# Utilities (Variation of licence) Notice 2011 (No 3)

### Notifiable instrument NI2011-658

made under the

Utilities Act 2000, section 52 (Public notice of licence decisions) and section 53 (Public access to licences)

### 1 Name of instrument

This instrument is the *Utilities* (Variation of licence) Notice 2011 (No. 3).

### 2 Commencement

This instrument commences the day after it is notified.

### 3 Purpose of the instrument

Under section 38 of the *Utilities Act 2000*, the Independent Competition and Regulatory Commission has varied the licences of Country Energy (ABN 37 428 185 226) to provide electricity supply services under section 6 (c) of the Act and gas supply services under section 9 (d) of the Act, to reflect the change of name of the company to Essential Energy (ABN 37 428 185 226).

### 4 Variation to licence

The licences as varied are at Schedules 1 and 2 to this instrument.

### 5. Public access to documents

A copy of the licence and the record of the decision relating to the variation of the licence, is available for inspection by members of the public:

- at the Commission's offices (located at Level 2, 12 Moore Street, Canberra City, ACT) during ordinary office hours; and
- on the Commission's website (www.icrc.act.gov.au).

Copies of these documents can be made at the Commission's offices. Electronic copies are available on request. No charge will apply to the inspection or copying of the documents.

Malcolm Gray Senior Commissioner Independent Competition and Regulatory Commission

19 October 2011

### Schedule 1 Variation of electricity supply services licence

(see clause 4 of this instrument)

The attached licence is the utility service licence, as varied, granted to Essential Energy (ABN 37 428 185 226). under section 6 (c) of the *Utilities Act 2000* to provide electricity supply services.

### Schedule 1— Variation of electricity services licence

# INDEPENDENT COMPETITION AND REGULATORY COMMISSION

# Licence to Supply Electricity under the *Utilities Act 2000* (ACT)

granted to

**Essential Energy ABN 37 428 185 226** 

As varied on 19 October 2011





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Licence to provide Utility Services granted on 29 June 2001.

BY

**Independent Competition and Regulatory Commission,** a body corporate established under the *Independent Competition and Regulatory Commission Act* 1997 (ACT) ("**ICRC**") pursuant to the *Utilities Act* 2000 (ACT)

TO

The Person specified in Item 1 of the Reference Schedule ("Licensee").

**ICRC** has determined to grant a licence under section 37 of the *Utilities Act 2000* (ACT) in respect of the utility service defined under section 6 (c) of the Act on the conditions set out in this licence.

### 1. COMMENCEMENT AND TERM

### 1.1 Commencement date

This licence will take effect from 1 July 2001.

### 1.2 Licence term

This licence will remain in force until it is transferred, surrendered or revoked.

### 2. DICTIONARY

The dictionary at the end of this licence is part of this licence.

### 3. LICENCE NOT TO LIMIT LICENSEE

This licence does not and is not to be taken to:

- (1) limit or prevent the **Licensee** from doing anything that it may lawfully do without the benefit of this licence; or
- (2) override or derogate from a requirement under any other **Law**.

### 4. AUTHORISATION

### 4.1 Authorised Utility Services

This licence confers on the **Licensee** the right to provide the **Authorised Utility Services** referred to in **Item 3** of the **Reference Schedule**.

### 4.2 Area of operations

The **Licensee** may exercise the rights conferred on it in any part of the **Territory**.

### 4.3 Non-exclusive rights

The rights conferred by this licence on the **Licensee** are not exclusive.

# 5. LICENSEE TO COMPLY WITH OBLIGATIONS UNDER THIS LICENCE

### 5.1 Licensee to comply with obligations

The **Licensee** must, at all times during the term of this licence, provide the **Authorised Utility Services** in accordance with the obligations imposed upon it by this licence, including the obligations set out in the schedule.

### 5.2 Joint and several responsibility

Where the **Licensee** comprises two or more legal entities, each entity is jointly and severally liable for the **Licensee's** compliance with the terms of this licence.

### 6. COMPLIANCE WITH ALL APPLICABLE LAWS

### 6.1 Licensee to comply

The **Licensee** must comply with all **Laws** for the time being in force in the **Territory** and applicable to any services provided by the **Licensee** in the **Territory**.

### 6.2 Licensee to comply with the Act

Without limiting the generality of clause 6.1, in providing the **Authorised Utility Services** the **Licensee** must comply with:

- (1) any requirement of the **Act**;
- (2) relevant **Industry Codes** including the performance standards (if any) prescribed under those codes:
- (3) relevant **Technical Codes** including the performance standards (if any) prescribed under those codes;
- (4) any direction given to the **Licensee** by **ICRC** or the **Chief Executive** under the **Act**; and
- (5) any applicable ring fencing requirements.

# 6.3 Severance of any part of the licence does not affect continued operation of remainder of licence

If any part of this licence is prohibited, void, voidable, illegal or unenforceable, then that part is severed from the licence but without affecting the continued operation of the remainder of the licence.

### 7. LICENCE COMPLIANCE

### 7.1 Licensee to monitor compliance

The **Licensee** must monitor its compliance with this licence and any **Law** or such other code of practice, directions and guidelines applicable to the **Licensee** and to any of the other services to be rendered by the **Licensee** that it is required to comply with under clause 6.2.

### 7.2 Licensee to notify ICRC of any material breaches

If the **Licensee** becomes aware of a material breach of this licence and any **Law** or such other code of practice, directions and guidelines applicable to the **Licensee** and to any of the other services to be rendered by the **Licensee** that it is required to comply with under clause 6.2, the **Licensee** must notify **ICRC** of the breach as soon as practicable.

### 7.3 Licensee to provide statement on any non-compliance

If the **Licensee** has not complied with any of its obligations under clause 6.2, the **Licensee** must identify those obligations and provide a brief statement to **ICRC** that explains the circumstances of, and reasons for the non-compliance, consequences of the non-compliance (including any penalties imposed) and outlines measures that the **Licensee** will put in place to rectify that non-compliance.

### 7.4 Licensee to report annually

The **Licensee** must report to **ICRC** on its obligations under clause 6.2, and in relation to any other reporting requirements the **Licensee** has under the **Act**, including information which **ICRC** requires to be reported against pursuant to the **Act**, by 1 October every year during the term of this Licence.

### 7.5 Availability of annual report

The **Licensee** must ensure that a summary of the annual report required under clause 7.4 is publicly available.

### 7.6 Operation and compliance audits

- (1) The **Licensee** must, from time to time, undertake audits of the services and operations authorised by this licence and of its compliance with its obligations under this licence and any **Law**, code of practice, directions and guidelines that it is required to comply with under clause 6.2.
- (2) The audits must be conducted by an independent expert or auditor nominated by the **Licensee** and approved by **ICRC**.
- (3) The audit results must be reported to **ICRC** in a manner (including as to form and substance) approved by **ICRC**.

### 8. TECHNICAL AND PRUDENTIAL CRITERIA

### 8.1 Requirement to continue to meet criteria

The **Licensee** must, throughout the term of this licence, continue to satisfy the same technical and prudential criteria that it was required to meet as a condition of the grant of the licence under the **Act**.

### 8.2 Licensee to advise ICRC of financial and technical capacities

The **Licensee** must, from time to time as reasonably required by **ICRC**, provide **ICRC** with:

- (1) details of the Licensee's financial, technical and other capacity (including the capacity of its major contracted providers) to continue to provide the services and to conduct the operations authorised by this licence; and
- (2) such other information as ICRC requires.

### 9. CONTRACTING OUT

### 9.1 Licensee may contract out

The **Licensee** may contract out the provision, construction, operation, management or maintenance of any of the systems or services that are the subject of this licence.

### 9.2 Licensee bound by obligations under licence

Contracting out does not relieve the **Licensee** of its responsibility to comply with its obligations under this licence.

### 10. CHARGE AND ASSIGNMENT

### 10.1 Charge

The **Licensee** must not grant a charge over its interest in this licence without the prior written consent of **ICRC**.

### 10.2 Assignment

The **Licensee** must not **assign** its interest under this Licence without the prior written consent of **ICRC**.

### 10.3 Assignment generally

An application by a **Licensee** to **ICRC** for consent to an assignment must demonstrate, to the reasonable satisfaction of **ICRC**, that the proposed assignee is a respectable, responsible, and solvent **Person** who is capable of performing all obligations in this licence on the part of the **Licensee**.

### 10.4 Changes in Licensee's shareholdings

A change in the shareholding in the **Licensee**, at any one time, resulting in the transfer of more than 50 percent of the shares in the **Licensee** to a third party will be deemed to be an assignment for the purposes of clause 10.2. **ICRC's** consent to assignment in these circumstances will not be unreasonably withheld.

### 10.5 Changes in ownership

A **Licensee** must keep the **ICRC** informed of all relevant changes in the ownership of the **Licensee**.

### 11. RISK MANAGEMENT

### 11.1 ICRC may request information

**ICRC** may, from time to time, request details of the **Licensee's** risk management strategy.

### 11.2 Information that may be requested

The information requested by **ICRC** may include information about the **Licensee's** levels of insurance cover for the protection of:

- (1) persons affected by the activities or operations of the Licensee (including customers, owners or occupiers of land and members of the general public) from injury or harm; and
- (2) the property of those persons against damage or loss.

### 11.3 Licensee must provide information

The **Licensee** must provide the details requested under clause 11.1.

### 11.4 Licensee to indemnify ICRC

The **Licensee** will indemnify **ICRC**, the **Territory** and their respective employees and agents ("those indemnified") against liability in respect of all claims and for all loss, damage or injury to persons or property caused by the **Licensee**, its employees, agents or contractors in connection with services it provides pursuant to this licence (and those it purports to deliver under this licence). The amount of all claims, damage, costs and expenses which may be paid, suffered or incurred by those indemnified in respect of any such claim, loss, damage or injury will be made good at the **Licensee's** expense, except to the extent that **ICRC** or the Territory caused the relevant loss, damage or injury.

### 12. OTHER RESTRICTIONS ON LICENSEE

### 12.1 Restrictions on Licensee

A Licensee must first consult with ICRC if the Licensee:

(1) intends to dispose of any major asset;

- (2) intends to enter into any major transaction;
- (3) is granted a **security interest** or a lien over the **Licensee's network** facilities; or
- (4) intends to engage in any other business activity;

that is likely to materially adversely affect the **Licensee's** ability to:

- (5) provide the **Authorised Utility Services**; or
- (6) comply with its obligations under:
  - (a) the Act,
  - (b) any Law,
  - (c) this licence, or
  - (d) the customer contract.

### 12.2 Suspension of licence

If during the term of this licence the **Licensee** breaches a licence condition in circumstances whereby **ICRC** determines that the breach is not serious and is remediable by the **Licensee** in a timely manner, **ICRC** may suspend this licence, or suspend the **Licensee's** conduct of specified services or operations under this licence, until the breach is remedied.

### 12.3 Licensee to comply with requirements of suspension notice

In the event of **ICRC** notifying the **Licensee** that this licence is suspended, or that the **Licensee's** provision of any specified services or operations under this licence are suspended, the **Licensee** must comply with any requirements under the suspension notice for the purpose of remedying a specified breach of this licence in a timely manner.

#### 13. CONSENTS

The **Licensee** must obtain and keep current all **consents** necessary for it to lawfully provide the **Authorised Utility Services**.

### 14. INSPECTION OF RECORDS

### 14.1 Licensee to keep records

The **Licensee** must keep, or cause to be kept, comprehensive records in accordance with **ICRC's** requirements under the **Act**.

### 14.2 Licensee to provide copies of records

**ICRC's** officers and agents may request the **Licensee** to provide copies of records referred to in clause 14.

### 14.3 Licensee to comply with all requests

The **Licensee** must comply with all reasonable requests by **ICRC** for copies of the records.

### 15. ANNUAL LICENCE FEE

The **Licensee** must pay to **ICRC** an annual licence fee determined in accordance with the **Act**. The payment of the fee is to be made in accordance with **ICRC**'s determination.

### 16. REVIEW OF LICENSEE'S OBLIGATIONS

**ICRC** may review this licence at any time in accordance with section 46 of the **Act**.

### 17. TRANSFER, SURRENDER OR REVOCATION OF LICENCE

This licence may only be transferred, surrendered or revoked in accordance with the **Act**.

### 18. VARIATION OF LICENCE

The terms of this licence may be varied by **ICRC** in accordance with section 38 of the **Act**.

### 19. COMMUNICATION

### 19.1 Communication to be in writing

A communication under this licence is to be in writing and:

- (1) delivered by hand at the address for service of the addressee;
- (2) sent by post to the address for service of the addressee; or
- (3) sent by facsimile to the facsimile number of the addressee.

### 19.2 Address for service

The **Licensee's** service address is the address referred to in **Item 4** of the **Reference Schedule** or another address subsequently notified to **ICRC** by the **Licensee**.

### 19.3 ICRC to be advised of contact details

The **Licensee** must notify the **ICRC** of a change in address in **Item 4** and any other contact details within 10 **business days** of the change.

### 19.4 Deemed delivery

Where a notice or other communication to be given under this licence is delivered or sent, it is deemed given to, and received by, the addressee:

- (1) if hand delivered, upon delivery;
- if mailed to an address, two business days after the date of posting; or
- (3) if sent by facsimile before 4:00 pm on a **business day** at the place of receipt, on the day it is sent and otherwise on the next **business day** at the place of receipt.

### 20. WAIVER

### 20.1 Non exercise of power or right

A failure or delay to exercise a power or right arising under this licence by **ICRC** or the **Licensee** does not waive that power or right.

### 20.2 Exercise of power or right

The exercise of a power or right arising under this Licence does not preclude either its exercise in the future or the exercise of any other power or right.

### 20.3 Waiver must be in writing

A waiver by the **Licensee** or the **ICRC** of a power or right arising under this licence is not effective unless it is in writing.

### 20.4 Limit on application

A waiver of a power or right arising under this licence is effective only with respect to the specific instance to which it relates and for the specific purpose for which it is given.

### REFERENCE SCHEDULE

Item 1 Licensee

Essential Energy ABN 37 428 185 226

Item 2 Commencement date

1 July 2001

Item 3 Authorised Utility Services

electricity supply services under section 6 © of the **Act** (**franchised** and **non-franchise customers**); and

the action required by the supplier under section 6 (3) of the *Electricity Feed-in (Renewable Energy Premium) Act 2008* 

(ACT)

Item 4 Address for Service of Licensee

8 - 10 Buller Street

Port Macquarie NSW 2444

# SCHEDULE 1: ADDITIONAL UTILITY SERVICE LICENCE OBLIGATIONS – ELECTRICITY SUPPLY

### 1. NATIONAL ELECTRICITY MARKET REGISTRATION

At all times during the term of this licence, the **Licensee** must directly, or by an agent, hold and comply with the conditions of any registration required under the **National Electricity Rules** granted by **NEMMCO** or its successor body.

### 2. ENVIRONMENTAL REQUIREMENTS

### 2.1 Licensee must develop environmental strategies

The **Licensee** must develop, and comply with, strategies for promoting energy efficiency, demand management and sustainable energy sourcing.

### 2.2 Licensee to have regard

The **Licensee** must have regard to the following in developing the **Licensee's** environmental strategies:

- facilitation of programs whereby customers can, by subscribing to a particular scheme or tariff, support energy generation projects which reduce greenhouse gas emissions;
- (2) facilitation of buy back arrangements whereby excess electricity produced by stand alone greenhouse friendly systems operated by **customers** can be fed into the grid;
- (3) provision to **customers** of information which enables them to better manage their energy use, for example, through billing systems; and
- (4) promotion of energy management by **customers** in the commercial and industrial sectors.

### 2.3 Annual reporting requirements

The **Licensee** must report annually to **ICRC** on its implementation of, and compliance with, the strategies developed under clause 2.1 of this schedule.

### 2.4 Minimum content of annual report

At a minimum, this report must include:

- (1) information about greenhouse gas emissions arising from power purchase arrangements, including any purchases from embedded generators, co-generation plants and other purchases separate from the **NEMMCO** pool;
- (2) details about the sources of generation of the electricity supplied;

- (3) details about the proportions of energy purchased from the different sources; and
- (4) information on the **GreenPower products** available from the **Licensee**.

# 3. REQUIREMENTS UNDER THE ELECTRICITY (GREENHOUSE GAS EMISSIONS) ACT 2004 (ACT)

## 3.1 Licensee must comply with requirements of the ACT Greenhouse Gas Abatement Scheme

The Licensee must comply with:

- (1) its greenhouse gas benchmark; and
- (2) the *Electricity (Greenhouse Gas Emissions) Act 2004* (ACT) and statutory instruments in force under that Act.

### 3.2 Annual reporting on the ACT Greenhouse Gas Abatement Scheme

The **Licensee** must submit an audited Benchmark Statement annually to **ICRC** by 1 March of the year following the compliance year, or at a later date as set by **ICRC**.

### 4. REQUIREMENTS UNDER THE ELECTRICITY FEED-IN SCHEME

# 4.1 Licensee must comply with the *Electricity Feed-in (Renewable Energy Premium) Act 2008* (ACT)

The **Licensee** must comply with the *Electricity Feed-in (Renewable Energy Premium) Act 2008* (ACT) and statutory instruments in force under that Act.

### 4.2 Reporting in relation to the *Electricity Feed-in Code*

The **Licensee** must report to **ICRC** in accordance with the requirements set out in the Electricity Feed-in Code, an **Industry Code** determined under the **Act**.

### 5. GREENPOWER OFFER SCHEME

### 5.1 Definitions

In this clause 5:

"existing customer" of a supplier means a customer that is being supplied electricity under a customer contract by the supplier;

"GreenPower offer" means an offer by a supplier in accordance with requirement 5.2(1) below;

"GreenPower product" means a product accredited under the rules and guidelines of the National GreenPower Accreditation Program (as amended from time to time) as having 10 per cent or more accredited GreenPower. The

GreenPower Program is a joint initiative of the Australian Capital Territory, New South Wales, South Australian, Queensland, Victorian and Western Australian Governments:

"negotiated customer contract" has the same meaning as in the Act;

"new or re-connecting customer" of a supplier means a person who has applied, orally or in writing, to a supplier for electricity to be provided under a customer contract, including a person who has previously been provided an electricity service under a customer contract but does not include:

- a customer who has had their electricity supply disconnected and re-connected under the same customer contract, on the same terms and conditions;
- (b) a customer on a deemed contract under sub-paragraph 92(1)(b)(ii) of the **Act**; or
- (c) a customer who changes from a **standard customer contract** to a **negotiated customer contract** or visa versa;

"other products" means all electricity products offered by the supplier including alternative GreenPower products and / or packages with varying components or percentages of a GreenPower product;

"potential new or re-connecting customer" of a supplier means a person to whom the supplier offers to supply electricity and who would, if the offer is accepted, be a new or re-connecting customer;

"standard customer contract" has the same meaning as in the Act;

"supplier" means of a supplier of electricity, licensed under the **Act** and operating in the Australian Capital Territory.

### 5.2 Licence condition regarding requirements to offer GreenPower products

From 1 April 2009, the **Licensee** must comply with the following requirements:

- (1) offer a GreenPower product to each potential new or reconnecting customer of the supplier;
- (2) at the same time as the GreenPower offer, make each potential new and reconnecting customer of the supplier aware that other products are available to them;
- (3) disclose all tariffs and charges associated with the GreenPower offer and all other products offered to each potential new and reconnecting customer of the supplier;
- (4) offer and make a **GreenPower product** available to all existing customers of the **supplier** at the **existing customer's** request; and

(5) if a person is being supplied a **GreenPower product** under a **standard customer contract**, permit the **customer** to revoke the supply agreement for the **GreenPower product** with the **supplier** without incurring any penalty or termination fee.

### SCHEDULE 2: VARIATIONS TO THE LICENCE

| Date               | Clause                                     | Reason for variation  |
|--------------------|--|---|
| 20 August<br>2002  | 15   | To simplify the licence fee payments and remove administrative anomalies. (NI2002 – 276)  |
| 1 January<br>2005  | Schedule 1                                 | To give effect to the provisions of the <i>Electricity</i> (Greenhouse Gas Emissions) Act 2004. (NI2004 – 452)  |
| 25 March<br>2009   | Reference<br>schedule<br>Schedule1         | Inclusion of authorisation of utilities services under the Electricity Feed-in (Renewable Energy Premium) Act 2008  To:  1. give effect to the provisions of Utility (Electricity Retail) Licence Conditions Direction 2009, DI2009 – 21;  2. give effect to the Electricity Feed-in (Renewable Energy Premium) Act 2008; and  3. make minor editorial amendments to update references and improve formatting.  (NI2009 – 174). |
| 19 October<br>2011 | Title Page<br>and<br>Reference<br>Schedule | To reflect a change of name of the utility  (NI2011 – TBA)  |

| SIGNED for and on behalf of                              | ) |      |      |      |
|--|---|------|------|------|
| THE INDEPENDENT COMPETITION AND REGULATORY COMMISSION by | ) |      |      |      |
| MALCOM GRAY in the presence of:                          | ) |      |      |      |
|  |   | <br> | <br> | <br> |
|  |   |      |      |      |
|  |   |      |      |      |
|  |   |      |      |      |
| Signature of Witness                                     |   |      |      |      |
|  |   |      |      |      |
|  |   |      |      |      |
|  |   |      |      |      |
| Name of Witness (BLOCK LETTERS)                          |   |      |      |      |

### **DICTIONARY**

In this licence, unless the contrary intention appears:

- (1) "Act" means the *Utilities Act 2000* (ACT);
- (2) "assign" includes assign, transfer, mortgage or otherwise deal with an interest but does not include the granting of a charge over an interest;
- (3) "Authorised Utility Services" means the Utility Services referred to in the Reference Schedule that the Licensee is authorised to provide under clause 4.1:
- (4) "business day" means a day, other than a Saturday, Sunday or public holiday in the **Territory**;
- (5) "Chief Executive" means the Chief Executive responsible for administering Part 5 of the Act;
- (6) "**consent**" includes any licence, permit, authority or consent issued or given by an agency or a Minister;
- (7) "customer" has the same meaning as in the Act;
- (8) "customer contract" has the same meaning as in the Act;
- (9) "electricity network" has the same meaning as in the Act;
- (10) "franchise customer" has the same meaning as in the Act;
- (11) "gas distribution network" has the same meaning as in the Act;
- (12) "gas transmission network" has the same meaning as in the Act;
- (13) "ICRC" means the Independent Competition and Regulatory Commission established under section 5 of the *Independent* Competition and Regulatory Commission Act 1997 (ACT);
- (14) "Industry Code" means a code approved or determined by ICRC under Part 4 of the Act;
- (15) "Item" means the relevant Item in the Reference Schedule;
- (16) "Law" means any statute, regulation, rule, proclamation, order, ordinance or by-law whether present or future and whether Commonwealth, Territory or otherwise (in this subclause referred to as "statutory provision") and includes:
  - (a) any such statutory provision as amended or re-enacted from time to time; and

- (b) any statute, regulation, rule, proclamation, order, ordinance or by-law enacted in replacement of any statutory provision;
- (17) "Licensee" means the Person referred to in Item 1 of the Reference Schedule:
- (18) "National Electricity Rules" means the National Electricity Rules which govern the operation of the National Electricity Market and are made under the National Electricity Law (National Electricity (South Australia) Act 1996) as applied in the ACT by the Electricity (National Scheme) Act 1997
- (19) "National Electricity Law" means the National Electricity Law agreed to be enacted by New South Wales, Victoria, South Australia, Queensland and the Territory pursuant to an agreement made on 9 May 1996 being the schedule (as amended from time to time) to the National Electricity Act 1996 (South Australia);
- (20) "NEMMCO" means the National Electricity Market Management Company Limited ACN 072 010 327;
- (21) "network facilities" means:
  - (a) any part of the infrastructure of a utility network; or
  - (b) any powerline, pole or wire, any water, sewerage or gas main or pipe, or any equipment, apparatus, structure or other thing used or for use, in connection with the provision of a utility service;
- (22) "non-franchise customer" has the same meaning as in the Act;
- (23) "Person" includes a natural person, a firm, an unincorporated association, a **Territory** agency, a corporation or any other body corporate;
- (24) "Reference Schedule" means the Reference Schedule to this licence;
- (25) "security interest" means:
  - (a) a mortgage, pledge, lien, charge, assignment, hypothecation, secured interest, title retention arrangement, preferential right, trust arrangement or other arrangement (including any set off or "flawed asset" arrangement) having the same or equivalent or commercial effect as a grant of security; or
  - (b) an agreement to create or give any arrangement referred to above;
- (26) "sewerage network" has the same meaning as in the Act;
- (27) "**Technical Code**" means a code approved or determined by the Minister under Part 5 of the **Act**;

- (28) "Territory" means:
  - (a) when used in a geographical sense, the Australian Capital Territory; and
  - (b) when used in any other sense, the body politic established by section 7 of the *Australian Capital Territory (Self-Government) Act 1988* (C'th);
- (29) "utility network" means:
  - (a) an electricity network,
  - (b) a gas transmission network,
  - (c) a gas distribution network,
  - (d) a sewerage network,
  - (e) or a water network;
- (30) "utility services" has the same meaning as in the Act;
- (31) "water network" has the same meaning as in the Act.

### Schedule 2 Variation of gas supply services licence

(see clause 4 of this instrument)

The attached licence is the utility service licence, as varied, granted to Essential Energy (ABN 37 428 185 226). under section 9 (d) of the *Utilities Act 2000* to provide gas supply services.

### Schedule 2— Variation of gas services licence

# INDEPENDENT COMPETITION AND REGULATORY COMMISSION

# Licence to Supply Gas under the *Utilities Act 2000* (ACT)

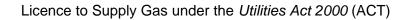
granted to

**Essential Energy** 

ABN 37 428 185 226

As varied on 19 October 2011





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Licence to provide Utility Services granted on 3 February 2003

BY

**Independent Competition and Regulatory Commission,** a body corporate established under the *Independent Competition and Regulatory Commission Act 1997* (ACT) ("**ICRC**") pursuant to the *Utilities Act 2000* (ACT)

TO

The Person specified in Item 1 of the Reference Schedule ("Licensee").

**ICRC** has determined to grant a licence under section 37 of the *Utilities Act 2000* (ACT) in respect of the utility service defined under section 9 (d) of the Act on the conditions set out in this licence.

### 1. COMMENCEMENT AND TERM

### 1.1 Commencement date

This licence will take effect from 3 February 2003.

### 1.2 Licence term

This licence will remain in force until it is transferred, surrendered or revoked.

### 2. DICTIONARY

The dictionary at the end of this licence is part of this licence.

### 3. LICENCE NOT TO LIMIT LICENSEE

This licence does not and is not to be taken to:

- (1) limit or prevent the **Licensee** from doing anything that it may lawfully do without the benefit of this licence; or
- (2) override or derogate from a requirement under any other **Law**.

### 4. AUTHORISATION

### 4.1 Authorised Utility Services

This licence confers on the **Licensee** the right to provide the **Authorised Utility Services** referred to in **Item 3** of the **Reference Schedule**.

### 4.2 Area of operations

The **Licensee** may exercise the rights conferred on it in any part of the **Territory**.

### 4.3 Non-exclusive rights

The rights conferred by this licence on the **Licensee** are not exclusive.

# 5. LICENSEE TO COMPLY WITH OBLIGATIONS UNDER THIS LICENCE

### 5.1 Licensee to comply with obligations

The **Licensee** must, at all times during the term of this licence, provide the **Authorised Utility Services** in accordance with the obligations imposed upon it by this licence, including the obligations set out in the schedule.

### 5.3 Joint and several responsibility

Where the **Licensee** comprises two or more legal entities, each entity is jointly and severally liable for the **Licensee's** compliance with the terms of this licence.

### 6. COMPLIANCE WITH ALL APPLICABLE LAWS

### 6.1 Licensee to comply

The **Licensee** must comply with all **Laws** for the time being in force in the **Territory** and applicable to any services provided by the **Licensee** in the **Territory**.

### 6.2 Licensee to comply with the Act

Without limiting the generality of clause 6.1, in providing the **Authorised Utility Services** the **Licensee** must comply with:

- (2) any requirement of the Act;
- (2) relevant **Industry Codes** including the performance standards (if any) prescribed under those codes;
- (3) relevant **Technical Codes** including the performance standards (if any) prescribed under those codes:
- (6) any direction given to the **Licensee** by **ICRC** or the **Chief Executive** under the **Act**; and
- (7) any applicable ring fencing requirements.

## 6.3 Severance of any part of the licence does not affect continued operation of remainder of licence

If any part of this licence is prohibited, void, voidable, illegal or unenforceable, then that part is severed from the licence but without affecting the continued operation of the remainder of the licence.

### 9. LICENCE COMPLIANCE

### 9.1 Licensee to monitor compliance

The **Licensee** must monitor its compliance with this licence and any **Law** or such other code of practice, directions and guidelines applicable to the **Licensee** and to any of the other services to be rendered by the **Licensee** that it is required to comply with under clause 6.2.

### 7.2 Licensee to notify ICRC of any material breaches

If the **Licensee** becomes aware of a material breach of this licence and any **Law** or such other code of practice, directions and guidelines applicable to the **Licensee** and to any of the other services to be rendered by the **Licensee** that it is required to comply with under clause 6.2, the **Licensee** must notify **ICRC** of the breach as soon as practicable.

### 7.3 Licensee to provide statement on any non-compliance

If the **Licensee** has not complied with any of its obligations under clause 6.2, the **Licensee** must identify those obligations and provide a brief statement to **ICRC** that explains the circumstances of, and reasons for the non-compliance, consequences of the non-compliance (including any penalties imposed) and outlines measures that the **Licensee** will put in place to rectify that non-compliance.

### 7.4 Licensee to report annually

The **Licensee** must report to **ICRC** on its obligations under clause 6.2, and in relation to any other reporting requirements the **Licensee** has under the **Act**, including information which **ICRC** requires to be reported against pursuant to the **Act**, by 1 October every year during the term of this Licence.

### 7.5 Availability of annual report

The **Licensee** must ensure that a summary of the annual report required under clause 7.4 is publicly available.

### 7.7 Operation and compliance audits

- (4) The **Licensee** must, from time to time, undertake audits of the services and operations authorised by this licence and of its compliance with its obligations under this licence and any **Law**, code of practice, directions and guidelines that it is required to comply with under clause 6.2.
- (5) The audits must be conducted by an independent expert or auditor nominated by the **Licensee** and approved by **ICRC**.
- (6) The audit results must be reported to **ICRC** in a manner (including as to form and substance) approved by **ICRC**.

### 10. TECHNICAL AND PRUDENTIAL CRITERIA

### 8.1 Requirement to continue to meet criteria

The **Licensee** must, throughout the term of this licence, continue to satisfy the same technical and prudential criteria that it was required to meet as a condition of the grant of the licence under the **Act**.

### 8.3 Licensee to advise ICRC of financial and technical capacities

The **Licensee** must, from time to time as reasonably required by **ICRC**, provide **ICRC** with:

- (4) details of the **Licensee's** financial, technical and other capacity (including the capacity of its major contracted providers) to continue to provide the services and to conduct the operations authorised by this licence; and
- (5) such other information as ICRC requires.

### 9. CONTRACTING OUT

### 9.1 Licensee may contract out

The **Licensee** may contract out the provision, construction, operation, management or maintenance of any of the systems or services that are the subject of this licence.

### 9.2 Licensee bound by obligations under licence

Contracting out does not relieve the **Licensee** of its responsibility to comply with its obligations under this licence.

### 10. CHARGE AND ASSIGNMENT

### 10.1 Charge

The **Licensee** must not grant a charge over its interest in this licence without the prior written consent of **ICRC**.

### 10.2 Assignment

The **Licensee** must not **assign** its interest under this Licence without the prior written consent of **ICRC**.

### 10.3 Assignment generally

An application by a **Licensee** to **ICRC** for consent to an assignment must demonstrate, to the reasonable satisfaction of **ICRC**, that the proposed assignee is a respectable, responsible, and solvent **Person** who is capable of performing all obligations in this licence on the part of the **Licensee**.

### 10.6 Changes in Licensee's shareholdings

A change in the shareholding in the **Licensee**, at any one time, resulting in the transfer of more than 50 percent of the shares in the **Licensee** to a third party will be deemed to be an assignment for the purposes of clause 10.2. **ICRC's** consent to assignment in these circumstances will not be unreasonably withheld.

### 10.7 Changes in ownership

A **Licensee** must keep the **ICRC** informed of all relevant changes in the ownership of the **Licensee**.

### 11. RISK MANAGEMENT

### 11.1 ICRC may request information

 $\mbox{\bf ICRC}$  may, from time to time, request details of the  $\mbox{\bf Licensee's}$  risk management strategy.

### 11.2 Information that may be requested

The information requested by **ICRC** may include information about the **Licensee's** levels of insurance cover for the protection of:

- (5) persons affected by the activities or operations of the **Licensee** (including **customers**, owners or occupiers of land and members of the general public) from injury or harm; and
- (6) the property of those persons against damage or loss.

### 11.3 Licensee must provide information

The **Licensee** must provide the details requested under clause 11.1.

### 11.5 Licensee to indemnify ICRC

The **Licensee** will indemnify **ICRC**, the **Territory** and their respective employees and agents ("those indemnified") against liability in respect of all claims and for all loss, damage or injury to persons or property caused by the **Licensee**, its employees, agents or contractors in connection with services it provides pursuant to this licence (and those it purports to deliver under this licence). The amount of all claims, damage, costs and expenses which may be paid, suffered or incurred by those indemnified in respect of any such claim, loss, damage or injury will be made good at the **Licensee's** expense, except to the extent that **ICRC** or the Territory caused the relevant loss, damage or injury.

### 12. OTHER RESTRICTIONS ON LICENSEE

### 12.1 Restrictions on Licensee

A Licensee must first consult with ICRC if the Licensee:

- (1) intends to dispose of any major asset;
- (2) intends to enter into any major transaction;
- (7) is granted a **security interest** or a lien over the **Licensee's network facilities**; or
- (8) intends to engage in any other business activity;

that is likely to materially adversely affect the Licensee's ability to:

- (5) provide the **Authorised Utility Services**; or
- (6) comply with its obligations under:

- (a) the Act,
- (b) any **Law**,
- (c) this licence, or
- (e) the customer contract.

### 12.2 Suspension of licence

If during the term of this licence the **Licensee** breaches a licence condition in circumstances whereby **ICRC** determines that the breach is not serious and is remediable by the **Licensee** in a timely manner, **ICRC** may suspend this licence, or suspend the **Licensee's** conduct of specified services or operations under this licence, until the breach is remedied.

### 12.3 Licensee to comply with requirements of suspension notice

In the event of **ICRC** notifying the **Licensee** that this licence is suspended, or that the **Licensee's** provision of any specified services or operations under this licence are suspended, the **Licensee** must comply with any requirements under the suspension notice for the purpose of remedying a specified breach of this licence in a timely manner.

### 13. CONSENTS

The **Licensee** must obtain and keep current all **consents** necessary for it to lawfully provide the **Authorised Utility Services**.

### 14. INSPECTION OF RECORDS

### 14.1 Licensee to keep records

The **Licensee** must keep, or cause to be kept, comprehensive records in accordance with **ICRC's** requirements under the **Act**.

### 14.2 Licensee to provide copies of records

**ICRC's** officers and agents may request the **Licensee** to provide copies of records referred to in clause 14.

### 14.3 Licensee to comply with all requests

The **Licensee** must comply with all reasonable requests by **ICRC** for copies of the records.

### 15. ANNUAL LICENCE FEE

The **Licensee** must pay to **ICRC** an annual licence fee determined in accordance with the **Act**. The payment of the fee is to be made in accordance with **ICRC's** determination.

### 16. REVIEW OF LICENSEE'S OBLIGATIONS

ICRC may review this licence at any time in accordance with section 46 of the Act.

### 17. TRANSFER, SURRENDER OR REVOCATION OF LICENCE

This licence may only be transferred, surrendered or revoked in accordance with the **Act**.

### 18. VARIATION OF LICENCE

The terms of this licence may be varied by **ICRC** in accordance with section 38 of the **Act**.

### 20. COMMUNICATION

### 20.1 Communication to be in writing

A communication under this licence is to be in writing and:

- (1) delivered by hand at the address for service of the addressee;
- (2) sent by post to the address for service of the addressee; or
- (3) sent by facsimile to the facsimile number of the addressee.

#### 19.2 Address for service

The **Licensee's** service address is the address referred to in **Item 4** of the **Reference Schedule** or another address subsequently notified to **ICRC** by the **Licensee**.

### 19.3 ICRC to be advised of contact details

The **Licensee** must notify the **ICRC** of a change in address in **Item 4** and any other contact details within 10 **business days** of the change.

### 19.4 Deemed delivery

Where a notice or other communication to be given under this licence is delivered or sent, it is deemed given to, and received by, the addressee:

- (1) if hand delivered, upon delivery;
- (2) if mailed to an address, two **business days** after the date of posting; or
- (6) if sent by facsimile before 4:00 pm on a **business day** at the place of receipt, on the day it is sent and otherwise on the next **business day** at the place of receipt.

### 20. WAIVER

### 20.1 Non exercise of power or right

A failure or delay to exercise a power or right arising under this licence by **ICRC** or the **Licensee** does not waive that power or right.

### 20.2 Exercise of power or right

The exercise of a power or right arising under this Licence does not preclude either its exercise in the future or the exercise of any other power or right.

### 20.3 Waiver must be in writing

A waiver by the **Licensee** or the **ICRC** of a power or right arising under this licence is not effective unless it is in writing.

### 20.4 Limit on application

A waiver of a power or right arising under this licence is effective only with respect to the specific instance to which it relates and for the specific purpose for which it is given.

### **REFERENCE SCHEDULE**

Item 1 Licensee

Essential Energy ABN 37 428 185 226

Item 2 Commencement date

3 February 2003

Item 3 Authorised Utility Services

gas supply services under section 9 (d) of the Act (non-franchise

customers)

Item 4 Address for Service of Licensee

8 - 10 Buller Street

Port Macquarie NSW 2444

## SCHEDULE 1: ADDITIONAL UTILITY SERVICE LICENCE OBLIGATIONS – GAS SUPPLY

### 1. EMERGENCY TELEPHONE SERVICE

### 1.1 Availability of telephone service

The **Licensee** must have a 24 hour emergency telephone service that is accessible to the public. The telephone service must be:

- (1) accessible every day of the year; and
- (2) able to receive reports of escapes of gas supplied by the **Licensee**.

### 1.2 Customers to be informed

The **Licensee** must ensure that the **Licensee's customers** are informed of the arrangements detailed in clause 1.1 of this schedule.

### 2. ENVIRONMENTAL REQUIREMENTS

### 2.1 Environmental strategies

The **Licensee**, if supplying gas in excess of 500 terajoules, must develop and implement strategies to encourage the use of thermally efficient gas appliances and efficient energy-use practices. The strategies should aim to reduce greenhouse gas emissions from the use of natural gas in the **Territory** and must be relevant to the **Licensee's customers**.

### 3. REGISTRATION WITH THE AUSTRALIAN ENERGY MARKET OPERATOR

Before the **Licensee** commences supplying gas to customers under this licence, the licensee must register as a participant with the Australian Energy Market Operator as required under the National Gas Law in accordance with the National Gas Rules.

### SCHEDULE 2: VARIATIONS TO THE LICENCE

| Date               | Clause                                     | Reason for variation  |
|--------------------|--|---|
| 29 April<br>2005   | Schedule 1,<br>Clause 3                    | To clarify requirement for participation in approved scheme. (NI2005–151)   |
| 1 July 2009        | Clause 6<br>Schedule 1                     | To reflect the formation of the Australian Energy Market Operator and its role in the operation of competitive gas markets (NI2009 – 315) |
| 19 October<br>2011 | Title Page<br>and<br>Reference<br>Schedule | To reflect a change of name of the utility  (NI2011 – TBA)  |

Essential Energy

Authorised by the ACT Parliamentary Counsel—also accessible at www.legislation.act.gov.au 11

| SIGNED for and on behalf of THE INDEPENDENT COMPETITION AND REGULATORY COMMISSION by MALCOLM GRAY in the presence of: | <br> |
|---|------|
| Signature of Witness  |      |
| Name of Witness (BLOCK LETTERS)   |      |

#### **DICTIONARY**

In this licence, unless the contrary intention appears:

- (32) "Act" means the *Utilities Act 2000* (ACT);
- (33) "assign" includes assign, transfer, mortgage or otherwise deal with an interest but does not include the granting of a charge over an interest;
- (34) "Authorised Utility Services" means the Utility Services referred to in the Reference Schedule that the Licensee is authorised to provide under clause 4.1;
- (35) "business day" means a day, other than a Saturday, Sunday or public holiday in the **Territory**;
- (36) "Chief Executive" means the Chief Executive responsible for administering Part 5 of the Act:
- (37) "consent" includes any licence, permit, authority or consent issued or given by an agency or a Minister;
- (38) "customer" has the same meaning as in the Act;
- (39) "customer contract" has the same meaning as in the Act;
- (40) "electricity network" has the same meaning as in the Act;
- (41) "franchise customer" has the same meaning as in the Act;
- (42) "gas distribution network" has the same meaning as in the Act;
- (43) "gas transmission network" has the same meaning as in the Act;
- (44) "ICRC" means the Independent Competition and Regulatory Commission established under section 5 of the *Independent Competition and Regulatory Commission Act 1997 (ACT)*;
- (45) "Industry Code" means a code approved or determined by ICRC under Part 4 of the Act;
- (46) "Item" means the relevant Item in the Reference Schedule;
- (47) "Law" means any statute, regulation, rule, proclamation, order, ordinance or by-law whether present or future and whether Commonwealth, Territory or otherwise (in this subclause referred to as "statutory provision") and includes:
  - (c) any such statutory provision as amended or re-enacted from time to time; and
  - (d) any statute, regulation, rule, proclamation, order, ordinance or by-law enacted in replacement of any statutory provision;

- (48) "Licensee" means the Person referred to in Item 1 of the Reference Schedule;
- (49) "network facilities" means:
  - (c) any part of the infrastructure of a utility network; or
  - any powerline, pole or wire, any water, sewerage or gas main or pipe, or any equipment, apparatus, structure or other thing used or for use, in connection with the provision of a **utility service**;
- (50) "non-franchise customer" has the same meaning as in the Act;
- (51) "Person" includes a natural person, a firm, an unincorporated association, a **Territory** agency, a corporation or any other body corporate;
- (52) "Reference Schedule" means the Reference Schedule to this licence;
- (53) "security interest" means:
  - (c) a mortgage, pledge, lien, charge, assignment, hypothecation, secured interest, title retention arrangement, preferential right, trust arrangement or other arrangement (including any set off or "flawed asset" arrangement) having the same or equivalent or commercial effect as a grant of security; or
  - (d) an agreement to create or give any arrangement referred to above;
- (54) "sewerage network" has the same meaning as in the Act;
- (55) "**Technical Code**" means a code approved or determined by the Minister under Part 5 of the **Act**;
- (56) "Territory" means:
  - (c) when used in a geographical sense, the Australian Capital Territory; and
  - (d) when used in any other sense, the body politic established by section 7 of the *Australian Capital Territory (Self-Government) Act* 1988 (Cth);
- (57) "utility network" means:
  - (f) an **electricity network**,
  - (g) a gas transmission network,
  - (h) a gas distribution network,
  - (i) a sewerage network,
  - (j) or a water network;
- (58) "utility services" has the same meaning as in the Act;

"water network" has the same meaning as in the Act. (59)