

SCHEDULE LISTING MINISTERIALLY IMPOSED LICENCE CONDITIONS FOR DISTRIBUTION NETWORK SERVICE PROVIDERS

This schedule provides a comprehensive list of conditions which the Minister has determined to impose pursuant to clause 6 (1) (b) of Schedule 2 of the *Electricity Supply Act 1995* (the Act). This schedule is a complete list of all ministerially-imposed conditions. In addition to ministerially-imposed conditions, licensees are subject to obligations imposed by the Act, Regulations or associated regulatory instruments. Licensees are encouraged to obtain independent advice as to the conditions and obligations of their licence.

1. Expansion of distribution system

- 1.1 Before expanding its distribution system or the capacity of its distribution system, the *Licence Holder* must carry out investigations (being investigations to ascertain whether it would be cost-effective to avoid or postpone the expansion by implementing demand management strategies) in circumstances in which it would be reasonable to expect that it would be cost effective to avoid or postpone the expansion by implementing such strategies.
- 1.2 The *Licence Holder* must prepare and publish annual reports in relation to the investigations carried out by it pursuant to clause 1.1.
- 1.3 The *Minister* may from time to time establish guidelines to be followed by the *Licence Holder* in complying with clause 1.1 and the *Licence Holder* must comply with any such guidelines.

2 National Electricity Market registration

At all times during the term of this *Licence*, the *Licence Holder* must hold and comply with the conditions of:

- (a) a network operator's authorisation; or
- (b) 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, throughout the term of this *Licence*, satisfy the same technical and prudential criteria that it is required to meet as a condition of the network operator's authorisation, or the equivalent authorisation or right of participation in any national electricity market, referred to in clause 2.

4 Separation of distribution system business

4.1 In this clause 4.2 to 4.4:

- (a) "distribution system operation affairs" means the business and affairs of the *Licence Holder* relating to the operation and maintenance of the *Licence Holder's* distribution system for the purposes of conveying electricity for retail suppliers;
- (b) "distribution system operation functions" means the accounting, management and operational functions of the *Licence Holder's* distribution system operation affairs; and
- (c) "resource" includes, without limitation, any asset, service, employee, consultant or contractor.

- 4.2 The distribution system operation affairs of the *Licence Holder* must be kept separate from the other affairs of the *Licence Holder*, including its affairs in relation to the supply of electricity, subject to clause 4.4.
- 4.3 The *Licence Holder* must keep separate accounting and business records for its distribution system operation functions.
- 4.4 The *Licence Holder* may use any resource for both its distribution system operation affairs and any of its other affairs, provided that resource is allocated and costed between those affairs in the same way as it would be allocated and costed between separate unrelated legal entities sharing that resource on a commercial arms length basis.
- 4.5 The *Minister* may from time to time establish guidelines to be followed by the *Licence Holder* in complying with clause 4 and the *Licence Holder* must comply with any such guidelines.

5 Customer connection contracts

- 5.1 The *Licence Holder* must comply with all provisions of the Act and the Regulations under the Act concerning the procedure for making, the content and effect of standard form customer connection contracts.
- 5.2 The *Licence Holder* must comply with all provisions of the Act in relation to negotiated customer connection contracts.
- 5.3 Before entering into a negotiated customer connection contract with any person, the *Licence Holder* must:
- (a) disclose in writing to that person that the person is entitled to a standard form customer connection contract with the *Licence Holder*, under Part 3 Division 2 of the Act; and
 - (b) provide that person, upon request, with a copy of the standard form customer connection contract relevant to the person.

6 Provision of connection services to an exempt person

- 6.1 In this clause:
- (a) "connection services" means any of the following services:
 - (i) the connection of any other distribution system to the *Licence Holder's* distribution system; and
 - (ii) an increase in the maximum capacity of any such connection.
 - (b) "exempt person" means a person who:
 - (i) owns or controls a distribution system and who is exempt by regulation from the operation of section 13 of the Act; or
 - (ii) has arrangements for the supply of electricity which are exempt by regulation from the operation of section 98 of the Act, due to the electricity being generated by means of one or more generating systems specified in the regulation.
- 6.2 The *Licence Holder* must not provide connection services to an exempt person otherwise than under a connection contract which complies with clause 6.3.
- 6.3 A connection contract must include a condition imposed by the *Licence Holder* requiring the exempt person to adopt and comply with reasonable standards for the safe and efficient connection, whether direct or indirect:

- (a) to the *Licence Holder's* distribution system of any distribution system, generating system or customer installation, owned or controlled by the exempt person; and
- (b) to any distribution system owned or controlled by the exempt person, of any distribution system, generating system or customer installation.

7 Reporting in accordance with Reporting Manuals

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

8 Compliance management systems

The *Licence Holder* must develop and maintain internal systems capable of effectively managing compliance with its *Licence*.

9 Compliance with statistical operating obligations

The *Licence Holder* must provide to the *Minister* or the *Minister's* nominee such operating statistics and performance indicators as may be requested from time to time by the *Minister* or the *Minister's* nominee. The *Minister* or the *Minister's* nominee 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 materially different type or category to that provided under the initial or a subsequent request.

10 Information about compliance with Licence Conditions

The *Licence Holder* must furnish to the *Minister* (at such times and in respect of such periods as the *Minister* may determine) such information as the *Minister* may determine, to enable the *Minister* to ascertain whether or not the *Licence Holder* is complying with these *Licence* conditions.

11 Ring Fencing

11.1 In this clause:

- (a) "Code" has the same meaning as in s3 of the *National Electricity (NSW) Law*.
- (b) "Commencement Date" means the date on which this *licence* condition commences, namely on the seventh day after the day that this *licence* condition is made.
- (c) "Distribution Ring Fencing Guidelines" are those guidelines developed by the *Tribunal* as jurisdictional regulator under clause 6.20(2)(b) of the Code.

11.2 The *Licence Holder* must comply with:

- (a) the Distribution Ring Fencing Guidelines developed as at the Commencement Date (the "original version"); and
- (b) amendments, revisions, or modifications to the original version of the Distribution Ring Fencing Guidelines, following notification by the *Minister*.

12 Further or varied conditions

12.1 Any further conditions imposed on distribution network service provider's *licences* from time to time by:

- (a) any Regulation issued under the *Act*; or
- (b) the *Minister* under clause 6(1) or 6(2) of Schedule 2 of the *Act*; or any variations made to the conditions of distribution network service provider's *licence* from time to time by:

- (c) any amendments to the Act or any *Regulations* issued under the Act; or
- (d) the *Minister* under clause 7 of Schedule 2 of the Act; will be taken to be included in and form part of these *Licence* conditions, unless the *Licence* or the *Licence Holder* are expressly excluded from the application of those further or varied conditions.

12.2 Clauses 12.1(b) and (d) are subject to the provisions of section 95 of the Act.

13 Licence fees

13.1 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.

13.2 The *Licence Holder* must pay the fees referred to in clause 13.1 in the manner and within the period specified by the *Minister*.

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) the word "person" includes a natural person and any body or entity whether incorporated or not;
- (e) references to clauses are references to clauses 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>
Licence	means the distribution network service provider's licence authorising the Licence Holder to operate its distribution system so as to convey electricity for or on behalf of the retail suppliers which the Licence Holder is taken to hold in accordance with clause 110(1) of the <i>Electricity Supply (General) Regulations 2001</i>
Licence Holder	means a person who is the holder of a Licence
Minister	means the Minister responsible for administering the Act
Regulations	means regulations made under the Act
Retail Supplier's Licence	means a licence referred to in section 33 of the Act
Tribunal	means the Independent Pricing and Regulatory Tribunal of New South Wales established under the Independent Pricing and Regulatory Tribunal Act 1992.