



**GAS INDUSTRY ACT 2001  
APPLICATION FOR A DISTRIBUTION LICENCE**

**ALINTA ASSET MANAGEMENT PTY LTD  
(ABN 52 104 352 650)**

**NOTICE OF DECISION**

**10 JUNE 2009**

## **SUMMARY**

Pursuant to the provisions of section 26 of the *Gas Industry Act 2001* (GI Act) the Essential 1 Services Commission (the Commission) has granted Alinta Asset Management Pty Ltd (ABN 52 104 352 650) (AAM/the applicant) a licence to distribute gas in Victoria.

## **BACKGROUND**

### **a. Requirement to obtain a licence**

Section 22 of the GI Act provides that a person must not, amongst other things, provide services by means of a distribution pipeline either as principal or agent unless the person is:

- the holder of a licence authorising that activity or
- exempted from the requirement to obtain a licence in respect of that activity

### **b. Entitlement to apply for a licence**

Section 25 of the GI Act provides that a person may apply to the Commission for the issue of a licence authorising the person to provide services by means of a distribution pipeline.

### **c. The applicant**

AAM currently provides asset management, construction and development services to gas, electricity and water businesses across Australia. In Victoria this includes the Jemena Electricity Networks (VIC), which is owned by Jemena, the United Energy Distribution electricity networks and the gas distribution networks of the Multinet Gas Distribution Partnership. AAM provides the vast bulk of administrative and operational services required by the licensed gas distributor "Multinet Gas Distribution Partnership".

### **d. The application**

AAM submitted an application for a gas distribution licence and provided the Commission with detailed and comprehensive documents supporting the application. The application contained both a public component and 'commercial and in confidence' information. The attachments to the application included commentary relevant to the objectives of the *Essential Services Commission Act 2001* (ESC Act) and the GI Act, details of the applicant's background, corporate and operational structure, experience and expertise, operating capability and skills and profiles of key personnel. Most importantly the application provided details of AAM's experience in and knowledge of the gas industry and operational expertise.

### **e. Advertising the application**

Section 26(2) of the GI Act provides that the Commission must publish a notice in a daily newspaper generally circulating in Victoria. The advertisement must specify that the application has been lodged and invite interested persons to make submissions to the Commission in respect of the application within a period and in a manner specified in the notice.

Accordingly, a notice was placed in *The Age* newspaper on Wednesday 11 February 2009. The advertisement invited interested persons to make submissions to the Commission in respect of the application received from the applicant, by the close of business on 25 February 2009. The Commission did not receive any submissions in response to this advertisement.

### **f. Express invitations to submit**

By an email February 2009, the Commission contacted each current licensee inviting them to make a submission in respect of the application. Invitations were also sent to other interested parties.

The Commission did not receive any submissions from licensees or interested parties in respect of the application.

### **g. Provisions relating to the Commission's decision**

Section 26 of the GI Act provides that, subject to sub-sections (3), the Commission may grant or refuse the application for any reason it considers appropriate, having regard to the objectives of the Commission under the provisions of the EI Act and the ESC Act.

## CONSIDERATION OF THE APPLICATION

### **a. Technical capacity**

AAM has provided particulars in its application of its technical capacity to comply with the conditions of the licence. The Management Team of AAM and employees possess energy industry knowledge and experience derived from several years of active participation in the Australian energy markets. The applicant also provided details on its processes and procedures and the IT systems it is now employing.

The Commission has applied its standard assessment of technical capacity to the applicant and is satisfied that Alinta Asset Management Pty Ltd (ABN 52 104 352 650) has the technical capacity to comply with the proposed licence conditions. Interviews, documentation and communication with key personnel have confirmed that the applicant has a comprehensive knowledge of the Commission's Codes and Guidelines.

### **b. Industry Knowledge**

The applicant is required to demonstrate that the entity can successfully operate a business within the gas industry. The application demonstrates substantial industry knowledge, technical expertise and experience within the management team and employees of AAM. The Leadership Team of AAM illustrates a very broadly skilled and knowledgeable group of individuals who have singly and collectively, many years experience in the energy industry. As testament to this AAM own and/or operate and manage \$8 billion of gas pipelines and electricity networks across eastern Australia. Furthermore, AAM has managed and operated the Multinet gas distribution system in Victoria for the past six years.

Considering the information provided the Commission has applied its standard assessment to the applicant. The Commission has concluded for the purpose of this application for the granting of a licence to distribute gas, and for no other purpose, that the applicant, at the time of the consideration of the application, meets the requirements.

### **c. Compliance with Codes and Rules**

The provisions of Victorian gas distribution licences require the licensee to comply with all applicable provisions of codes, rules and guidelines applicable to gas distribution regulation.

## DECISION

The Commission is satisfied that Alinta Asset Management Pty Ltd (ABN 52 104 352 650)

- has the technical capacity to comply with the conditions of the licence to be granted
- has the industry knowledge and expertise
- has demonstrates that the entity can successfully operate a business within the gas industry

and that the granting of a licence is not inconsistent with the GI Act.

Having regard to the provisions of section 26 of the *Gas Industry Act 2001* and section 10 of the *Essential Services Commission Act 2001*, the Commission has granted a licence to Alinta Asset Management Pty Ltd (ABN 52 104 352 650) to distribute gas in Victoria.

**THE COMMON SEAL of** )  
**THE ESSENTIAL SERVICES** )  
**COMMISSION** )  
was affixed pursuant )  
to the authority of the Commission on )  
\_\_\_\_\_ June 2009 )

Ron Ben – David  
**Chairperson**