas Standards (Gas Supply and System Safety) Regulations 2000* come into effect in respect of the licensed distribution system and the licensee's activities the subject of this licence.
- (2) The licensee must comply with the technical and safety provisions in Schedule 5.
- (3) The licensee must comply with the requirements relating to notification, reporting and investigating of incidents in Schedule 6.

### **Accounting**

19. (1) The licensee must:
- (a) determine all income, expenditure, assets, and liabilities relating to the activities under this licence;
- (b) ensure that its accounts and records are in such a form as to enable all income, expenditure, assets and liabilities relating to the activities relating to this licence to be properly recorded and distinguished from other income, expenditure, assets and liabilities of the licensee;
- (c) prepare annually from those accounts and records audited financial statements to the level of detail consistent with AASB 1034 and AASB 1035:
- (i) which gives a true and fair view of its profit and loss relating solely to the activities under this licence (or to such of the licensee's activities as first approved in writing by the Coordinator, which approval may be given, given subject to

conditions, or withheld in the Coordinator's absolute discretion) for the relevant financial year; and

- (ii) which gives a true and fair view of the state of affairs relating solely to the activities under this licence (or to such of the licensee's activities as first approved in writing by the Coordinator, which approval may be given, given subject to conditions, or withheld in the Coordinator's absolute discretion) at the end of the financial year;
- (d) obtain a report from an independent auditor approved by the Coordinator, whose approval will not unreasonably be withheld, as to whether, in the auditor's opinion:
  - (i) the financial statements comply with this licence and applicable accounting standards; and
  - (ii) transfer payments by the licensee to other parts of the licensee's business or to a related body corporate of the licensee are a true and fair payment for services rendered; and
- (e) by no later than the 31 October, or such other date as approved by the Coordinator, immediately following the financial year to which the auditor's report relates, provide a copy of the auditor's report to the Coordinator.
- (2) The licensee may comply with the requirements of subclause (1) in a manner that also complies with its obligations (if any) under section 4 of the National Access Code.
- (3) For the purposes of this clause, "**related body corporate**" has the same meaning as in the *Corporations Law*.

### Performance criteria

20. For the purposes of section 11ZA(2)(b) of the Act, compliance with clauses 7, 8, 10, 14, 15, and 16 are performance criteria.

### Amendment of the licence

21. (1) This clause sets out the procedure to be followed in making a determination to amend or substitute the licence under section 11W(2) of the Act.
- (2) The Coordinator may at any time by written notice to the licensee advise the licensee of the Coordinator's proposal to amend or substitute the licence.
- (3) The Coordinator may set out in the written notice referred to in subclause (2) the terms and conditions, if any, on which the amendment or substitution is proposed to be made.



- (4) The Coordinator must give the licensee a reasonable period of time to make submissions on the proposed amendment or substitution, which in any event must be at least 30 days.
- (5) Within 15 days after the day on which the Coordinator received the licensee's last submission under subclause (4), the Coordinator must take into consideration, together with any other matters he or she considers relevant, the submissions of the licensee in determining matters relating to any proposed amendment or substitution.
- (6) As soon as practicable after making his or her final decision regarding the proposed amendment or substitution, the Coordinator must notify the licensee of his or her final decision.

#### **Exchange of information between the licensee and the holder of a trading licence**

- 22. (1) For any part of the licensed distribution system that is not a covered pipeline, the licensee must comply with section 5.9(a) and (b) of the National Access Code as if that part were a covered pipeline.
- (2) For the purposes of subclause (1), a reference in section 5.9 of the National Access Code to:
  - (a) "Service Provider" is a reference to the licensee; and
  - (b) "Prospective User" is a reference to the holder of a trading licence that relates to the whole or a part of the licence area.
- (3) This clause 22 does not impose any obligation on the licensee in relation to any part of the licensed distribution system that is or becomes a covered pipeline, but nothing in this clause affects the licensee's obligations in relation to that pipeline under the National Access Code.

#### **Indemnity**

- 23. The licensee must indemnify and hold harmless and keep indemnified the State of Western Australia including, but not limited to, the Minister for Energy, the Coordinator and the Office of Energy and the State's instrumentalities, servants, agents and contractors ("**State**") against:
  - (a) all actions, claims, costs, proceedings, suits and demands whatsoever which may at any time be brought, maintained or made against the State by any person whether during or after the expiration of this licence:
    - (i) in respect of any loss, injury or damage of or to any nature or kind of property;
    - (ii) in respect of any death or injury sustained by any person; and



- (iii) in respect of any other loss or damage including, but not limited to, consequential loss, loss of profits, business interruption and opportunity loss,  
  
caused by, arising out of, or in connection with or as a result of the licensee's activities or obligations under this licence or under the Act;
- (b) the full cost of rectifying any breach of the provisions of this licence or the Act by the licensee, its servants, agents or subcontractors whether or not the State is liable for any reason to any person to carry out such rectification; and
- (c) the reasonable legal costs of the State in relation to any of the matters set out in paragraphs (a) and (b) above.

PROVIDED THAT, subject to the provisions of any other relevant Act, such indemnity shall not apply in circumstances where the State, its servants, agents or contractors are negligent in carrying out work for the licensee pursuant to this licence.

#### **Proposed cessation or decrease in activities**

24. (1) The licensee must give the Coordinator notice in writing where it proposes a permanent cessation to, or substantial decrease in the extent of, the licensee's activities the subject of this licence.
- (2) A notice under subclause (1) must be given:
- (a) 6 months prior to the proposed cessation or decrease; or
  - (b) if the time limit stipulated in paragraph (a) is not practicable, as soon as practicable.
- (3) Nothing in this clause relieves the licensee of its obligations under clause 25.

#### **Surrender of licence**

25. (1) The licensee may, at any time, by instrument in writing served on the Coordinator, surrender its licence as to the whole or a part of the licence area.
- (2) Subject to subclause (3), the licensee must comply with each of the following requirements before surrendering the licence:
- (a) pay all amounts payable by it under the Act or make arrangements which are satisfactory to the Coordinator for the payment of those amounts;
  - (b) comply with the terms and conditions of this licence and with the provisions of the Act and of the Regulations;



- (c) where the Coordinator has directed the licensee to do so, cause to be published in such newspapers as may be specified in the direction, notice advising of:
  - (i) the licensee's intention to surrender the licence as to the whole or a part of the licence area; and
  - (ii) a date at least one month after publication of the notice on or before which any person having an interest in any land in the licence area may, by instrument in writing served on the Coordinator, submit any matters that he or she wishes to be considered in connection with the surrender; and
- (d) to the extent that it is reasonably required to do so by the Coordinator and to the satisfaction of the Coordinator:
  - (i) either:
    - A. remove or cause to be removed from the area to which the surrender relates, property brought into that area by any person engaged or concerned in the operations the subject of this licence; or
    - B. make arrangements for the removal or disposal of that property; and
  - (ii) make arrangements for the restoration of the area.
- (3) The Coordinator may waive one or more of the requirements of subclause (2) if he or she is satisfied that special circumstances exist that justify the waiver.



## **SCHEDULE 2: STATUTORY SERVICES PLAN**

(Schedule 1, clause 2)

The Statutory Services Plan appears behind this page.



### SCHEDULE 3: INFORMATION TO BE CONTAINED WITHIN ANNUAL INFORMATION RETURNS

(Schedule 1, clause 13)

1. In this Schedule, “**previous financial year**” means the period covered by the return under clause 13 immediately preceding the current return.
2. The information set out below is to be provided in respect of the financial year to which the return relates.
  - (1) Amount of gas transported – GJ and percentage change from previous financial year.
  - (2) Actual Peak Demand – GJ/Hour and percentage change from previous financial year.
  - (3) Number of distribution outlet points classified into:
    - (a) gas meters with a badged capacity of not more than 6 cubic metres per hour;
    - (b) gas meters with a badged capacity of more than 6 cubic metres per hour but not more than 12 cubic metres per hour; and
    - (c) gas meters with a badged capacity of more than 12 cubic metres per hour,

and showing, for each class, total number and percentage change from previous financial year.
  - (4) Amount of unaccounted for or lost gas – GJ and percentage change from previous financial year.
  - (5) Distribution outlet points per km of mains and percentage change from previous year.
  - (6) For each financial year up to but excluding the financial year in which the proposed *Gas Standards (Gas Supply and System Safety) Regulations 2000* come into effect in respect of the licensed distribution system and the licensee’s activities the subject of this licence, the number of unplanned interruptions and percentage change from the previous year.
  - (7) Number of reported breaks to gas mains and service pipes, percentage attended within 1 hour of notification, and percentage change in the former from previous year.
  - (8) Number of reported breaks to a service pipe, percentage attended within 3 hours of notification and percentage change in the former from previous year.



- (9) Number of reported gas leaks in a public area, percentage attended within 2 hours of notification and percentage change in the former from previous year.
- (10) Length of mains installed or decommissioned – km installed or decommissioned in that year, cumulative total and percentage change in both from previous financial year.
- (11) Brief description of works undertaken during the previous 12 months.
- (12) Percentage of new connections to residential premises within 7 days where:
  - (a) the gas main is so located that it is practicable in accordance with good industry practice to connect the relevant premises to the main without extending it; and
  - (b) reasonable soil conditions exist.

## SCHEDULE 4: WORK SPECIFICATIONS

(Schedule 1, clause 17)

1. The relevant Codes and Australian Standards for the design, construction, alteration, operation and maintenance of the licensed distribution system are:
  - (a) AS 1596 - 1997 Storage and handling of LP Gas
  - (b) AS 1697 - 1981 Gas transmission and distribution systems (known as the SAA Gas Pipeline Code)
  - (c) AS 2430.1 - 1991 Classification of hazardous areas - Part 1: Explosive Gas Atmospheres
  - (d) AS 2430.3 - 1991 Classification of hazardous areas - Part 3: Examples of area classification
  - (e) AS 2885.1 - 1997 Pipelines - Gas and liquid petroleum - Part 1: Design and construction
  - (f) AS 2885.2 - 1995 Pipelines - Gas and liquid petroleum - Part 2: Welding
  - (g) AS 2885.3 - 1997 Pipelines - Gas and liquid petroleum - Part 3: Operation and Maintenance
  - (h) AS 3723 - 1989 Installation and maintenance of plastic pipe systems for gas
  - (i) AG 603 - 1978 Gas Distribution Code



## SCHEDULE 5: TECHNICAL AND SAFETY PROVISIONS

(Schedule 1, clause 18(2))

### Definitions

1. In this Schedule 5:

**“AG”** followed by a designation consisting of a number and a reference to a year, refers to the text, as from time to time amended and for the time being in force, of the document so designated, published by the Australian Gas Association;

**“badged capacity”** means the capacity of a meter as shown on the manufacturer’s meter badge affixed to the meter;

**“cubic metre”** or **“m<sup>3</sup>”** means a cubic metre at a pressure of 101.325 kPa (absolute) and a temperature of 15°C;

**“gas installation”** has the meaning given in the Gas Standards Act 1972;

**“higher heating value”** means the number of megajoules liberated when one cubic metre of gas is completely burnt in air and all the water formed by the combustion reaction is condensed to the liquid state, under the test conditions set down in ISO 6974 – 1984(E) for the analysis of the natural gas, using ISO 6976 – 1995(E) for the calculations from that analysis;

**“ISO”**, followed by a designation consisting of a number and a reference to a year, refers to the text, as from time to time amended and for the time being in force, of the document so designated, published by the International Organisation for Standardisation;

**“LPG”** means a mixture of hydrocarbons in liquid or vapour form, consisting mainly of butane, butene, propane, or propene, or any mixture of those substances;

**“master meter”** means a meter used to measure the amount of gas supplied to the point at which delivery of the gas is made to the consumer and includes any associated regulators, pipes, fittings, components, equipment or instruments;

**“meter”** means a device used to measure the amount of gas passing through the device;

**“natural gas”** means a hydrocarbon gas, in liquefied or vapour form, consisting mainly of methane;

**“prescribed activity”** means anything related to the conveyance, control, supply or use of gas done by, for, or with the authority of, the licensee in the course of the construction, maintenance, repair or operation of any part of the licensed distribution system;



**“prescribed pressure”, in relation to:**

- (a) a gas installation that uses or is to use tempered LPG, means 0.75 kPa (gauge);
- (b) a gas installation that uses or is to use natural gas or simulated natural gas, means 1.25 kPa (gauge); and
- (c) a gas installation that uses or is to use LPG, means 2.75 kPa (gauge);

**“simulated natural gas”** means a mixture of LPG and air having a higher heating value of more than 40 MJ/m<sup>3</sup> but not more than 51 MJ/m<sup>3</sup>;

**“tempered LPG”** means a mixture of LPG and air having a higher heating value of more than 23.5 MJ/m<sup>3</sup> but not more than 27.3 MJ/m<sup>3</sup>.

### **Pressure**

- 2. (1) The licensee must ensure that the operating pressure of gas supplied to a consumer’s gas installation, measured immediately after the consumer’s master meter:
  - (a) is not less than the prescribed pressure and not more than 3 kPa (gauge), except to the extent that the consumer and the licensee have otherwise expressly agreed in writing; and
  - (b) is within the pressure operating range specified by the manufacturer of the master meter.
- (2) The licensee must, when requested to do so, advise a consumer as to the greatest pressure of gas to which a consumer’s gas installation could be subject in the event of a supply fault causing a breach of subclause (1).

### **Operating requirements for master meters**

- 3. (1) The licensee must ensure that every master meter installed after the date of grant with a badged capacity of not more than 6 cubic metres per hour complies with the requirements of AG 702.
- (2) The licensee must ensure that every master meter not referred to in subclause (1) installed after the date of grant measures, at the time of installation, the consumption of gas within a margin of error not exceeding plus or minus 1.5% of the actual volume of gas supplied.



- (3) Subject to the requirement in subclause (2), the licensee must ensure that every master meter, whether installed before, on or after the date of grant, measures the consumption of gas within a margin of error of:
  - (a) plus or minus 2% of the actual volume of gas supplied, if the master meter has a badged capacity of more than 6 cubic metres per hour; or
  - (b) plus or minus 3% of the actual volume of gas supplied, if the master meter has a badged capacity of not more than 6 cubic metres per hour.

### **Replacement of master meters**

4. The licensee must ensure that every master meter installed after the date of grant is replaced at intervals not exceeding:
  - (a) 5 years, in the case of turbine meters;
  - (b) 10 years, in the case of rotary meters;
  - (c) 10 years, in the case of diaphragm meters with a badged capacity of more than 12 cubic metres per hour;
  - (d) 14 years, in the case of diaphragm meters with a badged capacity of more than 6 cubic metres per hour but not more than 12 cubic metres per hour; and
  - (e) 18 years, in the case of diaphragm meters with a badged capacity of not more than 6 cubic metres per hour,

and in each case the first interval is to be calculated from the date of installation.

### **Alternative requirements**

5. (1) The Director may give approval in writing for the licensee, when supplying gas in a place or from a part of the licensed distribution system described in the approval, to comply with an alternative requirement instead of a requirement under clause 3 or 4.
- (2) A requirement under clause 3 or 4 does not apply to the extent that the licensee complies with an alternative to that requirement in accordance with an approval under subclause (1).

### **Management of prescribed activities**

6. (1) The licensee must ensure that each prescribed activity is, so far as is reasonable and practicable, carried out in such a way as to:
  - (a) provide for the safety of persons; and

- (b) avoid or minimise any damage to property, inconvenience, or other detriment as a result of the activity.
- (2) Without limiting subclause (1), the licensee must ensure that:
  - (a) adequate work procedures and practices are developed and implemented;
  - (b) proper plans are developed and implemented for the inspection, maintenance and (if necessary) replacement of the licensed distribution system;
  - (c) adequate records of the location of the licensed distribution system are maintained and made available on request to:
    - (i) the Director; or
    - (ii) a person who, for reasons of safety, requires access to the records;
  - (d) adequate supervision is provided taking into account the nature of the activity and the competency of the personnel carrying out the activity; and
  - (e) the design, engineering and operation of the licensed distribution system are regularly reviewed for safety and effectiveness.

#### Action when danger reported

7. (1) If a licensee becomes aware that:
  - (a) anything at a place where a prescribed activity is being carried out; or
  - (b) the condition of the licensed distribution system or former licensed distribution system at any place,
 is a threat to the safety of any person or property, the licensee must investigate the matter as soon as is practicable.
- (2) If the investigation reveals that there is a threat to the safety of any person or property, the licensee must take such remedial action as is required to remove the threat as soon as is practicable.
- (3) In subclause (1):
 

**“former licensed distribution system”** means anything owned by the licensee what would be a licensed distribution system if it were still utilised for a purpose for which it previously was, but no longer is, utilised.



**Inspection and auditing to determine compliance with technical and safety conditions contained in the licence**

8. The licensee must permit the Director or his delegate to:
- (a) inspect any parts of the licensed distribution system and the activities of the licensee related to the licensed distribution system; and
  - (b) audit the documentation and records of the licensee,

to assess compliance with the conditions of this Schedule, and the licensee must provide reasonable access and assistance to enable such inspection or audit to be conducted.

## SCHEDULE 6: NOTIFICATION, REPORTING AND INVESTIGATION OF INCIDENTS

(Schedule 1, clause 18(3))

### Definitions

1. In this Schedule 6:

**“cubic metre” or “m<sup>3</sup>”** means a cubic metre at a pressure of 101.325 kPa (absolute) and a temperature of 15°C;

**“gas incident”** means an incident or event in, on or associated with the licensed distribution system, other than a notifiable incident, that:

- (a) materially affects or is likely to materially affect the supply of gas; or
- (b) is caused by gas;

**“major discharge”** means:

- (a) the unplanned and uncontrolled release inside a building of 10 cubic metres or more of gas; or
- (b) the unplanned and uncontrolled release in the open air of 3,000 cubic metres or more of gas;

**“notifiable incident”** means an incident, event or other thing of which the Director requires notification under clause 2;

**“private property”** means property that does not belong to:

- (a) the licensee; or
- (b) a contractor or subcontractor to the licensee;

**“serious damage”** means:

- (a) damage to private property if the value of the damage is likely to exceed \$1,000 in total; or
- (b) damage to the licensed distribution system, or to property belonging to the licensee or a contractor or subcontractor to the licensee, if the value of the damage is likely to exceed \$10,000 in total;

**“serious injury”** means an injury that is fatal or requires the victim to be admitted to hospital whether for assessment, monitoring or treatment.



### Notifiable incidents

2. (1) The licensee must notify the Director of:
  - (a) any fire, explosion, or major discharge of flammable gas, in, on or from the licensed distribution system;
  - (b) any incident or event that is caused, or significantly contributed to, by gas and that results in:
    - (i) serious injury; or
    - (ii) serious damage;
 or
  - (c) any unplanned interruption to the supply of gas from the licensed distribution system to:
    - (i) any consumer whose annual gas consumption usually exceeds, or can reasonably be expected to exceed, 50 terajoules; or
    - (ii) at least 100 other consumers.
- (2) Notification under subclause (1)(b)(i) is to be given by telephone immediately after the licensee becomes aware that serious injury has occurred.
- (3) In any other case notification is to be given in a form acceptable to the Director within 24 hours after the licensee becomes aware of the occurrence of the notifiable incident.

### Licensee to investigate and report on notifiable incidents

3. (1) If a notifiable incident occurs, then, subject to subclause (2), the licensee must:
  - (a) investigate the incident; and
  - (b) prepare a written report on the outcome of the investigation in a form acceptable to the Director.
- (2) Subclause (1) does not apply in relation to:
  - (a) a major discharge of flammable gas coming within paragraph (b) of the definition of “major discharge” in clause 1 unless the quantity of gas released is 3,000 cubic metres or more; or



- (b) an incident or event that results in serious damage unless:
  - (i) in the case of damage coming within paragraph (a) of the definition of “serious damage” in clause 1, the value of the damage is likely to exceed \$5,000 in total; or
  - (ii) in the case of damage coming within paragraph (b) of that definition, the value of the damage is likely to exceed \$25,000 in total.
- (3) The licensee must give the report to the Director within 30 days after the day on which the notifiable incident occurred.

#### **Investigation of notifiable incidents by Director**

- 4. (1) If the Director intends to investigate a notifiable incident, the Director must notify the licensee of that intention.
- (2) Notification under subclause (1) is to:
  - (a) include notification of any proposed examination of the site of the notifiable incident; and
  - (b) be given by telephone and confirmed in writing by facsimile transmission.
- (3) The Director must carry out the investigation as soon as is practicable after giving notification under subclause (1).

#### **Examination of site of notifiable incident**

- 5. (1) If the licensee is given notification as described in clause 4(2)(a), the licensee must ensure that, so far as is practicable, the site of the notifiable incident is not disturbed in such a way as to prejudice the examination of the site except:
  - (a) as authorised by or on behalf of the Director; or
  - (b) as is necessary to restore the supply of gas or to guard against the risk of personal injury, damage, or interruption to the supply of gas.
- (2) The Director must notify the licensee when the examination of the site has been completed.
- (3) Notification under subclause (2) is to be given by telephone and is to be confirmed in writing by facsimile transmission.

**Reporting requirements for gas incidents**

6. (1) As soon as is practicable after each quarter, or such other period as the Director allows, the licensee must give to the Director a report of gas incidents that have occurred in that quarter or period.
- (2) The report is to be in a summary form acceptable to the Director.

## SCHEDULE 7: SUMMARY OF KEY STATUTORY PROVISIONS

This Schedule sets out summaries of the key definitions and provisions of the *Energy Coordination Act 1994* which relate to this licence and the licensee's operations the subject of this licence. The summaries are for information only and are of no legal effect. They do not replace or amend any provision of the Act or any other written law including this licence. They are not terms and conditions of this licence.

### Definitions

**"Act"** means the *Energy Coordination Act 1994*.

**"Coordinator"** means the Coordinator of Energy defined under section 4 of the *Energy Coordination Act 1994*.

**"distribution system"** means:

- (a) a system of pipelines, mains and gas service pipes, designed to operate at a pressure of less than 1.9 megapascals, for transportation of gas to customers; or
- (b) any other part of the gas distribution system (as defined in section 90 of the *Gas Corporation Act 1994*) at the time when a distribution licence is first issued for all or any part of that system (regardless of the pressure at which it is designated to operate),

and any associated apparatus, facilities, structures, plant or equipment.

**"Regulation"** means a regulation made under the Act.

**"small use customer"** means a customer whose consumption of gas is less than 1 terajoule per year.

### Provisions

#### Section 11R – Transfer of licence

The licensee shall not transfer the licence except with the approval of the Coordinator.

#### Section 11V- Other laws not affected

The grant, renewal or transfer of the licence does not affect the licensee's obligations to comply with any other written law in relation to the matters covered by the licence.

#### Section 11X – Interruption of supply

The licensee may interrupt, suspend or restrict the supply of gas provided by the licensee, if in the opinion of the licensee it is necessary to do so because of an accident, emergency,



potential danger or other unavoidable cause. The licensee must take reasonable steps to minimise the extent or duration of any such interruption, suspension or restriction.

#### **Section 11Y – Timing of the asset management system**

The licensee is to prepare a report on the asset management system not less than once in every period of 24 months (or such longer period as the Coordinator may allow) from the date of grant.

#### **Section 11Z – Compliance with technical standards**

The licensee must comply with the standards prescribed under the *Gas Standards Act 1972* and *Liquid Petroleum Gas Act 1956* to the extent that those standards apply to the supply of gas by the licensee.

#### **Section 11ZA – Timing of performance audit**

The licensee is to not less than once in every period of 24 months (or such longer period as the Coordinator may allow) from the date of grant provide the Coordinator of Energy with a performance audit conducted by an independent expert acceptable to the Coordinator.

## **Appendix 5: Proposed Gas Trading Licence Template**







## Trading Licence

### Energy Coordination Act 1994 (WA)

#### Trading Licence

The Economic Regulation Authority (Authority), established under the *Economic Regulation Authority Act 2003*, hereby grants a retail licence (Licence) to <<Name>> (Licensee) subject to, and in accordance with, the terms set out in this licence.

Dated this <<Date>> day <<Month>> 20xx.

---

Signed by a delegate;  
member; or  
the Chairman of the Economic Regulation Authority.

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# Trading Licence

*Energy Coordination Act 1994 (WA)*

LICENCE ERL<<Number>>

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***Applicant's Full Name***  
***(Licensee)***

**<<ABN\_ACN >>**

**<<ADDRESS>>**

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# Trading Licence

## 1 Definitions

**Act** means the *Energy Coordination Act 1994 (WA)*.

**AGA code** means the Australian Gas Association's Natural Gas Customer Service Code AG 755-1998.

**another supplier** means a person other than the *licensee* who holds a trading licence.

**applicable legislation** includes:

- (a) the *Act*; and
- (b) the *Regulations*.

**approved scheme** means a scheme approved under Part 2D of the *Act*.

**Authority** means the Economic Regulation Authority.

**business day** means a day which is not a Saturday, Sunday or a Public Holiday in Western Australia.

**commence supply** means to offer, subject to clause 16.10, to enter a *standard form contract* with a *customer* who is the owner or occupier of *eligible premises* for the sale of gas to those premises;

**commencement date** means the date specified in Schedule 1.

**complaints handling process** is the process described in clause 21.

**customer** means a person whose consumption of gas is less than 1 terajoule per year.

**customer service charter** means the charter prepared by a retailer pursuant to regulation 45 of the *Energy Corodination (Customer Contracts) Regulations 2004*.

**customer service code** means:

- (a) until the *Authority* approves an alternative code under clause 20.10 – the *AGA code*; and
- (b) if the *Authority* approves an alternative code under clause 20.10 – the approved alternative code, in which case references to that code are to be read in accordance with clause 20.11.

**distribution outlet point** means the flange or joint on the *customer's* gas installation immediately downstream of the master meter at which the *customer* is entitled to take delivery of gas from the *distribution system*.

**distribution system** means

- (a) a system of pipelines, mains, and gas service pipes, designed to operate at a pressure of less than 1.9 megapascals, for the transportation of gas to customers; or

Licensee	<<Name>>	Version
Licence	ERL <<Number>>	Version Date

- (b) any other part of the gas distribution system (as defined in section 90 of the *Gas Corporation Act 1994* repealed by section 93 of the *Gas Corporation (Business Disposal) Act 1999*) at the time when a distribution licence is first issued for all or any part of that system (regardless of the pressure at which it is designed to operate),

and any associated apparatus, facilities, structures, plant, or equipment.

**eligible premises** means premises located within the *licence area* which meet at least one of the following criteria:

- (a) connected to a *distribution system*;
- (b) to be connected to a *distribution system* prior to the requested date of commencing sale; or
- (c) so located (and, if applicable, of such a nature) that the holder of a distribution licence can be obliged under a provision of the distribution licence to connect the premises to a *distribution system* if certain conditions are satisfied.

**expiry date** means the date specified in Schedule 1.

**gas supply contract** includes a *standard form contract* and a contract other than a *standard form contract*.

**gas trading email address** means:

- (a) in relation to the *Authority*, the addressee's authorised *Authority* email address or other such email address as notified in writing to the *licensee*; and
- (b) in relation to the *licensee*, the email address specified in the licence application or other such email address as notified in writing to the *Authority*.

**individual performance standards** mean any standards prescribed by the *Authority* for an individual *licensee* pursuant to clause 19 of the *licence*.

**licence** means:

- (a) this licence;
- (b) Schedules 1 and 2; and
- (c) any *individual performance standards* approved by the *Authority* pursuant to clause 19.

**licence area** is the area stated in Schedule 1 of this *licence*.

**licensee** means <<Name of licensee>>.

**maintain supply** in clause 17 means, unless the *licensee* and the *customer* agree otherwise:

- (a) subject to the terms of the *gas supply contract* between the *licensee* and the *customer* and (b), the *licensee* must supply gas to the *customer* at the premises, in sufficient quantity to meet the customer's gas requirements, for the duration of the *gas supply contract*;

Licensee	<<Name>>	Version
Licence	ERL <<Number>>	Version Date

- (b) the maximum quantity of gas that the *licensee* is required to supply to a *customer* under (a) is the quantity of gas that can be physically delivered to the *licensee* by the relevant distribution licensee using *standard residential delivery facilities*;
- (c) the *licensee* must not terminate, or purport to terminate, the *gas supply contract* other than in accordance with its terms; and
- (d) if the *gas supply contract* expires or is terminated in accordance with its terms, then:
  - (i) subject to subparagraph (ii), the *licensee* must offer to enter into a *standard form contract* with the *customer* in place of the expired or terminated contract; and
  - (ii) before entering into a contract in place of the expired or terminated contract, the *licensee* may require the *customer* to meet the *licensee's* reasonable minimum prudential requirements and credit standards.

**Minister** means the Minister for Energy or any other Responsible Minister for the Energy Portfolio in the State of Western Australia.

**non-standard contract** has the meaning in section 11WB of the *Act*.

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

**performance audit** means an audit of the effectiveness of measures taken by the *licensee* to meet the *performance criteria* in this *licence*.

**performance criteria** means:

- (a) the terms and conditions of the *licence*; and
- (b) any other relevant matter in connection with the *applicable legislation* that the *Authority* determines should form part of the *performance audit*.

**publish** in relation to a report or information means either:

- (a) posting the report or information on the *licensee's* website; or
- (b) sending the report or information to the *Authority* to be published on the *Authority's* website.

**Regulations** means any regulations in force from time to time made pursuant to the *Act* and includes:

- (a) *Energy Coordination (Customer Contracts) Regulations 2004*;
- (b) *Energy Coordination (Last Resort Supply) Regulations 2005*;
- (c) *Energy Coordination (Licensing Fees) Regulations 1999*; and
- (d) *Energy Coordination (Ombudsman Scheme) Regulations 2004*.

**related body corporate** has the meaning in section 50 of the *Corporations Act 2001 (Cwlth)*.

**relevant distribution system** in clause 24 means the *distribution system* through which gas is transported for sale by the *licensee* under this *licence*.

Licensee	<<Name>>	Version
Licence	ERL <<Number>>	Version Date

**relevant other supplier** means *another supplier* who is able to sell gas to a *customer* who is the owner or occupier of *eligible premises*.

**residential premises** means premises at which the supply of gas satisfies the requirements for “residential purposes” under regulation 4(2) of the *Energy Coordination (Gas Tariffs) Regulations 2000*.

**reviewable decision** means a decision by the *Authority* pursuant to:

- (a) clause 12.2, 12.3;
- (b) clause 18.2;
- (c) clause 19.2; or
- (d) clause 31.1,

of this *licence*.

**standard residential delivery facility** means:

- (a) up to 20 metres of service pipe between the *distribution outlet point* and the gas main;
- (b) a gas meter; and
- (c) one or more pressure regulators,

each of adequate capacity to supply *residential premises* and each of a standard which would be applied by a prudent operator complying with accepted good industry practice.

**supplier of last resort** has the meaning in Division 6A of the *Act*.

## 2 Grant of Licence

- 2.1 The *licensee* is granted a *licence* for the *licence area* to sell gas transported through a *distribution system* to *customers* in accordance with the terms and conditions of this *licence*.

## 3 Term

- 3.1 This licence commences on the *commencement date* and continues until the earlier of:
- (a) the cancellation of the *licence* pursuant to clause 7 of this licence;
  - (b) the surrender of the *licence* pursuant to clause 8 of this licence; or
  - (c) the *expiry date*.

## 4 Fees

- 4.1 The *licensee* must pay the applicable fees in accordance with the *Regulations*.

## 5 Compliance

- 5.1 Subject to any modifications or exemptions granted pursuant to the *Act*, the *licensee* must comply with any *applicable legislation*.

Licensee	<<Name>>	Version
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- 5.2 Subject to the provisions of any *applicable legislation*, the *Authority* may direct the *licensee* in writing to do any measure necessary to:
- (a) correct the breach of any *applicable legislation*; or
  - (b) prevent the breach of any *applicable legislation* occurring again, and specify a time limit by which such action must be taken.

## **6 Transfer of Licence**

- 6.1 This *licence* may be transferred only in accordance with the *Act*.

## **7 Cancellation of Licence**

- 7.1 This *licence* may be cancelled only in accordance with the *Act*.

## **8 Surrender of Licence**

- 8.1 The *licensee* may surrender the *licence* at any time by written *notice* to the *Authority*.
- 8.2 The surrender of the *licence* will take effect on the day that the *Authority* publishes a *notice* of the surrender in the *Gazette*.
- 8.3 The *licensee* will not be entitled to a refund of any fees by the *Authority*.

## **9 Renewal of Licence**

- 9.1 This *licence* may be renewed only in accordance with the *Act*.

## **10 Amendment of Licence on Application of the Licensee**

- 10.1 The *licensee* may apply to the *Authority* to amend the *licence* in accordance with the *Act*.

## **11 Amendment of the Licence by the Authority**

- 11.1 Subject to any *applicable legislation*, the *Authority* may amend the *licence* at any time in accordance with this clause.
- 11.2 Before amending the *licence* under clause 11.1, the *Authority* must:
- (a) provide the *licensee* with written *notice* of the proposed amendments under consideration by the *Authority*;
  - (b) allow 20 *business days* for the *licensee* to make submissions on the proposed amendments; and
  - (c) take into consideration those submissions.
- 11.3 This clause also applies to the substitution of the existing *licence*.
- 11.4 For avoidance of doubt, the *licensee* will not have to pay an associated application fee or licence fee for the purpose of clause 11.1.

## **12 Customer Contracts**

Licensee	<<Name>>	Version
Licence	ERL <<Number>>	Version Date



- 12.1 Subject to the *Regulations*, the *licensee* must not supply gas to a *customer* otherwise than under:
- (a) a *standard form contract*; or
  - (b) a *non-standard contract*.
- 12.2 The *licensee* must, if directed by the *Authority*, review the *standard form contract* and submit to the *Authority* the results of that review within the time specified by the *Authority*.
- 12.3 The *licensee* must comply with any direction given by the *Authority* in relation to the scope, process or methodology of the review referred to in clause 12.2.

### 13 Amending the Standard Form Contract

- 13.1 The *licensee* may only amend the *standard form contract* with the *Authority's* approval.
- 13.2 The *licensee* may amend the *standard form contract* at any time by submitting to the *Authority*:
- (a) a proposed amendment to the *standard form contract*; or
  - (b) a proposed substituted *standard form contract*.
- 13.3 The *Authority* may:
- (a) approve the amendment to the *standard form contract* or substituted *standard form contract*; or
  - (b) specify the amendments the *licensee* must make to the amended or substituted *standard form contract* before the *Authority* will amend the *standard form contract*,
- and notify the *licensee* of its decision within a reasonable time.
- 13.4 The *Authority* may, at any time, by *notice* in writing, direct the *licensee* to amend the *standard form contract* by specifying:
- (a) the amendments to be made to the *standard form contract*; and
  - (b) the latest date at which the amendments will come into force.

### 14 Amending the Customer Service Charter

- 14.1 The *licensee* may amend the *customer service charter* at any time by submitting to the *Authority*:
- (a) an amendment to the *customer service charter*; or
  - (b) a substituted *customer service charter*.
- 14.2 The *Authority* may examine the amendment and publish the *Authority's* assessment of the amendment on the *Authority's* website within a reasonable time of receiving the amendment.

### 15 Supplier of Last Resort

- 15.1 If the *licensee* is designated a *supplier of last resort* under the *Act*, the *licensee* must perform the functions of the *supplier of last resort*.

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Licence	ERL <<Number>>	Version Date

**16 Authority may direct licensee to commence supply**

- 16.1 Subject to clauses 16.2 and 16.3, the *Authority* may direct the *licensee* to *commence supply* to a *customer* who:
- (a) is the owner or occupier of *eligible premises*; and
  - (b) is specified in the direction.
- 16.2 The *Authority* must not make a direction under clause 16.1 in respect of a *customer* unless it is satisfied that:
- (a) the *licensee* has failed or refused to *commence supply* to the *customer*, and
  - (b) the *customer's* efforts to obtain a supply of gas from the *licensee* were reasonably adequate.
- 16.3 Without limiting clause 16.2, if the *Authority* is satisfied that a *customer* has been refused supply by both the *licensee* and one or more *relevant other suppliers*, then the *Authority* must:
- (a) consider which (if any) of the *licensee* and the *relevant other supplier* or *relevant other suppliers* should be directed to *commence supply*, and
  - (b) for the purposes of clause 16.3(a):
    - (i) take into account each of the matters referred to in section 11H(3) of the *Act*; and
    - (ii) endeavour to fairly apportion directions to *commence supply* between the *relevant other suppliers* and the *licensee*.
- 16.4 The *Authority* may, to assist it to determine whether to make a direction under clause 16.1, request the *licensee*, by notice in writing, to provide its reasons for refusing to *commence supply* to a *customer*.
- 16.5 The *licensee* must comply with a request of the *Authority* under clause 16.4 within 3 *business days* after a request by the *Authority*.
- 16.6 A direction under clause 16.1:
- (a) must set out the *Authority's* reasons for giving the direction; and
  - (b) may be given on reasonable terms and conditions, and if so, must set out those terms and conditions.
- 16.7 Subject to clauses 16.8 and 16.10, the *licensee* must comply with a direction by the *Authority* under clause 16.1.
- 16.8 If the *licensee* is directed under clause 16.1 to *commence supply* to any *customer* at premises referred to in paragraph (c) of the definition of “*eligible premises*”, then subject to clause 16.9, the *licensee* must apply to have the *eligible premises*

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Licence	ERL <<Number>>	Version Date

connected to the *distribution system* and must make reasonable endeavours to meet the requirements referred to in that paragraph (c).

- 16.9 Clause 16.8 does not require the *licensee* to pay the costs of connecting premises in excess of the amount the holder of the distribution licence is required by the distribution licence to bear.
- 16.10 The *licensee* may make an offer referred to in the definition of “*commence supply*” conditional upon the *customer* meeting the *licensee’s* reasonable minimum prudential requirements and credit standards

## 17 Obligation to maintain supply

- 17.1 If the *licensee* supplies, or within the last 12 months has previously supplied but is not currently supplying, gas to a *customer* at premises, then subject to clause 17.2, the licensee must maintain supply to that *customer* at the premises.
- 17.2 If at any time *another supplier* starts to supply gas to the *customer* at the premises, then, from the time that supply starts, the obligation under clause 17.1 ends, but to avoid doubt clause 17.1 will apply anew if the *licensee* subsequently resumes supplying gas to the *customer* at the premises.

## 18 Performance Audit

- 18.1 The *licensee* must, unless otherwise notified in writing by the *Authority*, provide the *Authority* with a *performance audit* within 24 months after the *commencement date*, and every 24 months thereafter.
- 18.2 The *licensee* must comply, and must require the *licensee’s* auditor to comply, with the *Authority’s* standard audit guidelines dealing with the *performance audit*, including any minimum requirements relating to the appointment of the auditor, the scope of the audit, the conduct of the audit and the reporting of the results of the audit.
- 18.3 The *licensee* may seek a review of any of the requirements of the *Authority’s* standard audit guidelines in accordance with clause 32.
- 18.4 The independent auditor may be nominated by the *licensee* but must be approved by the *Authority* prior to the audit pursuant to clause 18.1. Should the *Authority* reject the *licensee’s* nomination of an independent auditor twice, or in the event that no nomination has been made by the *licensee* within 1 month of the date the audit was due, the *Authority* may choose an independent auditor who will conduct the audit.

## 19 Individual Performance Standards

- 19.1 Performance standards are contained in *applicable legislation*.
- 19.2 The *Authority* may prescribe *individual performance standards* in relation to the *licensee* of its obligations under this *licence* or the *applicable legislation*.
- 19.3 Before approving any *individual performance standards* under this clause, the *Authority* will:

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- (a) provide the *licensee* with a copy of the proposed *individual performance standards*;
  - (b) allow 15 *business days* for the *licensee* to make submissions on the proposed *individual performance standards*; and
  - (c) take into consideration those submissions.
- 19.4 Once approved by the *Authority*, the *individual performance standards* are included as additional terms and conditions to this *licence*.

## 20 Service Standards and Information Provision

- 20.1 Subject to clause 20.2, the *licensee* must use its best endeavours to maintain a level of customer service (including the provision and treatment of information) at least consistent with the *customer service code*, except where the *Authority* permits otherwise.
- 20.2 Except as expressly provided under this *licence*, the *customer service code* does not apply to the *licensee* and, to the extent of any inconsistency, a provision of this *licence* prevails over a provision of the *customer service code*.
- 20.3 Without limiting clause 20.1, the *licensee* must:
- (a) make available to the *Authority* a copy of the *customer service charter* it prepares under the *customer service code*; and
  - (b) include in the *customer service charter* at least a statement of the general principles upon which it will provide services to its *customers*.
- 20.4 Clause 20.3 does not create a duty upon the *licensee* to comply with any provision of the *customer service charter*, nor does it provide any person with a legally enforceable right or cause of action in relation to or associated with any provision of the *customer service charter*.
- 20.5 Without limiting the generality of the *customer service code*, the *licensee* must make available to its *customers* on request the following information, whether as part of its *customer service charter* or otherwise:
- (a) any information required to be made available to the *customer* under the *standard form contract*, in the manner required by the *standard form contract*;
  - (b) the information required to be provided under clause 2.1.2.1 of the *customer service code*;
  - (c) a summary of key relevant provisions of the *customer service code*, together with information required by clause 1.3.4 of the *customer service code* regarding changes to the *customer service code*;
  - (d) a summary of the *licensee's* key relevant powers in the event of an emergency; and

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- (e) a summary of the *licensee's* processes for handling enquiries and complaints.
- 20.6 The *licensee* must provide to each *customer* either on or before the date of the first gas invoice:
  - (a) the information specified in clause 20.5; or
  - (b) a list of the information available on request under clause 20.5.
- 20.7 The *licensee* must at its own expense make available a copy of the terms of the *standard form contract* to any *customer* or prospective *customer* who requests them.
- 20.8 If any variation to this *licence* changes the terms of the *standard form contract*, the *licensee* must within a reasonable time provide a copy of the changed terms to each affected *customer*.
- 20.9 The *licensee* may comply with clause 20.8 by including a copy of the changed terms in each affected *customer's* next gas invoice.
- 20.10 The *licensee* may request the *Authority* to approve a code in substitution for the *AGA code* (or for a code previously approved under this clause), and the *Authority* may approve the alternative code.
- 20.11 If the *customer service code* is not the *AGA code*, a reference in this *licence* to a numbered clause of the *customer service code* is to be read as a reference to the provision (if any) in the *customer service code* that corresponds to the clause in the *AGA code* with the same number.

## 21 Complaints handling process

- 21.1 The licensee must:
  - (a) develop and within 3 months after the date of grant lodge with the *Authority* a copy of; and
  - (b) thereafter be in a position to implement when needed, a *complaints handling process* that deals with complaints against the licensee arising out of the licensee's activities the subject of this licence by:
    - (c) a *customer*;
    - (d) a prospective *customer*; or
    - (e) a person occupying premises directly affected by the activities.
- 21.2 Without limiting clause 21.1, the *complaints handling process* must comply with clause 2.5 of the *customer service code*.

## 22 Customer safety awareness program

- 22.1 The *licensee* must, within 3 months after the *commencement date*, lodge with the *Authority*, a customer safety awareness program in accordance with clause 22.3.

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Licence	ERL <<Number>>	Version Date

- 22.2 The licensee must consult with the *Authority* when preparing the customer safety awareness program.
- 22.3 The customer safety awareness program is to communicate information to *customers* regarding safety in the use of gas and must address, at a minimum, provision of the following information to *customers*:
- (a) information on the properties of gas relevant to its use by *customers*;
  - (b) a notice of the requirement for proper installation and use of approved appliances and equipment;
  - (c) a notice of the requirement to use only qualified tradepersons for gas connection and appliance and equipment installation;
  - (d) the proper procedure for the reporting of gas leaks or appliance or equipment defects; and
  - (e) safety procedures to be followed and the appropriate telephone number to call in case of emergency.

## 23 Approved Scheme

- 23.1 The *licensee* must not supply gas to *customers* unless the *licensee* is:
- (a) a member of an *approved scheme*; and
  - (b) bound by, and compliant with, any decision or direction of the energy ombudsman under the *approved scheme*.

## 24 Exchange of information between the licensee and the holder of a distribution licence

- 24.1 Subject to clause 24.2, the *licensee* must provide reasonable information relating to its activities the subject of this licence as requested by the holder of a distribution licence in respect of the *relevant distribution system* to enable the holder of the distribution licence to provide for the safe and efficient operation of the *relevant distribution system*.
- 24.2 The *licensee* may refuse to provide information under clause 24.1, if its disclosure prejudices the commercial interests of the *licensee*.
- 24.3 Where the *licensee* refuses under subclause 24.2 to provide information, the *Authority* may direct the *licensee* to provide the information in a categorised or aggregated form to the extent necessary to ensure the disclosure of the information is, in the opinion of the *Authority*, not unduly harmful to the commercial interests of the *licensee*.

## 25 Notices

- 25.1 Unless otherwise specified, all *notices* must be in writing.
- 25.2 A *notice* will be regarded as having been sent and received:
- (a) when delivered in person to the addressee; or
  - (b) 3 *business days* after the date of posting if the *notice* is posted in Western Australia; or

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- (c) 5 *business days* after the date of posting if the *notice* is posted outside Western Australia; or
- (d) if sent by facsimile when, according to the sender's transmission report, the *notice* has been successfully received by the addressee; or
- (e) if sent by email when, according to the sender's electronic record, the *notice* has been successfully sent to the addressee's *gas trading email address*.

## 26 Accounting Records

- 26.1 The *licensee* and any *related body corporate* must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.

## 27 Reporting

- 27.1 The *licensee* must report to the *Authority*:
- (a) if the *licensee* is under external administration as defined by the *Corporations Act 2001 (Cwlth)* within 2 *business days*; or
  - (b) if the *licensee* experiences a significant change in the *licensee's* corporate, financial or technical circumstances upon which this *licence* was granted which may affect the *licensee's* ability to meet its obligations under this *licence* within 10 *business days* of the change occurring.

## 28 Annual information returns

- 28.1 The *licensee* is to provide to the *Authority* the information listed in Schedule 2 for each financial year by no later than 31 August immediately following the financial year to which the information relates.

## 29 Provision of Information

- 29.1 The *licensee* must provide to the *Authority* any information that the *Authority* may require in connection with its functions under the *Act* in the time, manner and form specified by the *Authority*.

## 30 Notification of changes to fees and charges

- 30.1 The *licensee* must notify the *Minister* at least one month before a change to any price, price structure, fee or interest rate under the *standard form contract* is to come into effect.

## 31 Publishing Information

- 31.1 The *Authority* may direct the *licensee* to *publish* any information within a specified timeframe it considers relevant in connection with the *licensee* or the performance by the *licensee* of its obligations under this *licence*.
- 31.2 Subject to clause 31.3, the *licensee* must *publish* the information referred to in clause 31.1.

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- 31.3 If the *licensee* considers that the information is confidential it must:
- (a) immediately notify the *Authority*; and
  - (b) seek a review of the *Authority*'s decision in accordance with clause 32.

## **32 Review of the Authority's Decisions**

- 32.1 The *licensee* may seek a review of a *reviewable decision* by the *Authority* pursuant to this *licence* in accordance with the following procedure:
- (a) the *licensee* shall make a submission on the subject of the *reviewable decision* within 10 *business days* (or other period as approved by the *Authority*) of the decision; and
  - (b) the *Authority* will consider the submission and provide the *licensee* with a written response within 20 *business days*.
- 32.2 For the avoidance of doubt, this clause does not apply to a decision of the *Authority* pursuant to the *Act*, nor does it restrict the *licensee*'s right to have a decision of the *Authority* reviewed in accordance with the *Act*.

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Licence	ERL <<Number>>	Version Date



# Schedule 1 – Licensee Details

- 1      **Name and Address of Licensee**
- 2      **Operating (Licence) Area**
- 3      **Commencement Date**
- 4      **Expiry Date**

<b>Licensee</b>	<b>&lt;&lt;Name&gt;&gt;</b>	<b>Version</b>
<b>Licence</b>	<b>ERL &lt;&lt;Number&gt;&gt;</b>	<b>Version Date</b>

## Schedule 2 – Information to be contained within annual information returns

1. In this Schedule:
  - (a) **previous financial year** means the period covered by the return under clause 28 immediately preceding the current return;
  - (b) **residential customer** means a *customer* using gas solely for residential use, at premises which are a house, flat, home unit or other place of residence.
2. The information set out below is to be provided in respect of the financial year to which the return relates.
  - (1) Amount of gas sold to *customers* within the licence area – GJ and percentage change from previous financial year.
  - (2) Number of *customers* supplied gas – total number and percentage change from previous financial year.
  - (3) Number of *customers* on *standard form contracts* – total number and percentage change from previous financial year.
  - (4) Average consumption per residential *customer* showing GJ and percentage change from previous financial year.
  - (5) Number of new *customer* connections:
    - (a) residential; and
    - (b) other,
 showing, for each class, total number and percentage change from previous financial year.
  - (6) Number of existing *customer* connections:
    - (a) residential; and
    - (b) other,
 showing, for each class, total number and percentage change from previous financial year.
  - (7) Number of *customer* complaints – total number and percentage change from previous financial year.
  - (8) Classifications of the nature of the complaints.
  - (9) Classifications of the action taken by the *licensee* to rectify the complaints.

Licensee	<<Name>>	Version
Licence	ERL <<Number>>	Version Date

Amendment Record Sheet:

Amendment Date	Description of amendment

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## **Appendix 6: Proposed Gas Distribution Licence Template**



## Distribution Licence

### Energy Coordination Act 1994 (WA)

#### Distribution Licence

The Economic Regulation Authority (Authority), established under the *Economic Regulation Authority Act 2003* hereby grants a distribution licence to <<Name>> (Licensee) subject to, and in accordance with, the terms set out in this licence.

Dated this <<Date>> day <<Month>> 20xx.

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Signed by a delegate;  
member; or  
the Chairman of the Economic Regulation Authority

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# Distribution Licence

*Energy Coordination Act 1994 (WA)*

LICENCE EDL <<Number>>

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***Applicant's Full Name***  
***(Licensee)***

**<<ABN\_ACN>>**

**<<ADDRESS>>**

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# Distribution Licence

## 1 Definitions

**Act** means the *Energy Coordination Act 1994 (WA)*.

**affected person** means a person owning or occupying premises directly affected by the *licensee's* activities the subject of this *licence*.

**AGA code** means the Australian Gas Association's Natural Gas Customer Service Code AG 755-1998.

**applicable legislation** includes:

- (a) the *Act*; and
- (b) the *Regulations*.

**approved scheme** means a scheme approved under Part 2D of the *Act*.

**asset management system** means the measures that are to be taken by the *licensee* for the proper maintenance, expansion or reduction of the *distribution system*.

**asset management system review** means a review of the effectiveness of the *asset management system*.

**Authority** means the Economic Regulation Authority.

**business day** means a day which is not a Saturday, Sunday or a Public Holiday in Western Australia.

**commencement date** means the date specified in Schedule 1.

**complaints handling process** is the process described in clause 18.

**connection cost** means the *licensee's* costs directly attributable to connecting the premises to the *distribution system*.

**covered pipeline** has the meaning given to "Covered Pipeline" by the *National Access Code*.

**customer** means a person whose consumption of gas is less than 1 terajoule per year.

**customer service code** means:

- (a) until the *Authority* approves an alternative code under clause 17.2 – the *AGA code*; and
- (b) if the *Authority* approves an alternative code under clause 17.2 – the approved alternative code, in which case references to that code are to be read in accordance with clause 17.3.

**distribution outlet point** means the flange or joint on the *customer's* gas installation immediately downstream of the master meter at which the *customer* is entitled to take delivery of gas from the *distribution system*.

**distribution system** means

Licensee	<<Name>>	Version
Licence	EDL <<Number>>	Version Date

- (a) a system of pipelines, mains, and gas service pipes, designed to operate at a pressure of less than 1.9 megapascals, for the transportation of gas to customers; or
- (b) any other part of the gas distribution system (as defined in section 90 of the *Gas Corporation Act 1994* repealed by section 93 of the *Gas Corporation (Business Disposal) Act 1999*) at the time when a distribution licence is first issued for all or any part of that system (regardless of the pressure at which it is designed to operate),

and any associated apparatus, facilities, structures, plant, or equipment.

**expiry date** means the date specified in Schedule 1.

**gas distribution email address** means:

- (a) in relation to the *Authority*, the addressee's authorised *Authority* email address or other such email address as notified in writing to the *licensee*; and
- (b) in relation to the *licensee*, the email address specified in the licence application or other such email address as notified in writing to the *Authority*.

**individual performance standards** mean any standards prescribed by the *Authority* for an individual *licensee* pursuant to clause 16 of the *licence*.

**least connection cost** means the lowest practicable *connection cost* which would be incurred in respect of the premises by a prudent operator acting efficiently who, in accordance with this clause and accepted good industry practice, uses the lowest cost:

- (a) route;
- (b) location of *distribution outlet point*;
- (c) methods;
- (d) labour;
- (e) standard residential delivery facilities; and
- (f) other materials.

**licence** means:

- (a) this licence;
- (b) Schedule 1; and
- (c) any *individual performance standards* approved by the *Authority* pursuant to clause 16.

**licence area** is the area stated in Schedule 1 of this *licence*.

**licensee** means <<Name of licensee>>.

**National Access Code** means the *National Third Party Access Code for Natural Gas Pipeline Systems*, having effect under the *Gas Pipelines Access (Western Australia) Act 1998*.

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

Licensee	<<Name>>	Version
Licence	EDL <<Number>>	Version Date



**Office of Energy Guidelines** means the Office of Energy Guidelines for the Design and Planning of Interconnected Gas Distribution Networks dated February 2000.

**performance audit** means an audit of the effectiveness of measures taken by the *licensee* to meet the *performance criteria* in this *licence*.

**performance criteria** means:

- (a) the terms and conditions of the *licence*; and
- (b) any other relevant matter in connection with the *applicable legislation* that the *Authority* determines should form part of the *performance audit*.

**publish** in relation to a report or information means either:

- (a) posting the report or information on the *licensee's* website; or
- (b) sending the report or information to the *Authority* to be published on the *Authority's* website.

**Regulations** means any regulations in force from time to time made pursuant to the *Act* and includes:

- (a) *Energy Coordination (Customer Contracts) Regulations 2004*;
- (b) *Energy Coordination (Last Resort Supply) Regulations 2005*;
- (c) *Energy Coordination (Licensing Fees) Regulations 1999*; and
- (d) *Energy Coordination (Ombudsman Scheme) Regulations 2004*.

**related body corporate** has the meaning in section 50 of the *Corporations Act 2001 (Cwlth)*.

**residential premises** means premises at which the supply of gas satisfies the requirements for “residential purposes” under regulation 4(2) of the *Energy Coordination (Gas Tariffs) Regulations 2000*.

**reviewable decision** means a decision by the *Authority* pursuant to:

- (a) clause 14.4;
- (b) clause 15.2;
- (c) clause 16.2; or
- (d) clause 26.1,

of this *licence*.

**standard residential delivery facility** means:

- (a) up to 20 metres of service pipe between the *distribution outlet point* and the gas main;
- (b) a gas meter; and
- (c) one or more pressure regulators,

each of adequate capacity to supply *residential premises* and each of a standard which would be applied by a prudent operator complying with accepted good industry practice.

**trader** means the holder of a trading licence seeking to sell gas to a *customer*.

Licensee	<<Name>>	Version
Licence	EDL <<Number>>	Version Date

## 2 Grant of Licence

- 2.1 The *licensee* is granted a *licence* for the *licence area* to:
- (a) to construct a *distribution system* and to transport gas through the *distribution system*; or
  - (b) to transport gas through an existing *distribution system* and if required for that purpose to make alterations to the *distribution system*, and
  - (c) to operate and maintain the *distribution system*,
- in accordance with the terms and conditions of this *licence*.

## 3 Term

- 3.1 This *licence* commences on the *commencement date* and continues until the earlier of:
- (a) the cancellation of the *licence* pursuant to clause 7 of this *licence*;
  - (b) the surrender of the *licence* pursuant to clause 8 of this *licence*; or
  - (c) the *expiry date*.

## 4 Fees

- 4.1 The *licensee* must pay the applicable fees in accordance with the *Regulations*.

## 5 Compliance

- 5.1 Subject to any modifications or exemptions granted pursuant to the *Act*, the *licensee* must comply with any *applicable legislation*.
- 5.2 Subject to the provisions of any *applicable legislation*, the *Authority* may direct the *licensee* in writing to do any measure necessary to:
- (a) correct the breach of any *applicable legislation*; or
  - (b) prevent the breach of any *applicable legislation* occurring again,
- and specify a time limit by which such action must be taken.

## 6 Transfer of Licence

- 6.1 This *licence* may be transferred only in accordance with the *Act*.

## 7 Cancellation of Licence

- 7.1 This *licence* may be cancelled only in accordance with the *Act*.

## 8 Surrender of Licence

- 8.1 The *licensee* may surrender the *licence* at any time by written *notice* to the *Authority*.
- 8.2 The surrender of the *licence* will take effect on the day that the *Authority* publishes a *notice* of the surrender in the *Gazette*.
- 8.3 The *licensee* will not be entitled to a refund of any fees by the *Authority*.

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**9 Renewal of Licence**

9.1 This *licence* may be renewed only in accordance with the *Act*.

**10 Amendment of Licence on Application of the Licensee**

10.1 The *licensee* may apply to the *Authority* to amend the *licence* in accordance with the *Act*.

**11 Amendment of the Licence by the Authority**

11.1 Subject to any *applicable legislation*, the *Authority* may amend the *licence* at any time in accordance with this clause.

11.2 Before amending the *licence* under clause 11.1, the *Authority* must:

- (a) provide the *licensee* with written notice of the proposed amendments under consideration by the *Authority*;
- (b) allow 15 *business days* for the *licensee* to make submissions on the proposed amendments; and
- (c) take into consideration those submissions.

11.3 This clause also applies to the substitution of the existing *licence*.

11.4 For avoidance of doubt, the *licensee* will not have to pay an associated application fee or licence fee for the purpose of clause 11.1.

**12 Continuous operation**

12.1 Subject to section 11X of the *Act* and clause 12.2, the *licensee* must continuously operate the *distribution system* except to the extent necessary for compliance with the *Gas Standards (Gas Supply and System Safety) Regulations 2000*.

12.2 Clause 12.1 only applies to those parts of the *distribution system* required for the *licensee* to meet its obligations from time to time to supply gas.

**13 Proposed cessation or decrease in activities**

13.1 Notwithstanding clause 8, the *licensee* must give the *Authority notice* in writing where it proposes a permanent cessation to, or substantial decrease in the extent of, the *licensee's* activities the subject of this *licence*.

13.2 A *notice* under clause 13.1 must be given:

- (a) 6 months prior to the proposed cessation or decrease; or
- (b) if the time limit stipulated in paragraph (a) is not practicable, as soon as practicable.

**14 Asset Management System**

14.1 The *licensee* must provide for, and notify the *Authority* of, an *asset management system* in relation to the *distribution system* within 2 *business days* from the *commencement date* or from the completion of construction of the *distribution system*, whichever is later.

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- 14.2 The *licensee* must notify the *Authority* of any material change to the asset management system within 10 *business days* of such change.
- 14.3 The *licensee* must, unless otherwise notified in writing by the *Authority*, provide the *Authority* with a report as to the effectiveness of the *asset management system* within 24 months after the *commencement date* and every 24 months thereafter.
- 14.4 The *licensee* must comply, and must require the *licensee's* expert to comply, with the *Authority's* standard guidelines dealing with the *asset management system review*, including any minimum requirements relating to the appointment of the expert, the scope of the review, the conduct of the review and the reporting of the results of the review.
- 14.5 The *licensee* may seek a review of any of the requirements of the *Authority's* standard guidelines dealing with the *asset management system review* in accordance with clause 27.1.
- 14.6 The independent expert may be nominated by the *licensee* but must be approved by the *Authority* prior to the review pursuant to clause 14.3. Should the *Authority* reject the *licensee's* nomination of an independent expert twice or, in the event that no independent expert has been nominated by the *licensee* within 1 month of the date the review was due, the *Authority* may choose an independent expert who will conduct the review.

## 15 Performance Audit

- 15.1 The *licensee* must, unless otherwise notified in writing by the *Authority*, provide the *Authority* with a *performance audit* within 24 months after the *commencement date*, and every 24 months thereafter.
- 15.2 The *licensee* must comply, and must require the *licensee's* auditor to comply, with the *Authority's* standard audit guidelines dealing with the *performance audit*, including any minimum requirements relating to the appointment of the auditor, the scope of the audit, the conduct of the audit and the reporting of the results of the audit.
- 15.3 The *licensee* may seek a review of any of the requirements of the *Authority's* standard audit guidelines in accordance with clause 27.1.
- 15.4 The independent auditor may be nominated by the *licensee* but must be approved by the *Authority* prior to the audit pursuant to clause 15.1. Should the *Authority* reject the *licensee's* nomination of an independent auditor twice or, in the event that no nomination has been made by the *licensee* within 1 month of the date the audit was due, the *Authority* may choose an independent auditor who will conduct the audit.

## 16 Individual Performance Standards

- 16.1 Performance standards are contained in *applicable legislation*.
- 16.2 The *Authority* may prescribe *individual performance standards* in relation to the *licensee* of its obligations under this *licence* or the *applicable legislation*.
- 16.3 Before approving any *individual performance standards* under this clause, the *Authority* will:

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- (a) provide the *licensee* with a copy of the proposed *individual performance standards*;
  - (b) allow 15 *business days* for the *licensee* to make submissions on the proposed *individual performance standards*; and
  - (c) take into consideration those submissions.
- 16.4 Once approved by the *Authority*, the *performance standards* are included as additional terms and conditions to this *licence*.

## 17 Service Standards

- 17.1 The *licensee* must use its best endeavours to maintain a level of customer service at least consistent with the *customer service code*, except where the *Authority* permits otherwise.
- 17.2 The *licensee* may request the *Authority* to approve a code in substitution for the *AGA code* (or for a code previously approved under this clause), and the *Authority* may approve the alternative code.
- 17.3 If the *customer service code* is not the *AGA code*, a reference in this *licence* to a numbered clause of the *customer service code* is to be read as a reference to the provision (if any) in the *customer service code* that corresponds to the clause in the *AGA code* with the same number.

## 18 Complaints handling process

- 18.1 The *licensee* must:
- (a) develop and within 3 months after the date of grant lodge with the *Authority* a copy of; and
  - (b) thereafter be in a position to implement when needed, a complaints handling process that deals with a complaint against the *licensee* by an *affected person*.
- 18.2 Without limiting clause 17, the *complaints handling process* must comply with clause 2.5 of the *customer service code*.
- 18.3 While the *customer service code* is the *AGA code*, clause 2.5 of that code is to be read as though the term “customer” in that clause included an *affected person*.

## 19 Approved Scheme

- 19.1 The *licensee* must not supply gas to *customers* unless the *licensee* is:
- (a) a member of an *approved scheme*; and
  - (b) bound by, and compliant with, any decision or direction of the energy ombudsman under the *approved scheme*.

## 20 Exchange of information between the licensee and the holder of a trading licence

- 20.1 For any part of the *distribution system* that is not a *covered pipeline*, the *licensee* must comply with section 5.9 of the *National Access Code* as if that part were a *covered pipeline*.

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- 20.2 For the purposes of clause 20.1, a reference in section 5.9 of the *National Access Code* to:
- (a) “Service Provider” is a reference to the *licensee*; and
  - (b) “Prospective User” is a reference to the holder of a trading licence that relates to the whole or a part of the *licence area*.
- 20.3 This clause 20 does not impose any obligation on the *licensee* in relation to any part of the *distribution system* that is, or becomes, a *covered pipeline*, but nothing in this clause affects the *licensee*’s obligations in relation to that pipeline under the *National Access Code*.

## 21 Notices

- 21.1 Unless otherwise specified, all *notices* must be in writing.
- 21.2 A *notice* will be regarded as having been sent and received:
- (a) when delivered in person to the addressee; or
  - (b) 3 *business days* after the date of posting if the *notice* is posted in Western Australia; or
  - (c) 5 *business days* after the date of posting if the *notice* is posted outside Western Australia; or
  - (d) if sent by facsimile when, according to the sender’s transmission report, the *notice* has been successfully received by the addressee; or
  - (e) if sent by email when, according to the sender’s electronic record, the *notice* has been successfully sent to the addressee’s *gas distribution email address*.

## 22 Accounting Records

- 22.1 The *licensee* and any *related body corporate* must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.

## 23 Reporting

- 23.1 The *licensee* must report to the *Authority*:
- (a) if the *licensee* is under external administration as defined by the *Corporations Act 2001 (Cwlth)* within 2 *business days*; or
  - (b) if the *licensee* experiences a significant change in the *licensee*’s corporate, financial or technical circumstances upon which this *licence* was granted which may affect the *licensee*’s ability to meet its obligations under this *licence* within 10 *business days* of the change occurring.

## 24 Annual information returns

- 24.1 The *licensee* is to provide to the *Authority* the information listed in Schedule 2 for each financial year by no later than the 31 August immediately following the financial year to which the information relates.

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**25 Provision of Information**

- 25.1 The *licensee* must provide to the *Authority* any information that the *Authority* may require in connection with its functions under the *Act* in the time, manner and form specified by the *Authority*.

**26 Publishing Information**

- 26.1 The *Authority* may direct the *licensee* to *publish* any information within a specified timeframe it considers relevant in connection with the *licensee* or the performance by the *licensee* of its obligations under this *licence*.
- 26.2 Subject to clause 26.3, the *licensee* must *publish* the information referred to in clause 26.1.
- 26.3 If the *licensee* considers that the information is confidential it must:
- (a) immediately notify the *Authority*; and
  - (b) seek a review of the *Authority*'s decision in accordance with clause 27.1.

**27 Review of the Authority's Decisions**

- 27.1 The *licensee* may seek a review of a *reviewable decision* by the *Authority* pursuant to this *licence* in accordance with the following procedure:
- (a) the *licensee* shall make a submission on the subject of the *reviewable decision* within 10 *business days* (or other period as approved by the *Authority*) of the decision; and
  - (b) the *Authority* will consider the submission and provide the *licensee* with a written response within 20 *business days*.
- 27.2 For the avoidance of doubt, this clause does not apply to a decision of the *Authority* pursuant to the *Act*, nor does it restrict the *licensee*'s right to have a decision of the *Authority* reviewed in accordance with the *Act*.

**NOTE – the obligation to connect clause has been included pending the outcome of the public consultation**

**28 Obligation to connect**

- 28.1 This clause applies in respect of *residential premises* located within the *licence area* if the *licensee* is requested by a *trader* to connect the premises to the *distribution system*.
- 28.2 Subject to clause 28.3, the *licensee* must connect the premises to the *distribution system*.
- 28.3 The *licensee*'s obligation to connect the premises under clause 28.2 is subject to the following:
- (a) The *licensee* may adopt a method of establishing the connection that results in the *least connection cost*.
  - (b) The *licensee* must bear whichever is the lesser of:
    - (i) the *least connection cost* of establishing the connection; and
    - (ii) \$650.

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- (c) If:
- (i) the *trader* requests a method of establishing the connection which would result in a *connection cost* that exceeds the *least connection cost*; or
  - (ii) the *least connection cost* of establishing the connection exceeds \$650,
- then the *licensee* may decline to undertake the connection unless another person bears the amount of the excess.
- (d) The obligation to connect applies:
- (i) only in respect of connections which require 20 metres or less of service pipe; and
  - (ii) only where the gas main is so located that it is practicable in accordance with good industry practice to connect the relevant premises to the main,
- and accordingly, the *licensee* may decline to undertake a connection that requires:
- (iii) more than 20 metres of service pipe; or
  - (iv) any extension to a main.
- (e) The connection is, unless otherwise agreed between the *licensee* and the *trader*, to comprise a *standard residential delivery facility*.
- (f) The obligation to connect is limited to connections to the medium pressure/low pressure part of the *distribution system*.
- (g) If, in the course of establishing a connection under this clause 28, the *licensee* opens or breaks up any sealed or paved surface, or damages or disturbs any lawn, landscaping or other improvement at the premises, then the *licensee* must if necessary fill in any ground to restore it to approximately its previous level, but (unless the *licensee* agrees otherwise with any person) the *licensee* is not otherwise obliged to reinstate or make good, or pay compensation in respect of any damage to, any such surface, lawn, landscaping or other improvement.
- (h) The *licensee* is not obliged to connect a premises, if that premises is already connected to a *distribution system*.
- (i) Before establishing the connection, the *licensee* may require the *trader* to procure the agreement of the owner of any land through which the service pipe is to pass and on which the delivery facilities will be installed, that the connection may be established.
- (j) Before establishing the connection, the *licensee* may require the *trader* to enter into (or to procure its gas supplier to enter into) a gas transportation contract with the *licensee*.
- (k) Before establishing the connection, the *licensee* may require the person who is to enter into the gas transportation contract referred to in clause 28.3(j) to meet the *licensee*'s reasonable minimum prudential requirements and credit standards.

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- 28.4 Nothing in this clause 28 limits the *licensee's* ability to recover any *connection cost* through tariffs for access to the *distribution system*, or requires such recovery.

***NOTE – the future development of the licensed distribution system has been included pending the outcome of the public consultation***

## **29 Future development of the licensed distribution system**

- 29.1 The *licensee* must use reasonable endeavours to continue to plan for future expansion and to seek opportunities to expand the coverage of the *distribution system* within the *licence area*.
- 29.2 The *licensee* must where reasonably practicable undertake any activities under clause 29.1 in accordance with the *Office of Energy Guidelines*.

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## Schedule 1 – Licensee Details

**1 Name and Address of Licensee**

**2 Operating (Licence) Area**

**3 Distribution System**

**4 Commencement Date**

**5 Expiry Date**

<b>Licensee</b>	<b>&lt;&lt;Name&gt;&gt;</b>	<b>Version</b>
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## Schedule 2 – Information to be contained in annual information returns

1. In this Schedule:
  - (a) **previous financial year** means the period covered by the return under clause 24 immediately preceding the current return.
2. The information set out below is to be provided in respect of the financial year to which the return relates.
  - (1) Amount of gas transported – GJ and percentage change from previous financial year.
  - (2) Actual Peak Demand – GJ/Hour and percentage change from previous financial year.
  - (3) Number of distribution outlet points classified into:
    - (a) gas meters with a badged capacity of not more than 6 cubic metres per hour;
    - (b) gas meters with a badged capacity of more than 6 cubic metres per hour but not more than 12 cubic metres per hour; and
    - (c) gas meters with a badged capacity of more than 12 cubic metres per hour,
 and showing, for each class, total number and percentage change from previous financial year.
  - (4) Amount of unaccounted for or lost gas – GJ and percentage change from previous financial year.
  - (5) Distribution outlet points per km of mains and percentage change from previous financial year.
  - (6) For each financial year up to but excluding the financial year in which the *Gas Standards (Gas Supply and System Safety) Regulations 2000* came into effect in respect of the *distribution system* and the *licensee's* activities the subject of this *licence*, the number of unplanned interruptions and percentage change from the previous financial year.
  - (7) Number of reported breaks to gas mains and service pipes, percentage attended within 1 hour of notification, and percentage change in the former from previous financial year.
  - (8) Number of reported breaks to a service pipe, percentage attended within 3 hours of notification and percentage change in the former from previous financial year.
  - (9) Number of reported gas leaks in a public area, percentage attended within 2 hours of notification and percentage change in the former from previous financial year.
  - (10) Length of mains installed or decommissioned – km installed or decommissioned in that year, cumulative total and percentage change in both from previous financial year.

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- (11) Brief description of works undertaken during the previous 12 months.
- (12) Percentage of new connections to residential premises within 7 days where:
  - (a) the gas main is so located that it is practicable in accordance with good industry practice to connect the relevant premises to the main without extending it; and
  - (b) reasonable soil conditions exist.

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**Amendment Record Sheet:**

Amendment Date	Description of Amendment

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