



Ref: 20220211MC:CB

11 February 2022

The Independent Pricing and Regulatory Tribunal
Via online submission

Submission to IPART's Issues Paper and Draft Report - Review of electricity network operators' licences

Essential Energy welcomes the opportunity to respond to the Independent Pricing and Regulatory Tribunal (IPART) Issues Paper and Draft Report ("the Report") of the review of electricity network operators' licences.

We support IPART's use of the Best Practice Licencing Framework for this review and the intention to simplify, clarify, and reduce duplication of obligations for network operators.

Essential Energy is supportive of all of the recommendations proposed, but we also propose some enhancements that would further reduce the administrative burden for electricity network operators. We also request clarification on the interaction with another IPART instrument for operating outside distribution districts.

Please refer to the attached table for Essential Energy's responses to all of the questions posed by IPART.

If you would like to discuss this response further, please contact our Network Regulation Manager, [REDACTED] on [REDACTED] or via [REDACTED]

Yours sincerely

[REDACTED]

[REDACTED]

Executive General Manager Corporate Affairs

Essential Energy's responses to questions raised by IPART		
1.	<p>Do you agree with our preliminary position of not reviewing critical infrastructure licence conditions at this time?</p>	<p>We agree with not reviewing the critical infrastructure licence conditions at this time, but request that when these are reviewed, that the resultant conditions are written in a way that makes them easy to interpret and apply</p>
2.	<p>Do you agree with our preliminary position of amending the Transmission Reliability Standard to include a Bulk Supply point definition?</p>	<p>We agree with the proposed changes</p>
3.	<p>Do you agree with our preliminary positions of:</p> <ul style="list-style-type: none"> • amending the existing licence conditions to allow Ausgrid, Endeavour Energy and Essential Energy to agree and authorise operation outside of distribution districts in writing? • amending the existing licence conditions to require Ausgrid, Endeavour Energy and Essential Energy to keep a record of an agreement to operate outside of distribution districts and make the record available to IPART on request? <p>Does our proposed solution capture the objective of ensuring that network extensions outside of legislated distribution districts are undertaken in a planned and controlled manner?</p> <p>Are there any other risks associated with operation outside of distribution districts that need to be managed through licence conditions?</p>	<p>We agree with the proposed changes</p>
4.	<p>Do you agree with our preliminary positions of removing the licence conditions that require Network Operators to:</p> <ul style="list-style-type: none"> • be registered or exempt from the requirement to be registered as a Network Service Provider under the National Electricity Rules? • 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? • 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 (as specified above)? 	<p>We agree with the removal of these conditions.</p>

Essential Energy's responses to questions raised by IPART		
5.	Do you agree with our preliminary position of removing the licence conditions requiring Transgrid to submit an Annual Demand Forecast to AEMO?	We agree with the removal of this condition
6.	Do you agree with our preliminary position of retaining the current requirement for Network Operators to have, implement and comply with their Business Continuity Plan?	We agree with retaining this condition
7.	Do you agree with our preliminary positions of: <ul style="list-style-type: none"> retaining the requirement to have an AMS? retaining the requirement to certify the AMS? removing from the licences the requirement to notify IPART of proposed significant changes to the AMS? removing from the licences of Ausgrid and Endeavour Energy the requirement to have and maintain an AMS within two years of the date of their licences? amending the relevant standard in the licences of Ausgrid, Endeavour Energy and Transgrid to AS ISO 55001:2014 <i>Asset management - Management systems – Requirements</i>? including a condition in the licences of Ausgrid, Endeavour Energy and Transgrid allowing them to request the Tribunal to approve use of an alternative asset management standard? 	We agree with the proposed changes.
8.	Do you agree with our preliminary positions of: <ul style="list-style-type: none"> retaining the requirement to have an EMS? retaining the requirement to certify the EMS? removing from the licences the requirement to notify IPART of proposed significant changes to the EMS? removing from the licences of Ausgrid and Endeavour Energy the requirement to have and maintain an EMS within two years of the date of their licences? amending the relevant standard in the licences of Ausgrid, Endeavour Energy and Transgrid to AS/NZS ISO 14001:2016 <i>Environmental management systems - Requirements with guidance for use</i>? including a condition in the licences of Ausgrid, Endeavour Energy and Transgrid allowing them to request the Tribunal to approve use of an alternative environmental management standard? 	We agree with the proposed changes.

Essential Energy's responses to questions raised by IPART		
9.	<p>Do you agree with our preliminary positions of:</p> <ul style="list-style-type: none"> retaining the licence condition requiring Network Operators to prepare and submit reports in accordance with any reporting manuals issued by the Tribunal? retaining the licence condition requiring Network Operators to comply with any audit guidelines issued by the Tribunal? 	<p>We agree with retaining these conditions.</p> <p>We suggest that there is also a focus on streamlining of the reporting manuals and audit guidelines across State regulators. This would minimise reporting of completely different information for NSW, QLD and ACT regulators.</p>
10.	<p>Do you agree with our preliminary position of retaining the existing licence condition requiring the Network Operators to ensure that internal systems are developed and maintained that are capable of effectively managing compliance with their licence?</p>	<p>We agree with retaining this condition</p>
11.	<p>Do you agree with our preliminary positions of:</p> <ul style="list-style-type: none"> retaining the existing licence condition requiring Network Operators to provide operating statistics and performance indicators as may be required from time to time by the Tribunal? retaining the existing licence condition requiring Network Operators to furnish to 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? 	<p>We agree with retaining these conditions</p>
12.	<p>Do you agree with our preliminary position of removing the employment guarantee licence conditions from the licences of Ausgrid, Endeavour Energy and Transgrid?</p>	<p>We agree with the proposed change</p>
13.	<p>Do you agree with our preliminary positions of:</p> <ul style="list-style-type: none"> retaining the existing licence condition requiring Ausgrid, Endeavour Energy and Essential Energy to comply with the Public Lighting Code? replacing the existing licence condition requiring Ausgrid, Endeavour Energy and Essential Energy to comply at their own expense with any request from the Tribunal to audit their compliance with the Public Lighting Code, with a general auditing provision? 	<p>We agree with the proposed changes.</p> <p>We note the issues raised in the Public Lighting Code Review in relation to the severity of breaches, and the suggestions raised to align breaches with something similar to the AER breach framework.</p>
14.	<p>Do you agree with our preliminary positions of:</p> <ul style="list-style-type: none"> retaining the existing licence condition requiring the Network Operators to pay fees (annual or otherwise) in connection with holding their licence 	<p>We agree with retaining these conditions</p>

Essential Energy's responses to questions raised by IPART

as may be determined by the Minister from time to time?

- retaining the existing licence condition requiring the Network Operators to pay licence fees in the manner and within the period specified by the Tribunal?

15. Do you agree with our preliminary positions of:

- including a general audit power in the amended licences?
- including a licence condition requiring audits to be conducted at the expense of the relevant network operator?

We agree with the proposed changes.

We also suggest IPART plan audits over a longer planning horizon and notify DNSPs appropriately. For example, advance notice will enable DNSPs to engage auditors under multi-year arrangements where cost and efficiency benefits are realised through reduced administration and procurement costs. This also gives the auditor continuity, removes the need to educate/ familiarise the auditor each time, and there may be synergies between audits as well.