



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

August 2011



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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.

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: Environmental Land Services (Aust) Pty Ltd ATF Environmental Land Services (Aust) Trust. (ELS)

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.

Trustee Pty Ltd Company (Private)

Environmental Land Services (Aust) Pty Ltd ACN: 132 441 608

Environmental Land Services (Aust) Trust ABN: 14 380 892 123

1.3 Address and Contact Details of Applicant

Business Address: 9A Colemans Road

CARRUM DOWNS

State: VICTORIA ...Post Code: 3201

Postal Address (if different to Business Address):

"As above"

State: Post Code:

Telephone: 1300 482 228 .. Facsimile: 1300 726 221 ...

E-mail: accounts@elservices.com.au

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: Brett Thomas Gallagher

Title: Managing Director

Business Address: 9A Colemans Road

CARRUM DOWNS

State: VICTORIA ... Post Code: 3201

Postal Address (if different to Business Address):

"As above"

State: Post Code:

Telephone: 0414 303 519 . Facsimile: 1300 726 221

E-mail: brett.gallagher@sewerms.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: Brett Thomas Gallagher

Title: Managing Director

Business Address: 9A Colemans Road

CARRUM DOWNS

State: VICTORIA ... Post Code: 3201

Postal Address (if different to Business Address):

"As above"

State: Post Code:

Telephone: 0414 303 519 . Facsimile: 1300 726 221

E-mail: brett.gallagher@sewerms.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 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.

The applicant is a standalone entity owned by four unrelated Trusts, namely, The White Family Trust, Haynes Investments Trust, Gallagher Family Trust and The Peter & Joan van Hoof Family Trust.

Refer to Appendix 1 for Organisational Chart of Environmental Land Services (AUST) P/L.



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.

Continuing from existing licence exemption granted by The Minister of Energy on 12 October 2009.

Environmental Land Services (Aust) LP Gas Distribution system commissioned in November 2009, currently distributing LP Gas to over 250 properties in Bluestone Estate in Mount Barker SOUTH AUSTRALIA.

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.

Location :

ELS' Bluestone Estate LP Gas Distribution System is located in the south west corner of Mt Barker, generally bordered on the east by Wellington Road and to the west by Barker Road. The northern side of the 155 hectare Estate fronts Hurling Drive and at the southern side of the Bluestone Estate there are presently rural areas. There is a 150 lot section of the Estate (Stage 3) off Barker Road to the west, bounded on the north side by existing houses and on the south and far west sides by rural properties.

The ELS LP Gas Distribution System also supplies the Lifestyle SA Retirement Village off Hurling Drive.

Expected Capacity :

ELS' Bluestone Estate LP Gas Distribution System is presently designed to supply approximately 1,500 customers, including 157 units at the Lifestyle SA Retirement Village and 25 houses at Scarlet Rise.

Type of Distribution System :

The Bluestone Estate LP Gas Distribution System consists of an underground network of nominal 110 mm, 90 mm and 63 mm polyethylene SDR 11 "Tiger" fusion welded gas pipes, generally configured as per the attached Reticulation Plan.

The majority of gas pipes are installed in "common trench" with electricity, telephone, water and sewage systems.

25 or 20 mm PE branch "service lines" supply each individual customer meter box, with pressure reduction regulators and retail meters operating at a nominal 2.75 kPa(g) pressure to the Customer.

Underground PE ball valves are installed at various points within the Distribution System to provide positive isolation of selected streets / sections of reticulation, in case of emergency, without disruption to other gas customers.

As presently designed, there will be approximately 5.5 km of 90/110 mm PE trunk mains and 12.2 km of 63 mm PE general distribution gas pipes in the LP Gas Distribution System to supply the expected 1,500 dwellings.

Supply Details :

LP Gas is supplied by natural vaporization from two nominal 3 tonne above ground LPG bulk storage vessels at a present temporary location at the south east end of the Bluestone Estate.

In the future, there will be two injection points (Barker Road and Wellington Road).

LP gas is injected presently at a nominal reduced pressure of 100 kPa(g) but may be increased to 140 kPa(g) as demand grows.

If required, additional extended surface type vaporization equipment can and will be installed to meet high winter peak demands of short duration.

At each of the new LPG storage compounds there will be four nominal 3 tonne tanks, interconnected on the floating high pressure vapour withdrawal side to a single pressure reduction and metering station.

The eight LPG storage vessels will be kept at or above 30% capacity by regular deliveries of LP gas using articulated road tankers.

The two sides of the Bluestone Estate Network – to the east and west of the disused railway line will be interconnected by a trunk main so that either gas injection point can supply gas to the whole Network if required.

Limits of Supply Responsibilities :

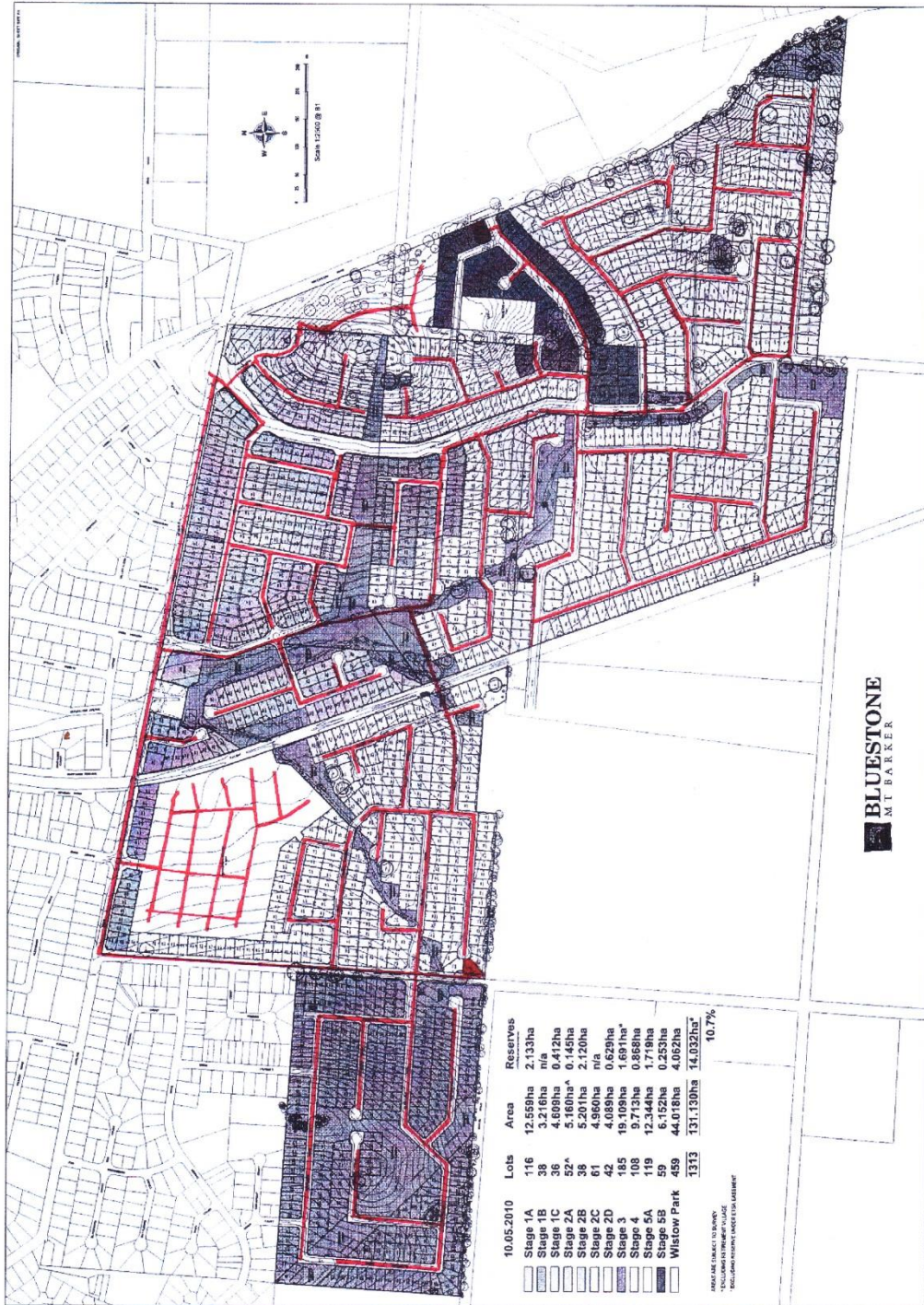
The present commercial arrangements between ELS and ELGAS for the Bluestone Estate LP Gas Distribution System are as follows :

- ELGAS owns and maintains the LPG bulk tanks and supplies the liquid fuel into their tanks from their own road tankers or by contractors.



- ELGAS owns and maintains the vapour withdrawal pipe work from the bulk tanks and the pressure regulators and associated valves to supply LP Gas vapour at 100 to 140 kPa(g) into the inlet(s) of ELS' reticulation.
- ELS owns and maintains the underground PE pipe network, the customer "services" and all the customer meter sets and its Contractors, Gas Tec and Service Stream, provide maintenance and emergency response support to the underground assets and above ground assets respectively.
- Service Stream also provides quarterly meter reading services (for ELGAS billing) as well as customer meter connections (and disconnections) and related functions.

ELS is therefore responsible for gas "haulage" through the Network and for customer metering while ELGAS supplies the bulk LP Gas fuel and is the Gas Retailer – billing all Bluestone Estate Customers.



3 SUITABILITY OF APPLICANT TO HOLD A LICENCE

Applicants must answer all questions in this section:

3.1 Standard of honesty and integrity shown by Applicant

In deciding whether the applicant is a suitable person to hold a licence, the Commission may:

- ▲ consider the applicant's previous commercial and other dealings, and
- ▲ the standard of honesty and integrity shown in those dealings.

Please provide information that will assist the Commission in its consideration of this matter. If the applicant:

- ▲ has been found guilty of any criminal offence,
- ▲ has been successfully prosecuted under any Territory, State or Commonwealth legislation (such as the Australian Securities and Investments Commission Act 2001 or the Competition and Consumer Act 2010) or
- ▲ has been the subject of disciplinary action,
- ▲ has been the subject of any past or present administrative or legal actions in relation to an authorisation, authority, or licence in any industry,

details of such matters must be disclosed. Failure to disclose such information or misrepresent any matter relevant to such information may result in the cancellation of a licence.

The Commission may use the service of an external expert to assist with the assessment of the applicant's standard of honesty and integrity.

The applicant is an entity controlled and owned by two directors and two business associates. Both directors have over 50 years of combined experience in owning and operating other businesses successfully. Both directors have been involved in the Utilities Industry namely Water, Gas and Electricity from 1970 – Current.

Environmental Land Services (Aust) has no criminal record, nor has it ever been investigated by ASIC, ACCC or Australian Taxation Office.

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.

Brett Thomas Gallagher is a Non-Executive Director of a public listed company Service Stream Ltd (SSM). The company provides services to Telecommunications and Utilities Sectors and employs approximately 4000 people.

Brett was also Managing Director of AMRS (AUST) Pty Ltd, from 1998 to 2007, Australia's largest Metering Services Company, employing over 1000 employees.

Brett Thomas Gallagher has no criminal record, nor has he ever been investigated by ASIC.

Peter van Hoof is a Civil Engineer who owned and operated a Consulting Civil Engineering and Surveying firm, and also the founding Owner and Director of AMRS (Aust). AMRS had operations in WA, SA, VIC, QLD and NSW employing over 1000 staff.

Peter van Hoof has no criminal record, nor has he ever been investigated by ASIC.

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: Brett Thomas Gallagher

Date of Birth: [REDACTED] . Office Held: Managing Director

Address: [REDACTED]

[REDACTED]

State: VICTORIA ... Post Code: 3930

Full Name: Peter van Hoof

Date of Birth: [REDACTED] . Office Held: Director/Secretary

Address: [REDACTED]

[REDACTED]

State: VICTORIA ... Post Code: 3930

(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: Hydrift Pty Ltd ATF The White Family Trust

Office Held: Unit Holder

Address: 1 Antonio Court

NEWTON

State: SOUTH AUSTRALIA .. Post Code: 5074

Full Name: AMICAP Pty Ltd ATF Haynes Investments Trust

Office Held: Unit Holder

Address: Suite G:05 175 Sturt Street

SOUTH BANK

State: VICTORIA ... Post Code: 3006

Full Name: LUXFORDE Pty Ltd ATF Gallagher Family Trust

Office Held: Unit Holder/Director

Address: 70 Shotton Road

MOUNT ELIZA

State: VICTORIA ... Post Code: 3930

Full Name: MERINO VALLEY Pty Ltd ATF The Peter and Joan van Hoof Family Trust

Office Held: Unit Holder/Director/Secretary

Address: 62 Glen Shian Lane

MOUNT ELIZA

State: VICTORIA ... Post Code: 3930

(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).

Not applicable

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.

▲ 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.

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

No.

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

Yes.

(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.

For unaudited Financial Statements, Directors declaration and Compilation Report, please refer to Appendix 2.

Follow on from the success of connecting in excess 250 households at Mount Barker Estate, ELS strategic direction is to pursue other isolated locations around Mount Barker region, with the aim duplicating another reticulation distribution system.

The board of ELS acknowledge that, the company will be cash flow positive in one to two years from now, and are committed to fund the projects.

Collective unit holders have substantial external financial resources to fund applicant operations as required.

Additional short term financial backing available from National Australia Bank as required.

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.

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

Qualification & Experience of Board member of ELS as follows:

Brett Thomas Gallagher FICD: Managing Director of AMRS (AUST) 2004 -2007, twelve (12) years experience in managing utilities services company.

Peter van Hoof MIE (Aust.) CPEng. Civil Engineer, Peter owned and operated a Consulting Engineering practice 1977 – 2002. Chairman of AMRS (AUST) 1993 – 2007. A company has it present in all States of Australia, employed over 1,000 staff.

Mark and Alan White Managing Directors of Gas-Tec Pty Ltd. Gas-Tec has been a major contractor for SA Gas, Boral Energy, Origin Energy, APA for over 50 years. Gas-Tec also carry out civil works for ETSA, Telstra and SA Water and employee all accredited, experienced personnel to carry out all required work.

Ashley Martin Haynes Managing Director of Techsafe Australia, a Lead Auditor in electrical safety. Managing Director of AMRS(AUST) a division of Service Stream Limited 2008 – 2011, has eighteen (18) years of managing meter reading & meter exchange business. Ashley is a Graduate from Australian Institute of Company Directors.

Other personnel:

Dean Keatley Operations Manager in installation and services. Project Manager of the Bluestone Estate LP Gas Distribution System. 28 years of experience at SAGASCO/Origin Energy/APA LPG including 5 years as Area Manager. A highly qualified gas fitter and plumber, with over 38 years of experience in gas industry works.

Geoff Nash Chemical and Gas Engineer with 40 years of experience in Gas Industry, including managing LPG operations and designing and engineering Pipeline Reticulation works. Geoff owned and operates Bridgewater Engineering Services currently employs 2 staff.

Graham Johnson SA General Manager of Service Stream Limited.

Service Stream Ltd – Energy & Water Division contracted to maintain above ground emergency response, couple light and check gas installation, meter installation and meter reading

Raymond Cheong GradDip AIS, BBus CPA. Senior Accountant with Fluor Daniel Australia Ltd an international Engineering Consulting firm 1978 – 1992. Senior Accountant with AMRS(AUST) 1993 -2008. Raymond has 34 years of experience in Costing, Financial Planning & Reporting, Taxation and System Design & IT support.

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.

ELS relies on a mix of "in-house" staff and qualified Contractors to install, manage and maintain the LP Gas Reticulation at the Bluestone Estate.

ELS TECHNICAL STAFF

The ELS Operations Manager is :

Mr. Dean Keatley

Operations Manager – Installation & services

Dean Keatley is the local SA representative of ELS and project manages the Bluestone Estate LP Gas Distribution System.

D. Keatley Qualifications & Achievements :

- Certificate of Competency – Plumber and Gas Fitter
- Certificate of Proficiency as a Sanitary Plumber and Water Plumber
- Certificate of Registration – Gas Fitter Class 1
- Post Trade Certificates in Mechanical Services; Business English & Report Writing; Design of Plumbing Services; Communications 1 & 2 and Selling
- Restricted Electrical Licence
- SAGASCO 1977 Apprentice of the Year
- Adelaide Jaycees Inc – Apprentice of the Year Award

Work History:

Extensive gas industry experience in a career spanning more than 38 years:

- 4 years – Apprentice training - SAGASCO
- 5 years – Industrial & Commercial Fitter – SAGASCO
- 4 years – Lead Hand – Technical Services – SAGASCO
- 5 years – Area Manager – SAGASCO/Origin Energy LPG
- 10 Years – Owner/Operator – K&A Gas Services – specialising in LP Gas
- 4 years – Team Leader – Origin Energy LPG
- 3 years – Special Projects & Technical Officer – APA Group

Training :

- Leak Detection APA Group internal training course (Jan 2009)
- Leakage Management Process (Jan 2009)
- OHS General Induction for Construction (White Card) (March 2009)
- Electro-fusion Jointing (Aug 2008)
- Work in Confined Spaces BCCCM2009B (Feb 2007)
- OELPG – First on Site & Leak Classification (June 2006)
- Fire Extinguisher Training (June 2006)
- Emergency Response Plans – Theory (May 2006)
- Incident Reporting & Investigation – level 4 (May 2006)
- ‘Compressed Breathing Apparatus’ Course (April 2006)
- Refresher course in ‘Safe Working in Confined Space’ (April 2005)
- Manual Handling Awareness & Practical (April 2005)
- Gas Detection Unit 2 – 9 (April 2005)& Fire Fighting Training
- 10T Crane Operator Course (Jan 2005)
- Low Risk Driving Course (Jan 2005)
- HSET 12 Fire Evacuation Practical (Aug 2004)
- HSE Management Plans (April 2004)
- Equal Opportunity Session (June 2003)
- First on Site (June 2003)
- Safe Working in a Confined Space (Feb 2003)
- Manual Handling Practical Training (Nov 2002)
- Lone Worker – Isolated & Remote Workers (Nov 2002)
- Emergency First Aid (April 2002)
- Hazard Identification & Risk Assessment (June 2002)
- Advanced Electro-fusion installation Course (April 2011)

ENGINEERING SUPPORT CONTRACTOR

ELS has a Contract with Bridgewater Engineering Services Pty Ltd (Director Mr G Nash) to provide gas engineering design and support for the LP Gas Reticulation as follows :-

- Gas Reticulation overall design and gas pipe sizing for extensions to the Network;
- Network Analysis;
- Unaccounted for gas calculations;
- Provision of technical advice over a range of activities – LP gas storage and vaporization issues, gas metering, pressure control, safe network operation and network construction.
- Preparation and maintenance of the Bluestone Estate SRMTMP (Safety, Reliability, Maintenance & Technical Management Plan).

Mr G. Nash is a Gas Engineer with over 40 years Industry experience including :-

- Responsibilities for industrial gas metering design, odorizing, steel mains cathodic protection for SAGASCO;
- Gas production plant operation, pipeline systems design, metering and network pressure control systems design, operation of the SPEDEGAS LP gas distribution joint venture in Wagga Wagga NSW;
- National Manager of the Oil & Gas Division of T. O’Connor & Sons supplying high technology process equipment to upstream plant operators;
- Member of the SAA Committee writing AS 3961 Liquefied Natural Gas Storage & Handling.



G Nash Qualifications :

- B. Sc from University of Adelaide
- Membership of the Institution of Engineers Australia as a Chemical Engineer
- Certificate of Gas Engineering under NSW Gas Act
- Member of Institute of Gas Engineers Australia

ELS' CONTRACTOR for BELOW GROUND WORK

ELS' Contractor to provide "underground" work on the LP Gas reticulation is Gas Tec Pty Ltd

Principal Contact / Director :

Mr Mark White

Scope of Services :

All installation, alterations and emergency repairs to LP Gas PE pipe systems to ELS Specifications.

Qualifications :

All Gas Tec field operating personnel (20 staff) have APA Group training and qualifications for PE work.

Specific Equipment :

- Trucks and digging equipment
- Squeeze off clamps : issued by APA Group
- Pipe Locators - Ditch Witch or equivalent
- Breathing Apparatus : issued by APA Group

Gas Tec has extensive experience with the construction and emergency repair of underground gas reticulation systems for SAGASCO/BORAL Energy/Origin Energy/APA Group over a period of more than 30 years.

Gas Tec is a current Contractor for APA Group and all staff have been through extensive training in PE gas pipe installation methods to APA Group standards.

ELS' CONTRACTOR for ABOVE GROUND WORK

Service Stream Ltd – Energy & Water Division(SSM/AMRS)

SA General Manager : Mr Graham Johnson

Scope of Services :

SSM have a Contract with ELS to provide the following services :

- Above ground connections of gas meters and regulators by licensed gas fitters;
- Maintenance of Bluestone Estate gas meters and pressure reduction regulators;
- customer appliance services;
- couple light and check (CLC);
- control of COC documentation for ELS;
- quarterly gas meter readings (for the Retailer);
- gas leakage testing customer equipment for ELS.

SSM Qualifications

- present Contractor for water, gas and electricity meter reading and other services to a range of Utilities in SA and Victoria
- All SSM gas fitters have approved gas fitter licenses
- All SSM personnel have APA Group training and qualifications for work on gas meters and customer services.
- SSM fitters carry authorization badges as a “gas officer”.

Specific Equipment :

- Gas Detectors : as approved by APA Group
- Bubble leak testers
- Electrical Testers for AC & DC static.

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.

ELS has, by firm arrangements with qualified Contractors and the present Retailer (ELGAS) , capacity to distribute LP Gas safely and ELS has prepared a detailed SRMTMP for their LP Gas Reticulation Network at the Bluestone Estate.

The OTR approved SRMTMP includes a range of procedures and protocols whereby the Safety of the Network with respect to operation and distribution of gas to connected Customers is controlled as well as ensuring safety for the General Public.

Specific Network safety related design measures, as stated in Appendix 3 of the ELS Bluestone Estate SRMTMP, include :

- The design of the LP Gas Network has been done to recognized Australian Engineering Standards AS 3723, AS 5601 and related Codes as per the SRMTMP Section 3 (“Safe Network Management “) ;
- All newly installed gas pipes are pressure tested with air and must be accepted as sound by ELS before being filled with LP Gas;
- ELS strict use of quality controlled PE pipe and components;
- ELS strict use of quality controlled customer meters and regulators;
- All underground and above ground installations are carried out only by qualified personnel;
- Strict use and observance of ELS’ Specification for Underground Reticulated LP Gas Installations;
- Strict use and observance of AMRS’ SA GAS METER INSTALLATION PROCEDURE.

Specific Network safety related Emergency measures, as stated in Appendix 6 of the ELS Bluestone Estate SRMTMP, include :



- ELS has a fully established and regularly tested emergency call out procedure based on ELS' Contract with ELGAS for access to their 24 hour manned ELGAS National Service Centre ('NSC') which will provide rapid response to hazardous situations with attendance by on-call qualified staff or Contractors :-
 - If there is a gas escape that falls under ELGAS' responsibility (at the bulk gas tanks) the ELGAS NSC Emergency Response Procedures plan will be used to call out ELGAS staff or Contractors under the established emergency call out plan;
 - If there is an underground system emergency (gas escape) a standby Gas Tec crew will be called out, per ELS Contract, to attend and take appropriate action;
 - If there is a gas escape or similar emergency at a Customer's premises, the on-call SSM gas fitter(s) will be called out, per ELS Contract, to take appropriate action under the ELS emergency plan.

- In accordance with the ELS Bluestone Estate SRMTMP, all emergency call outs and similar incidents are recorded and reported by ELS and remedial action will be taken to eliminate or reduce the hazard impact of any future events including :-
 - Review of Network design;
 - Review of Network components;

Further training of staff and Contractors.

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.

The Management of ELS has recognised the need for Risk Management systems and processes in its operation of the Bluestone Estate LP Gas Network as is stated in its SRMTMP written specifically for that Network.

The prime risk associated with operating a gas reticulation system is the uncontrolled escape of gas – both by underground and above ground causes.

ELS has developed internal procedures to manage gas escape risk and constantly relies on the following :

- Review of installation issues and incidents by ELS Management with the intent of eliminating or best controlling the risk of re-occurrence;
- Maintaining records of all gas escape incidents and the outcomes/remedial action taken;
- Carrying out regular leakage surveys, pressure testing and regular calculation of unaccounted-for gas to ensure system "tightness".

Another risk recognised by ELS Management is in-appropriate or unsafe use of LP Gas by connected Customers.

ELS Management ensures that all Customer appliances and internal installations are tested and verified to be AGA Code compliant before gas is connected – via the Certificate of Compliance (‘CoC’) process.

Risk in this area is mitigated as follows :

- All CoC documents are collected before gas is “turned on “ and a copy of the CoC is filed by ELS in a Customer File;
- The validity of the CoC documents is verified by ELS by checking the currency of the issuing gas fitter’s license;
- AMRS gas meter readers are instructed to watch out for evidence of meter tampering or other Customer side changes to installations.

The ELS SRMTMP prepared for the Bluestone Estate contains a section called “Formal Safety Assessment” or the “FSA”.

The FSA is an adaption of a well formulated ELGAS document which evaluates the likely risks in terms of a hierarchy of priority :

- High: Severe – utmost efforts are to be taken to mitigate the risk (unacceptable)
- Medium: ALARP – as low as reasonably possible – efforts should be taken to mitigate this risk.
- Low: Acceptable – the risk is deemed to be managed in normal operations

The Bluestone LP Gas Reticulation Operations are split into three main risk areas to allow effective evaluation of the system by ELS Management :

1. **Bulk Delivery and Storage Risk**

This is the delivery and storage of bulk LPG liquid fuel and the equipment required to maintain vapour production from the storage tank.

ELGAS is the supplier of bulk LPG liquid into their storage tanks at Bluestone Estate and they are responsible for the operation and safety of all aspects of the storage, vaporization and pressure reduction to 140 kPa(g) for injection into the ELS System within the Storage Tank Compound(s).

The majority of components and risks in this area are covered by ELGAS’ strict adherence to AS/NZS 1596 for the Storage and Handling of LP Gas.

Any incident in this category will be followed up by ELS to ensure ELGAS makes appropriate and timely changes to its infrastructure.



2.

ELS' Reticulation Pipeline System Risk

This is the system of underground pipework and valves owned by ELS which carry the LPG vapour, at a regulated and controlled pressure, from the storage tank compound(s) to customer meter boxes.

The items to be observed by ELS with relevance to system safety risk are:

- Design, equipment specification, construction standards, equipment and system performance and evaluation
- Contractor selection and performance
- In ground integrity management of the pipelines
- Hazard identification to third parties
- Control of third party activities adjacent to installed pipelines

ELS has registered its LP Gas Reticulation with Dial Before You Dig to further protect the underground system from accidental third party damage.

3.

Customer Interface Risk

This is the installation of domestic metering equipment and connection to the consumers' pipework at the consumers' premises.

The relevant items managed by ELS are:

- Design, equipment specification, construction standards and modification controls, performance and evaluation
- Contractor selection and performance
- Hazard identification to third parties
- Control of third party activities adjacent to installed pipelines
- Emergency Conditions

This important Section of the SRMTMP is reviewed at least annually by ELS Management and is subject to change or variation on the basis of experience gained by operating the Bluestone Estate Network.

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.

Not Applicable.

3.14 Registration with AEMO

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

No.

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.

The applicant has not previously held a gas licence in other Australian jurisdictions.

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.

The applicant has not applied for a gas licence in another Australian Jurisdiction.

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

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.

Refer to SRMTMP in Appendix 3.

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.

ELS is committed to provide a safe and reliable essential service to consumers at Mount Barker.

We recognise that the reticulated LPG service provides a competitive option both environmentally and economically together with a choice for people at Mount Barker.



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.

The issue of a licence to ELS would provide consumers with the benefits being able to choose between domestic energy supplies so as to enable selection of the best environmental and economical option.

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

I, BRETT GALLAGHER
of Environmental Land Services P/L

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 21 APRIL 2013

Signature [Signature]

(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: Mossburn this 21 day of 3 2013

Before me: [Signature]

(Signature of Justice of the Peace or other person authorised under the *Oaths Act 1936*)

Lise KING
Constable
37462

Appendices

Appendix 1 - Organisational Chart ELS

Appendix 2 – Financial Reporting ELS 2010 -2012

Appendix 3 – SRMTMP Plan ELS

Appendix 1 – Organisational Chart ELS

