



**APPLICATION FORM FOR
THE ISSUE OF A GAS
DISTRIBUTION LICENCE
BY THE
ESSENTIAL SERVICES
COMMISSION OF SA
UNDER THE *GAS ACT*
*1997***

August 2011

The Essential Services Commission of South Australia
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GAS



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Application form for the issue of a Gas Distribution Licence by the
Essential Services Commission of SA under the Gas Act 1997



INFORMATION FOR APPLICANTS BEFORE FILLING OUT THIS FORM

Purpose of this form

This form is to be completed by persons making application to the Essential Services Commission of South Australia (the Commission) for the issue of a licence to authorise gas distribution operations in the gas supply industry in South Australia.

The Commission can also consider joint applications from two or more persons who wish to hold a licence jointly. Persons making joint applications must ensure that each of the applicants completes a separate application form together with a covering letter explaining that the application is for a licence to be jointly held.

Basis for this form

Section 20(1)(a) of the *Gas Act 1997* (the Act) provides that an application for the issue of a licence must be made to ESCOSA in a form approved by the Commission. This is the form approved by the Commission.

Use of this form and Applicant's Responsibilities

An application for a licence may be made by any legal person including, without limitation, individuals, partnerships, incorporated associations, unit and other forms of trusts and corporations. Entities that are not a legal person (for example, an unincorporated joint venture) cannot apply for a licence.

For the purpose of this application form, reference to the term "Officer" include the applicant's directors and secretary, and other persons who make or participate in making decisions that affect a substantial part of the business of the applicant (e.g. Chief Executive Officer, Chief Financial Officer, General Manager etc.).

Applicants should list the information requested in the spaces provided in this form and enclose additional information when required. Applicants must take all reasonable steps to ensure the information provided in the application form is complete, true and correct and are required to make a declaration to that effect in the application form. Failure to disclose information or misrepresent any matter relevant to such information may result in a licence not being issued or in the suspension or cancellation of a licence at a later time.

Applicants are responsible for providing the Commission with current, accurate and relevant documentation. This will ensure that the application is processed promptly and without delay. All applications are assessed on a case-by-case basis. If insufficient information is provided with an application, the Commission will request additional information to be submitted before the application is considered further.

Prior reading

It is essential that licence applicants read the Commission's Advisory Bulletin No 4 – "*Licensing Arrangements for the Electricity and Gas Supply Industries*" before they fill out this form. This Bulletin is available on the Commission website www.escosa.sa.gov.au under gas/licensing.

Licence conditions

Part 3 of the Act requires the Commission to place certain conditions in licences. The Commission strongly recommends that applicants review these mandatory conditions. Applicants must be familiar with the relevant conditions and be confident that they can comply with the conditions.

Further information

Applicants should note that the Commission may ask applicants who have submitted a completed application form to provide further information to the Commission, or to clarify the information that they have already provided.

Consultation and Confidentiality

The Commission will consult with relevant government, industry and consumer groups in the conduct of its licensing functions through a public consultation process. Consequently, applications and/or supporting information will be made available on the Commission's website and in hard copy from the Commission's office for this purpose.

If applicants believe that they are providing confidential information when completing this form they should write "this information is confidential" after any such information. It is the applicant's responsibility to ensure this is clearly highlighted on the form. Applicants should also provide a 'non-confidential' version of the form capable of publication on the Commission's website.

The Commission will use information supplied in applications and in support of applications in accordance with the requirements of Part 5 of the *Essential Services Commission Act 2002*. Applicants claiming confidentiality are encouraged to familiarise themselves with Part 5. Applicants should note that the Commission may disclose confidential information in some circumstances.

How to lodge an application

Applicants should send their completed application form in writing and electronically.

- ▲ In writing to: Essential Services Commission of SA
GPO Box 2605
Adelaide SA 5001
- ▲ Electronically to: escosa@escosa.sa.gov.au

Application fees and annual licence fees application

Applicants should also enclose the application fee (presently set by the Minister for Energy at \$1,000 per licence) with their application.



Holding a licence incurs annual licence fees. The licence fees determined by the Minister for Energy are administered by the Commission. At annual intervals, the Commission, on behalf of the Minister, will send to each licensee, depending on the category within the sector, an invoice for the licence fee. Licence fees are to be paid on receipt of an invoice via one of the payment options set out in the invoice.

The initial licence will not be issued until the first annual licence fee (or approved licence fee instalment) has been paid.



LICENCE APPLICATION FORM

1. THE APPLICANT

Applicants must answer all questions in this section.

1.1 Identity of Applicant

State the full name of the applicant. The applicant is the person who will be undertaking the gas distribution operations that will be the subject of the licence. Joint applicants should each complete an application form, and submit their application forms at the same time, with a covering letter explaining that a joint application is being made.

Name: Elgas Limited

1.2 Legal Identity of Applicant

Provide information about the applicant, (i.e. whether the applicant is a natural person, private limited company or partnership, etc). If the applicant is a body corporate, please also state the jurisdiction in which the applicant is registered, and the applicant's ABN/ACN.

Elgas Limited is a wholly owned subsidiary of Auscom Holdings Pty Limited, which is a 100% owned subsidiary of BOC Gases Finance Limited, the Company's parent entity. The ultimate parent of the entity is Linde AG.

Elgas Limited has an Australian Business Number (ABN) 85 002 749 260 and is a company domiciled in Australia.....

1.3 Address and Contact Details of Applicant

Business Address: 10 Julius Ave, North Ryde

State: NSW Post Code: 2113

Postal Address (if different to Business Address):

PO Box 1336, Chatswood



State: NSW Post Code: 2067
Telephone: 02 8094 3200 Facsimile: 02 9018 0146
E-mail:

1.4 Contact Person on behalf of Applicant

The full name, title and contact details of a person to whom the Commission can direct enquiries and correspondence about the application.

Full Name: Nick Smith
Title: Regional Manager – SA/NT/Western Vic
Business Address: 1 Newfield Rd, Para Hills West
.....
State: South Australia Post Code: 5096
Postal Address (if different to Business Address):
As Above
State: Post Code:
Telephone: 08 8368 4700 Facsimile: 08 8349 4624
E-mail: nick.smith@elgas.com.au

1.5 Contact Person for Licence Fees

The full name and/or title of the person to whom the Commission can direct enquiries and correspondence about licence fees.

Full Name: Gareth O'Brien
Title: General Manager - Finance
Business Address: 10 Julius Ave, North Ryde
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State: NSW Post Code: 2113
Postal Address (if different to Business Address):
PO Box 1336, Chatswood
State: NSW Post Code: 2067
Telephone: 02 8094 3200 Facsimile: 02 9018 0146
E-mail: gareth.obrien@elgas.com.au

1.6 Diagram of Corporate or other Structure

Please attach with this application form details of the corporate or other structure, including details of any related companies within the meaning of the Corporations Act

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2001; and a diagram of the organisational chart, including composition of the board, management and other key personnel responsible for the key functions of the business.



2 THE LICENCE

Applicants must answer all questions in this section.

2.1 Date from which Licence is sought

If the applicant seeks to have the licence issued by a certain date, provide this date. Please note that the Commission does not undertake to issue the licence by this date. Applicants should usually allow the Commission a minimum of eight weeks to consider an application, as a public consultation period of several weeks forms part of the Commission's consideration of licence applications.

Elgas Ltd, in line with the Commission's final decision on the Regulation of Reticulated LPG.. Networks, requires the licence to be operational by the end of July in anticipation of a January 1st 2014 implementation of the Regulations

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2.2 Nature and scope of operations for which Licence is sought

Applicants for a gas distribution licence must state the location of the distribution system, the expected capacity of the distribution system, the type of distribution system and some details about how the distribution system is to supply the retail network. Applicants should attach a map showing the proposed route for the network.

Elgas currently operate a distribution system at Hanlins Rise Estate in Clare. [REDACTED] They also have a distribution system ready to commence at Point Boston Estate near Port Lincoln, which has yet to be commissioned.

Elgas are also the retailer at Bluestone Estate where the distribution system is operated by Environmental Land Services Pty Ltd.

Each distribution system is an isolated system that is limited to the estate that it operates on and is not interconnected with other distribution systems.

At this stage Elgas do not have any other plans in place for further reticulated distribution systems outside of the current sites.

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3.2 Standard of honesty and integrity shown by Officers and major shareholders of Applicant

Applicants should address responses to this question in the same manner as 3.1 above except here it relates to officers and major shareholders of the applicant.

Please also supply details of any policies and procedures addressing the probity and competence of officers and other key management staff.

Elgas, as a fully owned subsidiary of the Linde Group operate under a range of global and local policies. These address a wide range of appropriate corporate behaviour, anti-competitive, environmental, SHEQ, and HR areas.

Further information can be viewed at http://www.the-linde-group.com/en/corporate_responsibility/index.html

3.3 Names and addresses of the Officers of Applicant

State the names and addresses of the officers of the applicant. "Officers" of the applicant include the applicant's directors and secretary, and other persons who make or participate in making decisions that affect a substantial part of the business of the applicant.

Full Name: John William Evans

Date of Birth: Office Held: Director

Address:

Sylvania

State: Post Code:

Full Name: Colin Isaac

Date of Birth: Office Held: Director

Address:

Cremorne

State: Post Code:

Full Name: Roger Smith

Date of Birth: Office Held: Director

Address:

Cammeray

State: Post Code:

Full Name: Graeme Bartram
Date of Birth: [REDACTED] Office Held: Company Secretary
Address: [REDACTED]
Oatley
State: [REDACTED] Post Code: [REDACTED]

(attach additional pages if necessary)

3.4 Names and addresses of major shareholders of Applicant

State the full names and addresses of the major shareholders of the applicant

Full Name: Auscom Holdings Pty Limited, ACN: 002 749 279
Date of Birth: Not Applicable Office Held: 100% Shareholder
Address: Riverside Corporate Park, 10 Julius Avenue
North Ryde
State: NSW Post Code: 2113

Full Name:
Date of Birth: Office Held:
Address:
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State: Post Code:

Full Name:
Date of Birth: Office Held:
Address:
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State: Post Code:

Full Name:
Date of Birth: Office Held:
Address:
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State: Post Code:

(attach additional pages if necessary)



3.5 Details of the group members

This is information about entities controlled by the applicant, or by the ultimate parent entity of the applicant (if applicable).

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3.6 Additional information

Please answer the following questions and, where the answer to any question is "no", provide further detail.

▲ Is the applicant a resident of, or does it have permanent establishment in, Australia?

Yes.....

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▲ Is the applicant under external administration (as defined in the Corporations Act 2001) or under a similar form of administration under any laws applicable to it in any jurisdiction?

No.....

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▲ Is the applicant immune from suit in respect of the obligations under the Gas Act 1997?

No.....

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▲ Is the applicant capable of being sued in its own name in a court of Australia?

Yes.....

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(attach additional pages if necessary)

3.7 Financial resources available to the Applicant

Provide information about the financial resources available to the applicant. If the applicant is a company, please also enclose:

- ▲ copies of all audited profit and loss statements and balance sheets for the last three financial years (including all notes), and
- ▲ director's declaration that the financial statements comply with accounting standards, give a true and fair view, have been made in accordance with the Corporations Act and that there are reasonable grounds to believe the company/entity will be able to pay its debts as and when they fall due; and
- ▲ the director's report and the audit opinion.

If the applicant is a subsidiary company, please also provide:

- ▲ copies of all audited profit and loss statements and balance sheets of the applicant's parent company for up to the last three financial years.

The applicant should also submit copies of:

- ▲ its business plans including at least strategic direction and objectives, identified opportunities in the market place and forecast results; and
- ▲ evidence of capital and liquidity support in place, including any bank or cross guarantees, to support the business and evidence of negotiations with the network service provider concerning credit support arrangements.

Copies of audited profit and loss statements and balance sheets attached

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3.8 Additional Details of Structure of Applicant

If the applicant is part of a group of related companies, and/or party to a partnership, joint venture or alliance agreement with another company, please provide:

- ▲ contractual arrangements (e.g. alliance contracts, associate contracts, establishment contracts) that define relationships within the group – including shared resources, guarantees, revenue flows, obligations and or responsibilities.

Not Applicable.....

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3.9 Human resources available to the Applicant

Provide information about the human resources available to the applicant. This includes:

- ▲ the experience and qualifications of those employees outlined in the organisational chart (see point 1.6);
- ▲ if the applicant will employ contractor/s to assist with the licensed operations, the name of that contractor/s, details about the experience of the contractor/s in such operations and details of the processes in place to ensure the contractor/s complies with the regulatory obligations imposed by the licence; and

Elgas is Australia's leading marketer of LPG with [REDACTED] staff across the organisation. A member of the Linde Group globally the resources available to the organisation are significant. In South Australia the organisational structure provides for the service of local communities through [REDACTED] dedicated branch outlets staffed by locals who understand and know the needs of our customers.

In addition to the local resources Elgas operate a full time 24/7 Maintenance and Technical division for support of the business and, in the event of an emergency, provide advice to emergency services personnel.

Elgas develop and operate their own IT systems and use this for the provision of retail customers billing, pricing, installation, personal details, and other relevant information.

Elgas continue to expand their operations in South Australia in line with identified opportunities and future growth plans.....

3.10 Technical resources available to the Applicant

Applicants for a generation licence are asked to provide details about the availability of technical resources to be used in carrying out the operations for which a licence is sought. The information should include details about the technically qualified staff available to the applicant and (if relevant) details of experience gained in similar operations.

Where applicants are relying on a third party to provide staff and resources to meet the technical requirements of the distribution licence, please provide:

- ▲ a list of all functions and activities being proposed to outsource;
- ▲ details of any formal agreement/s to provide services, including confirmation that the third party possess relevant technical competencies to conduct the proposed activities;
- ▲ a summary of the third party's technical capacity to meet relevant obligations, including relevant accreditations; and
- ▲ a summary of the third party's experience and knowledge in the relevant area.

Elgas are widely experienced in managing LPG supply to small consumers in regional and remote locations across Australia. The strength of service is underpinned by Elgas' Security of Supply™ investment in the Cavern at Pt Botany, Australia's largest storage facility; Dandenong Bulk Terminal, and excellent working relationships with Santos and other

hauliers. In the event of supply issues, Elgas have an unsurpassed ability to ensure continuity of supply to South Australian customers with minimal impact.

Under the existing exemption to operate the LPG reticulations, Elgas provide a high level of service and regularly deal with customers in regard to customer move-ins and move-outs.

In the event Elgas outsource any part of their business to sub-contractors, control of the process remains in the hands of Elgas to ensure continuity, and oversight of these areas.

For further details on the comprehensive Elgas resources available these can be referenced in the SRMTMP that has been approved by the OTR, and Elgas have been operating under for some years now.

3.11 Safety of Network

The Commission may not issue a distribution licence unless it is satisfied that the distribution network (or the proposed network) will have the necessary capacity for distributing gas safely. Applicants are therefore asked to verify that the network has been (or will be) developed in accordance with relevant Australian Industry Codes and Australian Standards.

All systems that Elgas currently operate have been developed in line with all of the relevant Australian Industry Codes and Australian Standards. These have been ratified by the Office of the Technical Regulator and are audited regularly under the Elgas SRMTMP currently in place.

Any future distribution systems will require that the same protocols, procedures, and design standards are used, and the requirement to liaise with the OTR to confirm their acceptance of this prior to commissioning of the system will remain.

3.12 Risk Management

Provide confirmation and reasonable evidence that the applicant's management has identified the risks associated with gas operations and has established, utilises and relies upon risk management systems and processes which are adequate, accurate and current to address those risks. A copy of the applicant's risk management strategy should be submitted.

Elgas operate a wide range of risk management policies and procedures across the financial, purchasing, operations, safety, environmental and other functions of the organisation. These include a Delegation of Authority, Operations and Safe Management System, Financial systems, Vessel Maintenance, Transport fleet management, and IT systems risk assessments, to name a few. Copies of these risk assessment systems and processes are too extensive to provide with this application, however, specific examples can be provided on request.



In addition Elgas are required under various Federal and State legislative and regulatory requirements, to comply with all relevant Australian Standards, Codes of Practice, and Acts of Parliament to ensure the safe, compliant, and sustainable operations of the organisation.

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3.13 Development Act Approval

Please advise if the applicant has or is applying for approval under the *Development Act 1993* (SA). If so, provide details, including the date on which approval was or will be granted.

Elgas has obtained all necessary consents for the distribution systems that it is involved with. Elgas shall continue to obtain these consents for any future distribution systems that they choose to develop.

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3.14 Registration with AEMO

Please advise if the applicant will apply to register with AEMO. If so, provide details.

Due to the small disconnected nature of LPG Reticulations, Elgas shall not be registering with the AEMO

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3.15 Licences held by the Applicant in other Australian jurisdictions.

If the applicant holds, or has previously held, electricity or gas licences in other Australian jurisdictions please provide details. If a licence previously held has been suspended or cancelled, please provide details.

Elgas Ltd are the holders of current exemptions for both Retail and Distribution licences for Gas under the SA Gas Act 1997. As a result of changes to the requirements of the regulations, Elgas are resubmitting this application to enable a licence to be enacted under the changes to the requirements.

They have a current SRMTMP in place with the Office of the Technical Regulator (OTR) which determines the methods, procedures and processes involved in the management and operation of the reticulations under the exemption regime.

Elgas is a licenced Gas Company in Victoria, as required by the Gas Safety Act 1997.

Elgas owns and operates facilities for the distribution of LP Gas across all Australian States, Territories, and New Zealand. It has presented and had approved its Operations and Safety Management System in response to various State requirements and is a licenced Gas Company in those jurisdictions requiring this of an LPG retailer/distributor.....

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3.16 Previous unsuccessful licence applications in other Australian jurisdictions

Please state whether the applicant has applied for an electricity or gas licence in another Australian jurisdiction and not been issued with a licence, and provide details if relevant.

Not Applicable

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3.17 Licences held by Associates of the Applicant

If an associate of the applicant (within the meaning of the Corporations Act) holds an electricity or gas licence in South Australia or in other Australian jurisdictions, please provide details.

Not Applicable

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3.18 Compliance Plans

Applicants are required to submit a copy of their Compliance Plan which demonstrates how the compliance systems the applicant has (or will have) in place will ensure compliance with all of the applicable regulatory obligations imposed by the relevant licence.

Elgas currently operate all of the facilities mentioned in the document to date under an approved SRMTMP with the Office of the Technical Regulator, as required by ESCOSA for the provision of the current exemption



3.19 Additional Information

The Commission encourages applicants to provide any additional information they consider would be of assistance in supporting the application. Please provide below.

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4 FACTORS SPECIFIED IN THE ESSENTIAL SERVICES COMMISSION ACT 2002

In considering a licence application, the Commission must have as its primary objective protection of the long term interests of consumers with respect to the price, quality and reliability of electricity supply, and must also have regard to the need to:

- (a) promote competitive and fair market conduct;
- (b) prevent misuse of monopoly or market power;
- (c) facilitate entry into relevant markets;
- (d) promote economic efficiency;
- (e) ensure consumers benefit from competition and efficiency;
- (f) facilitate maintenance of the financial viability of regulated industries and the incentive for long term investment;
- (g) promote consistency in regulation with other jurisdictions.

If the applicant believes that information about their application would assist the Commission in its consideration of these factors, the applicant should provide such information below.

Elgas as a current holder of an exemption under the Gas Act 1997, have consistently displayed the behaviour and ethical integrity expected of an essential service provider.

In addition to the provision of LP Gas to consumers in regional locations, Elgas are a leading member of the industry Association, Gas Energy Australia, and continue to promote and develop improved knowledge of the significant benefits LPG can provide to small consumers as a cost effective energy source with a reduced carbon footprint over coal fired electricity.

This education has included individual consumers, appliance retailers, consumer bodies and Government on the relative cost comparisons of LPG to alternative energies, and comparative consumption of LPG to enable accurate provision of information to the broader community

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5 APPLICATION FEES

Applicants for a licence must pay the Commission an application fee fixed by the Minister for Energy from time to time. This fee is presently set at \$1000 per licence. Please enclose this fee with the application. An application cannot be considered until this fee has been received.

6 DECLARATION

All information in this application for the issue of a licence to authorise gas distribution operations in the gas supply industry in South Australia must be verified by a Statutory Declaration of the applicant, in accordance with the provisions of the *Oaths Act 1936* (SA), stating that the information contained in the application is true and correct to the best of the applicant's knowledge, information and belief.

Where the applicant is a body corporate, evidence of the relevant authority of the declarant to sign on behalf of the body corporate must also be provided to the Commission.

Statutory Declaration

JOHN EVANS
DIRECTOR

I
of **ELGAS LIMITED** 10 Julius Avenue
002 749 260 North Ryde NSW
AUSTRALIA 2113

do solemnly and sincerely declare that the information contained in this Application for the issue of a licence to authorise gas distribution operations in the gas supply industry in South Australia is true and correct to the best of my knowledge information and belief.

And I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the *Oaths Act 1936*.

Date 20 June 2013

Signature *John Evans*

(Where the applicant is a body corporate, the declaration must be made by a person authorised by body corporate to sign on its behalf)

Declared at: North Ryde this 20 day of June 2013

Before me: *Rory O'Hagan* RORY O'HAGAN Solicitor of
NSW SUPREME COURT P/C No. 17735
(Signature of Justice of the Peace or other person authorised under the *Oaths Act 1936*)