



GAS DISTRIBUTION LICENCE

AUSNET GAS SERVICES PTY LTD
ABN 43 086 015 036
(the Distributor)

As varied on
4 October 2017

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1. GRANT OF LICENCE

The *Commission*, in exercise of the powers conferred by section 26 of the *Gas Industry Act*, hereby issues this licence to the *Distributor* authorising the *Distributor* to provide services by means of *distribution pipelines* in the *distribution area* subject to the conditions set out in this licence.

2. TERM

This licence was issued on 11 December 1997 and has been varied on the dates set out in schedule 3.

3. VARIATION AND REVOCATION

- (a) The *Commission* may vary or revoke this licence in accordance with clause 3(b), 3(c) or 3(d).
- (b) The *Commission* may at any time agree with the *Distributor* that this licence should be varied or revoked.
- (c) The *Commission* may vary this licence or licence conditions after:
 - (i) advising the *Distributor* of the proposed variation;
 - (ii) giving the *Distributor* an opportunity to make submissions in relation to the proposed variation; and
 - (iii) considering any such submissions.
- (d) The *Commission* may at any time give at least 20 business days notice of revocation to the *Distributor* if:
 - (i) the *Distributor* does not comply with an *enforcement order* or an *undertaking*; and
 - (ii) the *Commission* is satisfied that the revocation of this licence is necessary having regard to the *policy objectives*,

in which case the term of this licence ends, subject to clause 3(e), on the expiration of the period of the notice.

- (e) The term of this licence does not end at the expiration of the period of a notice of revocation given under clause 3(d) if, before the expiration, the *Distributor* complies with the *enforcement order* or the *undertaking* (as the case may be).

4. COMPLIANCE WITH CODES, RULES AND OTHER REQUIREMENTS

- (a) The *Distributor* must comply with:

- (i) the *Distribution System Code*;
- (ii) the *Retail Code*;
- (iii) all other codes, standards, rules and guidelines which are specified by the Commission to apply to the *Distributor*; and
- (iv) *customer-related standards and procedures*,

subject to any derogations from those codes, standards, rules or guidelines or *customer-related standards and procedures* set out in schedule 1 to this licence.

- (b) At the written request of the *Commission*, the *Distributor* must participate to the extent specified by the *Commission* in the development, issue and review of any *customer-related standards and procedures* specified by the *Commission*.

- (c) If the *Commission* considers that:

- (i) the *Distributor* has failed to comply with clause 4(b); or
- (ii) *customer-related standards or procedures* developed by the *Distributor* are insufficient for the purpose for which they were developed,

the *Commission* may issue *customer-related standards and procedures* applicable to the *Distributor* and with which the *Distributor* must comply.

- (d) If the *Distributor* becomes aware of a material breach of a licence condition, code, standard, rule, guideline or *customer-related standard or procedure* by the *Distributor*, the *Distributor* must notify the *Commission* of the material breach in accordance with any guidelines issued by the *Commission* or, in the absence of such guidelines, as soon as practicable.

- (e) The *Distributor* must:

- (i) at the request in writing of the *Commission*; or
- (ii) as required by guidelines issued by the *Commission*,

report to the *Commission* in connection with its compliance with:

- (i) licence conditions;
- (ii) applicable codes, standards, rules and guidelines; and
- (iii) *customer-related standards and procedures*.

Note: The licence conditions in clause 4 are made pursuant to section 29(c) of the *Gas Industry Act*. Pursuant to section 31(1) of the *Gas Industry Act*, if a licence is subject to a condition of a kind referred to in section 29(c) of the *Gas Industry Act*, the *Commission* may:

- (a) in accordance with procedures specified by the *Commission*, amend specified industry codes, standards, rules or guidelines, or a document referred to in any of them, for the purposes of their application under the licence; and
- (b) resolve, or seek to resolve, disputes between the licensee and any other person relating to the specified industry codes, standards, rules or guidelines, or a document referred to in any of them, as they apply under the licence.

5. DEEMED DISTRIBUTION CONTRACTS

(a) The *Distributor*:

- (i) must by a date nominated by the *Commission* in a written notice given to the *Distributor*, which is not less than 20 *business days* after the notice is given to the *Distributor*; and
- (ii) may at any other time,

prepare and submit to the *Commission* proposed terms and conditions of a *deemed distribution contract* for approval by the *Commission*.

- (b) As soon as practicable after approval of proposed terms and conditions of a *deemed distribution contract* by the *Commission*, the *Distributor* must give notice of those terms and conditions and publish them in the Government Gazette in accordance with the *Gas Industry Act*.

6. PROVISION OF INFORMATION AND MAINTENANCE OF SEPARATE ACCOUNTS

- (a) The *Distributor* must provide to the *Commission*, in a manner and form and at a time decided by the *Commission* and notified to the *Distributor*, such information as the *Commission* may from time to time require.
- (b) The *Distributor* must ensure that separate accounts are prepared for its distribution business in accordance with any applicable *Commission* guidelines published for this purpose.
- (c) Upon becoming financially committed to an activity that may require a variation of its licence, including any change to the *Distributor's* defined *distribution area*, the *Distributor* must advise the *Commission* in writing.

7. DISPUTE RESOLUTION

- (a) The *Distributor* must submit to the *Commission* for its approval, and if approved implement, a scheme for the fair, reasonable and effective investigation and resolution of disputes between it and:
 - (i) a *customer* about the *Distributor's* services, billing and charging; and
 - (ii) aggrieved persons about the manner in which the *Distributor* conducts its business under its *Distribution Licence* and applicable codes, standards, rules or guidelines.
- (b) Unless it has been notified by the *Commission* that it need not comply with this clause 7(b), the *Distributor* must comply with clause 7(a) by submitting to the *Commission* for its approval an ombudsman scheme and implementing any such scheme that the *Commission* has approved.
- (c) An ombudsman scheme that is implemented by the *Distributor* to comply with clause 7(b) must contain and comply with terms and conditions that:
 - (i) bind the *Distributor* to participate in the scheme and comply with its rules (as amended from time to time) from the date on which it is approved by the *Commission*;
 - (ii) provide the *Distributor's customers* and aggrieved persons with ready and equal access to the scheme;

- (iii) subject to 7(c)(iv), present no cost barriers to *customers*;
- (iv) do not permit fees to be charged to, or costs to be awarded against, residential and small business *customers*;
- (v) provide that the scheme be governed by a board consisting of an independent chairperson and equal numbers of *customer* representatives appointed by the *Commission* and representatives appointed by the members of the scheme;
- (vi) in accordance with a process approved by the *Commission*, provide for those members of the scheme and *customer* representatives that are members of the board to appoint the chairperson after consultation with the *Commission*;
- (vii) provide for the board to appoint the ombudsman;
- (viii) require the board to inform the *Commission* of any proposed amendments of the scheme;
- (ix) confer on the ombudsman the power to make rulings with which the *Distributor* is required to comply;
- (x) provide that, if the scheme prevents a ruling of the ombudsman from exceeding in value a maximum amount, that amount must be no less than \$20,000 in respect of a complaint from an individual *customer*;
- (xi) confer on the ombudsman the power to impose sanctions on the *Distributor* for a breach of a ruling;
- (xii) require the ombudsman to follow fair and efficient procedures, and make decisions that are fair and reasonable having regard to the law, the licences, industry codes, deemed contracts, and good industry practice;
- (xiii) enable the *Commission* to refer complaints in relation to the conduct of the participating *Distributor's* business conducted under its *Distribution Licence* to the ombudsman;
- (xiv) require the *Distributor* to bear a fair proportion of the cost of the development, establishment and operation of the ombudsman scheme;

- (xv) enable a question as to the fairness of the proportion of the costs which must be borne by a *Distributor* to be decided by the *Commission* on the basis of the *Commission's* opinion of the fairness of the proportion;
- (xvi) require the ombudsman to report to the *Commission* as and when required by the *Commission* on the operation of the scheme in relation to the industry of which the *Distributor* is part;
- (xvii) require the ombudsman to publish its decisions and annual reports on the operation of the scheme and the performance of each member of the scheme in relation to the industry of which the *Distributor* is part;
- (xviii) require the board to conduct periodic and comprehensive reviews of the performance of the scheme in consultation with members, customer representatives, the *Commission* and other interested parties; and
- (xix) provide for the *Distributor* to withdraw from the scheme subject to:
 - A. the *Commission* notifying the *Distributor* that it need not comply with clause 7(b);
 - B. the *Distributor* providing to the *Commission* 12 months notice in writing of the *Distributor's* intention to withdraw; and
 - C. the *Distributor* satisfying the *Commission* that the *Distributor* complies with clause 7(a).

8. PAYMENT OF LICENCE FEES

- (a) The *Distributor* must pay as directed by the *Commission* a licence fee determined in accordance with section 30 of the *Gas Industry Act*.
- (b) If the fee is an annual fee, it must be paid:
 - (i) in four equal instalments due on the last days of September, December, March and June of each year; or
 - (ii) in full on or before the last day of September of each year.

- (c) The *Distributor* must pay as directed by the *Commission* such other fees and charges in respect of this licence as are determined by the Minister in accordance with section 30 of the *Gas Industry Act*.

9. COMPLIANCE WITH LAWS

The *Distributor* must comply with all applicable laws.

10. OPERATIONAL AND COMPLIANCE AUDITS

- (a) As requested by the *Commission*, the *Distributor* must undertake operational and compliance audits of:
 - (i) its compliance with obligations under this licence, the *Distribution System Code* and the *Retail Code*; and
 - (ii) its compliance with policies, practices, procedures and systems for collection, analysis and reporting of data on the performance and the capacity of the *gas distribution system*.
- (b) The operational and compliance audits must be conducted by an independent expert or audit team nominated by the *Distributor* and approved by the *Commission*.
- (c) The scope of the operational and compliance audits are to be approved by the *Commission* and must meet any minimum audit scope required by the *Commission*, but need not cover obligations, policies, practices, procedures or systems of the *Distributor* where compliance is audited under a separate regulatory requirement.
- (d) The *Distributor* must provide the results of the audit to the *Commission* in accordance with any guidelines published by the *Commission*.
- (e) The terms and conditions of the operational and compliance audit contract which relate to the scope of the audits must be approved by the *Commission*.

11. DEFINITIONS AND INTERPRETATION

11.1 Definitions

In this licence, unless the contrary intentions appears:

“*Access Arrangement*” has the meaning in the *Distribution System Code*;

“business day” means a day on which banks are open for general banking business in Melbourne, excluding a Saturday or Sunday;

“Commission” means the Essential Services Commission established under the Essential Services Commission Act 2001;

“customer” means a person to whom gas is conveyed through a *distribution pipeline*.

“customer-related standards and procedures” includes:

- (a) overall performance standards;
- (b) complaint handling, escalation and resolution policies, practices and procedures;
- (c) security deposit, disconnection and credit policies, practices and procedures; and
- (d) rules and procedures for compensating *customers* for the *Distributor's* failure to comply with any such standards, policies, practices and procedures, which are issued by the *Distributor* under clause 4(b) or by the *Commission* under clause 4(c);

“deemed distribution contract” means a contract deemed to be entered into between the *Distributor* and a retail customer pursuant to section 48 (6) of the *Gas Industry Act*.

“distribute”, has the meaning ascribed to that term in the *Gas Industry Act*;

“Distributor” means AusNet Gas Services Pty Ltd ABN 43 086 015 036;

“distribution area” means the area described in schedule 2; *“distribution pipeline”* has the meaning ascribed to that term in the *Gas Industry Act*;

“Distribution System Code” means the Distribution System Code issued by the *Commission* as amended from time to time;

“distribution system” means in relation to a *distributor* a system of *distribution pipelines* which a *distributor* uses to *distribute* gas for *supply* to *customers*;

“enforcement order” means a provisional or final order made and served by the *Commission* under section 53 of the Essential Services Commission Act 2001;

“Gas Industry Act” means the Gas Industry Act 2001;

“*policy objectives*” means the objectives specified in section 18 of the *Gas Industry Act* and section 8 of the Essential Services Commission Act 2001;

“*Retail Code*” means the Gas Retail Code issued by the *Commission* as amended from time to time;

“*supply*”, in relation to gas, means the delivery of gas;

“*undertaking*” means an undertaking given by the *Distributor* under section 53(5)(a) of the Essential Services Commission Act 2001.

11.2 Interpretation

In this licence, unless the context otherwise requires:

- (a) words and phrases in italics have the meaning ascribed to them in clause 11.1;
- (b) headings are for convenience only and do not affect the interpretation of this licence;
- (c) words importing the singular include the plural and vice versa;
- (d) words importing a gender include any gender;
- (e) an expression importing a natural person includes any company, partnership, trust, joint venture, association, corporation or other body corporate and any governmental agency;
- (f) a reference to any thing includes a part of that thing;
- (g) a reference to a condition, clause, schedule or part is to a condition, clause, schedule or part of this licence;
- (h) a reference to any statute, regulation, proclamation, order in council, ordinance or by-law includes all statutes, regulations, proclamations, orders in council, ordinances or by-laws varying, consolidating, re-enacting, extending or replacing them and a reference to a statute includes all regulations, proclamations, orders in council, ordinances, by-laws and determinations issued under that statute;
- (i) a reference to a document or a provision of a document includes an amendment or supplement to, or replacement or novation of, that document or that provision of that document;

- (j) a reference to writing includes any mode of representing or reproducing words, figures, drawings or symbols in a visible form;
- (k) a reference to a person includes that person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and permitted assigns;
- (l) a reference to the *Commission* includes a reference to the Office of the Regulator-General established under the Office of the Regulator-General Act 1994;
- (m) when italicised, other parts of speech and grammatical forms of a word or phrase defined in this licence have a corresponding meaning;
- (n) 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; or
 - (ii) which commences on a given day or the day of an act or event is to be calculated inclusive of that day; and
- (o) an event which is required under this licence to occur on or by a stipulated day which is not a *business day* may occur on or by the next *business day*.

THE COMMON SEAL of THE ESSENTIAL)
 SERVICES COMMISSION was affixed)
 pursuant to the authority of the)
 Commission on 4 October 2017)



RON BEN-DAVID
 Chairperson



SCHEDULE 1: DEROGATIONS

SCHEDULE 2: DISTRIBUTION AREA

Postcodes

Central

3003, 3008*, 3011, 3012, 3013, 3015, 3016, 3018, 3019, 3020, 3021, 3022, 3023, 3024, 3025, 3026, 3027, 3028, 3029, 3030, 3031, 3032, 3033, 3034, 3036, 3037, 3038, 3039, 3040, 3041, 3042, 3043, 3044, 3045, 3046, 3047, 3048, 3049, 3055*, 3058, 3059, 3060, 3061, 3062, 3063, 3064*, 3073*, 3211, 3212, 3213, 3214, 3215, 3216, 3217, 3218, 3219, 3220, 3221, 3222, 3223, 3224, 3225, 3226, 3227, 3228, 3331, 3335, 3336, 3337, 3338, 3427, 3428, 3429, 3750

West

3241, 3249, 3250, 3260, 3266, 3277, 3280, 3282, 3284, 3300, 3305, 3340, 3342, 3350, 3352, 3355, 3356, 3357, 3363, 3364, 3377, 3380, 3400, 3401, 3430, 3431, 3434, 3435, 3437, 3438, 3440, 3441, 3442, 3444, 3450, 3451, 3460, 3461, 3464, 3465, 3467, 3550, 3551, 3555, 3556

- * Postcode 3008 is shared between the *Licensee*, Australian Gas Networks (Vic) Pty Ltd ACN 085 899 001, and Multinet Gas Distribution Partnership ACN 634 214 009. As at the date of this Licence, the *Licensee's distribution supply points* are connected in the north side of Footscray Road, the east side of Harbour Esplanade, Docklands Drive from Footscray Road to Waterfront Way, Waterfront Way south of Docklands Drive, Doepel Way, Caravel Lane, Aquitania Way, St Mangos Lane, Rakaia Way, New Quay Promenade, Waterview Walk from Bourke Street to Collins Street, Palmyra Way, Etihad Stadium and Batmans Hill Drive.
- * Postcode 3055 is shared between the *Licensee* and Australian Gas Networks (Vic) Pty Ltd ACN 085 899 001. The *Licensee's distribution supply points* are connected in Galtes Crescent, Southam Street, Morrow Street, Hopetoun Avenue, Moreland Road, Hodgins Court and Flannery Court.
- * Postcode 3064 is shared between the *Licensee* and Australian Gas Networks (Vic) Pty Ltd ACN 085 899 001. As at the date of this Licence, the *Licensee's distribution supply points* are in Craigieburn, Roxburgh Park and Mickleham south of the Transmission Electricity Power Line located approximately 1.5km south of Donnybrook Rd.
- * Postcode 3073 is shared between Australian Gas Networks (Vic) Pty Ltd and the *Licensee* to the extent that a distribution injection point of the *Licensee* is located at Phillip Street (no *distribution supply points* of the *Licensee* are connected in postcode 3073).

SCHEDULE 3: VARIATIONS

This licence, which was originally issued on 11 December 1997, has been varied by the following:

The <i>Treasurer</i>	1 September 1998	
The <i>Treasurer</i>	30 March 1999	
The <i>Office of the Regulator</i>	12 April 2000	
<i>General</i>		
The <i>Office of the Regulator</i>	17 April 2001	(To establish the Energy and Water Ombudsman)
<i>General</i>		
The <i>Commission</i>	15 May 2002	(To require licensees to comply with a schedule of FRC readiness requirements)
The <i>Commission</i>	18 December 2002	(Effective 1 January 2003, to streamline the operation of the Gas Distribution Licence and adopt various consequential amendments in light of the cessation of the Tariff Order, and the commencement of the <i>Gas Industry Act 2001</i> and the <i>Essential Services Commission Act 2001</i>)
The <i>Commission</i>		(Effective 7 October 2004 to amend the name of the licensee from TXU Networks (Gas) Pty Ltd to SPI Networks (Gas) Pty Ltd.)
The <i>Commission</i>	3 June 2015	(To amend the name of the licensee from SPI Networks (Gas) Pty Ltd to AusNet Gas Services Pty Ltd.)
The <i>Commission</i>	4 October 2017	(To incorporate postcodes 3003, 3008, 3213, 3227, 3241, 3260, 3284, 3331, 3336, 3363, 3364, 3401, 3431, 3434, 3435, 3438, 3440, 3441, 3442, 3467 and 3750

within the licensee's authorised distribution zone, to remove postcode 3000 from the licensee's authorised distribution zone, to note that postcodes 3008 and 3064 are shared distribution zones, and to insert clause 6(c).)

This is the licence as varied on 4 October 2017.