

GAS DISTRIBUTION CODE

GDC/06

September 2013



Enquiries concerning the currency of this Code should be addressed to:

Essential Services Commission of South Australia
GPO Box 2605
Adelaide SA 5001

Telephone: (08) 8463 4444
Freecall: 1800 633 592 (SA and mobiles only)
E-mail: escosa@escosa.sa.gov.au
Web: www.escosa.sa.gov.au

Amendment Record

ISSUE NO.	COMMENCEMENT DATE
GDC/01	08/03/2004
GDC/02	06/07/2006
GDC/03	01/07/2011
GDC/04	01/07/2011
GDC/05	07/02/2013
GDC/06	05/09/2013

The Essential Services Commission of South Australia is the independent economic regulator of the electricity, gas, ports, rail and water industries in South Australia. The Commission's primary objective is the *protection of the long-term interests of South Australian consumers with respect to the price, quality and reliability of essential services*. For more information, please visit www.escosa.sa.gov.au.

TABLE OF CONTENTS

- 1 Preliminary _____ 1
- 1.1 Title _____ 1
- 1.2 Authority _____ 1
- 1.3 Definitions and interpretation _____ 1
- 1.4 Application _____ 1
- 1.5 Other Acts, codes and guidelines _____ 1
- 1.6 Powers under Acts _____ 2
- 1.7 Reporting to the Commission _____ 2
- 2 Operation of Distribution System _____ 3
- 2.1 Distributor obligations _____ 3
- 2.2 Maintenance _____ 4
- 2.3 Preconditions to connection _____ 4
- 2.4 Reconnection after disconnection _____ 5
- Schedule 1 – Definitions _____ 6
- Schedule 2 – Interpretation _____ 8

1 PRELIMINARY

1.1 Title

- 1.1.1 This Industry Code is the *Gas Distribution Code*.
- 1.1.2 This industry code must be interpreted in accordance with the rules set out in Schedule 2 of this *Gas Distribution Code*.

1.2 Authority

- 1.2.1 This *Gas Distribution Code* is made as an industry code pursuant to the powers of the **Commission** under section 28 of the *Essential Services Commission Act 2002*.

1.3 Definitions and interpretation

- 1.3.1 Words appearing in bold like **this** are defined in Schedule 1 of this *Gas Distribution Code*.

1.4 Application

- 1.4.1 This *Gas Distribution Code* contains provisions relating to the operation of the **distribution system**.
- 1.4.2 The persons bound by this industry code are **retailers** and **distributors**.

1.5 Other Acts, codes and guidelines

- 1.5.1 Not all aspects of the **retailer's** and **distributor's** obligations are regulated by this *Gas Distribution Code*. The **retailer's** and **distributor's** obligations, and some aspects of the relationship with a **customer**, are also affected by:
 - (a) Acts of Parliament and Regulations (in particular, the *Gas Act 1997*, the *National Gas (South Australia) Act 2008* and the *Essential Services Commission Act 2002* (and associated regulations));
 - (b) the **National Gas Law and National Gas Rules**;
 - (c) the **National Energy Retail Law, National Energy Retail Regulations and National Energy Retail Rules**;
 - (d) the **distributor's Access Arrangement**;
 - (e) the distribution licence held by the **distributor**;
 - (f) industry codes and any **guidelines** or rules made by the **Commission** from time to time;
 - (g) the **retail market procedures**; and
 - (h) the terms of an agreement in place between a **retailer** and a **distributor**.

1.6 Powers under Acts

- 1.6.1 Nothing in this industry code prevents the **distributor** exercising any power, or obligation to comply with any direction, order or requirement under the *Gas Act 1997, Essential Services Act 1981, State Disaster Act 1980* or the *State Emergency Service Act 1987*, or any other relevant legislation.

1.7 Reporting to the Commission

- 1.7.1 The distributor must keep sufficient records to monitor its performance with the service standards under clauses 2.1, 2.2 and 2.4 and to provide that information to the **Commission** in the manner and form prescribed by the **Commission**.
- 1.7.2 The distributor must report to the **Commission** by 31 August each year concerning matters relating to the service standards during the previous year ending on 30 June including;
- 1.7.3 its compliance with the service standards set out in this clause 1.7 or under its **connection and supply contracts**;
- (a) an explanation of the reason for any non-compliance; and
 - (b) a report on how the **distributor** will improve its performance so as to meet the service standards set out in this clause 1.7 or its **connection and supply contracts**.

2 OPERATION OF DISTRIBUTION SYSTEM

2.1 *Distributor obligations*

2.1.1 In operating the distribution system, the distributor must:

- (a) establish and document (in its safety, reliability, maintenance and technical management plan required under the *Gas Act 1997*), operational and system security standards for its **distribution system** and for all **connections** and proposed **connections** to its **distribution system**;
- (b) maintain the delivery pressure of **gas** from the **distribution system** to ensure that:
 - (i) the operating pressure of the **gas** at the outlet of each meter set for recording a **customer's** consumption of **gas** is:
 - (A) 1kPa or more but less than 3kPa for low pressure mains; or
 - (B) 2.75kPa but less than 3.25 kPa for medium or high pressure mains;
 - (C) subject to any written requirement of the **customer** or agreement between the **Technical Regulator** and the **distributor** for **gas** to be supplied at more than 3kPa; and
 - (ii) the pressure of the **gas** at each such meter set is within the meter set manufacturer's designated pressure operating range;
- (c) subject to this industry code, deliver **gas** received from a **retailer** at a **receipt point** through its **distribution system** to **delivery points** nominated by the **retailer** on terms and conditions set out in an **Access Arrangement**, or otherwise on fair and reasonable terms and conditions;
- (d) on request by a **retailer**, provide details as to the **distributor's** requirements in relation to:
 - (i) the protection of the **distributor's** pipes and equipment; and
 - (ii) non-interference by the **customer** with the **distributor's distribution system** or with the supply to any other **gas installation**,within 10 **business days** of the request, and
- (e) use its **best endeavours** to achieve:
 - (i) a level of **unaccounted for gas** for the **distribution system** of no more than 1,626 TJ by the end of the 2015/16 regulatory period; and

- (ii) annual reductions in levels of **unaccounted for gas** for the **distribution system** in each year up to and including 2015/16.

2.2 Maintenance

- 2.2.1 The **distributor** must use **best endeavours** to maintain the capability of its **distribution system**.
- 2.2.2 Unless approved by the **Commission**, the **distributor** must not remove or disable any part of its **distribution system** that supplies **gas** to one or more **customers** on the grounds that the financial return to the **distributor** from supplying those **customers** is insufficient.

2.3 Preconditions to connection

- 2.3.1 Subject to the provisions of the **National Energy Retail Law** and the **National Gas Rules**, upon request, a **distributor** must connect to its **distribution system** that **customer's gas installation**, provided that:
 - (a) the **gas installation** at the **supply address** complies with regulatory requirements and AS 5601;
 - (b) the customer agrees to maintain the **gas installation** at the **supply address** in a safe condition;
 - (c) the **customer** has a contract for the purchase of **gas** with a **retailer** which has a contract with the **distributor** for the haulage of **gas**;
 - (d) in respect of a new **connection** the **distributor** has been provided with a completed certificate of compliance for the **customer's gas installation** work from the **gas installer**;
 - (e) the **customer** satisfies the **distributor** that there is safe and convenient access to the **metering installation** and the **customer's gas installation** for:
 - (i) **connection** or disconnection of supply;
 - (ii) inspection or testing of **gas installations** or **metering installations**;
 - (iii) undertaking inspection, repairs, testing or maintenance of the **distribution system**; and
 - (iv) collection of **metering data**,

in accordance with the provisions of this industry code and other industry codes made by the **Commission** from time to time;

- (f) the **customer** agrees to protect the **distributor's** equipment at the **customer's supply address** from damage and interference;

- (g) the **customer** provides to the **retailer** contact details of the owner (or the owner's agent) of the **supply address**, if the request is made in respect of a **supply address** that is a rental property;
 - (h) the **customer** agrees to take reasonable precautions to minimise the risk of loss or damage to any equipment, premises or business of the **customer** which may result from poor quality or reliability of the **gas** supply;
 - (i) an adequate **gas** supply is available at the required volume and pressure at the boundary of that **supply address**; and
 - (j) any extensions or expansions that are required for the **connection** have been completed.
- 2.3.2 Subject to clause 2.3.1, the **distributor** must **connect** the **gas installation** of a **customer** on fair and reasonable terms.

2.4 Reconnection after disconnection

- 2.4.1 Where a distributor has disconnected a customer's supply address:
- (a) after receiving a direction **in writing** from the **retailer** and the **retailer** has subsequently notified the **distributor** to reconnect the **supply address**;
 - (b) for health or safety reasons and the circumstances giving rise to the disconnection no longer exist; or
 - (c) due to a **customer** using **gas** in breach of the **National Energy Retail Law**, and the **customer** has remedied that breach, and has paid, or made an arrangement to pay, for the **gas** so obtained, or
 - (d) for any reason that the **distributor** is otherwise entitled to disconnect supply under the energy laws,

the **distributor** must connect the **customer's supply address** in accordance with this clause subject to any requirements specified in the **National Energy Retail Law**; the **retailer** making a request for reconnection; and the **retailer** paying the **distributor's** reasonable charge for reconnection, if any.

- 2.4.2 The **distributor** must use **best endeavours** to perform a reconnection under clause 2.4.1 within sufficient time for a **retailer** to meet its contractual obligations to the **customer** as set out in the **National Energy Retail Law**.

SCHEDULE 1 – DEFINITIONS

In this industry code:

“Access Arrangement” means the arrangement for third party access to a **distribution pipeline** filed by the **distributor** pursuant to the **National Gas Law** and **National Gas Rules**, and which has been approved by the relevant regulator;

“Act” means the *Gas Act 1997*;

“best endeavours” means to act in good faith and use all reasonable efforts, skill and resources;

“business day” has the meaning given to that term in the **National Energy Retail Law**; a day that is not:

- (a) a Saturday or Sunday; or
- (b) observed as a public holiday in South Australia;

“Commission” means the Essential Services Commission established under the *Essential Services Commission Act 2002*;

“connection” means the joining of a **gas installation** to a **delivery point** to allow the flow of **gas**;

“connection and supply contract” means the model standing (deemed) contract or negotiated contract established between a **customer** and the **distributor** in accordance with **National Gas Law**;

“customer” has the meaning given to that term in the **Act**, namely a person who has a supply of **gas** available from a system for consumption by that person, and includes:

- (a) the occupier for the time being of a place to which **gas** is supplied by a **distribution system**; and
- (b) where the context requires, a person seeking a supply of **gas** from a **distribution system**; and
- (c) a person of a class declared by regulation to be customers;

“delivery point” means a point on a **distribution system** at which **gas** is withdrawn from the **distribution system** for delivery to a **customer** and which is normally located at:

- (a) the inlet of a **gas installation** of a **customer**; or
- (b) the outlet of a meter;

“distribution pipeline” has the meaning given to that term in the National Gas (South Australia) Act 2008;

“distribution services” means the service of receipt of **gas** at **receipt points**, haulage of the **gas** through the **distribution system** and delivery of **gas** at **delivery points**;

“distribution system” has the meaning given to that term in the **Act**;

“**distributor**” means a person holding a licence under the **Act** to operate a **distribution system**;

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

“**gas installation**” has the meaning given to that term in the **Act**;

“**guideline**” means a guideline published by the **Commission**;

“**metering installation**” means the meter and associated equipment and installations, which may include correctors, regulators, filters, data loggers and telemetry relating to a **delivery point**;

“**National Energy Retail Law**” has the meaning given to that term in the National Energy Retail Law (South Australia) Act 2011 as in force from time to time;

“**National Energy Retail Regulations**” means the Regulations made under Part 11 of the **National Energy Retail Law**;

“**National Energy Retail Rules**” means the Rules made under Part 10 of the **National Energy Retail Law**;

“**National Gas Law**” has the meaning given to that term in the *National Gas (South Australia) Act 2008 (SA)* as in force from time to time;

“**National Gas Rules**” has the meaning given to that term in the **National Gas Law**;

“**prescribed standards of quality**” means the quality and other requirements for **gas** set out in or as prescribed in the **Act** and associated regulations;

“**receipt point**” means a point on a **distribution system** where **gas** is injected into the **distribution system**;

“**retail market procedures**” means the rules administered and published by the Australian Energy Market Operator;

“**retailer**” means a person holding a licence under the **Act** or a retailer authorisation under the **National Energy Retail Law** (as the case may be) for the sale and supply of **gas**;

“**supply address**” means:

- (a) the address for which a **customer** purchases **gas** from a **retailer** where there is only one **delivery point** at that address; or
- (b) where there is more than one **delivery point** at the address, each **delivery point** through which the **customer** purchases **gas** from the same **retailer**;

“**Technical Regulator**” means the person holding the office of Technical Regulator under Part 2 of the **Act**; and

“**unaccounted for gas**” means the difference between the amount of **gas** injected into the **distribution system** at all **receipt points** and the amount of **gas** withdrawn from the **distribution system** at all **delivery points**, including but not limited to leakage or other actual losses, discrepancies due to metering inaccuracies and variations of temperature, pressure and other parameters.

SCHEDULE 2 – INTERPRETATION

In this industry code, unless the context otherwise requires:

- (a) headings and footnotes are for convenience or information only and do not affect the interpretation of this industry code or of any term or condition set out in this industry code;
- (b) words importing the singular include the plural and vice versa;
- (c) an expression importing a natural person includes any company, partnership, trust, joint venture, association, corporation or other body corporate and any governmental agency and vice versa;
- (d) a reference to a clause or appendix is to a clause or appendix of this industry code;
- (e) a reference to any statute includes all statutes varying, consolidating, re-enacting, extending or replacing them and a reference to a statute includes all regulations, proclamations, ordinances, by-laws and determinations issued under that statute;
- (f) a reference to a document or a provision of a document includes an amendment or supplement to, or replacement of or novation of, that document or that provision of that document;
- (g) a reference to a person includes that person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and permitted assigns;
- (h) other parts of speech and grammatical forms of a word or phrase defined in this industry code have a corresponding meaning;
- (i) a period of time:
 - (i) which dates from a given day or the day of an act or event is to be calculated exclusive of that day; and
 - (ii) which commences on a given day or the day of an act or event is to be calculated inclusive of that day.
- (j) a reference to:
 - (i) time is a reference to Standard Time within the meaning of the *Daylight Saving Act 1971 (SA)* and not Summer Time within the meaning of that Act;
 - (ii) a day is a reference to a period commencing immediately after midnight and ending the following midnight; and
 - (iii) a month is a reference to a calendar month.
- (k) an event which is required under any term or condition set out in this industry code to occur on or by a stipulated day which is not a **business day**, may occur on or by the next **business day**.



The Essential Services Commission of South Australia

Level 1, 151 Pirie Street Adelaide SA 5000

GPO Box 2605 Adelaide SA 5001

08 8463 4444 | escosa@escosa.sa.gov.au | www.escosa.sa.gov.au

