

July 2003

Tasmanian Gas Distribution Code

Table of Contents

1.	THIS CODE	1
1.1	Purpose of this Code	1
1.2	Date of effect.....	1
1.3	Director of Gas bound.....	1
1.4	Variation of Terms and Conditions.....	1
1.5	Definitions	1
1.6	Interpretation.....	1
1.7	Amendment to this Code	1
2.	OPERATION OF THE DISTRIBUTION SYSTEM	2
2.1	Distributor obligations	2
2.2	Maintenance	2
3.	DISCONNECTION AND RECONNECTION	2
3.1	Disconnection	2
3.2	Disconnection at Restricted Time	3
3.3	Reconnection	3
4.	RELIABILITY OF SUPPLY	4
4.1	Curtailment	4
4.2	Interruption Telephone Service.....	4
4.3	Minimisation of interruption	4
5.	COMPLAINT HANDLING AND DISPUTE RESOLUTION.....	5
5.1	Dealing with user complaints	5
6.	ANNUAL RETURN.....	5
6.1	Information to be included in annual return.....	5
6.2	Additional report.....	5
7.	MANAGEMENT PLANS.....	5
7.1	Management plans	5
7.2	Consistency with standards and codes.....	5
7.3	Review by Director of Gas	5
8.	DEFINITIONS AND INTERPRETATION.....	6
8.1	Definitions	6
8.2	Interpretation.....	10
	Schedule 1 – Protected Provisions.....	12
	Schedule 2 –Unaccounted For Gas	13
	Schedule 3 - Annual Return	14

1. THIS CODE

1.1 Purpose of this Code

The purpose of this Code is to set out:

- (a) the minimum standards for the operation and maintenance of a ***distribution system***; and
- (b) the minimum obligations with which a ***distributor*** must comply in providing the ***distribution services***.

1.2 Date of effect

This Code takes effect on 15 July 2003.

1.3 Director of Gas bound

This Code binds the ***Director of Gas***.

1.4 Variation of Terms and Conditions

- (a) A ***distributor*** may agree with a ***user*** to vary the application of this Code in part or in full, in respect of that ***user***.
- (b) Notwithstanding clause 1.4(a), an agreement between a ***distributor*** and a ***user*** must not purport to limit their respective obligations to any person, other than the other party to the agreement.

1.5 Definitions

In this Code, words and phrases in italics have the meaning given to them in clause 8.1.

1.6 Interpretation

This Code must be interpreted according to the principles of interpretation set out in clause 8.2.

1.7 Amendment to this Code

- (a) The terms and conditions of this Code may be amended by the ***Director of Gas*** if the ***Director of Gas*** reasonably determines that the proposed amendment will better achieve the objects of the ***Gas Act***. In making such a determination, the ***Director of Gas*** must consider:
 - (1) any proposal received from a ***distributor***; and
 - (2) any proposal received from an ***interested party***.
- (b) Unless the proposed amendment is of a purely administrative nature, the ***Director of Gas*** must, prior to making a determination in relation to the

proposal, consult **distributors** and **interested parties**. The **Director of Gas** must allow a reasonable time for the making of representations in relation to a proposal and must consider any representations made.

- (c) The **Director of Gas** will within 20 **business days** of making a determination to amend or not to amend this Code, notify all **distributors** and **interested parties** of the determination.
- (d) Notwithstanding the preceding provisions of this clause 1.7, the **Director of Gas** may not, without the express written approval of the **Minister**, amend the provisions of this Code which are listed in schedule 1 of this Code as **protected provisions** under section 38C of the **Act**.

2. OPERATION OF THE DISTRIBUTION SYSTEM

2.1 Distributor obligations

In operating the **distribution system**, the **distributor** must:

- (a) establish operational and system security standards for the **distribution system** and for all **connections** and proposed **connections** to the **distribution system**; and
- (b) use reasonable endeavours to ensure that the quantity of **unaccounted for gas** in the **distribution system** for a **financial year**, as a percentage of the aggregate quantity of **gas** received by the **distributor** at **transfer points** into the **distribution system** in that **financial year**, is less than the benchmark for the flow rates of **gas** set out in schedule 2, Part A.

2.2 Maintenance

A **distributor** must:

- (a) maintain its **distribution system** in accordance with **good gas industry practice**; and
- (b) provide the **Director of Gas** with copies of all **safety and operating plans** and any associated documents concerning the planning of maintenance of the **distributor's distribution system**.

3. DISCONNECTION AND RECONNECTION

3.1 Disconnection

Unless a proposed disconnection is requested by the relevant **retailer**, **customer** or the **Director of Gas Safety**, a **distributor** must not disconnect a **customer** unless it has given the **customer**, or the **customer's retailer**, at least 10 **business days** written notice of the proposed disconnection.

3.2 Disconnection at Restricted Time

A **distributor** may not disconnect a **customer** at a **restricted time**.

3.3 Reconnection

- (a) If requested by the **retailer** which had an agreement to sell **gas** to a **customer** immediately before that **customer** was disconnected, and the **retailer** is a **user**, a **distributor** must, on payment by the **retailer** of any applicable reconnection charge, **reconnect** that **customer** provided:
- (1) the **retailer** has remedied any default which led to the disconnection;
 - (2) the **customer** has remedied any default which led to the disconnection; and
 - (3) the **customer** otherwise satisfies the requirements for **connection** to the **distributor's distribution system**.
- (b) Where a customer's retailer has ceased trading due to an event including, but not limited to, insolvency, a **distributor** must, if requested by a **retailer**, other than the **customer's** most recent **retailer**, reconnect the **customer** (provided the customer satisfies the requirements for **connection** to its **distribution system**) on payment by that **retailer** of any applicable reconnection charge.
- (c) Where, under clause 3.3(a), a **distributor** is under an obligation to reconnect a **customer** who has been disconnected as a result of the **customer's** failure to pay an amount due in respect of a **gas account** and the **retailer** requests **reconnection**:
- (1) before 4 pm on a **business day**, the **distributor** shall use reasonable endeavours to make the **reconnection** on the day of the request. If the **reconnection** is not able to be made on the day of the request, the **distributor** shall make the **reconnection** as soon as possible on the next **business day**;
 - (2) after 4 pm on a **business day**, the **distributor** shall make the **reconnection** as soon as possible on the next **business day**; or
 - (3) after 4 pm on a **business day** and pays the **distributor's** after hours reconnection charge, the **distributor** shall make the **reconnection** on that day.
- (d) Failure to perform these obligations may result in the invocation of penalties under section 32A of **the Act**.
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4. RELIABILITY OF SUPPLY

4.1 Curtailment

A **distributor** may curtail or interrupt the delivery of **gas** to a **gas supply point** at any time to the extent, and for such period of time, as the **distributor** considers is necessary:

- (a) if there is material damage to that part of the **distribution system** used to deliver **gas** at the **gas supply point** or other necessity for repair;
- (b) if a **force majeure** event occurs which affects the **distributor's** ability to deliver **gas** at the **gas supply point**;
- (c) in the event of an **emergency** or for health or safety reason;
- (d) if work under a planned maintenance or **augmentation** program is undertaken, **notice** of which has been given to the **user** either by:
 - (1) giving the **user** direct **notice** of the intended curtailment or interruption at least 4 **business days** before the date of the curtailment or interruption; or
 - (2) causing a general **notice** to **users** to be published in a daily newspaper circulating in the region of Tasmania in which the **gas supply point** is located, at least 5 **business days** before the date of the curtailment or interruption.
- (e) where the **distributor** has the right to curtail or interrupt the delivery of **gas** under contractual arrangements.

4.2 Interruption Telephone Service

A **distributor** must provide a dedicated 24 hour telephone service to enable a **customer** to:

- (a) report interruptions to, and emergencies regarding, **supply**; and
- (b) ascertain details, and the expected duration, of interruptions.

4.3 Minimisation of interruption

A **distributor** must use reasonable endeavours to minimise the duration of an interruption to **supply** referred to in clause 4.1 and must restore **supply** as soon as practicable.

5. COMPLAINT HANDLING AND DISPUTE RESOLUTION

5.1 Dealing with user complaints

A **distributor** must deal with **users'** complaints in accordance with **Australian Standard (AS 4269)**.

6. ANNUAL RETURN

6.1 Information to be included in annual return

Each annual return lodged by the **distributor** under section 27(2)(a) of the **Gas Act** must contain the information described in schedule 3.

6.2 Additional report

Every second year, to be counted from the year 2004/05, the annual report is to be accompanied by a report prepared by a **reporter**.

7. MANAGEMENT PLANS

7.1 Management plans

The **distributor** must develop and submit to the **Director of Gas**:

- (a) a **compliance plan**; and
- (b) a **service plan**;

initially within three months of the date of issue of the **retailer's** licence or such other date as is notified by the **Director of Gas**, subsequently by the first anniversary of that date, and after that, every two years.

7.2 Consistency with standards and codes

The **management plans** are to be made in accordance with and take account of any **standards** and **codes** issued by the **Director of Gas** under the **Gas Act**.

7.3 Review by Director of Gas

A **distributor** must consider any comments made by the **Director of Gas** on the **management plans** and, if required by the **Director of Gas**, amend provisions of a **management plan** related to reporting to the **Director of Gas**, including processes for capturing and analysing data that is to be reported.

8. DEFINITIONS AND INTERPRETATION

8.1 Definitions

In this Code, unless the context otherwise requires:

“augmentation” means works to enlarge or increase the capability of a **distribution system**.

“Australian Standard (AS 4269)” means AS 4269 Complaints Handling published by the Standards Association of Australia, as in force from time to time (including any **code** or standard having effect under that standard).

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

“business day” means:

- (a) in relation to interaction between the **distributor** and a **customer** a day on which banks are open for general banking business in the region of Tasmania in which the **customer’s supply address** is located, excluding a Saturday or Sunday; and
- (b) in all other cases a day on which banks are open for general banking business in Hobart, excluding a Saturday or Sunday.

“code” means a code issued by the **Director of Gas** under the **Gas Act**.

“compliance plan” means a written plan developed by a **distributor** outlining the **distributor’s** procedures, practices and strategies for managing and auditing the **distributor’s** compliance under the **Gas Act**, its **distribution licence**, this Code, relevant Australian Standards and any **standards** and **codes** which must include (among other things) details of **standards**, indicators and targets for measuring the **distributor’s** compliance performance and which must be in accordance with **Australian Standard (AS 3806)**.

“connection” means the forming of a physical link to the **distribution system** to allow the flow of **gas**.

“customer” has the meaning given to that term in the **Gas Act**.

“Director of Gas” means the **Director of Gas** appointed under the **Gas Act**.

“distribution licence” means a licence to construct and/or operate **distribution systems** issued under the **Gas Act**.

“distribution pipeline” means a pipeline licensed under the **Gas Act**.

“distribution services” means the service of receipt of **gas** at **transfer points**, haulage of the **gas** through the **distribution system** and delivery of the **gas** at **gas supply points**, including any service related to such services.

“distribution system” has the meaning given to that term under the **Gas Act**.

“distributor” means:

- (a) a person who holds a **distribution licence**; or
- (b) a person who is exempt from the requirement to obtain a **distribution licence** by section 117 of the **Gas Act**.

“emergency” means an emergency due to the actual or imminent occurrence of an event which in any way endangers or threatens to endanger the safety or health of any person or which destroys or damages, or threatens to destroy or damage, any property including a **distribution system**.

“financial year” means a period commencing on 1 July in a calendar year and terminating on 30 June in the following calendar year.

“force majeure” means any event or circumstance not within a party's control and which the party, by applying the standard of a reasonable and prudent person, is not able to prevent or overcome. It includes but is not limited to:

- (1) acts of God, including, without limitation, earthquakes, floods, washouts, landslides, lightning, storms and the elements;
- (2) strikes, lockouts, bans, slowdowns or other industrial disturbances;
- (3) acts of enemy, wars, blockades or insurrections, riots and civil disturbances, arrest and restraint of rulers and peoples;
- (4) fire or explosion;
- (5) epidemic or quarantine;
- (6) order of any court or the order, act, or omission or failure to act of any government authority having jurisdiction;
- (7) any **distribution pipeline** shutdown, curtailment or interruption which:
 - (A) is validly required under relevant **Laws**;
 - (B) which occurs upon the instruction of the **transmission system** operator or as a result of an action by the **transmission system** operator; or
 - (C) any load shedding which is required to manage an **emergency**; or
- (8) equipment breakdown, breakages or accident to machinery or pipelines, the necessity for making repairs and/or alterations in machinery or pipelines (other than routine maintenance or where the cause of such breakdown or breakage is a lack of proper maintenance).

“gas” has the meaning given to that term in the **Gas Act**.

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

“**gas installation**” means any **gas** equipment located at a **customer’s** premises that is not part of a **distribution system**.

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

“**gas supply point**” has the meaning given to that term in the **Gas Act**.

“**good gas industry practice**” means practices, methods and systems which accord with the exercise of the degree of skill, diligence, prudence and foresight that would be reasonably expected of a significant proportion of **distributors** in the **gas** industry including compliance with:

- (a) relevant quality assurance schemes; and
- (b) all applicable state, national and international **codes** and **standards**.

“**interested party**” means a person whose interests are affected by a decision of the relevant authority or an authorised officer of the appropriate authority.

“**Laws**” means any applicable Commonwealth, Tasmanian or local law, subordinate legislation, legislative instrument or mandatory regulatory requirement.

“**management plan**” means a **compliance plan** or **service plan**;

“**Minister**” means the Minister administering the **Gas Act**.

“**notice**” means notice in writing.

“**protected provision**” means a code provision, that is identified, in the code, as a provision that is not to be omitted from the code, or amended, without the Minister’s written approval.

“**reconnection**” means the re-establishment of **supply** to a **customer** at the same **supply address** at which that **customer** had previously been receiving **supply**.

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

“**restricted time**” means:

- (a) any time after 2 pm on a **business day**;
- (b) any time on Friday, Saturday, Sunday or public holiday; and
- (c) any time on a day immediately preceding a public holiday.

“retailer” means a person licensed to sell gas by retail under a **retail licence** or a person who is exempt from the requirement to obtain a **retail licence** under section 117 of the **Gas Act**.

“retail licence” means a licence to sell **gas** by retail issued under the **Gas Act**.

“safety and operating plan” means a plan required to be submitted by a **distributor** under section 54 of the **Gas Act**,

“service plan” means a written plan developed by a **distributor** outlining the procedures, practices and strategies for managing and auditing the reliability and performance of the **distributor’s distribution system**, and the quality of supply;

“standard” means a standard issued, or approved, by the **Director of Gas** under the **Gas Act**.

“storage facility” means a facility for the storage of large quantities of **gas** including LNG storage services and underground storage facilities.

“supply” means the delivery of **gas** by means of a **distribution system** to a **customer’s gas supply point**.

“supply address” means the address at which the **distributor** has **supplied, supplies** or may supply **gas** to a **customer**.

“transfer point” means a point at which **gas** passes from a **transmission system** into a **distribution system** or from a **distribution system** into a **distribution system**.

“transmission system” means a pipeline or a system of pipelines, for the high pressure transmission of **gas** and all related facilities, together with:

- (a) all structures for protecting or supporting the pipeline or system of pipelines; and
- (b) facilities for the compression of **gas**, the maintenance of the pipeline or system of pipelines and the injection or withdrawal of **gas**; and
- (c) all fittings, appurtenances, appliances, compressor stations, odourisation plants, scraper stations, valves, telemetry systems (including communications towers); and
- (d) works and buildings used in connection with the pipeline or system of pipelines;

but excluding all **storage facilities** and **distribution systems**.

“unaccounted for gas” means the difference between the amount of **gas** passing into the **distribution system** at all **transfer points** and the amount of **gas** withdrawn from the **distribution system** at all **distribution supply points**

including but not limited to leakage or other actual losses, discrepancies due to metering inaccuracies and variations of temperature, pressure and other parameters.

“user” means a **retailer** or a **customer** who has a contract (including contracts in writing or implied by conduct) for **distribution services** with the **distributor**.

8.2 Interpretation

In this Code, unless the context otherwise requires:

- (a) headings are for convenience only and do not affect the interpretation of this Code; and
- (b) words importing the singular include the plural and vice versa; and
- (c) words importing a gender include any gender; and
- (d) an expression importing a natural person includes any company, partnership, trust, joint venture, association, corporation or other body corporate and any governmental agency; and
- (e) a reference to a condition, clause, schedule or part is to a condition, clause, schedule or part of this Code; and
- (f) a reference to terms of an offer or agreement is to all terms, conditions and provisions of the offer or agreement; and
- (g) a reference to any statute, regulation, proclamation, order in council, ordinance or by-law includes all statutes, regulations, proclamations, orders in council, ordinances or by-laws varying, consolidating, re-enacting, extending or replacing them and a reference to a statute includes all regulations, proclamations, orders in council, ordinances, by-laws and determinations issued under that statute; and
- (h) a reference to a document or a provision of a document includes an amendment or supplement to, or replacement or novation of, that document or that provision of that document; and
- (i) a reference to a person includes that person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and permitted assigns; and
- (j) when italicised, other parts of speech and grammatical forms of a word or phrase defined in this Code have a corresponding meaning; and
- (k) a period of time:
 - (1) which dates from a given day or the day of an act or event is to be calculated exclusive of that day; or

- (2) which commences on a given day or the day of an act or event is to be calculated inclusive of that day; and
- (l) an event which is required under this Code to occur on or by a stipulated day which is not a **business day** may occur on or by the next **business day**.

Schedule 1 – Protected Provisions

Protected Provisions

The following provisions in this Code have been declared as ***protected provisions*** by the provisions of section 38C of the ***Act***:

Clause 1.3 – Director of Gas Bound

Clause 1.4 - Variation of Terms and Conditions

Clause 1.7 – Amendment to this Code

Clause 2.2(a) - Maintenance

Clause 3.1 – Disconnection

Clause 3.2 – Disconnection at a Restricted Time

Clause 4.1(e) – Curtailment

Schedule 2 –Unaccounted For Gas

Part A Unaccounted for Gas

The benchmark quantity of ***unaccounted for gas*** for the rates of flow which a ***distributor*** must use its reasonable endeavours to ensure in its ***distribution system*** in a ***financial year*** is 2.5%.

Schedule 3 - Annual Return

1. Technical

Information in relation to:

- 1.1. the quantity of each type of gas entering the ***distribution system*** from each source;
- 1.2. the specifications of each type of gas entering the ***distribution system***;
- 1.3. a summary of the results of testing of metering accuracy;
- 1.4. reliable information in respect of:
 - 1.4.1. the total estimated amount of ***unaccounted for gas*** lost from the ***distribution system***;
 - 1.4.2. the condition of the ***distribution system***;
 - 1.4.3. the number of certificates of compliance received on ***connection*** of a ***gas installation*** to the ***distribution system***; and
 - 1.4.4. the quantity of gas distributed to ***customers***.

2. Customers

- 2.1. the number of ***customers*** connected to the ***distribution system*** as at the last day of the return period; and
- 2.2. the number of ***connections*** and ***disconnections*** of ***customers*** to or from the ***distribution system***.

3. Complaints

A summary of:

- 3.1. the number and type of complaints made to the ***distributor*** in respect of:
 - 3.1.1. detectability of gas by odour;
 - 3.1.2. inadequate gas supply pressure; or
 - 3.1.3. any other relevant matter;
- 3.2. the action taken in response to each complaint; and
- 3.3. the duration of, and reason for, the circumstance giving rise to each complaint.

4. Regulatory

- 4.1. details of any material failure by the **distributor** to comply with the **Gas Act** which is known to the **distributor** and details of any steps taken, or proposed to be taken, to address such failure;
- 4.2. details of the **distributor's** actual performance for the previous **financial year** against the **standards**, indicators and targets included in the **management plans**;
- 4.3. if the **distributor's** actual performance is below the targets included in a **management plan**, the reasons for the failure to meet the targets and strategies for achieving the targets in the future;
- 4.4. projections of the **distributor's** future performance against the **standards**, indicators and targets included in the **management plans**; and
- 4.5. a description of the strategies adopted or to be adopted by the **distributor** to achieve or exceed the performance targets included in the **management plans**.

5. Reliability of Supply

- 5.1. Unplanned interruptions to supply – for each incident:
 - 5.1.1. reason for the interruption;
 - 5.1.2. duration;
 - 5.1.3. number of **customers** affected.
- 5.2. Planned interruptions to supply – for each incident:
 - 5.2.1. reason for the interruption;
 - 5.2.2. duration;
 - 5.2.3. number of **customers** affected.