



AMENDMENTS TO GAS ACT (CAP. 116A)

**Comments/Feedback on the Proposed
Amendment to Gas Act (Cap. 116A)
Submitted by City Gas Pte Ltd**

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1 Summary of Major Points

City Gas Pte Ltd proposes the followings amendments:-

- a) the dateline for the appealing process in subsection (3) of section 5 be increased to 14 days;
- b) to delete the words “or contractor” and the definition of the word “contractor” in subsections (1)(aa) and (5) of section 6 respectively;
- c) to license gas importer in subsection (1) of section 6;
- d) to retain the maximum fine of \$500,000 and not to use annual turnover to determine the maximum amount of fine in subsection (1)(b)(iii)(A) of section 19;
- e) to make the take or pay clauses related to an alternative gas sales agreement in the existing gas purchase agreement not lawful in section 63D;
- f) to delete subsection (5A) of section 78 on the compliance with the decision and direction of the Authority during the appealing process; and
- g) to include a provision to allow the Authority to replace the existing licence.

City Gas also requests the Authority to clarify who is responsible to carry out the inspection of the gas installations under section 29 of the Gas Act.

2 Statement of Interest

City Gas Pte Ltd is holder of the Public Licence granted under the Public Utilities Act (Cap 261). The Licence authories City Gas to produce gas and to supply gas through pipes to any premises.

3 Comments

Please refer to attached Appendix I for City Gas' comments/feedback.

4 Conclusion

City Gas' proposals are meant to achieve clarity and fairness of the Gas Act. City Gas wishes the Authority could consider its proposal favourably.

CITY GAS' COMMENTS ON THE PROPOSED AMENDMENT TO THE GAS ACT (CAP.116A)

Specific Provision(s) of Proposed Amendments	Revised Amendments	Detailed Reasons for Revised Amendments
Subsection (3) of Section 5	A person aggrieved by a notice under subsection (2)(b) may appeal to the Minister under Section 93(1) within 14 days of the date of giving of the notice.	The proposed date line is too short for a licensee to make an appeal to the Minister.
Proposed subsections (1)(aa) and (5) of Section 6	<p>6(1)(aa) act as an agent of a gas transporter in the management or operation of a gas pipeline network (or any part thereof);</p> <p>We propose to remove subsection (5) of section 6</p>	<p>We propose to remove the words "or contractor" from (aa) of subsection (1) of section 6 and to delete the definition of "contractor" in subsection (5) of section 6.</p> <p>The intention of the relevant sections is for the licensing of the gas transporter's agent in the management or operation of the gas pipeline network. The inclusion of the word "contractor" and its definition will require any person who has dealing with the gas transporter or as the definition puts it, who contracts with a gas transporter to perform any service or do any work, to be licensed. Examples of people who contracts with the gas transporter to perform any service or do any work can include a contractor laying gas mains for the gas transporter, installing gas meters on behalf of the gas transporter or a supplier supplying materials to the gas transporter. Licensing of all service providers of the gas transporter is not necessary or practical. Should this be the intention of the Authority to license all these service providers, we would urge the Authority to reconsider its position to avoid unnecessary costs, delay or inconvenience to any party.</p>

Specific Provision(s) of Proposed Amendments	Revised Amendments	Detailed Reasons for Revised Amendments
Proposed subsection (1) of section 6	We propose that any person who wishes to import natural gas into Singapore should be licensed.	A gas importer should be licensed to allow the Authority to control the importation of natural gas into Singapore and the activities of the importer. All existing gas supply contracts, including City Gas' gas supply contract with Gas Supply Pte Ltd for the supply of natural gas to City Gas' retail consumers, are long term (20 years) contracts. The importation of cheaper natural gas without control by future importer(s) will be unfair to the parties of the existing contracts as the cheaper gas will make these parties uncompetitive. The lack of control on energy import will also weaken Singapore preferred energy mix to prevent over dependent on certain fuel.
Subsection (1)(b)(iii)(A) of section 19	We propose to retain such fine to not exceeding \$500,000 and not to use annual turnover to determine the maximum amount of the financial penalty.	The amount of the financial penalty of an amount not exceeding 10% of the annual turnover of the part of the licensee's business concerned or an amount not exceeding \$1 million, whichever is higher, as stipulated in the Gas Act is harsh and may be harmful to the development of the gas market. Utilities services tend to have very high turnover with low margins; the proposed punitive measure may have severe implication to the company. Turnover should therefore not be used as a criterion in the determination of fine amount.
Section 63D	We propose to make the take-or-pay clauses related to the alternative gas sales agreement in the existing gas purchase agreements to be not lawful and shall not be or cease to be enforceable.	The take or pay (TOP) clauses concerning the alternative gas sales agreement in the existing gas purchase agreements (or gas supply contracts) is anti-competition as it deter/prevent the gas buyer from buying cheaper gas from other supply sources. We propose that the Authority to make such clauses in the existing gas purchase agreements to be not lawful and shall not be or cease to be enforceable.

Specific Provision(s) of Proposed Amendments	Revised Amendments	Detailed Reasons for Revised Amendments
Proposed subsection (5A) of Section 78	We propose to delete subsection (5A) of section 78	The provision defeats the purpose of the appealing process. It deters the person who is aggrieved by the Authority's decision/direction from appealing as the direction or decision of the Authority has to be complied with while waiting for the appeal panel to decide on the appeal.
Section 102	To include a provision in the relevant section of the Gas Act for the Authority to replace an existing licence instead of requiring the licensee to go through the reapplication process.	We propose to include a provision in the relevant section to allow the Authority to replace an existing licence with a new licence(s) and thus doing away with the requirement for an existing licensee to reapply for a licence after the appointed day of the Gas Act.
Subsection (3)(a) and (3)(b) of section 29	we seek clarification from the Authority on the existing provision	We would like to seek Authority's clarification on who is responsible in carrying out the inspection of gas installations in each consumer's premises. Is it the responsibility of the gas transporter, the owner of the gas installation or the consumers?