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NETWORK LICENCE

Issued to

POWER AND WATER CORPORATION

Date of Issue

31 March 2000

As varied on

28 October 2011

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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 Reform 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 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 Capacity to operate

9.1 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*.

9.2 The licensee must provide any information requested by the *Utilities Commission* under clause 9.1 of this licence:

- (a) in a manner and form determined by the *Utilities Commission*; and
- (b) within 20 *business days* of the request.

10 Compliance process and compliance reporting

10.1 The licensee is to establish and maintain a compliance process.

- (a) A licensee must establish, document, maintain and comply with appropriate auditable internal policies, procedures and systems ("compliance process") for ensuring that it complies with its obligations under this licence, and all applicable laws, *codes*, *rules* or standards.
- (b) The compliance process must include policies, procedures and systems for:
 - (i) training of employees about the obligations of the licensee under this licence;
 - (ii) regular internal audit by the licensee of its compliance with its obligations under this licence;

- (iii) regular reporting to, and consideration by, the Board of the licensee concerning compliance with the obligations of the licensee under this licence;
 - (iv) dealing with any complaints made by a *customer* or other third party to the licensee in connection with non-compliance by the licensee with its obligations under this licence; and
 - (v) detecting and reporting to the *Utilities Commission* any material breach of the compliance procedures.
- (c) The *Utilities Commission* may (after giving reasonable notice to the licensee) require the licensee to demonstrate to the *Utilities Commission's* satisfaction that:
- (i) the licensee's compliance procedures are adequate; and/or
 - (ii) the licensee is complying with its compliance procedures;
- (d) Any notification made by the *Utilities Commission* to the licensee concerning the *Utilities Commission's* opinion of the adequacy of the compliance process of the licensee will not affect the licensee's obligations under this licence.

10.2 Compliance reports.

- (a) A licensee must provide a report to the *Utilities Commission*, at reasonable intervals determined by the *Utilities Commission*, describing the measures taken by the licensee to ensure compliance with its obligations (a compliance report).
- (b) The compliance report, and the *Utilities Commission's* assessment of compliance, may be made publicly available by the *Utilities Commission*.

10.3 External audit.

- (a) The *Utilities Commission* may, upon reasonable notice to a licensee, require the licensee to appoint an independent auditor to undertake an audit of the licensee's compliance with any of its obligations under this licence.
 - (b) The standards or requirements to apply to an audit under clause 10.3 will be determined by the *Utilities Commission* in consultation with the licensee. The auditor will report in accordance with those standards or requirements.
 - (c) The auditor will provide a copy of the auditor's report to the licensee and the *Utilities Commission* as soon as reasonably possible after it has been completed.
 - (d) The licensee will be responsible to pay the costs of undertaking the audit.
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10.4 Appointment of external auditor by *Utilities Commission*.

- (a) The *Utilities Commission* may, upon reasonable notice to a licensee, appoint an independent auditor to undertake an audit of the licensee's compliance with any of its obligations under this licence.
- (b) In the event that the *Utilities Commission* appoints an independent auditor,
 - (i) the *Utilities Commission* will nominate the standards and requirements, and the auditor will report in accordance with those standards or requirements; and
 - (ii) the licensee must cooperate with any reasonable requests made by the independent auditor in undertaking the audit.
- (c) The *Utilities Commission* will provide a copy of the auditor's report to the licensee as soon as reasonably possible after it has been completed.
- (d) The licensee will be responsible to pay the costs of undertaking the audit.

10.5 Notification of breaches to the *Utilities Commission*.

- (a) A licensee must report any material breach of its obligations under this licence to the *Utilities Commission* as soon as reasonably possible after becoming aware that the breach has occurred, and must advise of the remedial action that is being undertaken to rectify the breach.

11 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.

12 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.

13 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.

14 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.

15 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.

16 Coordination

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

17 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 be granted, comply with any determination by the *Utilities Commission* as to those terms.

18 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*.

19 Network control

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

20 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 *Electricity Reform Act* and the disconnection procedures prescribed in the *System Control Technical Code*, where it applies, or otherwise in accordance with the *customer's* contract.

21 Consultation

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

22 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.

23 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.

24 Safety management and mitigation plan

The licensee must:

- (a) By 27 April 2012:
 - (i) prepare a safety management and mitigation plan, which must be consistent with and reflect good electricity industry practice in relation to the safety management of the electricity infrastructure owned or operated by the licensee under this licence; and
 - (ii) submit the initial plan to the Utilities Commission for approval;
- (b) annually review and, if necessary, update the plan to ensure that it is consistent with and reflects good electricity industry practice;
- (c) comply with the plan as approved in accordance with this clause;
- (d) not amend the plan without the approval of the Utilities Commission or the regulator specified in the *Electricity Reform Act* and the *Electricity Reform*

(Safety and Technical) Regulations as having the authority to approve the licensee's safety management and mitigation plan from time to time.

25 Coordination Agreement

- 25.1 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.
- 25.2 To avoid doubt, the matters described in clause 24.1 may be contained in an access agreement or another agreement between the licensee and another *electricity entity*.

26 Provision of customer data

- 26.1 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.
- 26.2 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: 28 October 2011

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

[Signature]
Signature of authorised person)

Associate Utilities Commission
Office held)

PETER JOHN CALDWELL
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 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)*;

“*Electricity Reform Act*” means the *Electricity Reform 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 Act, 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 Act;

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

“*officer*” means a director, 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*;

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

“*retail area*” means the geographical area or areas specified in schedule 2 of this licence;

“*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*;

“*safety management and mitigation plan*” means a plan detailing the licensee’s policies, procedures, systems and strategies that ensure the safety of the public, employees and contractors around electricity infrastructure.

“*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* established 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.
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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
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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>
28 February 2011	<p>Replacement of clauses 9 (Compliance with Regulatory Instruments) and 11 (Audit of Operations and Compliance) with the new requirement for a compliance process.</p> <p>Deletion of obsolete due dates in clause 24 (Coordination agreement).</p>
28 October 2011	<p>Addition of clause 24 (Safety Management and Mitigation Plan).</p> <p>Definition of Safety Management and Mitigation Plan added in Schedule 1, Part 1.</p>

