

Application for gas distribution authority

Aatlis Utilities Pty Ltd

Information Paper

July 2019

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1. Background

Aatlis Utilities Pty Ltd (the applicant – ACN 629 858 724) has applied to the Regulator for a distribution authority under the *Gas Supply Act 2003* (the Act). Under the Act, the Regulator is the Director-General of the Department of Natural Resources, Mines and Energy, being the chief executive of the department that administers the Act.

Such an authority, if issued, will authorise Aatlis Utilities Pty Ltd to transport processed natural gas through a distribution pipeline or system within a stated area (distribution area) and provide customer connection services to premises in that area.

It should be noted that a distribution authority issued under the Act does not overcome the requirement for the applicant to obtain all other necessary approvals or relieve the applicant of complying with all other relevant laws or regulations in relation to the gas distribution network.

Aatlis Utilities Pty Ltd has been formed to deliver a hybrid Gas and Solar power plant and undertake gas distribution services for industrial customers in part of the Charlton Area approximately 15 km West of Toowoomba, on land shown on the map at the end of this paper.

The applicant is a corporate entity specifically established to own and operate the proposed hybrid Gas and Solar power plant and gas supply network. It is proposed that Aatlis Utilities Pty Ltd will be 100% owned by Witmack Industrial Pty Ltd. Currently FKG Group companies (FKG Logistics and Witmack Developments) hold 67.95% of the shares in Witmack Industrial Pty Ltd and 32.05% of shares are held by stakeholders external to the FKG Group.

Subject to receipt of all necessary approvals (including a gas distribution authority), the applicant anticipates the gas distribution network will commence operation in mid-2020.

2. Consideration of an application

The Act provides that the Regulator may issue a distribution authority only if satisfied the applicant is a suitable person to hold the distribution authority.

In deciding whether the applicant is a suitable person to hold a distribution authority, the Regulator may consider any of the following, to the extent they are relevant to the applicant's competence to hold the distribution authority –

- (a) ability to provide an adequate level of customer connection services;
- (b) financial capacity;
- (c) commercial and other dealings and the standard of honesty and integrity shown in the dealings;
- (d) failure to perform contractual or statutory obligations and the reasons for the failure;
- (e) criminal history;
- (f) technical expertise;

- (g) knowledge of, or experience in, the gas or energy industries;
- (h) if the applicant is a corporation – the matters mentioned in paragraphs (a) to (g) for persons who are executive officers of, or substantial shareholders in, the corporation.

Additionally, the Act provides that in deciding whether to issue the authority, the Regulator must consider any relevant government policies about energy issues.

The Act stipulates that before issuing an authority, the Regulator must invite interested persons to make submissions about the application for the authority and the Regulator must consider the submissions made.

3. The applicant

The information set out in sections 3 and 4 was provided by the applicant as part of its application to the Regulator for a distribution authority.

Aatlis Utilities Pty Ltd will be the operator of the distribution network. Engineering, Procurement and Construction (EPC) functions will be provided by FK Gardner and Sons Pty Ltd (a subsidiary of the FKG Group). Arrangements for Operations and Maintenance (O&M) services are being finalised.

Aatlis Utilities Pty Ltd was registered as an Australian propriety company limited by shares on 7 November 2018 and is a special-purpose entity established specifically for the proposed solar and gas project.

The applicant considers Aatlis Utilities Pty Ltd and the other related entities have the engineering, technical and operational expertise to competently operate the proposed distribution network. As a newly formed company, Aatlis Utilities Pty Ltd has no history as a gas distribution entity. However, the FKG group of companies has significant experience in the delivery and operation of infrastructure.

Aatlis Utilities Pty Ltd's operation of the distribution network will be supported financially by Witmack Industrial Pty Ltd, a property development and investment company in operation since 2011, with direct assets of \$88 million and income of \$3.2 million per annum.

Aatlis Utilities Pty Ltd will also be supported by the technical expertise of the FKG Group and its partners, which have experience in the gas industry and operate several exempt embedded power networks in retail and medical centres.

Established in 1977, the FKG Group has its head office in Toowoomba and branch offices in Brisbane, Mackay, Cairns, Roma, Townsville, Rockhampton, Newcastle, Dubbo and Darwin. The FKG Group has financial turnover of approximately \$700 million and a workforce of 800 people. FKG Civil, a subsidiary company, has over 10 years' experience working with engineering Infrastructure projects and the FKG Group has delivered over \$1.5 billion worth of projects around Queensland in the last 8 years.

4. The proposed distribution supply network

The applicant is developing a hybrid Gas and Solar power plant in the Charlton Area approximately 15 km west of Toowoomba. As part of the development, a connection will be made to the Roma Brisbane Gas transmission pipeline and gas distribution pipelines will traverse property boundaries and road reserves. The applicant proposed the gas distribution network will provide gas to the gas fired power station and to nearby industrial customers.

A map of the proposed distribution area is on the final page of this Information Paper.

The application has noted that the gas distribution pipeline will be operated in accordance with applicable industry codes and standards, including those established by the Australian Pipelines and Gas Association. On completion of construction, the application has also noted that the project will be registered with 'Dial Before You Dig' such that they present on any future searches in the area for ground disturbing activities. Aatlis Utilities Pty Ltd will maintain responsibility for the maintenance of these assets for the operational life of the project. At the end of the operational life the distribution infrastructure will be removed and recycled prior to rehabilitation of the site.

5. Submissions

Submissions are invited from interested persons in relation to the application from Aatlis Utilities Pty Ltd for a gas distribution authority.

In particular, the Regulator is interested in matters that may impact on the suitability of Aatlis Utilities Pty Ltd to be a gas distribution entity, the suitability of Witmack Industrial Pty Ltd to be the owner, as well as the other issues the Regulator must consider under the Act.

Please note that private personal and commercial-in-confidence information contained within a submission may be provided to a third party for the purpose of consideration of the application. In the case where the Regulator provides an opportunity for an applicant to respond to matters raised in a submission, the private personal information and commercial-in-confidence information of the person making the submission will not be provided to the applicant. The State of Queensland through the Department of Natural Resources, Mines and Energy has taken steps to ensure the appropriate treatment of such information by departmental staff and contractors. By submitting a submission, you agree that your submission will be used by the Department and its contractors in reviewing and processing the applications.

All personal and commercial-in-confidence information will be stored at the office of the Department, and in accordance with the relevant privacy legislation. The Department's privacy statement can be found at: <https://www.dnrme.qld.gov.au/home/legal/privacy>. If you have any questions or queries you can email the Department's privacy unit at privacy@dnrme.qld.gov.au.

Submissions must be made in writing, and sent by email or mail to:

Mail

Attention: The Manager
Commercial and Regulatory Policy, Energy Division
Department of Natural Resources, Mines and Energy
PO Box 15456
CITY EAST QLD 4002
Phone: 13 43 87

Email

energyregulation@dnrme.qld.gov.au

Closing date for submissions is 5.00pm on 2 September 2019.

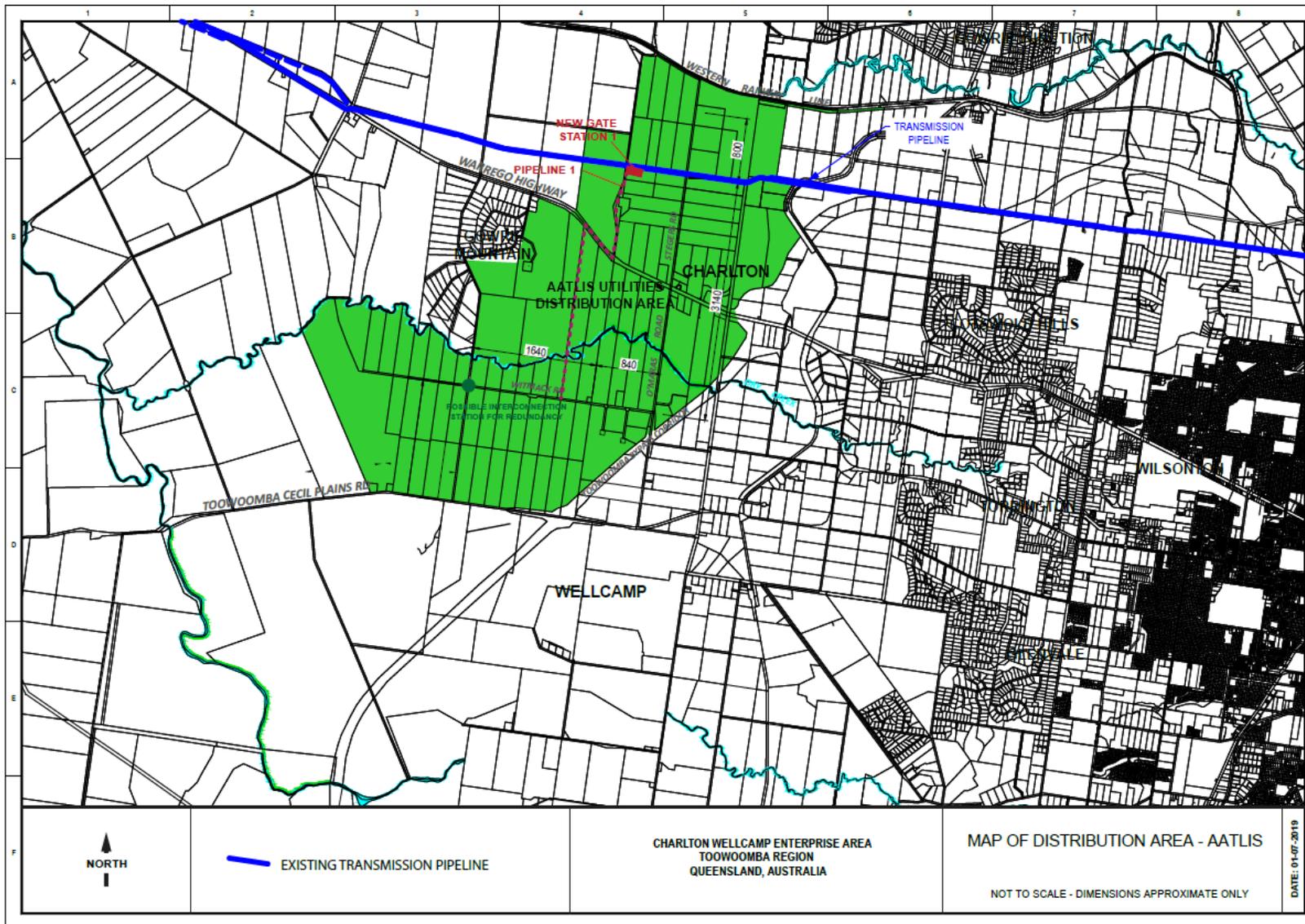


Figure 1 – Map of proposed distribution area