

INSTRUMENT OF VARIATION OF CONDITIONS OF DISTRIBUTOR'S LICENCE
ELECTRICITY SUPPLY ACT 1995 (NSW)

1 Variation of conditions of distributor's licence

I, Penny Sharpe, Minister for Energy, vary the Licence held by the Licence Holder in accordance with clause 7 of Schedule 2 of the *Electricity Supply Act 1995 (NSW) (the Act)*.

2 Commencement

- (a) Subject to clause 2(b), this Instrument of variation (**Instrument**) commences on the day it is signed.
- (b) Schedule B of this Instrument commences 1 July 2024.

3 Definitions

In this Instrument:

Licence means this distributor's licence granted under section 14 of the Act to the Licence Holder to operate a distribution system that is a transacted distribution system under the *Electricity Network Assets (Authorised Transactions) 2015* effective on 14 June 2017, and as varied on 5 February 2019, 23 September 2022 and by this Instrument.

Licence Holder means:

Endeavour Energy Network Partnership, a partnership carried on under that name by:

- (a) **Edwards O Pty Limited** (ACN 618 643 486) as trustee for **Edwards O Trust**;
- (b) **ERIC Epsilon Operator Corporation 1 Pty Ltd** (ACN 617 221 735) as trustee for **ERIC Epsilon Operator Trust 1**;
- (c) **ERIC Epsilon Operator Corporation 2 Pty Ltd** (ACN 617 221 744) as trustee for **ERIC Epsilon Operator Trust 2**;
- (d) **ERIC Epsilon Operator Corporation 3 Pty Ltd** (ACN 617 221 753) as trustee for **ERIC Epsilon Operator Trust 3**; and
- (e) **ERIC Epsilon Operator Corporation 4 Pty Ltd** (ACN 617 221 771) as trustee for **ERIC Epsilon Operator Trust 4**.

Previous Licence Conditions means all the conditions of the Licence existing immediately before the commencement of this Instrument (including any conditions that have not yet commenced).

4 Variation of Licence

(1) The conditions of the Licence are varied as follows:

- (a) Omit the Previous Licence Conditions and substitute Schedule A.
- (b) On the commencement of Schedule B, omit Schedule A and substitute Schedule B.

(2) Clause 4(1) of this Instrument does not:

- (a) revive anything not in force or existing at the time this Instrument takes effect;

- (b) affect the previous operation of the Previous Licence Conditions or anything done or begun, under or in accordance, with the Previous Licence Conditions; or
- (c) affect a right, privilege or liability acquired, accrued or incurred under the Previous Licence Conditions.

Signed: _____

The Hon Penny Sharpe MLC

Minister for Energy

Date: _____

7/9/23

SCHEDULE A

MINISTERIALLY IMPOSED LICENCE CONDITIONS FOR THE OPERATOR OF A TRANSACTED DISTRIBUTION SYSTEM

The *Licence* conditions in this Schedule A are imposed on the *Licence Holder* by the *Minister* under clause 6(1)(b) of Schedule 2 of the Act.

In addition to the conditions in this Schedule A, the *Licence Holder* is subject to other statutory obligations, including under the Act, *Regulations*, the *Environmental Planning and Assessment Act 1979 (EPA Act)* and other associated regulatory instruments, including any relevant regulations made under to section 5.6 of the EPA Act.

GENERAL CONDITIONS

1 Operate within distribution district

- 1.1 At all times this *Licence* is in force, the *Licence Holder* must ensure that it and all other network operators of its *distribution system* only operate a *distribution system*:
- (a) within its *distribution district* as set out in Schedule 3 of the Act;
 - (b) within:
 - (i) such other areas outside of its *distribution district* in which the *Licence Holder* operated a *distribution system* as at 14 June 2017; or
 - (ii) any areas notified by the *Licence Holder* to the *Tribunal* and included in the register maintained by the *Tribunal* between 14 June 2017 and the date of commencement under clause 2(a) of this Instrument; and
 - (c) within such other *distribution district* outside of its *distribution district*, as agreed with the *distributor* for the other *distribution district*.
- 1.2 Where the *Licence Holder* has obtained agreement from another *distributor* to operate in the *distribution district* of such other *distributor*, the *Licence Holder* must
- (a) make a record of the agreement which includes sufficient details to allow all assets that operate or are to be operated outside the *Licence Holder's distribution district* to be uniquely identified and located; and
 - (b) where the *Licence Holder* permanently removes or disconnects assets that were operating outside of its *distribution district*, remove details of these assets from the record referred to in condition 1.2(a).

2 National Electricity Market registration

At all times this *Licence* is in force, the *Licence Holder* must ensure that it and all other network operators of its *distribution system*:

- (a) are registered or exempt from the requirement to be registered as a Network Service Provider under the National Electricity Rules; or
- (b) hold any equivalent authorisation or right of participation in any national electricity market, granted by the person responsible for the granting of such an authorisation or right of participation under any legislation enacted for the purpose of introducing such a market.

3 Technical and prudential criteria

The *Licence Holder* must, for the duration of this Licence, ensure that it and all other network operators of its *distribution system* satisfy the technical and prudential criteria that each entity is required to meet as a condition of its registration or exemption, or equivalent authorisation or right of participation in any national electricity market, referred to in condition 2.

4 Business continuity and disruptions

- 4.1 The *Licence Holder* must have a documented system to ensure that it has adequate arrangements in place to identify, assess and manage business continuity risks and manage business disruptions relating to the operation of its *distribution system* (a *Business Continuity Plan*).
- 4.2 The *Licence Holder* must ensure that it and any other network operator of its *distribution system* implements and complies with the *Business Continuity Plan*.

5 Reliability and performance

The *Licence Holder* must ensure that it complies with the *Reliability and Performance Standards* – Appendix 1.

6 Critical infrastructure

The *Licence Holder* must ensure that it and all other network operators of its *distribution system* comply with the *Critical Infrastructure Licence Conditions* – Appendix 2.

CONDITIONS RELATING TO MANAGEMENT SYSTEMS

7 Maintenance of certified management systems

- 7.1 The *Licence Holder* must have and maintain:
- (a) an asset management system that is consistent with *Australian Standard AS ISO 55001:2014 Asset Management – Management Systems – Requirements* (as in force from time to time), or other standard approved by the *Tribunal* on request of the *Licence Holder*; and
 - (b) an environmental management system that is consistent with *Australian/New Zealand Standard AS/NZS ISO 14001: 2016 Environmental management system – Requirements with guidance for use* (as in force from time to time), or other standard approved by the *Tribunal* on request of the *Licence Holder*,
- which comply with this condition 7.
- 7.2 The *Licence Holder* must ensure that:
- (a) its asset management system is certified by an appropriately qualified person to be consistent with *Australian Standard AS ISO 55001 - 2014 Asset Management - Management Systems - Requirements* (as in force from time to time), or other standard approved by the *Tribunal* on request of the *Licence Holder*; and

(b) its environmental management system is certified by an appropriately qualified person to be consistent with *the Australian/New Zealand Standard AS/NZS ISO 14001:2016 Environmental management systems – Requirements with guidance for use* (as in force from time to time), or other standard approved by the *Tribunal* on request of the *Licence Holder*.

7.3 The *Licence Holder* must ensure that the certification of its asset management system and environmental management system, in accordance with condition 7.2, is maintained for the duration of the *Licence*.

8 Implementation of management systems

The *Licence Holder* must ensure that its asset management system and environmental management system are fully implemented, and all relevant activities undertaken by it or any other network operator of its *distribution system* are carried out in accordance with the relevant management system.

CONDITIONS RELATING TO COMPLIANCE, REPORTING AND FEES

9 Reporting in accordance with Reporting Manuals

The *Licence Holder* must prepare and submit reports in accordance with any *Reporting Manuals* issued by the *Tribunal*.

10 Complying with Audit Guidelines issued by the Tribunal

The *Licence Holder* must comply with any *Audit Guidelines* issued by the *Tribunal*.

11 Compliance managementsystems

The *Licence Holder* must ensure internal systems are developed and maintained that are capable of effectively managing compliance with its *Licence*.

12 Compliance with statistical operating obligations

The *Licence Holder* must provide to the *Tribunal* such operating statistics and performance indicators as may be required from time to time by the *Tribunal*. The *Tribunal* will provide the *Licence Holder* with reasons for its request when the initial request is made and after that when a request relates to operating statistics and performance indicators that are of a materially different type or category to that provided under the initial or subsequent request.

13 Information about compliance with Licence conditions

The *Licence Holder* must provide to the *Tribunal* (at such times and in respect of such periods as the *Tribunal* may determine and in the manner and form specified by the *Tribunal*) such information as the *Tribunal* may determine, to enable the *Tribunal* to ascertain whether or not the *Licence Holder* is complying with the conditions of its *Licence*, the *Act* or the *Regulations*.

14 Compliance with Public Lighting Code

The *Licence Holder* must ensure that it and all other network operators of its *distribution system* comply with the NSW Public Lighting Code published by Treasury, as amended from time to time.

15 Compliance with audit directions

- 15.1 The *Tribunal* may at any time direct the *Licence Holder*, by written notice, to engage an *Approved Auditor* at the expense of the *Licence Holder* to conduct an audit of, and prepare a report on, the *Licence Holder's* compliance with conditions imposed on it by this *Licence*, the *Act* or *Regulations*.
- 15.2 The *Licence Holder* must comply with any direction issued by the *Tribunal* under condition 15.1.
- 15.3 The *Licence Holder* must provide the *Approved Auditor's* report to the *Tribunal* by the date specified in the direction issued by the *Tribunal* under condition 15.1.

16 Licence fees

- 16.1 It is a condition of this *Licence* that the *Licence Holder* pay such fees (annual or otherwise) in connection with the holding of the *Licence* as may be determined by the *Minister* from time to time.
- 16.2 The *Licence Holder* must pay the fees referred to in condition 16.1 in the manner and within the period specified by the *Tribunal*.

INTERPRETATION AND DEFINITIONS

Interpretation

In these *Licence* conditions, unless the context requires otherwise:

- (a) the singular includes the plural and vice versa;
- (b) headings are used for convenience only and do not affect the interpretation of these *Licence* conditions;
- (c) a reference to a document includes the document as modified from time to time and any document replacing it;
- (d) a reference to a person includes a natural person and any body or entity whether incorporated or not; and
- (e) references to conditions are references to conditions in these *Licence* conditions.

Definitions

Expressions used in these *Licence* conditions that are defined in the *Act* or the *Regulations* have the meanings set out in the *Act* or the *Regulations*.

In these *Licence* conditions:

Act	means the <i>Electricity Supply Act 1995</i> .
Approved Auditor	means an auditor who has been approved by the <i>Tribunal</i> in accordance with any <i>Audit Guidelines</i> issued by the <i>Tribunal</i> .

Associate	has the meaning given to that term in the <i>Corporations Act 2001(Cth)</i> .
Audit Guidelines	means any document setting out audit requirements associated with the <i>Licence Holder</i> which is prepared by the <i>Tribunal</i> and is available on its website at www.ipart.nsw.gov.au as amended from time to time.
Bulk Personal Data Records	means any holdings or files of personal information (within the meaning of the <i>Privacy Act 1988 (Cth)</i>) about multiple individuals which contain fields or categories.
Business Continuity Plan	has the meaning given to it in condition 4.1.
Commonwealth Representative	means the First Assistant Secretary, with responsibility for critical infrastructure security within the Commonwealth or equivalent level in a subsequent agency with responsibility for critical infrastructure security. <i>Note: At the time of varying this Licence, the Commonwealth Representative is the First Assistant Secretary responsible for the Cyber and Infrastructure Security Centre within the Commonwealth Department of Home Affairs.</i>
Connection point	means, in relation to the premises of a <i>customer</i> or a class of <i>customers</i> , the point of connection to an electrical installation supplying electricity to the premises as determined in accordance with the <i>Service and Installation Rules of New South Wales</i> , as in force from time to time, published by the Department of Planning and Environment.
Critical Infrastructure Licence Conditions	means the conditions set out in Appendix 2 to these conditions.
Customer	means a wholesale or retail customer who is supplied electricity through a <i>connection point</i> on an electricity <i>distributor's</i> system.
Customer service standards	means the <i>customer service standards set out</i> in condition 4 of Appendix 1 to these conditions.
Distribution district	has the meaning given to it in the Dictionary to the <i>Act</i> .
Distribution system	means the distribution system that is a transacted distribution system under the <i>Electricity Network Assets (Authorised Transactions) Act 2015</i> operated by the <i>Licence Holder</i> .
Distributor	has the meaning given to it in the Dictionary to the <i>Act</i> .
Emergency service organisation	has the meaning given to it in section 3 of the <i>State Emergency and Rescue Management Act 1989</i> .
Excluded interruptions	means excluded interruptions listed in Appendix 1 to these conditions (see condition 6.3, 'Excluded Interruptions').

Feeder	means:
	(i) a high-voltage line operating at over 1kV and generally at or below 22 kV that connects between a zone substation and a distribution substation; or
	(ii) lines operating at, or over, 1kV within a <i>multiple-customer SAPS</i> .
Feeder type	means a <i>long rural feeder, short rural feeder or urban feeder</i> as the case may be.
Financial year	means the period commencing on 1 July and ending 30 June the following calendar year.
First issue of these conditions	means 14 June 2017.
Foreign Person	has the meaning given to that term in the <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth) and the <i>Foreign Acquisitions and Takeovers Regulation 2015</i> (Cth).
Individual customer standards	mean the individual customer standards in Table 8 of Appendix 1 to these conditions.
Individual feeder standards	mean the individual feeder standards in Table 3 and Table 4 of Appendix 1 to these conditions.
Interconnected national electricity system	has the same meaning as in the <i>National Electricity (NSW) Law</i> .
Interruption	means any temporary unavailability of electricity supply to a <i>customer</i> associated with an outage of the <i>distribution system</i> including outages affecting a single premises but does not include disconnection.
Interruption duration standards	means the interruption duration standards set out in Appendix 1 to these conditions (see condition 6.4, 'Customer Service Standards').
Interruption frequency standards	Means the interruption frequency standards set out in Appendix 1 to these conditions (see condition 6.4, 'Customer Service Standards').
Licence	has the same meaning as 'Licence' in clause 3 of this Instrument.
Licence Holder	has the same meaning as 'Licence Holder' in clause 3 of this Instrument.
Load Data	means data as to the quantum of electricity delivered (both historical and current load demand from or to any one or more sites (or their <i>connection points</i>) which satisfies each of the following criteria:
	(i) it is not historical load data older than 30 days;

	<ul style="list-style-type: none"> (ii) it is not fault data; (iii) it describes a location that allows a <i>customer(s)</i> or <i>connection point(s)</i> to be identified; (iv) it describes the date and time of the data record; and (v) it describes a duration - a length of time that allows for a quantum to exist.
Local government area	has the same meaning as 'area' in Chapter 9 of the <i>Local Government Act 1993</i> .
Long rural feeder	means a <i>feeder</i> with a total <i>feeder</i> length greater than 200 km which is not an <i>urban feeder</i> .
Low-voltage SAPS	means a <i>SAPS</i> but does not include lines operating at, or over, 1kV within a <i>multiple-customer SAPS</i> .
Major event day	has the meaning given in Appendix 1 to these conditions (see condition 6.5, 'Major Event Day').
Metropolitan	means the areas comprising the <i>local government areas</i> and <i>suburbs</i> listed in Table 6 and Table 7 of Appendix 1 to these conditions, but only to the extent that the <i>Licence Holder</i> may operate a <i>distribution system</i> in the relevant areas in accordance with condition 1.
Minister	means the Minister responsible for administering the <i>Act</i> .
Minutes interrupted	means the total number of minutes from any <i>interruption</i> to a <i>customer</i> over the relevant 12 month period.
Multiple-customer SAPS	means a <i>SAPS</i> that supplies multiple <i>customers</i> .
Network overall reliability standards	means the requirements imposed under condition 1 of Appendix 1 to these conditions.
Non-metropolitan	means areas in NSW other than areas defined as <i>metropolitan</i> .
Number of interruptions	means the total number of times there is an <i>interruption</i> to a <i>customer</i> over the relevant 12 month period.
Planned interruption	means an <i>interruption</i> that has been planned by the <i>Licence Holder</i> .
Protocol	<p>means a document of the type referred to in conditions 1.1 and 1.2 of Appendix 2 to these conditions, that is required by the Commonwealth and which must be agreed to between the <i>Commonwealth Representative</i> and the <i>Licence Holder</i>. The document may set out (among other things) the:</p> <ul style="list-style-type: none"> (i) specified purposes for which maintenance of <i>distribution system</i> equipment may be conducted offshore and the circumstances in which it may be conducted offshore;

	<ul style="list-style-type: none"> (ii) methodology and activities to be undertaken to allow for maintenance and repairs of <i>distribution system</i> equipment to be carried out involving remote access from offshore; (iii) the exceptional circumstances in which the Protocol applies; and (iv) activities and processes which achieve requisite levels of cyber-security.
Quarter	means a period of three months commencing 1 January, 1 April, 1 July and 1 October and concluding on the following 31 March, 30 June, 30 September and 31 December dates respectively.
Regulations	means regulations made under the <i>Act</i> .
Relevant Person	means the <i>Licence Holder</i> , any other network operator of the <i>distribution system</i> , and any person who is contracted or sub-contracted by the <i>Licence Holder</i> to work on the <i>distribution system</i> .
Reliability and Performance Standards	means the conditions set out in Appendix 1 to these conditions.
Reporting Manual	means any document setting out reporting requirements associated with the <i>Licence Holder</i> which is prepared by the <i>Tribunal</i> and is available on its website at www.ipart.nsw.gov.au as amended from time to time.
Reporting Period	means the period of time to be captured in a report required to be submitted to the <i>Tribunal</i> as specified in the <i>Reporting Manual</i> .
SAIDI	means the average derived from the sum of the durations of each sustained <i>customer interruption</i> (measured in minutes), divided by the total number of <i>customers</i> (averaged over the <i>financial year</i>) of the <i>Licence Holder</i> .
SAIDI average standards	means the standards set out in Table 1 of Appendix 1 to these conditions.
SAIFI	means the average derived from the total number of sustained <i>customer interruptions</i> divided by the total number of <i>customers</i> (averaged over the <i>financial year</i>) of the <i>Licence Holder</i> .
SAIFI average standards	means the standards set out in Table 2 of Appendix 1 to these conditions.
SAPS	means a 'regulated stand-alone power system' as defined at section 6B of the <i>National Electricity (NSW) Law</i> but does not include parts of the <i>distribution system</i> that have been temporarily isolated from the <i>interconnected national electricity system</i> due to an event or circumstance beyond the control of the <i>Licence Holder</i> such as bushfire or flood.
Short rural feeder	means a <i>feeder</i> with a total <i>feeder</i> route length less than 200 km, and which is not an <i>urban feeder</i> .

Suburb	means an area defined by boundaries determined and gazetted by the Geographical Names Board of New South Wales.
Transacted distribution system	means a transacted distribution system under the <i>Electricity Network Assets (Authorised Transactions) Act 2015</i> .
Tribunal	means the Independent Pricing and Regulatory Tribunal of New South Wales established under the <i>Independent Pricing and Regulatory Tribunal Act 1992</i> .
Urban feeder	means a <i>feeder</i> with actual maximum demand over the <i>reporting period</i> per total <i>feeder</i> route length greater than 0.3 MVA/km.

APPENDIX 1 RELIABILITY AND PERFORMANCE STANDARDS

1 Network overall reliability standards

- 1.1 A *Licence Holder* must not, when *excluded interruptions* are disregarded, exceed in a *financial year* the *SAIDI average standards* that apply to its *feeder types*.
- 1.2 A *Licence Holder* must not, when *excluded interruptions* are disregarded, exceed in a *financial year* the *SAIFI average standards* that apply to its *feeder types*.
- 1.3 For the avoidance of doubt, this condition 1 of this Appendix 1 does not apply to *low-voltage SAPS*.

2 Individual feeder performance

- 2.1 This condition 2 of this Appendix 1 applies where one or more of the *feeders or low-voltage SAPS* of a *Licence Holder* exceed the relevant *individual feeder standards* for any 12 month period ending at the end of March, June, September or December, when *excluded interruptions* are disregarded.
- 2.2 A *Licence Holder* must:
 - (a) investigate the causes for each *feeder or low-voltage SAPS* exceeding the *individual feeder standards*;
 - (b) by the end of the *quarter* following the *quarter* in which the *feeder or low-voltage SAPS* first exceeded the *individual feeder standards*, complete an investigation report identifying the causes and, as appropriate, any action required to improve the performance of each *feeder or low-voltage SAPS* to the *individual feeder standards*;
 - (c) complete any operational actions identified in the investigation report to improve the performance of each *feeder or low-voltage SAPS* against the *individual feeder standards* by the end of the third *quarter* following the *quarter* in which each *feeder or low-voltage SAPS* first exceeded the *individual feeder standards*;
 - (d) except as permitted by condition 2.2(e) of this Appendix 1, where the investigation report identifies actions, other than operational actions, required to improve the performance of each *feeder or low-voltage SAPS* to the *individual feeder standards*, develop a project plan, including implementation timetable, and commence its implementation by the end of the second *quarter* following the *quarter* in which the *feeder or low-voltage SAPS* first exceeded the *individual feeder standards*;
 - (d) consider non-network strategies which provide reliable outcomes for *customers*. Where found by the investigation report to be equal or more cost-effective than the lowest cost feasible network option such strategies shall be adopted rather than network augmentation options;
 - (e) ensure that the implementation timetable for the project plan or alternative non-network solutions is as short as is reasonably practicable; and
 - (f) where all reasonable steps to improve supply reliability have been taken, the costs of further actions to rectify the non-compliance must be subject to a cost benefit analysis. Where such analysis does not provide a positive benefit, no further action will be taken to improve the *feeder or low-voltage SAPS*'s performance and the ongoing non-conformance with the *individual feeder standards* will be reported to the *Minister* by the *Licence Holder*.
- 2.3 The investigation report is to include a documented *rectification plan* where action is found to be justified in order to improve the performance of a *feeder or low-voltage SAPS* to the

individual feeder standards. The action that is required may involve work to other network elements, or may involve only repair or maintenance work where capital works are not warranted and take into account any one-off events and previous performance trends.

3 Reliability provided to individual customers

- 3.1 This condition 3 of this Appendix 1 does not apply to a *connection point* supplied by a *Licence Holder's feeder* to which condition 2 of this Appendix 1 applies.
- 3.2 Where the *minutes interrupted* exceed the relevant *individual customer standards* in any 12 month period ending at the end of March, June, September or December when *excluded interruptions* are disregarded, the *Licence Holder* must comply with condition 3.4 of this appendix 1.
- 3.3 Where the *number of interruptions* exceed the relevant *individual customer standards* in any 12 month period ending at the end of March, June, September or December, when *excluded interruptions* are disregarded, the *Licence Holder* must comply with condition 3.4 of this appendix 1.
- 3.4 The *Licence Holder* must:
- (a) investigate the causes for the *minutes interrupted* or *number of interruptions* (as the case may be) exceeding the *individual customer standards*;
 - (b) by the end of the *quarter* following the *quarter* in which the *minutes interrupted* or *number of interruptions* (as the case may be) first exceeded the *individual customer standards*, complete an investigation report that must:
 - (i) identify the causes for exceeding the *individual customer standards*;
 - (ii) as appropriate, identify any action required to improve performance against the *individual customer standards*; and
 - (iii) consider the terms of the connection contract (including network security arrangements) agreed with the *customer* of the affected *connection point*, including when the *customer* was connected to the *distribution system*;
 - (c) complete any operational actions identified in the investigation report to improve performance against the *individual customer standards* by the end of the third *quarter* following the *quarter* in which the *minutes interrupted* or *number of interruptions* (as the case may be) first exceeded the *individual customer standards*;
 - (d) except as permitted by condition 3.4(e) of this Appendix 1, where the investigation report identifies actions, other than operational actions, required to improve performance against the *individual customer standards*, develop a project plan, including implementation timetable, and commence its implementation by the end of the fourth *quarter* following the *quarter* in which the *minutes interrupted* or *number of interruptions* (as the case may be) exceeded the *individual customer standards*;
 - (e) consider non-network strategies which provide reliable outcomes for *customers*. Where found by the investigation report to be equal or more cost-effective than the lowest cost feasible network option such strategies shall be adopted rather than network augmentation options;
 - (f) ensure that the implementation timetable for the project plan or alternative non network solutions is as short as is reasonably practicable; and

- (g) where all reasonable steps to improve supply reliability have been taken, the costs of further actions to rectify the non-compliance must be subject to a cost benefit analysis. Where such analysis does not provide a positive benefit, no further action will be taken to improve the *minutes interrupted* or *number of interruptions* (as the case may be) and the ongoing non-conformance with the *individual customer standards* will be reported to the *Minister* by the *Licence Holder*.
- 3.5 The investigation report is to include a documented *rectification plan* where action is found to be justified in order to improve the *minutes interrupted* or *number of interruptions* (as the case may be) against the *individual customer standards*. The action that is required may involve work to other network elements, or may involve only repair or maintenance work where capital works are not warranted and take into account any one-off events and previous performance trends.

4 Customer service standards

- 4.1 A *Licence Holder* must pay the sum of \$80 to a *customer* on each occasion when the *Licence Holder* exceeds the *interruption duration standard* at the *customer's* premises and the *customer* has made a claim to the *Licence Holder* within three months of the *interruption* ceasing.
- 4.2 A *Licence Holder* must pay the sum of \$80 to a *customer* where the *Licence Holder* exceeds the *interruption frequency standard* at the *customer's* premises in a *financial year* and the *customer* has made a claim to the *Licence Holder* within three months of the end of the *financial year* to which the *interruptions* relate.
- 4.3 A *Licence Holder* must determine a claim for payment under this condition 4 of this Appendix 1, and notify the *customer* of the determination in writing, within one month of receipt of a claim. For *customers* eligible for payment, the notice of determination must include the amount to be paid, the manner of payment and the timing of payment. Where the claim is not paid (whether in part or in full), the notice of determination must include reasons for the decision.
- 4.4 A *Licence Holder* is required to take reasonable steps to make *customers* aware of the availability of payments on the terms set out in this condition 4 of this Appendix 1. Reasonable steps include, as a minimum, publication of information on the *Licence Holder's website* and annual newspaper advertisements. On request from a *customer*, a *Licence Holder* must provide written information on the availability of payments on the terms set out in this condition 4 of this Appendix 1.
- 4.5 A *Licence Holder* is required to make only one payment of \$80 to a *customer* per premises in a *financial year* for exceeding the *interruption frequency standard*.
- 4.6 A *Licence Holder* is required to pay no more than \$320 under this condition 4 of this Appendix 1 to a *customer* per premises in any one *financial year*.
- 4.7 A payment under this condition 4 of this Appendix 1 does not:
- (a) in any way alter or diminish any rights that a *customer* may have against any person under any trade practices or other applicable legislation, common law or contract;
 - (b) represent any admission of legal liability by the *Licence Holder*; or

- (c) alter, vary or exclude the operation of section 119 of the *National Electricity Law* or any other statutory limitations on liability or immunities applicable to a *Licence Holder*.

4.8 *Customers* who are eligible for payments under this condition 4 of this Appendix 1 are limited to those *customers* who are supplied electricity through a metered *connection point* on an electricity *distributor's* system.

5 Performance monitoring and reporting

Network overall reliability standards report

- 5.1 A *Licence Holder* must submit a *network overall reliability standards quarterly* report to the *Tribunal* within one month of the end of each *quarter*.
- 5.2 Each *network overall reliability standards* report must include the following matters for the previous 12 month period to the end of that *quarter*:
 - (a) performance against the *SAIDI average standards* and *SAIFI average standards* by *feeder type*, disregarding *excluded interruptions*;
 - (b) reasons for any non-compliance by the *Licence Holder* with the *network overall reliability standards* and plans to improve performance; and
 - (c) any other matter notified by the *Tribunal* in writing.

Individual feeder standards report

- 5.3 A *Licence Holder* must submit, within one month of the end of each *quarter*, a *quarterly individual feeder standard* report to the *Tribunal* on *feeders* that exceeded the relevant *individual feeder standards* during the previous 12 month period to the end of that *quarter*, together with, for each *feeder*:
 - (a) the date at which the *feeder* first exceeded the relevant *individual feeder standard*, together with the actual *SAIDI* and *SAIFI* performance of the *feeder* for the 12 month period;
 - (b) details of the remedial action that the *Licence Holder* intends taking, or has taken, to improve the performance of those *feeders*;
 - (c) either of the following:
 - (i) the date of completion, or the date of planned completion, of the remedial action plan; or
 - (ii) details of the investigation and action proposed or undertaken leading to the decision to advise the *Tribunal* that it is not economically justifiable to bring the *feeder* performance into compliance with the *individual feeder standards*; and
 - (d) any other matter notified by the *Tribunal* in writing.

Individual customer standards report

- 5.4 A *Licence Holder* must submit, within one month of the end of each *quarter*, a *quarterly individual customer standards* report to the *Tribunal* on instances where conditions 3.2 and/or 3.3 of this Appendix 1 applied, together with the following details:
 - (a) the date at which the *minutes interrupted* or number of *interruptions* (as the case may be) exceeded the *individual customer standards*, together with the actual *minutes interrupted* or *number of interruptions* for the affected *connection point* for the 12 month period;

- (b) details of the remedial action that the *Licence Holder* intends taking, or has taken, to improve compliance with the *individual customer standards*;
- (c) if applicable, the date of completion, or the date of planned completion, of the remedial action plan;
- (d) if applicable, details of the investigation and action proposed or undertaken leading to the decision to advise the *Tribunal* that it is not economically justifiable to bring the *minutes interrupted* or *number of interruptions* (as the case may be) for the affected *connection point* into compliance with the *individual customer standards*; and
- (e) any other matter notified by the *Tribunal* in writing.

Customer service standards report

- 5.5 A *Licence Holder* must submit a *quarterly customer service standard report* to the *Tribunal* on the following matters within one month of the end of each *quarter*, for the preceding *quarter* and for the previous 12-month period to the end of that *quarter*.
- (a) the number of payments given under condition 4 of this Appendix 1 to *customers* by each type of area listed in Column 1 of Table 5 of this Appendix 1 and by the type of standard, as shown in Columns 2 and 3 of Table 5 of this Appendix 1;
 - (b) the number of claims not paid (whether in part or full) under condition 4 of this Appendix 1 by each type of area listed in Column 1 of Table 5 of this Appendix 1 and by the type of standard, as shown in Columns 2 and 3 of Table 5 of this Appendix 1; and
 - (c) any other matter notified by the *Tribunal* in writing.

Incident reporting

- 5.6 A *Licence Holder* must prepare and submit reports on any incident in accordance with any *Reporting Manuals* issued by the *Tribunal*.

Independent audit report

- 5.7 An independent audit must be conducted after the end of each *financial year* to audit the *Licence Holder's* performance against the:
- (a) *network overall reliability standards*;
 - (b) *individual feeder standards*;
 - (c) *individual customer standards*; and
 - (d) *customer service standards*.
- 5.8 The audit must be conducted in accordance with any *Audit Guidelines* issued by the *Tribunal*.
- 5.9 A *Licence Holder* is required to nominate a person to conduct the independent audit by written notice given to the *Tribunal* in accordance with auditor nomination procedures published in any *Audit Guidelines* issued by the *Tribunal*.
- 5.10 The person nominated to conduct the independent audit is to be a person who is:
- (a) independent of the *Licence Holder*; and
 - (b) competent to exercise the functions of an auditor in respect of the matters to be audited.

- 5.11 The nomination of an auditor by a *Licence Holder* ceases to have effect if the *Tribunal* advises the *Licence Holder*, by notice in writing, that the nomination is not acceptable or has ceased to be acceptable.
- 5.12 The *Tribunal* may nominate an auditor to carry out an audit, and the person so nominated is taken to have been nominated by the *Licence Holder*, if:
- (a) the nomination of an auditor by the *Licence Holder* ceases to have effect; or
 - (b) the *Licence Holder* fails to nominate an auditor to carry out the audit in accordance with any requirements specified by the *Tribunal* by notice in writing to the *Licence Holder*.
- 5.13 A *Licence Holder* must provide a copy of the auditor's report by 30 September each year to the *Tribunal*.

General matters concerning reports

- 5.14 Where the *Tribunal* determines the format of a report required by this condition 5 of this Appendix 1, a *Licence Holder* must submit the report in that format.
- 5.15 The *Tribunal* may from time to time publish requirements to be followed by the *Licence Holder* in respect of reports required by this condition 5 of this Appendix 1 and the *Licence Holder* must comply with any such requirements
- 5.16 The *Tribunal* may from time to time require, by notice in writing to the *Licence Holder*, further reports relating to these *Licence* conditions including, without limitation, reports relating to capital expenditure works, network refurbishment and maintenance programs.
- 5.17 A *Licence Holder* must provide a report submitted to the *Tribunal* under this condition 5 of this Appendix 1 to the *Minister*, if requested to do so by the *Minister* by notice in writing.

6 Definitions

6.1 NETWORK OVERALL RELIABILITY STANDARDS

Table 1: SAIDI Average Reliability Duration Standards (Minutes per customer)

SAIDI (Minutes per customer)	
ENDEAVOUR ENERGY	
Feeder Type	
<i>Urban</i>	80
<i>Short-rural</i>	300
<i>Long-rural</i>	n/a

Table 2: SAIFI Average Reliability Interruption Standards (Number per customer)

SAIFI (Number per customer)	
ENDEAVOUR ENERGY	
Feeder Type	
<i>Urban</i>	1.2
<i>Short-rural</i>	2.8
<i>Long-rural</i>	n/a

6.2 INDIVIDUAL FEEDER STANDARDS

Table 3: SAIDI Individual Feeder Average Reliability Duration Standards (Minutes per customer)

SAIDI (Minutes per customer)	
ENDEAVOUR ENERGY	
Standard	Minutes per customer
<i>low-voltage SAPS</i>	1817
<i>urban feeder</i>	350
<i>short-rural feeder</i>	1000
<i>long-rural feeder</i>	1400

Table 4: SAIFI Individual Feeder Standards Average Reliability Interruption Standards (Number per customer)

SAIFI (Number per customer)	
ENDEAVOUR ENERGY	
Standard	Number per customer
<i>low-voltage SAPS</i>	9.4
<i>urban feeder</i>	4
<i>short-rural feeder</i>	8
<i>long-rural feeder</i>	10

6.3 EXCLUDED INTERRUPTIONS

The following types of *interruptions* (and no others) are *excluded interruptions*:

- (a) an *interruption* of a duration of three minutes or less;
- (b) an *interruption* resulting from:
 - (i) load shedding due to a shortfall in generation;
 - (ii) a direction or other instrument issued under the *National Electricity Law, Energy and Utilities Administration Act 1987*, the *Essential Services Act 1988* or the *State Emergency and Rescue Management Act 1989* to interrupt the supply of electricity;
 - (iii) automatic shedding of load under the control of under-frequency relays following the occurrence of a power system under-frequency condition described in the *Power System Security and Reliability Standards* made under the *National Electricity Rules*; or
 - (iv) a failure of the shared transmission system;

- (c) a *planned interruption*;
- (d) any *interruption* to the supply of electricity on a *Licence Holder's distribution system* which commences on a *major event day*; and
- (e) an *interruption* caused by a *customer's* electrical installation or failure of that electrical installation.

6.4 CUSTOMER SERVICE STANDARDS

Interruption duration standard:

- (1) The *interruption duration standard* is the maximum duration, set out in column 2 of Table 5, of an *interruption* to a *customer's* premises located in the relevant area in column 1 of Table 5.

Interruption frequency standard:

- (2) The *interruption frequency standard* is the maximum *number of interruptions* in a *financial year* set out in column 3 of Table 5, to a *customer's* premises located in the relevant area in column 1 of Table 5:

Table 5

Column 1	Column 2	Column 3
Type of area in which <i>customer's</i> premises is located	<i>Interruption duration standard</i> (hours)	<i>Interruption frequency standard</i> (number of <i>interruptions</i> and hours of duration)
<i>metropolitan</i>	12	4 <i>interruptions</i> of greater than or equal to 4 hours
<i>non-metropolitan</i>	18	4 <i>interruptions</i> of greater than or equal to 5 hours

Interruptions to be disregarded

- (3) In calculating the *interruption duration standard* or the *interruption frequency standard* the following types of *interruptions* (and no others) are excluded:
- (a) an *interruption* resulting from the following external causes:
 - (i) a shortfall in generation;
 - (ii) a failure or instability of the shared *transmission system*; or
 - (iii) a request or direction from an *emergency service organisation*;
 - (b) a *planned interruption*;
 - (c) an *interruption* within a region in which a natural disaster has occurred and:
 - (i) the responsible Minister has made a declaration of a natural disaster enabling the NSW disaster assistance arrangements to apply in respect of that natural disaster for that region; and

- (ii) the *interruption* occurred during the period for which a declaration of a Natural Disaster and NSW Disaster Assistance Arrangements were in effect;
- (d) an *interruption* caused by the effects of a severe thunderstorm or severe weather as advised by the Bureau of Meteorology. These effects may include the necessary operation of a circuit protection device which interrupts supply to *customers* in areas not directly impacted by the severe thunderstorm or severe weather; and
- (e) an *interruption* caused by third party actions other than animal or vegetation interference (e.g. vehicle-hit-pole, vandalism) where the *interruption* is not also caused by any failure of the *Licence Holder* to comply with relevant plans, codes, guides or standards (e.g. low conductor clearance).

6.5 MAJOR EVENT DAY

The following material is reprinted with permission from IEEE Std. 1366-2012, IEEE *Guide for Electric Power Distribution Reliability Indices*, by IEEE. The IEEE disclaims any responsibility or liability resulting from the placement and use in the described manner. For the avoidance of doubt and the promotion of consistency, Items "a", "b", "c" and "e" listed under *excluded interruptions* should be removed from daily records before applying the following methodology to calculate a *major event day*.

Explanation and Purpose

The following process ("Beta Method") is used to identify *major event days* which are to be excluded from the *network overall reliability standards*, *individual feeder standards* and *individual customer standards*. The method is to be used provided that the natural log transformation of the data results closely resembles a Gaussian (normal) distribution. Where this is not the case, the *Licence Holder* may seek the *Tribunal's* approval to apply a different threshold value.

Its purpose is to allow major events to be studied separately from daily operation, and in the process, to better reveal trends in a daily operation that would be hidden by the large statistical effect of major events.

A *major event day* under the Beta Method is one in which the daily total system (i.e. not on a *feeder type* basis) *SAIDI* value ("daily *SAIDI* value") exceeds a threshold value, *TMED*. The *SAIDI* is used as the basis of determining whether a day is a *major event day* since it leads to consistent results regardless of utility size and because *SAIDI* is a good indicator of operational and design stress.

In calculating the daily total system *SAIDI*, any *interruption* that spans multiple days is deemed to accrue on the day on which the *interruption* begins. That is, all minutes without supply resulting from an *interruption* beginning on a *major event day* are deemed to have occurred in the *major event day*, including those minutes without supply occurring on following days.

Determining a major event day

The *major event day* identification threshold value *TMED* is calculated at the end of each *financial year* for each *Licence Holder* for use during the next *financial year* as follows:

- (a) Collect daily *SAIDI* values for the last five *financial years*. If fewer than five years of historical data are available, use all available historical data for the lesser period.
- (b) Only those days that have a daily *SAIDI* value will be used to calculate the *T_{MED}* (i.e. days that did not have any *interruptions* are not included).
- (c) Take the natural logarithm (ln) of each daily *SAIDI* value in the dataset.

- (d) Find α (Alpha), the average of the logarithms (also known as the log-average) of the data set.
- (e) Find β (Beta), the standard deviation of the logarithms (also known as the log-standard deviation) of the dataset.
- (f) Complete the *major event day* threshold T_{MED} using the following equation:

$$T_{MED} = e^{(\alpha + 2.5\beta)}$$
- (g) Any day with daily SAIDI value greater than the threshold value T_{MED} which occurs during the subsequent *financial year* is classified as a *major event day*.

Treatment of a major event day

To avoid doubt, a *major event day*, and all *interruptions* beginning on that day, are excluded from the calculation of a *Licence Holder's SAIDI* and *SAIFI* in respect of all of its *feeder types*.

From IEEE Std. 1366-2012 Copyright 2012. All rights reserved.

6.6 METROPOLITAN AREAS

Table 6: Local Government Areas		
BAYSIDE	HORNSBY	PENRITH
BLACKTOWN	HUNTERS HILL	RANDWICK
BURWOOD	INNER WEST	RYDE
CAMDEN	KU-RING-GAI	SHELLHARBOUR
CAMPBELLTOWN	LAKE MACQUARIE	STRATHFIELD
CANADA BAY	LANE COVE	SUTHERLAND
CANTERBURY-BANKSTOWN	LIVERPOOL	SYDNEY
CENTRAL COAST	MOSMAN	WAVERLEY
CUMBERLAND	NEWCASTLE	WILLOUGHBY
FAIRFIELD	NORTH SYDNEY	WOLLONGONG
GEORGES RIVER	NORTHERN BEACHES	WOOLLAHRA
THE HILLS	PARRAMATTA	

Table 6: Suburbs	
A. Blue Mountains area	
BLACKHEATH	LINDEN
BLAXLAND	MEDLOW BATH
BULLABURRA	MOUNT RIVERVIEW
FAULCONBRIDGE	MOUNT VICTORIA

GLENBROOK	SPRINGWOOD
HAWKESBURY HEIGHTS	VALLEY HEIGHTS
HAZELBROOK	WARRIMOO
KATOOMBA	WENTWORTH FALLS
LAPSTONE	WINMALEE
LAWSON	WOODFORD
LEURA	YELLOW ROCK
B. Cessnock-Bellbird area	
ABERDARE	CESSNOCK
BELLBIRD	KEARSLEY
BELLBIRD HEIGHTS	NULKABA
C. Kiama area	
BOMBO	KIAMA HEIGHTS
KIAMA	MINNAMURRA
KIAMA DOWNS	
D. Kurri Kurri-Weston area	
ABERMAIN	PELAW MAIN
HEDDON GRETA	STANFORD MERTHYR
KURRI KURRI	WESTON
NEATH	
E. Maitland area	
ABERGLASSLYN	MOUNT DEE
ASHTONFIELD	OAKHAMPTON
BOLWARRA	OAKHAMPTON HEIGHTS
BOLWARRA HEIGHTS	PITNACREE
EAST MAITLAND	RAWORTH
HORSESHOE BEND	RUTHERFORD
LARGS	SOUTH MAITLAND
LORN	TELARAH
LOUTH PARK	TENAMBIT
MAITLAND	THORNTON
METFORD	WOODBERRY
MORPETH	

F. Newcastle Industrial area	
FERN BAY	WILLIAMTOWN
FULLERTON COVE	
G. Port Stephens area	
CORLETTE	SALAMANDER BAY
FINGAL BAY	SHOALBAY
NELSON BAY	SOLDIERS POINT
H. Raymond Terrace area	
HEATHERBRAE	TOMAGO
RAYMOND TERRACE	
I. Richmond-Windsor area	
BLIGH PARK	NORTH RICHMOND
CLARENDON	RICHMOND
HOBARTVILLE	SOUTH WINDSOR
MCGRATHS HILL	VINEYARD
MULGRAVE	WINDSOR

6.7 INDIVIDUAL CUSTOMER STANDARDS

Table 7

The minutes interrupted and number of interruptions will be measured at the connection point for each customer.

Type of area in which the affected connection point is located	<i>Minutes interrupted</i>	<i>Number of interruptions</i>
<i>Metropolitan</i>	350	4
<i>Non-Metropolitan</i>	1000	8

APPENDIX 2 CRITICAL INFRASTRUCTURE LICENCE CONDITIONS

For the purposes of conditions 1, 2 and 4 in this Appendix 2, it is acknowledged that the assets which the Licence Holder operates may constitute "critical infrastructure" being those physical facilities, supply chains, information technologies and communication networks which, if destroyed, degraded or rendered unavailable for an extended period, would significantly impact on the security, social or economic wellbeing of the State of New South Wales and other States and Territories which are from time to time electrically interconnected with New South Wales and other States and Territories. The Critical Infrastructure Licence Conditions in this Appendix 2 will be reviewed by the Minister from time to time (and where necessary) in consultation with responsible Ministers of the Commonwealth and relevant States and Territories. These licence conditions will be reviewed by the Minister from time to time (and where necessary) in consultation with responsible Ministers of the Commonwealth and relevant States and Territories. According to its own legislation and policy, the Commonwealth may require a Licence Holder to agree to certain arrangements. The Licence Holder should also establish procedures for sharing national security threats with the Critical Infrastructure Centre and action received information on a good-faith basis.

1 Substantial presence in Australia

- 1.1 Except to the extent allowed for under the *Protocol* agreed with the *Commonwealth Representative*, the *Licence Holder* must take all practical and reasonable steps to ensure:
- (a) the maintenance of its *distribution system* is undertaken solely from within Australia, except where maintenance requires either physical servicing of components offshore or the acquisition of replacement components from outside Australia. In such an instance it is the responsibility of the senior officer responsible for network operations to ensure this maintenance does not impact condition 1.2 of this Appendix 2; and
 - (b) that any third party or non-*Licence Holder* employee, including individuals/entities from outside Australia, undertaking maintenance of the *distribution system* is subject to the approval of the senior officer responsible for network operations.
- 1.2 Except to the extent that the *Licence Holder* is undertaking steps in accordance with, and for the duration of, a *Protocol* agreed with the *Commonwealth Representative*, the *Licence Holder*:
- (a) must, by using best industry practice for electricity network control systems, ensure that operation and control of its *distribution system*, including all associated ICT infrastructure, can be accessed, operated and controlled only from within Australia, and that its *distribution system* is not connected to any other infrastructure or network which could enable it to be controlled or operated by persons outside Australia; and
 - (b) must notify the *Commonwealth Representative* in advance of any engagement with the market to procure a contract under which it outsources the operation and control of its *distribution system*, including any ICT infrastructure associated with the operation and control of its *distribution system*.
- Note:** *For the purposes of Licence condition 1.2(a) in this Appendix 2:*
- Best industry practice includes access required by relevant Australian regulators and market and system operators to meet the Licence Holder's obligations under Australian law.*
- 1.3 The *Licence Holder* must:
- (a) have at least two directors who are Australian citizens; and

(b) have senior officers responsible for (notwithstanding their title):

- (i) operational technology;
- (ii) network operations; and
- (iii) security operations,

in relation to its *distribution system*,

who are persons residing in Australia and hold an appropriate national security clearance, being a clearance of not less than Negative Vetting Level 1 (or equivalent) issued by the NSW Government on advice from the Australian Government Security Vetting Agency (AGSVA).

Note: For the purposes of Licence condition 1.3(b) of this Appendix 2:

The senior officer responsible for operational technology is the officer whose responsibilities include:

- *Delivering the Supervisory Control and Data Acquisition (SCADA) capability required to safely and reliably operate the NSW distribution system;*
- *Developing and implementing strategies to manage cyber security and other threats affecting the network operational technology environment; and*
- *Developing systems for effectively managing assets remotely, including but not limited to network switches, condition monitoring and remote interrogation or operation of protection systems and relays.*

The senior officer responsible for network operations is the officer whose responsibilities include:

- *The day to day operation, monitoring and maintenance of the distribution system; and*
- *Directing the operational planning, management, control and security of the distribution system.*

The senior officer responsible for security operations is the officer whose responsibilities include:

- *Approval for the Licence Holder's personnel or other nominated personnel to access the Licence Holder's information systems or physical access to the Licence Holder's premises and associated infrastructure;*
- *Personnel security; and*
- *Managing relationships with Commonwealth and state government agencies.*

Note: *The above responsibilities may be held by a single officer or shared between more than one officer. Where the responsibilities are shared between more than one officer, the relevant senior officer responsibility contemplated in condition 1.1(a) of this Appendix 2 is the joint responsibility of the multiple officers and the approval contemplated in condition 1.1(b) of this Appendix 2 must be obtained from each of those officers.*

- 1.4 The *Licence Holder* is not in breach of its obligations under:
- (a) condition 1.3(a) of this Appendix 2 if, in the case of a casual vacancy on the board of directors, the vacancy is filled within two months of the casual vacancy first occurring; and
 - (b) condition 1.3 of this Appendix 2 if, following:
 - (i) the *first issue of these conditions* to the *Licence Holder*; or
 - (ii) any position identified in condition 1.3 of this Appendix 2 being vacated or the *Relevant Person* ceasing to satisfy the qualifications set out there for any reason,

the *Licence Holder*:

- (iii) procures the appointment of a person to the relevant position that the *Licence Holder* bona fide believes will be able to obtain the required security clearance; and
 - (iv) has procured that the person applies for the required security clearance.
- 1.5 The exception in condition 1.4(b) of this Appendix 2 ceases to apply to the *Licence Holder* if:
- (a) an appointment and application for national security clearance for the person is not made within 4 months of (as relevant) the *first issue of these conditions* or the relevant vacancy or disqualification occurring; or
 - (b) if the application referred to in condition 1.5(a) of this Appendix 2 is made and is rejected or withdrawn, the *Licence Holder* does not procure a replacement application being made within 4 months of that rejection or withdrawal; or
 - (c) the *Licence Holder* does not procure compliance with condition 1.3(b) of this Appendix 2 in any event with respect to any position within 8 months (or such longer period as approved in writing by the *Minister*) of (as relevant) the *first issue of these conditions* or the relevant vacancy occurring.

2 Data security

2.1 The *Licence Holder* must ensure that:

- (a) all of its information (being design specifications, operating manuals and the like) as to the operational technology (such as the SCADA system) and associated ICT infrastructure of the operational network is held solely within Australia, and that such information is accessible only by a *Relevant Person* who has been authorised by the *Licence Holder* and only from within Australia;
- (b) all:
 - (i) *Load Data*; and
 - (ii) *Bulk Personal Data Records*,relating to or obtained in connection with the operation of the *distribution system* by a *Relevant Person* is held solely within Australia, and is accessible only by a *Relevant Person* or a person who has been authorised by the *Licence Holder*; and
- (c) it does not export, and has appropriate security controls in place to prevent the export of, *Bulk Personal Data Records* relating to or obtained in connection with the operation of the *distribution system* by a *Relevant Person*, outside of Australia.

2.2 The *Licence Holder* is not in breach of its obligations under conditions 2.1(a), 2.1(b)(i) or 2.1(c) of this Appendix 2 if the *Licence Holder* discloses, holds, uses or accesses any information or data referred to in those conditions, or the *Licence Holder* allows a

Relevant Person approved by the senior officer referred to in condition 1.3(b)(i) of this Appendix 2 to disclose, hold, use or access any information or data referred to in those conditions for the purposes of:

- (a) disclosure to a recognised stock exchange so that such information is made available publicly in compliance with a binding obligation on the part of the *Licence Holder* or that *Associate* to do so;
- (b) complying with any law of the Commonwealth of Australia, or of any of its States and Territories;
- (c) disclosure to the financial, accounting, insurance, legal, regulatory and other advisers, auditors, insurers, security trustees and financiers (and each of their advisers) of the *Licence Holder*, any *Associate*, and any bona fide prospective purchaser of any interest in, or of any interest in the main undertaking of, the *Licence Holder* or any *Associate*, but in each case only to the extent necessary in order for those persons to provide the advisory or other services bona fide required of them;
- (d) disclosure to participants, regulators and service providers in the electricity sector, provided it is in the ordinary course of business and in accordance with good electricity industry practice, and such information is required by those persons to provide the services or to perform the functions bona fide required of them;
- (e) providing aggregated data which does not permit identification of any particular *customer* or *customer's connection points* or their demand characteristics;
- (f) allowing a service provider or contractor to hold, use or access information where that arrangement is approved by the *Tribunal*, in the case of arrangements approved as of the *first issue of these conditions*, and otherwise where the *Licence Holder* has provided the *Commonwealth Representative* with a submission demonstrating that:
 - (i) the service provider or contractor is reputable; and
 - (ii) the service provider or contractor has data security systems in place to ensure information security is maintained,

and has obtained the written agreement of the *Commonwealth Representative* for the arrangement; or

- (g) such other circumstances as approved by the *Tribunal* in writing. Prior to seeking approval from the *Tribunal*, the *Licence Holder* must provide the *Commonwealth Representative* with a reasonable opportunity within a period not ending less than 60 calendar days to confirm in writing to the *Tribunal* that the Commonwealth does not intend to make any further requests or submissions in relation to the matter.

2.3 The *Licence Holder* is not in breach of its obligations under condition 2.1(b)(ii) of this Appendix 2 if a *Relevant Person* or a person authorised to access the information by the *Licence Holder* discloses, holds, uses or accesses personal information in accordance with the *Privacy Act 1988* (Cth).

2.4 The *Licence Holder* must ensure that third party data or information (including without limitation communications within the meaning of the *Telecommunications (Interception and Access) Act 1979* (Cth), personal information within the meaning of the *Privacy Act 1988* (Cth), and closed-circuit television footage) which is indirectly accessed or obtained by the *Licence Holder* because that third party data or information is transferred by a carrier or other party using the *Licence Holder's* infrastructure, are held by the *Licence Holder* solely within Australia, and are accessible only by a *Relevant Person* or a person

who has been authorised by the *Licence Holder* and, in each case, only from within Australia.

3 Consultation with the Commonwealth

If the *Licence Holder* is a *Foreign Person*, in considering whether to provide or withhold approval under conditions 2.2(f) or 2.2(g) of this Appendix 2, the *Tribunal* must:

- (a) notify the *Commonwealth Representative* that the *Tribunal's* approval under conditions 2.2(f) or 2.2(g) of this Appendix 2 (as applicable) is being sought by the *Licence Holder*, and
- (b) provide the Commonwealth with a reasonable opportunity to:
 - (i) request such information as the Commonwealth reasonably requires; and
 - (ii) make submissions to the *Tribunal* on whether the *Tribunal* should provide its approval, and if so, the terms upon which that approval should be provided,

within a period ending not less than 60 calendar days from the date of notification under condition 3(a) of this Appendix 2 unless the *Commonwealth Representative* confirms in writing to the *Tribunal* that the Commonwealth does not intend to make any further requests or submissions in relation to the matter.

4 Compliance

- 4.1 By 30 September each year the *Licence Holder* must furnish a report to the *Tribunal* and the *Commonwealth Representative* detailing whether the *Licence Holder* has complied with conditions 1 and 2 of this Appendix 2 over the preceding *financial year* to 30 June.
- 4.2 The report required under condition 4.1 of this Appendix 2 must be audited by an *Approved Auditor* by a date specified by the *Tribunal*. The audit required by this condition 4.2 of Appendix 2 must be a comprehensive audit and must meet any requirements specified by the *Tribunal*. The *Licence Holder* must provide the audited report to the *Commonwealth Representative* at the same time that the report is provided to the *Tribunal*.
- 4.3 The *Tribunal* may provide guidance to the *Approved Auditor* as to whether the *Licence Holder's* practices have satisfied or will satisfy conditions 1 and 2 of this Appendix 2.
- 4.4 The report required under condition 4.1 of this Appendix 2 must be accompanied by a certification in writing supported by a resolution of the Board of the *Licence Holder* that, with respect to the relevant period:
 - (a) the *Licence Holder* has complied with conditions 1 and 2 of this Appendix 2; or
 - (b) the *Licence Holder* has not complied with conditions 1 and 2 of this Appendix 2 and certifying the nature and extent of each non-compliance and the steps taken by the *Licence Holder* to ensure compliance (and to preclude further non-compliance) and the timeframe within which it expects to achieve compliance.

SCHEDULE B

MINISTERIALLY IMPOSED LICENCE CONDITIONS FOR THE OPERATOR OF A TRANSACTED DISTRIBUTION SYSTEM

The *Licence* conditions in this Schedule B are imposed on the *Licence Holder* by the *Minister* under clause 6(1)(b) of Schedule 2 of the Act.

In addition to the conditions in this Schedule B, the *Licence Holder* is subject to other statutory obligations, including under the *Act*, *Regulations*, the *Environmental Planning and Assessment Act 1979 (EPA Act)* and other associated regulatory instruments, including any relevant regulations made under to section 5.6 of the EPA Act.

GENERAL CONDITIONS

1 Operate within distribution district

- 1.1 At all times this *Licence* is in force, the *Licence Holder* must ensure that it and all other network operators of its *distribution system* only operate a *distribution system*:
- (a) within its *distribution district* as set out in Schedule 3 of the *Act*;
 - (b) within:
 - (i) such other areas outside of its *distribution district* in which the *Licence Holder* operated a *distribution system* as at 14 June 2017; or
 - (ii) any areas notified by the *Licence Holder* to the *Tribunal* and included in the register maintained by the *Tribunal* between 14 June 2017 and the date of commencement under clause 2(a) of this Instrument; and
 - (c) within such other *distribution district* outside of its *distribution district*, as agreed with the *distributor* for the other *distribution district*.
- 1.2 Where the *Licence Holder* has obtained agreement from another *distributor* to operate in the *distribution district* of such other *distributor*, the *Licence Holder* must
- (a) make a record of the agreement which includes sufficient details to allow all assets that operate or are to be operated outside the *Licence Holder's distribution district* to be uniquely identified and located; and
 - (b) where the *Licence Holder* permanently removes or disconnects assets that were operating outside of its *distribution districts*, remove details of these assets from the record referred to in condition 1.2(a).

2 National Electricity Market registration

At all times this *Licence* is in force, the *Licence Holder* must ensure that it and all other network operators of its *distribution system*:

- (a) are registered or exempt from the requirement to be registered as a Network Service Provider under the National Electricity Rules; or
- (b) hold any equivalent authorisation or right of participation in any national electricity market, granted by the person responsible for the granting of such an authorisation or right of participation under any legislation enacted for the purpose of introducing such a market.

3 Technical and prudential criteria

The *Licence Holder* must, for the duration of this *Licence*, ensure that it and all other network operators of its *distribution system* satisfy the technical and prudential criteria that each entity is required to meet as a condition of its registration or exemption, or equivalent authorisation or right of participation in any national electricity market, referred to in condition 2.

4 Business continuity and disruptions

- 4.1 The *Licence Holder* must have a documented system to ensure that it has adequate arrangements in place to identify, assess and manage business continuity risks and manage business disruptions relating to the operation of its *distribution system* (a *Business Continuity Plan*).
- 4.2 The *Licence Holder* must ensure that it and any other network operator of its *distribution system* implements and complies with the *Business Continuity Plan*.

5 Reliability and performance

The *Licence Holder* must ensure that it complies with the *Reliability and Performance Standards* – Appendix 1.

6 Critical infrastructure

The *Licence Holder* must ensure that it and all other network operators of its *distribution system* comply with the *Critical Infrastructure Licence Conditions* – Appendix 2.

CONDITIONS RELATING TO MANAGEMENT SYSTEMS

7 Maintenance of certified management systems

- 7.1 The *Licence Holder* must have and maintain:
 - (a) an asset management system that is consistent with *Australian Standard AS ISO 55001-2014 Asset Management – Management Systems – Requirements* (as in force from time to time), or other standard approved by the *Tribunal* on request of the *Licence Holder*; and
 - (b) an environmental management system that is consistent with *Australian/New Zealand Standard AS/NZS ISO 14001: 2016 Environmental Management System – Requirements with guidance for use* (as in force from time to time), or other standard approved by the *Tribunal* on request of the *Licence Holder*,which comply with this condition 7.
- 7.2 The *Licence Holder* must ensure that:
 - (a) its asset management system is certified by an appropriately qualified person to be consistent with *Australian Standard AS ISO 55001 - 2014 Asset Management - Management Systems - Requirements* (as in force from time to time), or other standard approved by the *Tribunal* on request of the *Licence Holder*, and

(b) its environmental management system is certified by an appropriately qualified person to be consistent with *the Australian/New Zealand Standard AS/NZS ISO 14001:2016 Environmental Management Systems – Requirements with guidance for use* (as in force from time to time), or other standard approved by the *Tribunal* on request of the *Licence Holder*.

7.3 The *Licence Holder* must ensure that the certification of its asset management system and environmental management system in accordance with condition 7.2 is maintained for the duration of the *Licence*.

8 Implementation of management systems

The *Licence Holder* must ensure that its asset management system and environmental management system are fully implemented, and all relevant activities undertaken by it or any other network operator of its *distribution system* are carried out in accordance with the relevant management system.

CONDITIONS RELATING TO COMPLIANCE, REPORTING AND FEES

9 Reporting in accordance with Reporting Manuals

The *Licence Holder* must prepare and submit reports in accordance with any *Reporting Manuals* issued by the *Tribunal*.

10 Complying with Audit Guidelines issued by the Tribunal

The *Licence Holder* must comply with any *Audit Guidelines* issued by the *Tribunal*.

11 Compliance management systems

The *Licence Holder* must ensure internal systems are developed and maintained that are capable of effectively managing compliance with its *Licence*.

12 Compliance with statistical operating obligations

The *Licence Holder* must provide to the *Tribunal* such operating statistics and performance indicators as may be required from time to time by the *Tribunal*. The *Tribunal* will provide the *Licence Holder* with reasons for its request when the initial request is made and after that when a request relates to operating statistics and performance indicators that are of a materially different type or category to that provided under the initial or subsequent request.

13 Information about compliance with Licence Conditions

The *Licence Holder* must provide to the *Tribunal* (at such times and in respect of such periods as the *Tribunal* may determine and in the manner and form specified by the *Tribunal*) such information as the *Tribunal* may determine, to enable the *Tribunal* to ascertain whether or not the *Licence Holder* is complying with the conditions of its *Licence*, the *Act* or the *Regulations*.

14 Compliance with Public Lighting Code

The *Licence Holder* must ensure that it and all other network operators of its *distribution system* comply with the NSW Public Lighting Code published by Treasury, as amended from time to time.

15 Compliance with audit directions

- 15.1 The *Tribunal* may at any time direct the *Licence Holder*, by written notice, to engage an *Approved Auditor* at the expense of the *Licence Holder* to conduct an audit of, and prepare a report on, the *Licence Holder's* compliance with conditions imposed on it by this *Licence*, the *Act* or *Regulations*.
- 15.2 The *Licence Holder* must comply with any direction issued by the *Tribunal* under condition 15.1.
- 15.3 The *Licence Holder* must provide the *Approved Auditor's* report to the *Tribunal* by the date specified in the direction issued by the *Tribunal* under condition 15.1 .

16 Licence fees

- 16.1 It is a condition of this *Licence* that the *Licence Holder* pay such fees (annual or otherwise) in connection with the holding of the *Licence* as may be determined by the *Minister* from time to time.
- 16.2 The *Licence Holder* must pay the fees referred to in condition 16.1 in the manner and within the period specified by the *Tribunal*.

INTERPRETATION AND DEFINITIONS

Interpretation

In these *Licence* conditions, unless the context requires otherwise:

- (a) the singular includes the plural and vice versa;
- (b) headings are used for convenience only and do not affect the interpretation of these *Licence* conditions;
- (c) a reference to a document includes the document as modified from time to time and any document replacing it;
- (d) a reference to a person includes a natural person and any body or entity whether incorporated or not; and
- (e) references to conditions are references to conditions in these *Licence* conditions.

Definitions

Expressions used in these *Licence* conditions that are defined in the *Act* or the *Regulations* have the meanings set out in the *Act* or the *Regulations*.

In these *Licence* conditions:

Act	means the <i>Electricity Supply Act 1995</i> .
Associate	has the meaning given to that term in the <i>Corporations Act 2001(Cth)</i> .

Audit Guidelines	means any document setting out audit requirements associated with the <i>Licence Holder</i> which is prepared by the <i>Tribunal</i> and is available on its website at www.ipart.nsw.gov.au as amended from time to time.
Bulk Personal Data Records	means any holdings or files of personal information (within the meaning of the <i>Privacy Act 1988 (Cth)</i>) about multiple individuals which contain fields or categories.
Business Continuity Plan	has the meaning given to it in condition 4.1.
Commonwealth Representative	means the First Assistant Secretary, with responsibility for critical infrastructure security within the Commonwealth or equivalent level in a subsequent agency with responsibility for critical infrastructure security. <i>Note: At the time of varying this Licence, the Commonwealth Representative is the First Assistant Secretary responsible for the Cyber and Infrastructure Security Centre within the Commonwealth Department of Home Affairs.</i>
Connection contract	has the meaning given to 'Deemed Standard Connection Contract' in the <i>National Energy Retail Law (NSW)</i> .
Connection point	means, in relation to the premises of a <i>customer</i> or a class of <i>customers</i> , the point of connection to an electrical installation supplying electricity to the premises as determined in accordance with the <i>Service and Installation Rules of New South Wales</i> , as in force from time to time, published by the Department of Planning and Environment.
Critical Infrastructure Licence Conditions	means the conditions set out in Appendix 2 to these conditions.
Customer	has the same meaning as in the <i>National Energy Retail Law (NSW)</i> .
Customer base	means, in respect of a <i>feeder</i> for a period: (a) the number of <i>customers</i> supplied by the <i>feeder</i> as at the start of the period; plus (b) the number of <i>customers</i> supplied by the <i>feeder</i> as at the end of the period, divided by two.
Direct connection standards	means the standards specified in condition 3.2 in Appendix 1.
Distribution district	has the meaning given to it in the Dictionary to the <i>Act</i> .
Distribution system	means the distribution system that is a transacted distribution system under the <i>Electricity Network Assets (Authorised Transactions) Act 2015</i> operated by the <i>Licence Holder</i> .
Distributor	has the meaning given to it in the Dictionary to the <i>Act</i> .

Emergency service organisation	has the meaning given to it in section 3 of the <i>State Emergency and Rescue Management Act 1989</i> .
Excluded interruptions	means the <i>interruptions</i> listed in condition 7.1(b) in Appendix 1.
Feeder	means: <ul style="list-style-type: none"> (a) a high-voltage line operating at over 1kV and generally at or below 22 kV that connects between a zone substation and a distribution substation; or (b) lines operating at, or over, 1kV within a <i>multiple-customer SAPS</i>.
Financial year	means the period commencing on 1 July and ending 30 June the following calendar year.
First issue of these conditions	means 14 June 2017.
Foreign Person	has the meaning given to that term in the <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth) and the <i>Foreign Acquisitions and Takeovers Regulation 2015</i> (Cth).
GSL payment	means a payment made to a <i>customer</i> in accordance with condition 5 in Appendix 1.
Guaranteed service levels	means the guaranteed service levels contained in condition 5.2 in Appendix 1.
Individual feeder standards	means the standards contained in condition 1 in Appendix 1.
Interconnected national electricity system	has the same meaning as in the <i>National Electricity (NSW) Law</i> .
Interruption	means any loss of electricity supply to a <i>customer</i> of more than 0.5 seconds associated with an outage of any part of the electricity supply network including generation facilities, transmission networks, <i>SAPS</i> and outages affecting a single premises, which: <ul style="list-style-type: none"> (a) commences when recorded by equipment such as SCADA, or where such equipment does not exist, at the time of the first <i>customer</i> communication relating to the outage; and (b) ends when supply is generally available to the <i>customer</i>, but does not include: <ul style="list-style-type: none"> (c) <i>excluded interruptions</i>; and (d) <i>subsequent interruptions</i> caused by network switching during fault finding.

Investigation report	means a report prepared in accordance with condition 4.2 in Appendix 1 that sets out the causes for, and potential solutions to, the <i>Licence Holder's</i> non-conformance with <i>individual feeder standards, low-voltage SAPS standards</i> and/or <i>direct connection standards</i> .
Licence	has the same meaning as 'Licence' in clause 3 of this Instrument
Licence Holder	has the same meaning as 'Licence Holder' in clause 3 of this Instrument.
Load Data	means data as to the quantum of electricity delivered (both historical and current load demand from or to any one or more sites (or their <i>connection points</i>) which satisfies each of the following criteria: <ul style="list-style-type: none"> (i) it is not historical load data older than 30 days; (ii) it is not fault data; (iii) it describes a location that allows a <i>customer(s)</i> or <i>connection point(s)</i> to be identified; (iv) it describes the date and time of the data record; and (v) it describes a duration - a length of time that allows for a quantum to exist.
Long feeder	means a <i>feeder</i> with a total <i>feeder</i> length that is equal to or greater than 500 km.
Low-voltage SAPS	means a <i>SAPS</i> but does not include lines operating at, or over, 1kV within a <i>multiple-customer SAPS</i> .
Low-voltage SAPS standards	means the standards contained in condition 2 in Appendix 1.
Major event day	has the meaning given in condition 7.2 in Appendix 1.
Minister	means the Minister responsible for administering the <i>Act</i> .
Multiple-customer SAPS	means a <i>SAPS</i> that supplies multiple <i>customers</i> .
Planned interruption	means an <i>interruption</i> for: <ul style="list-style-type: none"> (a) the planned maintenance, repair or augmentation of the transmission system or a regulated <i>SAPS</i> conversion; (b) the planned maintenance, repair or augmentation of the <i>distribution system</i>, including planned or routine maintenance of metering equipment (excluding a retailer planned interruption); or (c) the installation of a new connection or a connection alteration in accordance with the National Energy Retail Rules and National Electricity Rules.

(In this definition, unless otherwise defined in this Licence, terms have the meanings given to them in the National Energy Retail Rules).

Protocol	<p>means a document of the type referred to in conditions 1.1 and 1.2 of Appendix 2 to these conditions, that is required by the Commonwealth and which must be agreed to between the <i>Commonwealth Representative</i> and the <i>Licence Holder</i>. The document may set out (among other things) the:</p> <ul style="list-style-type: none">(i) specified purposes for which maintenance of <i>distribution system</i> equipment may be conducted offshore and the circumstances in which it may be conducted offshore;(ii) methodology and activities to be undertaken to allow for maintenance and repairs of <i>distribution system</i> equipment to be carried out involving remote access from offshore;(iii) the exceptional circumstances in which the Protocol applies; and(iv) activities and processes which achieve requisite levels of cyber-security.
Quarter	<p>means a period of three months commencing 1 January, 1 April, 1 July and 1 October and concluding on the following 31 March, 30 June, 30 September and 31 December dates respectively.</p>
Rectification plan	<p>means a plan prepared in accordance with condition 4.3 in Appendix 1 for rectifying a <i>Licence Holder's</i> non-conformance with <i>individual feeder standards, low-voltage SAPS standards and/or direct connection standards</i>.</p>
Regulations	<p>means regulations made under the <i>Act</i>.</p>
Relevant Person	<p>means the <i>Licence Holder</i>, any other network operator of the <i>distribution system</i>, and any person who is contracted or sub-contracted by the <i>Licence Holder</i> to work on the <i>distribution system</i>.</p>
Reliability and Performance Standards	<p>means the conditions set out in Appendix 1 to these conditions.</p>
Reporting Manual	<p>means any document setting out reporting or information disclosure requirements associated with the <i>Licence Holder</i> which is prepared by the <i>Tribunal</i> from time to time and is available on its website at www.ipart.nsw.gov.au.</p>
Reporting period	<p>means the period of time to be captured in a report required to be submitted to the <i>Tribunal</i> as specified in the <i>Reporting Manual</i>.</p>
SAIDI	<p>means the average derived from the sum of the durations of each sustained <i>customer interruption</i> (measured in minutes), divided by the total number of <i>customers</i> (averaged over the <i>financial year</i>) of the <i>Licence Holder</i>.</p>

SAIFI	means the average derived from the total number of sustained <i>customer interruptions</i> divided by the total number of <i>customers</i> (averaged over the <i>financial year</i>) of the <i>Licence Holder</i> .
SAPS	means a 'regulated stand-alone power system' as defined at section 6B of the <i>National Electricity (NSW) Law</i> but does not include parts of the <i>distribution system</i> that have been temporarily isolated from the <i>interconnected national electricity system</i> due to an event or circumstance beyond the control of the <i>Licence Holder</i> such as bushfire or flood.
Short feeder	means a <i>feeder</i> that is not a <i>long feeder</i> .
Small customer	has the same meaning as in the <i>National Energy Retail Law (NSW)</i> .
Transacted distribution system	means a transacted distribution system under the <i>Electricity Network Assets (Authorised Transactions) Act 2015</i> .
Tribunal	means the Independent Pricing and Regulatory Tribunal of New South Wales established under the <i>Independent Pricing and Regulatory Tribunal Act 1992</i> .

APPENDIX 1 RELIABILITY AND PERFORMANCE STANDARDS

1 Individual feeder performance

- 1.1 The *individual feeder standards* that apply to each of the *Licence Holder's feeders* for each 12-month period referred to in condition 1.3 of this appendix 1, other than *long feeders*, are:

$$SAIDI = 262 + 108 \sqrt{Length} + \text{MIN} \left(160, \frac{5500}{Length} \right)$$

$$SAIFI = 3.1 + 0.44 \sqrt{Length} + \text{MIN} \left(0.65, \frac{21}{Length} \right)$$

where:

Length is the total route length of the *feeder*, in kilometres; and

MIN is the lower of the values within the brackets.

- 1.2 The *individual feeder standards* that apply to each of the *Licence Holder's long feeders* for each 12-month period referred to in condition 1.3 of this Appendix 1, are:

SAIDI = 2688 minutes

SAIFI = 13.0 *interruptions*.

- 1.3 At the end of each *quarter*, the *Licence Holder* must determine whether it has exceeded the *individual feeder standards* applicable to each of its *feeders* for the 12-month period ending at the end of that *quarter*.

Note: If the *individual feeder standards* in this condition have been exceeded, certain obligations under condition 4 of this Appendix 1 will apply.

2 Low-voltage SAPS performance

- 2.1 The *low-voltage SAPS standards* that apply to each of the *Licence Holder's low-voltage SAPS* for each 12-month period referred to in condition 2.2 of this Appendix 1, are:

SAIDI = 1817 minutes

SAIFI = 9.4 *interruptions*.

- 2.2 At the end of each *quarter*, the *Licence Holder* must determine whether it has exceeded the *low-voltage SAPS standards* applicable to each of its *low-voltage SAPS* for the 12-month period ending at the end of that *quarter*.

- 2.3 Where the *low-voltage SAPS* do not meet the *low-voltage SAPS standards* at the point of measurement but deliver the required level of service to the end-customer:

- (a) the *low-voltage SAPS* will be deemed to be compliant with the *low-voltage SAPS standards*;
- (b) despite condition 2.3(a) of this Appendix 1, an *investigation report* must still be prepared in accordance with condition 4 of this Appendix 1.

Note: If the *low-voltage SAPS standards* in this condition have been exceeded, certain obligations under condition 4 of this Appendix 1 will apply.

3 Direct connection performance

3.1 This condition 3 applies to each *connection point*:

- (a) that is directly supplied at a nominal voltage above 1 kV and generally at or below 22 kV; and
- (b) to which conditions 1 and 2 of this Appendix 1 do not apply.

3.2 The *direct connection standards* that apply to the *Licence Holder* in respect of each *connection point* are:

Minutes interrupted = 530

Number of interruptions = 4.2

where:

minutes interrupted means the total number of minutes of all *interruptions* to a *customer* over the relevant 12-month period; and

number of interruptions means the total number of times there is an *interruption* to a *customer* over the relevant 12-month period.

3.3 At the end of each *quarter*, the *Licence Holder* must determine whether it has exceeded the *direct connection standards* for each *connection point* to which this condition 3 applies in the 12-month period ending at the end of that *quarter*.

Note: If the *direct connection standards* in this condition have been exceeded, certain obligations under condition 4 of this Appendix 1 will apply.

4 Investigation and rectification of non-conformance standards

4.1

- (a) Where the *Licence Holder* has exceeded any of the *individual feeder standards*, *low-voltage SAPS standards*, or *direct connection standards* in the 12-month period immediately preceding the end of a *quarter*, the *Licence Holder* must prepare:
 - (i) an *investigation report* by the end of the *quarter* immediately following the *quarter* the relevant standard was exceeded; and
 - (ii) a *rectification plan* by the end of the *quarter* immediately following the *quarter* in which the *investigation report* was completed.
- (b) Where the cause or causes for exceeding the standard have already been rectified before an *investigation report* is required to be prepared under

condition 4.1(a) of this Appendix 1, the *Licence Holder* is not required to prepare a *rectification plan* in respect of that breach of the relevant standard.

- (c) Where condition 2.3(a) of this Appendix 1 is met, the *Licence Holder* is not required to prepare a *rectification plan* in respect of that breach of the relevant standard.

4.2 An *investigation report* must:

- (a) identify the cause or causes for exceeding the relevant *individual feeder standard(s)*, *low-voltage SAPS standards*, or *direct connection standard(s)*;
- (b) where the cause or causes identified in paragraph (a) have already been rectified, identify the steps taken to rectify the causes, including when the steps were completed;
- (c) where the cause or causes identified in paragraph (a) have not yet been rectified or fully rectified, identify any reasonable solutions that can be implemented to rectify the causes to improve conformance with the relevant *individual feeder standard(s)*, *low-voltage SAPS standards*, or *direct connection standard(s)*, including:
 - (i) whether the solutions:
 - (A) involve expenditure on a distribution asset ('network options'); or
 - (B) do not involve expenditure on a distribution asset ('non-network options'); and
 - (ii) the steps required to implement each solution; and
- (d) in the case of an *investigation report* prepared because the *Licence Holder* has exceeded a *direct connection standard* - consider the terms of the *connection contract* (including network security arrangements) agreed with the *customer* of the affected *connection point*, including when the *customer* was connected to the *Licence Holder's distribution system*.

4.3 Subject to condition 4.4 of this Appendix 1, a *rectification plan* must:

- (a) set out:
 - (i) the solution(s) selected (unless condition 4.4 of this Appendix 1 applies such that there is no solution selected) to rectify the cause or causes for exceeding the relevant *individual feeder standard(s)*, *low-voltage SAPS standards* or *direct connection standard(s)*; and
 - (ii) the timeframes for completing the steps required to implement the solution(s); and
- (b) apply the following principles:
 - (i) the solution(s) selected must be subject to a cost-benefit analysis and must demonstrate a positive net benefit;
 - (ii) all reasonable steps to improve conformance with the *individual feeder standards*, *low-voltage SAPS standards* or *direct connection standards* should be taken;

Note: a reasonable step does not include a solution that demonstrates a negative net benefit for the purpose of improving conformance with the *individual feeder standards, low-voltage SAPS standards or direct connection standards*.

- (iii) the timeframe for rectification should be as short as reasonably practicable;
 - (iv) implementation of the *rectification plan* must commence no later than six months from the date the *investigation report* is completed; and
 - (v) solutions identified in condition 4.2(c) of this Appendix 1 involving a 'non-network option' are preferred where they are equal or more cost-effective than a network option.
- 4.4 For the purposes of condition 4.3 of this Appendix 1, the *Licence Holder* may decide not to select a solution if there is no solution that demonstrates a positive net benefit following a cost-benefit analysis.
- 4.5 Subject to condition 4.6 of this Appendix 1, if the *Licence Holder* has prepared a *rectification plan*, the *Licence Holder* must implement that *rectification plan*.
- 4.6 The *Licence Holder* is not required to implement the *rectification plan* in accordance with condition 4.5 of this Appendix 1 if:
- (a) condition 4.4 of this Appendix 1 applies such that there is no solution selected; or
 - (b) the *Licence Holder*:
 - (i) demonstrates to the satisfaction of the *Tribunal* that it is reasonable not to implement the *rectification plan*; and
 - (ii) has received written confirmation from the *Tribunal* that the *Tribunal* is satisfied that it is reasonable not to implement the *rectification plan*.
- 4.7 Where condition 4.4 of this Appendix 1 applies, the *Licence Holder* must, within one month of that decision, advise the *Tribunal* of the *Licence Holder's* non-conformance with the relevant *individual feeder standards, low-voltage SAPS standards or direct connection standards*.

5 Guaranteed service levels and payments

5.1 In this condition 5:

CPI means the consumer price index All Groups index number for the weighted average of eight capital cities, published by the Australian Bureau of Statistics; or, if the Australian Bureau of Statistics does not or ceases to publish the index, then CPI will mean an index determined by the *Tribunal*.

Note: Each *Licence Holder* is required to have a *connection contract* governing the supply of *customer connection services*. The contract is based on model terms, and is formed between a *Licence Holder* and *customer* connecting to the *Licence Holder's distribution system* where the *customer* does not enter into a negotiated contract.

DUOS means distribution use of system service as defined in the National Electricity Rules.

Eligible Customer means a *small customer* who is supplied by the *Licence Holder* under the *Licence Holder's connection contract*.

GSL 1 means, in respect of a *Licence Holder*, the level 1 guaranteed service level in row 1 of the *Licence Holder's* table in condition 5.2 of this Appendix 1.

GSL 1 Payment means:

- (a) for the period 1 July 2024 to 30 June 2025, \$120; and
- (b) for any subsequent *financial year*, \$120 multiplied by the Inflation Multiplier for that *financial year*.

GSL 2 means, in respect of a *Licence Holder*, the level 2 guaranteed service level in row 2 of the *Licence Holder's* table in condition 5.2 of this Appendix 1.

GSL 2 Payment means the annual DUOS fixed charge component of the *Licence Holder's* Tariff for the *financial year* to which the *GSL payment* relates. This charge is often called the 'network access charge'.

Inflation Multiplier means, for a *financial year*, CPI for the March *quarter* of the preceding *financial year* divided by CPI for the March *quarter* of 2024.

Tariff means N70 as contained in the *Licence Holder's* Tariff Structure Statement or such other tariff taken to be the Tariff in accordance with conditions 5.8 and 5.9 of this Appendix 1.

Tariff Structure Statement has the same meaning as in the National Electricity Rules.

5.2 The *guaranteed service levels* that apply to the *Licence Holder* are:

GSL 1	20 hours of <i>interruptions</i> or 10 <i>interruptions</i>
GSL 2	48 hours of <i>interruptions</i> or 20 <i>interruptions</i>

5.3 Subject to conditions 5.5, 5.6 and 5.7 of this Appendix 1, if the *Licence Holder* exceeds **GSL 1** at the Eligible Customer's premises in a *financial year*, it must pay the Eligible Customer the relevant **GSL 1 Payment** in accordance with this condition 5.

5.4 Subject to conditions 5.5, 5.6 and 5.7 of this Appendix 1, if the *Licence Holder* exceeds **GSL 2** at the Eligible Customer's premises in a *financial year*, it must pay the Eligible Customer the relevant **GSL 2 Payment** in accordance with this condition 5.

5.5 An Eligible Customer is only entitled to one **GSL 1 Payment** and one **GSL 2 Payment** in a *financial year*.

5.6 The *Licence Holder* is only required to make a payment under conditions 5.3 and 5.4 of this Appendix 1 where the Eligible Customer was a *customer* at the premises for all **GSL 1** or **GSL 2 interruptions**, as relevant, in the *financial year*.

5.7 The *Licence Holder* must take reasonable steps to:

- (a) make a *GSL payment* to an Eligible Customer if the Eligible Customer makes an application for a *GSL payment* within 12 weeks of the end of the *financial year* in which the relevant *GSL* was exceeded; and
- (b) within 12 weeks of the date of the application, pay an Eligible Customer who makes an application all *GSL payments* that the Eligible Customer is entitled

to, despite any deficiency in the form or content of the application made by the Eligible Customer.

Note: Nothing in this condition 5 prevents a *Licence Holder* from voluntarily making a *GSL payment* to an Eligible Customer where the Eligible Customer has not made a valid application, including where an application is deficient or made out of time.

Where the Tariff no longer applies

5.8 If the Tariff no longer applies, the *Licence Holder* must:

- (a) notify the *Tribunal* within 10 business days of the AER approving a Tariff Structure Statement that no longer includes the Tariff; and
- (b) at the same time as it provides the notice under condition 5.8(a) of this Appendix 1, nominate an equivalent tariff to the Tariff.

5.9 The tariff nominated under condition 5.8 of this Appendix 1 is taken to be the Tariff unless the *Tribunal* advises the *Licence Holder* within 20 business days that a different tariff is to apply, in which case, that tariff is taken to be the Tariff.

Communication of *GSL payments*

5.10 The *Licence Holder* must:

- (a) before the commencement of a *financial year*, publish in an easily accessible location on its website a dollar value estimate of each annual *GSL payment* for that *financial year*;
- (b) take reasonable steps to notify a *customer*:
 - i. that the *Licence Holder* reasonably considers, based on data available to it, that the *customer* may be entitled to a *GSL payment* or *GSL payments*; and
 - ii. of the process for making an application for a *GSL payment*; and
- (c) on request from a *customer*, provide written information on the availability of *GSL payments* and how to make an application.

5.11 From time to time, the *Tribunal* may require the *Licence Holder* to take additional steps to notify Eligible Customers in relation to *GSL payments*.

5.12 The *Licence Holder* must:

- (a) notify an applicant for a *GSL payment* of the outcome of the application in writing within 12 weeks of receiving the application;
- (b) specify in the notification:
 - (i) if a *GSL payment* is being made, the form and timing of that payment; and
 - (ii) if a *GSL payment* is not being made, the reasons for the decision.

Limitation of *GSL payment*

5.13 A *GSL payment* does not:

- (a) alter or diminish any rights that an Eligible Customer may have against any person under trade practices or other applicable legislation, common law or contract;
- (b) represent any admission of legal liability by the *Licence Holder*; and
- (c) alter, vary or exclude the operation of:
 - (i) section 119 of the *National Electricity (NSW) Law*;
 - (ii) sections 316 and 316A of the *National Energy Retail Law (NSW)*; and
 - (iii) any other statutory limitations on liability or immunities applicable to a *Licence Holder*.

6 Performance monitoring, reporting and information disclosure

Individual feeder standards report

- 6.1 For each *reporting period* for *individual feeder standards*, the *Licence Holder* must prepare and submit a report to the *Tribunal*. This report must:
- (a) be submitted by the date specified in the *Reporting Manual*, or if no date is specified, within one month of the end of the *reporting period*;
 - (b) for each *feeder*:
 - (i) identify whether the feeder is a *short feeder* or a *long feeder*;
 - (ii) state the *individual feeder standards* for the *feeder*, as calculated in accordance with condition 1 of this Appendix 1, for the *reporting period*; and
 - (iii) state the actual *SAIDI* and *SAIFI* performance of the *feeder* for the *reporting period*; and
 - (c) in addition to the requirements at condition 6.1(b) of this Appendix 1, for each *feeder* for which an *individual feeder standard* was exceeded in the *reporting period*:
 - (i) state the actual *SAIDI* and *SAIFI* performance of the *feeder* for each *quarter* in which an *individual feeder standard* was exceeded;
 - (ii) state whether an *investigation report* has been prepared for the purpose of condition 4.1 of this Appendix 1 and, if not, provide the reason why not;
 - (iii) where the *Licence Holder* has taken, or intends to take, rectification action to improve the performance of the *feeder*, specify:
 - (A) the rectification action;
 - (B) the date of completion (or, in the case of rectification action the *Licence Holder* intends to take, the planned date of completion); and
 - (C) whether the rectification action is or involves a non-network option; and

- (iv) where the *Licence Holder* has, following a cost-benefit analysis in accordance with condition 4.3 of this Appendix 1, determined not to undertake any further work to improve conformance with the *individual feeder standards*, provide an explanation; and
- (d) include any other matter notified by the *Tribunal* in writing.

Low-voltage SAPS standards report

6.2 For each *reporting period* for *low-voltage SAPS standards*, the *Licence Holder* must prepare and submit a report to the *Tribunal*. This report must:

- (a) be submitted by the date specified in the *Reporting Manual*, or if no date is specified, within one month of the end of the *reporting period*;
- (b) for each *low-voltage SAPS* state the actual *SAIDI* and *SAIFI* performance of the *feeder* for the *reporting period*; and
- (c) in addition to the requirement at condition 6.2(b) of this Appendix 1, for each *low-voltage SAPS* for which a *low-voltage SAPS standard* was exceeded in the *reporting period*:
 - (i) state the actual *SAIDI* and *SAIFI* performance of the *low-voltage SAPS* for each *quarter* in which a *low-voltage SAPS standard* was exceeded;
 - (ii) state whether an *investigation report* has been prepared for the purpose of condition 4.1 of this Appendix 1 and, if not, provide the reason why not;
 - (iii) where the *Licence Holder* has taken, or intends to take, rectification action to improve the performance of the *low-voltage SAPS*, specify:
 - (A) the rectification action;
 - (B) the date of completion (or, in the case of rectification action the *Licence Holder* intends to take, the planned date of completion); and
 - (C) whether the rectification action is or involves a non-network option; and
 - (iv) where the *Licence Holder* has, following a cost-benefit analysis in accordance with condition 4.3 of this Appendix 1, determined not to undertake any further work to improve conformance with the *low-voltage SAPS standards*, provide an explanation; and
- (d) include any other matter notified by the *Tribunal* in writing.

Direct connection standards report

6.3 For each *reporting period* for *direct connection standards*, the *Licence Holder* must prepare and submit a report to the *Tribunal*. This report must:

- (a) be submitted by the date specified in the *Reporting Manual*, or if no date is specified, within one month of the end of the *reporting period*;
- (b) for each *connection point* for which a *direct connection standard* was exceeded in the *reporting period*:

- (i) identify which *direct connection standard* was exceeded (including the minutes interrupted, number of *interruptions*, or both (as relevant)) and in which *quarter*;
 - (ii) state:
 - (A) the total number of minutes from any *interruption* during each *quarter* in which the *direct connection standard* was exceeded;
 - (B) the total number of *interruptions* during each *quarter* in which the *direct connection standard* was exceeded;
 - (iii) state whether an *investigation report* has been prepared for the purpose of condition 4.1 of this appendix 1 and, if not, provide the reason why not;
 - (iv) specify, where the *Licence Holder* has taken, or intends to take, rectification action to improve conformance with the *direct connection standards*:
 - (A) the rectification action;
 - (B) the date of completion (or, in the case of intended rectification action, the planned date of completion); and
 - (C) whether the rectification action is or involves a non-network option; and
 - (v) where the *Licence Holder* has, following a cost-benefit analysis in accordance with condition 4.3 of this Appendix 1, determined not to undertake any further work to improve conformance with the *direct connection standards*, provide an explanation; and
- (c) include any other matter notified by the *Tribunal* in writing.

Guaranteed service levels

- 6.4 The *Licence Holder* must prepare and submit a report to the *Tribunal*, in accordance with any requirements in the *Reporting Manual*, which sets out the following matters in relation to *guaranteed service levels*:
- (a) the *Licence Holder's* best estimate of the number of *customers* for whom the *Licence Holder* has exceeded the relevant *guaranteed service level* by reference to the type of *small customer* and *guaranteed service level*;
 - (b) the number of applications for *GSL payments* received by the *Licence Holder* by reference to type of *small customer* and *guaranteed service level*;
 - (c) the number of *GSL payments* made by the *Licence Holder* by reference to type of *small customer* and *guaranteed service level*; and
 - (d) any other matter notified by the *Tribunal* in writing.
- 6.5 The *Licence Holder* must prepare and publish on its website information about *guaranteed service levels* in accordance with any requirements in the *Reporting Manual*.

Planned interruptions

- 6.6 The *Licence Holder* must prepare and publish on its website a report on *planned interruptions* in accordance with any requirements in the *Reporting Manual*.

Major event days

- 6.7 Where a *major event day* has occurred, the *Licence Holder* must publish daily updates advising affected *customers* of the estimated time for the restoration of supply in accordance with any requirements in the *Reporting Manual*.

Distributed energy resources

- 6.8 The *Licence Holder* must collect and publish information on its website in relation to distributed energy resources in accordance with any requirements in the *Reporting Manual*.

Customer compensation schemes

- 6.9 The *Licence Holder* must report information to the *Tribunal*, to be published by the *Tribunal* at the *Tribunal's* discretion, about the compensation schemes it offered *customers* in accordance with any requirements contained in the *Reporting Manual*.

Incident reporting

- 6.10 The *Licence Holder* must prepare and submit a report on any incident in accordance with any requirements contained in the *Reporting Manual*.

Independent audit report

- 6.11 For the 2024-25 *financial year* and any other subsequent *financial year* as required by the *Tribunal* from time to time, the *Licence Holder* must arrange, in accordance with conditions 6.12 to 6.17 of this Appendix 1, for an independent audit to be conducted of the *Licence Holder's* performance against:

- (a) the *individual feeder standards*;
- (b) the *low-voltage SAPS standards*;
- (c) the *direct connection standards*;
- (d) the *guaranteed service levels*;
- (e) the obligation to prepare and publish a report on *planned interruptions* in condition 6.6 of this Appendix 1;
- (f) the obligation to publish updates in relation to *major event days* in condition 6.7 of this Appendix 1;
- (g) the obligations to collect and publish information in condition 6.8 of this Appendix 1;

- (h) the obligation to publish information in condition 6.9 of this Appendix 1; and
 - (i) the obligation to prepare and submit incident reports in condition 6.10 of this Appendix 1.
- 6.12 The audit must be conducted in accordance with the *Audit Guidelines*.
- 6.13 A *Licence Holder* must nominate a person to conduct the independent audit by written notice to the *Tribunal* in accordance with auditor nomination procedures published in the *Audit Guidelines*.
- 6.14 The person nominated to conduct the independent audit is to be a person who is:
- (a) independent of the *Licence Holder*, and
 - (b) competent to exercise the functions of an auditor in respect of the matters to be audited.
- 6.15 The nomination of an auditor by the *Licence Holder* ceases to have effect if the *Tribunal* advises the *Licence Holder* by notice in writing, that the nomination is not acceptable or has ceased to be acceptable.
- 6.16 The *Tribunal* may nominate an auditor to carry out an audit and the person is taken to have been nominated by the *Licence Holder* if:
- (a) the nomination of an auditor by the *Licence Holder* ceases to have effect; or
 - (b) the *Licence Holder* fails to nominate an auditor to carry out the audit in accordance with any requirements specified by the *Tribunal* by notice in writing to the *Licence Holder*.
- 6.17 Where an independent audit is required under condition 6.11 of this Appendix 1, a *Licence Holder* must provide a copy of the auditor's report to the *Tribunal* by 30 September each year or such other date as approved in writing by the *Tribunal*.
- 6.18 For the 2023-24 *financial year*, a *Licence Holder* must provide the independent audit report required by conditions 5.7 to 5.13 set out in Appendix 1 of Schedule A of this Instrument to the *Tribunal* by 30 September 2024.

General matters concerning reports

- 6.19 The *Tribunal* may from time to time prescribe requirements to be followed by the *Licence Holder* in respect of reports required by this condition in the *Reporting Manual* and the *Licence Holder* must comply with any such requirements.
- 6.20 The *Tribunal* may from time to time require, by notice in writing to the *Licence Holder*, further reports relating to these *Licence* conditions including reports relating to capital expenditure, network refurbishment and maintenance programs.
- 6.21 A *Licence Holder* must provide a report submitted to the *Tribunal* under this condition to the *Minister* if requested to do so by the *Minister* by notice in writing.

7 Definitions

7.1 EXCLUDED INTERRUPTIONS

- (a) In this condition 7.1:
load shedding means reducing or disconnecting load from the power system;
system operator has the same meaning as 'regulated distribution system operator' in the *National Electricity (NSW) Law*.
- (b) The following types of *interruptions* are *excluded interruptions*:
- (i) an *interruption* of a duration of three minutes or less;
 - (ii) an *interruption* resulting from:
 - (A) load shedding due to a generation shortfall;
 - (B) automatic load shedding due to the operation of under-frequency relays following the occurrence of a power system under-frequency condition described in the Power System Security and Reliability Standards made under the National Electricity Rules;
 - (C) load shedding at the direction of the Australian Energy Market Operator or *system operator*;
 - (D) a failure of the shared transmission network;
 - (E) the exercise of an obligation, right or discretion imposed, or provided for, under the *Act* or *Regulations* or national electricity legislation;
 - (iii) an *interruption* caused by a failure of transmission connection assets unless the *interruption* was due to:
 - (A) action or inaction of the *Licence Holder* that is inconsistent with good industry practice; or
 - (B) inadequate planning of transmission connections and the *Licence Holder* is responsible for transmission connection planning;
 - (iv) an *interruption* caused, or extended, by a direction from a NSW or Federal *emergency service organisation*, provided that a fault in, or the operation of, the *distribution system* did not cause, in whole or in part, the event giving rise to the direction;
 - (v) a *planned interruption*; and
 - (vi) an *interruption* which commences on a *major event day*.

7.2 MAJOR EVENT DAY

The following methodology for identifying *major event days* is based on IEEE Std. 1366-2012, *IEEE Guide for Electric Power Distribution Reliability Indices*, by the Institute of Electrical and Electronics Engineers (IEEE).

Explanation and Purpose

The following process ("**Beta Method**") is used to identify *major event days* which are to be excluded from the *individual feeder standards* for the purposes of condition 1 of this Appendix 1, *low-voltage SAPS standards* for the purposes of condition 2 of this Appendix 1, and *direct connection standards* for the purposes of condition 3 of this Appendix 1. The method is to be used provided that the natural log transformation of the data closely resembles a Gaussian (normal) distribution. Where this is not the case, the *Licence Holder* may seek the *Tribunal's* approval to apply a different threshold value.

A *major event day* under the Beta Method is one in which the daily total system SAIDI value ("**daily SAIDI value**") exceeds a threshold value, *TMED*. The SAIDI is used as the basis of determining whether a day is a *major event day* since it leads to consistent results regardless of utility size and because the SAIDI is a good indicator of operational and design stress.

In calculating the daily total SAIDI, any *interruption* that spans multiple days is deemed to accrue on the day on which the *interruption* begins. That is, all minutes without supply resulting from an *interruption* beginning on a *major event day* are deemed to have occurred in the *major event day*, including those minutes without supply occurring on following days.

For the purpose of calculating *TMED* and the daily SAIDI values, an *interruption* referred to in condition 7.1(b)(vi) of this appendix 1 is not an *excluded interruption*.

Determining a major event day

The *major event day* identification threshold value *TMED* is calculated at the end of each *financial year* for each *Licence Holder* for use during the next *financial year* as follows:

- (a) Collect daily SAIDI values for the last five *financial years* ending on the last day of the last complete *reporting period*. If fewer than five years of historical data are available, use all available historical data for the lesser period.
- (b) Only those days that have a daily SAIDI value will be used to calculate the *TMED* (do not include days that did not have any *interruptions*).
- (c) Calculate the natural logarithm (ln) of each daily SAIDI value in the data set.
- (d) Find α (Alpha), the average of the logarithms (also known as the log-average) of the data set.
- (e) Find β (Beta), the standard deviation of the logarithms (also known as the log-standard deviation) of the data set.
- (f) Complete the *major event day* threshold *TMED* using the following equation:

$$TMED = e^{(\alpha + 2.5\beta)}$$

- (g) Any day with a daily SAIDI value greater than the threshold value *TMED* which occurs during the subsequent *financial year* is classified as a *major event day*.

Treatment of a major event day

To avoid doubt, a *major event day*, and all *interruptions* beginning on that day, are excluded from the calculation of a *Licence Holder's* SAIDI and SAIFI.

APPENDIX 2 CRITICAL INFRASTRUCTURE LICENCE CONDITIONS

For the purposes of conditions 1, 2 and 4 in this Appendix 2, it is acknowledged that the assets which the Licence Holder operates may constitute "critical infrastructure" being those physical facilities, supply chains, information technologies and communication networks which, if destroyed, degraded or rendered unavailable for an extended period, would significantly impact on the security, social or economic wellbeing of the State of New South Wales and other States and Territories which are from time to time electrically interconnected with New South Wales and other States and Territories. The Critical Infrastructure Licence Conditions in this Appendix 2 will be reviewed by the Minister from time to time (and where necessary) in consultation with responsible Ministers of the Commonwealth and relevant States and Territories. These licence conditions will be reviewed by the Minister from time to time (and where necessary) in consultation with responsible Ministers of the Commonwealth and relevant States and Territories. According to its own legislation and policy, the Commonwealth may require a Licence Holder to agree to certain arrangements. The Licence Holder should also establish procedures for sharing national security threats with the Critical Infrastructure Centre and action received information on a good-faith basis.

1 Substantial presence in Australia

- 1.1 Except to the extent allowed for under the *Protocol* agreed with the *Commonwealth Representative*, the *Licence Holder* must take all practical and reasonable steps to ensure:
- (a) the maintenance of its *distribution system* is undertaken solely from within Australia, except where maintenance requires either physical servicing of components offshore or the acquisition of replacement components from outside Australia. In such an instance it is the responsibility of the senior officer responsible for network operations to ensure this maintenance does not impact condition 1.2 of this Appendix 2; and
 - (b) that any third party or non-*Licence Holder* employee, including individuals/entities from outside Australia, undertaking maintenance of the *distribution system* is subject to the approval of the senior officer responsible for network operations.
- 1.2 Except to the extent that the *Licence Holder* is undertaking steps in accordance with, and for the duration of, a *Protocol* agreed with the *Commonwealth Representative*, the *Licence Holder*:
- (a) must, by using best industry practice for electricity network control systems, ensure that operation and control of its *distribution system*, including all associated ICT infrastructure, can be accessed, operated and controlled only from within Australia, and that its *distribution system* is not connected to any other infrastructure or network which could enable it to be controlled or operated by persons outside Australia; and
 - (b) must notify the *Commonwealth Representative* in advance of any engagement with the market to procure a contract under which it outsources the operation and control of its *distribution system*, including any ICT infrastructure associated with the operation and control of its *distribution system*.

Note: *For the purposes of Licence condition 1.2(a) in this Appendix 2:*

Best industry practice includes access required by relevant Australian regulators and market and system operators to meet the Licence Holder's obligations under Australian law.

- 1.3 The *Licence Holder* must:
- (a) have at least two directors who are Australian citizens; and

(b) have senior officers responsible for (notwithstanding their title):

- (i) operational technology;
- (ii) network operations; and
- (iii) security operations,

in relation to its *distribution system*,

who are persons residing in Australia and hold an appropriate national security clearance, being a clearance of not less than Negative Vetting Level 1 (or equivalent) issued by the NSW Government on advice from the Australian Government Security Vetting Agency (AGSVA).

Note: For the purposes of Licence condition 1.3(b) of this Appendix 2:

The senior officer responsible for operational technology is the officer whose responsibilities include:

- *Delivering the Supervisory Control and Data Acquisition (SCADA) capability required to safely and reliably operate the NSW distribution system;*
- *Developing and implementing strategies to manage cyber security and other threats affecting the network operational technology environment; and*
- *Developing systems for effectively managing assets remotely, including but not limited to network switches, condition monitoring and remote interrogation or operation of protection systems and relays.*

The senior officer responsible for network operations is the officer whose responsibilities include:

- *The day to day operation, monitoring and maintenance of the distribution system; and*
- *Directing the operational planning, management, control and security of the distribution system.*

The senior officer responsible for security operations is the officer whose responsibilities include:

- *Approval for the Licence Holder's personnel or other nominated personnel to access the Licence Holder's information systems or physical access to the Licence Holder's premises and associated infrastructure;*
- *Personnel security; and*
- *Managing relationships with Commonwealth and state government agencies.*

Note: *The above responsibilities may be held by a single officer or shared between more than one officer. Where the responsibilities are shared between more than one officer, the relevant senior officer responsibility contemplated in condition 1.1(a) of this Appendix 2 is the joint responsibility of the multiple officers and the approval contemplated in condition 1.1(b) of this Appendix 2 must be obtained from each of those officers.*

1.4 The *Licence Holder* is not in breach of its obligations under:

- (a) condition 1.3(a) of this Appendix 2 if, in the case of a casual vacancy on the board of directors, the vacancy is filled within two months of the casual vacancy first occurring;
- (b) condition 1.3 of this Appendix 2 if, following:
 - (i) the *first issue of these conditions* to the *Licence Holder*; or
 - (ii) any position identified in condition 1.3 of this Appendix 2 being vacated or the *Relevant Person* ceasing to satisfy the qualifications set out there for any reason,

the *Licence Holder*:

- (iii) procures the appointment of a person to the relevant position that the *Licence Holder* bona fide believes will be able to obtain the required security clearance; and
- (iv) has procured that the person applies for the required security clearance.

1.5 The exception in condition 1.4(b) of this Appendix 2 ceases to apply to the *Licence Holder* if:

- (a) an appointment and application for national security clearance for the person is not made within 4 months of (as relevant) the *first issue of these conditions* or the relevant vacancy or disqualification occurring; or
- (b) if the application referred to in condition 1.5(a) of this Appendix 2 is made and is rejected or withdrawn, the *Licence Holder* does not procure a replacement application being made within 4 months of that rejection or withdrawal; or
- (c) the *Licence Holder* does not procure compliance with condition 1.3(b) of this Appendix 2 in any event with respect to any position within 8 months (or such longer period as approved in writing by the *Minister*) of (as relevant) the *first issue of these conditions* or the relevant vacancy occurring.

2 Data security

2.1 The *Licence Holder* must ensure that:

- (a) all of its information (being design specifications, operating manuals and the like) as to the operational technology (such as the SCADA system) and associated ICT infrastructure of the operational network is held solely within Australia, and that such information is accessible only by a *Relevant Person* who has been authorised by the *Licence Holder* and only from within Australia;

(b) all:

- (i) *Load Data*; and
- (ii) *Bulk Personal Data Records*,

relating to or obtained in connection with the operation of the *distribution system* by a *Relevant Person* is held solely within Australia, and is accessible only by a *Relevant Person* or a person who has been authorised by the *Licence Holder*; and

- (c) it does not export, and has appropriate security controls in place to prevent the export of, *Bulk Personal Data Records* relating to or obtained in connection with the operation of the *distribution system* by a *Relevant Person*, outside of Australia.

2.2 The *Licence Holder* is not in breach of its obligations under conditions 2.1(a), 2.1(b)(i) or 2.1(c) of this Appendix 2 if the *Licence Holder* discloses, holds, uses or accesses any information or data referred to in those conditions, or the *Licence Holder* allows a

Relevant Person approved by the senior officer referred to in condition 1.3(b)(i) of this Appendix 2 to disclose, hold, use or access any information or data referred to in those conditions for the purposes of:

- (a) disclosure to a recognised stock exchange so that such information is made available publicly in compliance with a binding obligation on the part of the *Licence Holder* or that *Associate* to do so;
- (b) complying with any law of the Commonwealth of Australia, or of any of its States and Territories;
- (c) disclosure to the financial, accounting, insurance, legal, regulatory and other advisers, auditors, insurers, security trustees and financiers (and each of their advisers) of the *Licence Holder*, any *Associate*, and any bona fide prospective purchaser of any interest in, or of any interest in the main undertaking of, the *Licence Holder* or any *Associate*, but in each case only to the extent necessary in order for those persons to provide the advisory or other services bona fide required of them;
- (d) disclosure to participants, regulators and service providers in the electricity sector, provided it is in the ordinary course of business and in accordance with good electricity industry practice, and such information is required by those persons to provide the services or to perform the functions bona fide required of them;
- (e) providing aggregated data which does not permit identification of any particular *customer* or *customer's connection points* or their demand characteristics;
- (f) allowing a service provider or contractor to hold, use or access information where that arrangement is approved by the *Tribunal*, in the case of arrangements approved as of the *first issue of these conditions*, and otherwise where the *Licence Holder* has provided the *Commonwealth Representative* with a submission demonstrating that:
 - (i) the service provider or contractor is reputable; and
 - (ii) the service provider or contractor has data security systems in place to ensure information security is maintained,

and has obtained the written agreement of the *Commonwealth Representative* for the arrangement; or

- (g) such other circumstances as approved by the *Tribunal* in writing. Prior to seeking approval from the *Tribunal*, the *Licence Holder* must provide the *Commonwealth Representative* with a reasonable opportunity within a period not ending less than 60 calendar days to confirm in writing to the *Tribunal* that the Commonwealth does not intend to make any further requests or submissions in relation to the matter.
- 2.3 The *Licence Holder* is not in breach of its obligations under condition 2.1(b)(ii) of this Appendix 2 if a *Relevant Person* or a person authorised to access the information by the *Licence Holder* discloses, holds, uses or accesses personal information in accordance with the *Privacy Act 1988* (Cth).
- 2.4 The *Licence Holder* must ensure that third party data or information (including without limitation communications within the meaning of the *Telecommunications (Interception and Access) Act 1979* (Cth), personal information within the meaning of the *Privacy Act 1988* (Cth), and closed-circuit television footage) which is indirectly accessed or obtained by the *Licence Holder* because that third party data or information is transferred by a carrier or other party using the *Licence Holder's* infrastructure, are held by the *Licence Holder* solely within Australia, and are accessible only by a *Relevant Person* or a

person who has been authorised by the *Licence Holder* and, in each case, only from within Australia.

3 Consultation with the Commonwealth

3.1 If the *Licence Holder* is a *Foreign Person*, in considering whether to provide or withhold approval under conditions 2.2(f) or 2.2(g) of this Appendix 2, the *Tribunal* must:

- (a) notify the *Commonwealth Representative* that the *Tribunal's* approval under conditions 2.2(f) or 2.2(g) of this Appendix 2 (as applicable) is being sought by the *Licence Holder*, and
- (b) provide the Commonwealth with a reasonable opportunity to:
 - (i) request such information as the Commonwealth reasonably requires; and
 - (ii) make submissions to the *Tribunal* on whether the *Tribunal* should provide its approval, and if so, the terms upon which that approval should be provided,

within a period ending not less than 60 calendar days from the date of notification under condition 3(a) of this Appendix 2 unless the *Commonwealth Representative* confirms in writing to the *Tribunal* that the Commonwealth does not intend to make any further requests or submissions in relation to the matter.

4 Compliance

4.1 By 30 September each year the *Licence Holder* must furnish a report to the *Tribunal* and the *Commonwealth Representative* detailing whether the *Licence Holder* has complied with conditions 1 and 2 of this Appendix 2 over the preceding *financial year* to 30 June.

4.2 The report required under condition 4.1 of this Appendix 2 must be audited by an *Approved Auditor* by a date specified by the *Tribunal*. The audit required by this condition 4.2 of Appendix 2 must be a comprehensive audit and must meet any requirements specified by the *Tribunal*. The *Licence Holder* must provide the audited report to the *Commonwealth Representative* at the same time that the report is provided to the *Tribunal*.

4.3 The *Tribunal* may provide guidance to the *Approved Auditor* as to whether the *Licence Holder's* practices have satisfied or will satisfy conditions 1 and 2 of this Appendix 2.

4.4 The report required under condition 4.1 of this Appendix 2 must be accompanied by a certification in writing supported by a resolution of the Board of the *Licence Holder* that, with respect to the relevant period:

- (a) the *Licence Holder* has complied with conditions 1 and 2 of this Appendix 2; or
- (b) the *Licence Holder* has not complied with conditions 1 and 2 of this Appendix 2 and certifying the nature and extent of each non-compliance and the steps taken by the *Licence Holder* to ensure compliance (and to preclude further non-compliance) and the timeframe within which it expects to achieve compliance.

