

NETWORK LICENCE

Issued to

POWER AND WATER CORPORATION

Date of Issue

31 March 2000

As varied on

29 August 2008

Utilities Commission

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Network Licence

Licensee: Power and Water Corporation

1 Definitions and Interpretation

1.1 In this licence a word or phrase in italics:

- (a) has the meaning given to it in part 1 of schedule 1; or
- (b) if the word or phrase is not defined in part 1 of schedule 1, then it has the meaning given to it in the *Electricity Reform Act*.

1.2 This licence must be interpreted in accordance with the rules set out in part 2 of schedule 1.

2 Grant of licence

Under Part 3 of the Electricity Act, the Utilities Commission grants the *licensee* a licence to:

- (a) own and operate an *electricity network* within the geographic area specified in schedule 2 (as such *electricity network* is extended or augmented from time to time within that geographic area); and
- (b) connect the *electricity network* referred to in paragraph (a) to another *electricity network*,

in accordance with the terms and conditions of this licence.

3 Term

This licence commences on the date it is issued and continues until the earlier of:

- (a) when it is surrendered by the *licensee* under section under section 35 of the *Electricity Reform Act*;
- (b) when it is cancelled by the *Utilities Commission* under section 36 of the *Electricity Reform Act*; or
- (c) the end of 30 June 2020.

4 Annual return

The *licensee* must lodge an annual return containing such information as is required from time to time by the *Utilities Commission* by written notice.

5 Suspension of licence

This licence may be suspended under section 36 of the *Electricity Reform Act*.

6 **Variation of licence**

This licence may only be varied in accordance with section 32 of the *Electricity Reform Act*.

7 **Transfer of licence**

This licence may only be transferred in accordance with section 33 of the *Electricity Reform Act*.

8 **Licence fee and other charges**

8.1 The *licensee* must pay an annual licence fee or instalment of the annual licence fee, as the case may be, to the *Utilities Commission* as determined by the *Minister* under section 19 of the *Electricity Reform Act*.

8.2 The *licensee* must pay the *System Controller* any charges relating to the *operations* of system control in accordance with the *Regulations*.

9 **Compliance with regulatory instruments**

9.1 The *licensee* must:

- (a) comply with all applicable provisions of the *Network Access Code*, the *System Control Technical Code*, the *Network Technical Code* and the *Network Planning Criteria*;
- (b) comply with all applicable provisions of the *Ring-Fencing Code* after such a *code* is made by the *Utilities Commission*;
- (c) comply with all applicable provisions of any other *code* or *rule* made under the *Utilities Commission Act* from time to time;
- (d) comply with any applicable protocol, standard and *code* applying to the *licensee* under the *Regulations*; and
- (e) comply with all applicable laws including, the *Regulations*, the *Pricing Order* and any technical or safety requirements or standards contained in *Regulations* made under the *Electricity Reform Act*.

9.1A In complying with any regulatory provision, the *licensee* may distinguish between its *regulated electricity networks* and its *non-regulated electricity networks*, with only its *regulated electricity networks* being subject to the provisions of the *Network Access Code* and related codes, rules, protocols, standards or requirements referred to in this licence.

9.2 The *licensee* must notify the *Utilities Commission* within 3 *business days* if it becomes aware of a material breach by the *licensee* of this licence or any of the regulatory instruments described in clause 9.1 of this licence.

10 **Capacity to operate**

- 10.1 The *licensee* must, from time to time, provide the *Utilities Commission* with details of the *licensee's* financial, technical and other capacity to continue *operations* under this licence, if requested to do so by the *Utilities Commission*.
- 10.2 The *licensee* must provide any information requested by the *Utilities Commission* under clause 10.1 of this licence:
- (a) in a manner and form determined by the *Utilities Commission*; and
 - (b) within 20 *business days* of the request.

11 **Audit of operations and compliance**

- 11.1 The *licensee* must undertake an audit of:
- (a) all or part of the *operations* authorised by this licence in respect of each *financial year*; and
 - (b) its compliance with the obligations under this licence and the regulatory instruments described in clause 9.1 of this licence in respect of each *financial year*,

which, in relation to its *regulated electricity networks* only, must be conducted by an independent auditor.

- 11.2 The *licensee* must report the results of the audit under clause 11.1 in respect of a *financial year* to the *Utilities Commission* by a date to be determined by the *Utilities Commission*.

12 **Changes in offices or major shareholders**

The *licensee* must notify the *Utilities Commission* of any change to any *officer* and, if applicable, any *major shareholder* of the *licensee*, within 20 *business days* after the change.

13 **Community service obligations**

The *licensee* must comply with the requirements of any scheme approved and funded by the *Minister* for the performance of community service obligations by *electricity entities*.

14 **Deleted**

15 **Compatibility**

The *licensee* must not do anything to its *electricity network* affecting the compatibility of its *electricity network* with any other *electricity network* or electricity generating plant so as to prejudice public safety or the security of *supply*.

16 **Deleted**

17 **Restrictions on trading**

The *licensee* must not buy or *sell* electricity directly or indirectly in connection with conducting *operations* authorised by this licence, except if it is necessary:

- (a) to operate the *electricity network*; or
- (b) for a purpose associated with planning, designing, constructing, maintaining or operating the *electricity network*; or
- (c) for the *licensee's* administrative purposes.

18 **Operation and maintenance**

The *licensee* must:

- (a) operate, maintain (including repair and replace if necessary) and protect its *regulated electricity network* in accordance with the *Network Access Code* and the *Network Technical Code*; and
- (b) operate, maintain (including repair and replace if necessary) and protect its *non-regulated electricity network* so as not to prejudice public safety or, subject to any arrangements that the licensee has with its customers in relation to the supply of electricity and to the extent reasonably possible under funding arrangements entered into between the licensee and the Northern Territory of Australia, security of supply.

19 **Coordination**

The *licensee* must operate its *electricity network* in coordination with other *electricity networks* to which it is connected directly or indirectly.

20 **Right of use**

In relation to its *regulated electricity networks* only, the *licensee* must:

- (a) in accordance with the *Network Access Code*, grant each *electricity entity* holding a *generation licence* rights to use or have access to those parts of the *licensee's electricity network* that are interconnected to or interface with the *electricity entity's* assets for the purposes of ensuring the proper integrated operation of the *power system* and the proper conduct of the *operations* authorised by the *electricity entity's* licence; and
- (b) in the absence of agreement as the terms on which such rights are to granted, comply with any determination by the *Utilities Commission* as to those terms.

21 **Dispute resolution procedures**

Within 3 months of issue of this licence, the *licensee* must establish and comply with procedures to do with *customer* consultation, enquiries or disputes on terms approved by the *Utilities Commission*.

22 **Network control**

Subject to section 38 of the *Electricity Act*, the *licensee* must be responsible for network control of its *electricity network*.

23 **Deleted**

24 **Disconnection**

The licensee must not *disconnect* or discontinue *supply* of electricity, or take any action which may lead to the *disconnection* or discontinuance of *supply* of electricity to a *customer*, except in accordance with section 27(2) of the *Act* and the *disconnection* procedures prescribed in the *System Control Technical Code*, where it applies, or otherwise in accordance with the *customer's* contract.

25 **Consultation**

The *licensee* must participate, to the extent specified by the *Utilities Commission*, in the development, issue and review of any regulatory instruments.

26 **Provision of information to the Utilities Commission/System Controller**

The *licensee* must, from time to time, provide the *Utilities Commission* or the *System Controller*, in a manner and form to be determined by the *Utilities Commission* or the *System Controller*, such information as the *Utilities Commission* or the *System Controller* may request.

27 **Deleted**

28 **Operator**

If an operator is appointed to the *licensee's* business under section 41 of the *Electricity Reform Act*, the operator must exercise its functions and powers in such a manner as may be specified by the *Utilities Commission* in the instrument of appointment.

29 **Coordination Agreement**

29.1 In relation to its *regulated electricity networks* only, the *licensee* must enter into, and comply with, an agreement, on terms approved by the *Utilities Commission*, with each *electricity entity* holding a *retail licence* or *generation licence* which provides services to the *licensee's customers* as to the coordination of the provision of services to those *customers*, including arrangements whereby the *retailer* has responsibility for taking up any *customer* complaints about the quality of services being supplied with the *licensee*.

29.2 The coordination agreement must be submitted to the *Utilities Commission* by no later than 30 June 2002.

29.3 To avoid doubt, the matters described in this clause 29.1 may be contained in an *access agreement* or another agreement between the *licensee* and another *electricity entity*.

30 Provision of customer data

30.1 In relation to its regulated electricity networks only, on the request of a *customer*, the *licensee* must provide the *customer* or any person nominated by the *customer* in writing, with data relating to the *customer's* historical energy consumption within 14 *business days* of the request.

30.2 The *licensee* may charge a fee for the provision of this data, which must not exceed the amount approved for this purpose by the *Utilities Commission*.

Date: 29-8-2008

THE COMMON SEAL of UTILITIES COMMISSION is duly affixed in the presence of:)

[Signature]
Signature of authorised person

UTILITIES Commissioner
Office held

ALAN JEFFREY TREGILGAT
Name of authorised person (block letters)



Schedule 1
Part 1 - Definitions

In this licence:

access agreement” has the meaning given to that term under the *Electricity Reform Act*;

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

“code” means any code made by the *Utilities Commission* under section 24 of the *Utilities Commission Act*;

“customer” has the meaning given to that term under the *Electricity Reform Act*;

“Electricity Act” means the Electricity Reform Act 2000 (NT);

“electricity entity” means a person licensed under Part 3 of the *Electricity Reform Act* to carry on operations in the *electricity supply industry*;

“electricity network” has the meaning given to that term under the *Electricity Reform Act*;

“Electricity Network (Third Party Access) Act” means the Electricity Network (Third Party Access) Act 2000 (NT);

“financial year” means a period of 12 months ending at the end on 30 June;

“generation licence” means a licence to *generate* electricity granted under Part 3 of the *Electricity Reform Act*;

“major shareholder” means an entity, as defined in section 9 of the Corporations Law, which has a beneficial interest in more than 50% of the shares in the *licensee* or exercises control over the *licensee* within the meaning of section 50AA of the Corporations Law;

“Minister” means the Minister of the Crown who is responsible for the administration of the *Electricity Reform Act*;

“Network Access Code” means the Network Access Code referred to in the *Electricity Network (Third Party Access) Act*;

“network licence” means a licence to operate or own an *electricity network*;

“Network Planning Criteria” means the network planning criteria prepared by the network provider under the *Network Access Code*;

“Network Technical Code” means the technical code prepared by the network provider under the *Network Access Code*;

“non-regulated electricity network” means the electricity network(s) within the geographic areas specified in schedule 2 that are that are not regulated

electricity networks. The *electricity network* in a non-regulated network area must be operated and managed under the *Electricity Reform Act*, but is not subject to the provisions of the *Network Access Code*;

“*officer*” means a director or secretary or executive manager responsible for carrying out day to day licensed operations;

“*power system*” means the system for generating, transmitting, distributing and *supplying* electricity and includes a part of the system;

“*Pricing Order*” means the pricing order issued by the *Minister* and any pricing determination made by the *Utilities Commission* under the *Electricity Reform Act*;

“*regulated electricity network*” means the electricity network(s) within the geographic areas specified in schedule 2 that are prescribed from time to time by the Regulatory Minister under section 5 of the *Electricity Networks (Third Party Access) Act*. The *electricity network* in a prescribed network area must be operated and managed under the *Electricity Reform Act* and the *Electricity Network (Third Party Access) Act*, and is subject to the provisions of the *Network Access Code*;

“*Regulations*” means the regulations made under the *Electricity Reform Act*;

“*retailer*” means a holder of a *retail licence* under Part 3 of the *Electricity Reform Act*;

“*retail licence*” means a licence to *sell* electricity granted under Part 3 of the *Electricity Reform Act*;

“*Ring-Fencing Code*” means the *code* dealing with ring-fencing issues established by the *Utilities Commission* under the *Utilities Commission Act*;

“*rule*” means any rule made by the *Utilities Commission* under section 24 of the *Utilities Commission Act*;

“*System Controller*” means a person licensed under Part 3 of the *Electricity Reform Act* to exercise system control over the *power system*;

“*System Control Technical Code*” means the code of that name made by the *System Controller* and approved by the *Utilities Commission* under section 38(1) of the *Electricity Reform Act*;

“*Utilities Commission*” means the *Utilities Commission* under the *Utilities Commission Act*; and

“*Utilities Commission Act*” means the *Utilities Commission Act 2000 (NT)*.

Part 2 - Interpretation

In this licence, unless the contrary intention appears:

- 1 headings are inserted for convenience and do not affect the interpretation of this licence;
- 2 the singular includes the plural and vice versa;
- 3 words importing a gender include any gender;
- 4 the word “person” includes a firm, a body corporate, a partnership, joint venture, an unincorporated body or association, trust or any governmental agency;
- 5 a reference to a condition, clause or schedule is to a condition, clause or schedule of this licence;
- 6 a reference to terms of an offer or agreement is to all terms, conditions and provisions of the offer or agreement;
- 7 a reference to this licence or another document includes any variation or replacement of any of them;
- 8 a reference to a statute, regulation, proclamation, order in council, ordinance, by-laws, code, law or similar instrument includes all statutes, regulations, proclamations, orders in council, ordinances, by-laws, codes, laws and similar instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- 9 a reference to a person includes that person’s executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and permitted assigns;
- 10 the verb “include” (in all its parts, tenses and variants) is not used as, nor is it to be interpreted as, a word of limitation; and
- 11 if an event must occur on a stipulated day which is not a Business Day then the stipulated day will be taken to be the next Business Day.

Schedule 2

Regulated Electricity Networks

The *regulated electricity network(s)* currently prescribed as being subject to regulation under the *Electricity Network (Third Party Access) Act* and covered by the licence are those owned and/or operated by the Licensee within the geographic areas associated with the following cities and townships (and surrounding areas):

- Darwin (city, suburbs and surrounding rural areas)
- Katherine (township and surrounding rural areas)
- Darwin-Katherine Transmission Line (132kV) which extends from the network 132kV bus at Channel Island Power Station to a 132/22kV substation adjacent to the Katherine Power Station, with a 132/22kV substation at Manton and a 132/66kV substation at Pine Creek
- Tennant Creek (township and surrounding rural areas)
- Alice Springs (township and surrounding rural areas)

Non-regulated Electricity Networks

The *non-regulated electricity network(s)* covered by the licence are those owned and/or operated by the Licensee within the geographic areas associated with the following cities and townships (and surrounding areas):

- Daly River
- Jabiru
- Borroloola
- Timber Creek
- Daly Waters
- Elliott
- Newcastle Waters
- Yulara
- Ti Tree
- Kings Canyon
- Nhulunbuy – surrounding rural areas only
- Groote Eylandt – Angurugu and Umbakumba only
- Indigenous communities under the Indigenous Essential Services program

Schedule 3

Variations to the licence

Date	Reason for variation
5 February 2002	Amendment to Schedule 2: Addition of DKTL
11 June 2002	<p>Amendments made to the body of the licence for consistency and clarity.</p> <p>Insert clause 29.2.</p> <p>Delete clauses 14, 16, 27.</p> <p>Amendment to Schedule 2: clarification of Nhulunbuy and Groote Eylandt.</p> <p>Insert Schedule 3.</p>
29 August 2008	<p>Amendments to the body of the licence to clarify the different licensing requirements applying to regulated networks as compared to non-regulated networks (insert clause 9.1A, delete clause 23, and amendment to clauses 11, 18, 20, 29, 30).</p> <p>Amendments to Schedule 1: addition of definitions for regulated electricity networks and non-regulated electricity networks.</p> <p>Amendments to Schedule 2: identification of geographic areas as regulated/non-regulated electricity networks and addition of indigenous communities under the Indigenous Essential Services program.</p>