
STATEMENT OF APPROACH ON COMPLIANCE

FINAL

January 2012



38 Cavenagh Street DARWIN NT 0800
Postal Address GPO Box 915 DARWIN NT 0801
Email: utilities.commission@nt.gov.au
Website: www.utilicom.nt.gov.au

Table of Contents

Table of Contents.....	i
Inquiries	ii
Introduction.....	3
Background.....	3
Purpose of this Statement of Approach	5
Variation of this Statement of Approach.....	5
Structure of this Statement of Approach	5
Consultation.....	6
Objectives and guiding principles.....	7
Introduction	7
Guiding principles	7
Commission’s expectations	7
Commission’s Approach to Compliance.....	9
Introduction	9
Risk identification and risk assessment	9
Ensuring Compliance.....	12
Policies, procedures and system	12
Monitoring and reporting mechanisms.....	13
Enforcement instruments and penalties.....	19
Appendix A.....	21
Risk Assessment Methodolgy	21
Appendix B.....	23
Register of compliance obligations (High risk only).....	23
High Risk Obligations Applicable to the PWC Retail Licence	23
High Risk Obligations Applicable to the Holder of the Retail Licence (other than PWC).....	29
High Risk Obligations Applicable to the Holder of the Generation Licence.....	34
High Risk Obligations Applicable to the Holder of the Networks Licence.....	44
High Risk Obligations Applicable to the Holder of the System Control Licence	58
High Risk Obligations Applicable to Holders of Special Licence (Independent Power Producer)	67
Appendix C.....	73
Summary of Issues raised in submissions	73

Inquiries

Any questions regarding this report should be directed in the first instance to the Executive Officer, Utilities Commission at any of the following:

Utilities Commission
GPO Box 915
DARWIN NT 0801

Telephone: 08 8999 5480
Fax: 08 8999 6262

Email: utilities.commission@nt.gov.au

CHAPTER 1

Introduction

Background

- 1.1 The Utilities Commission of the Northern Territory (the Commission) is an independent statutory authority, responsible for the economic regulation of the electricity supply industry, which is governed by the *Electricity Reform Act*, the *Electricity Networks (Third Party Access) Act*, the *Utilities Commission Act* and other associated legislation.¹ The Commission is also responsible for the economic regulation of the water and sewage services industries, which is governed by the *Water Supply and Sewerage Services Act* and other associated legislation.²
- 1.2 The Commission's powers and functions are derived primarily from the *Utilities Commission Act*. The *Utilities Commission Act* aims to create an economic regulatory framework that promotes and safeguards competition and fair and efficient market conduct. In doing so, the Commission's primary objective is to protect the long-term interests of consumers.³ Considerations such as an entity's commercial or reputational interests fall outside the Commission's functions.
- 1.3 A key function of the Commission is to perform licensing functions under the *Electricity Reform Act*.⁴ A person must apply to the Commission in order to:
- a) generate electricity;
 - b) own or operate an electricity network;
 - c) sell electricity;
 - d) undertake system control functions over a power system; or
 - e) undertake other operations for which a licensee is required by the Regulations.⁵
- 1.4 As part of the Commission's licensing functions, the Commission must grant a licence, subject to certain conditions⁶:

¹ S.6(1) of the *Utilities Commission Act*; S.13 of the *Electricity Reform Act*; S.27 of the *Electricity Networks (Third Party Access) Act*.

² S.6(1) of the *Utilities Commission Act*; S.7 of the *Water and Sewerage Services Act*.

³ S.2 of the *Utilities Commission Act*; S.3 (f) of the *Electricity Reform Act*.

⁴ S.6 (a) of the *Electricity Reform Act*.

⁵ S.14(3) of the *Electricity Reform Act*.

⁶ S.24(1)(a) and (b) of the *Electricity Reform Act*.

(a) requiring compliance with applicable codes or rules (with modifications or exemptions determined by the Utilities Commission) made under the Utilities Commission Act as in force from time to time; and

(b) requiring compliance with protocols, standards and codes applying to the electricity entity under the Regulations.

- 1.5 Another key function of the Commission is to ‘develop, monitor and enforce compliance’ and ‘promote improvements in standards and conditions of service and supply’ under the *Electricity Reform Act* and other associated legislation.⁷
- 1.6 The Commission aims to foster a culture of compliance by granting licences on the condition that regulated entities:
- establish a compliance process that is maintained, regularly updated and auditable (i.e. compliance framework);⁸
 - report on identified material breaches;⁹
 - undertake external compliance audits;¹⁰ and
 - develop a compliance report to submit to the Commission.¹¹
- 1.7 Ultimately, the responsibility for compliance rests with regulated entities.
- 1.8 The Statement of Approach on Compliance outlines the Commission’s compliance program for compliance monitoring on electricity laws, rules, and regulations.
- 1.9 Although the Statement of Approach focuses on electricity laws, rules, and regulations, the Commission intends to apply the principles in this Statement of Approach (where applicable) to monitor compliance of the water and sewerage services industries until such time as the Commission develops a fully formed Statement of Approach on water and sewerage services.
- 1.10 The Commission considers that this Statement of Approach on Compliance and the requirement for regulated entities to develop a compliance framework will be of value to the following stakeholders and interested parties:
- Consumers – ensures services are reliable, safe, efficient, and cost effective and furthers the long-term interests of consumers.
 - Regulated entities – enables regulated entities to manage risk in a systematic and proactive manner.

⁷ S.6(1)(c) of the *Utilities Commission Act*; S.13 of the *Electricity Reform Act*.

⁸ Cl.10.1(a) of the retail, networks, and generation licences, and cl.11.1(a) of the system control licence.

⁹ Cl.10.5(a) of the retail, networks, and generation licences, and cl.11.5(a) of the system control licence.

¹⁰ Cl.10.3(a) of the retail, networks, and generation licences, and cl.11.3(a) of the system control licence.

¹¹ Cl.10.2(a) of the retail, networks, and generation licences, and cl.11.2(a) of the system control licence.

- Government – the incumbent utilities service provider is a government owned corporation. The Government intends to ensure that Territory taxpayers and consumers receive value for money.
- Future investors – potential investors need confidence that electricity laws, rules, and regulations are being monitored effectively and applied consistently to promote a level playing field to the benefit of consumers.

Purpose of this Statement of Approach

1.11 The Commission's objectives in developing this Statement of Approach are to:

- communicate to regulated entities and industry participants the Commission's compliance objectives and expectations vis-à-vis regulatory compliance;
- communicate to regulated entities the value of adopting and endorsing a compliance framework to ensure compliance with the legislative framework;
- inform regulated entities, industry participants, and stakeholders about compliance monitoring and reporting; and
- clarify the enforcement and disciplinary process in cases of non-compliance.

Variation of this Statement of Approach

1.12 The Commission may amend this Statement of Approach from time to time to reflect changes in the regulatory framework or to incorporate compliance issues which were not identified initially or have emerged since the publication of this Statement of Approach.

1.13 Regulated entities may request a variation of this Statement of Approach and the proposed variation will be considered by the Commission if it is deemed to further the objectives of this Statement of Approach.

1.14 Where deemed appropriate by the Commission, the Commission may undertake public or targeted consultation on the proposed amendments to this Statement of Approach.

1.15 The Commission welcomes constructive feedback and input from regulated entities in order to continuously improve this Statement of Approach and the Commission's compliance program.

Structure of this Statement of Approach

1.16 This Statement of Approach outlines the Commission's:

- objectives and guiding principles underpinning the Commission's compliance program;
- approach to compliance and its expectations, including:
 - development of compliance processes by regulated entities;
 - monitoring of compliance; and
 - reporting of compliance.

Consultation

- 1.17 The Commission sought submissions on the proposed Statement of Approach by 19 September 2011.
- 1.18 The Commission received comments from Power and Water Corporation (PWC), Northern Territory Treasury (Treasury), and Northern Territory Major Energy Users (NTMEU)
- 1.19 PWC requested that the totality of its comments remain confidential.
- 1.20 Treasury agreed in principle with the proposed Statement of Approach and also provided specific comments in relation to various aspects.
- 1.21 The NTMEU was supportive of the proposed Statement of Approach.
- 1.22 A summary of issues raised in the submissions, excluding submissions identified as confidential, is contained in Appendix C.

CHAPTER 2

Objectives and guiding principles

Introduction

- 2.1 The Commission's compliance monitoring program reflects regulatory best practice and is based on AS 3806-2006: Australian Standards on Compliance Programs.¹²
- 2.2 Similarly, the Commission's expectations on regulated entities vis-à-vis compliance are based on AS 3806-2006: Australian Standards on Compliance Programs.

Guiding principles

- 2.3 In developing a robust and comprehensive compliance program, the Commission has considered the following guiding principles:
 - Voluntary compliance – the Commission supports a co-operative approach to compliance as it tends to foster a more positive response than punitive sanctions. To achieve better outcomes, regulated entities should voluntarily adopt a culture of compliance. Lack of compliance may result in more intrusive regulatory oversight and ultimately sanctions.
 - Education and communication – regulated entities need to understand the purpose and objectives of regulation; know what their obligations are and be informed of the consequences of non-compliance. The Statement of Approach is intended to inform regulated entities of their compliance obligations and the Commission's expectations.
 - Transparency – the Commission's intentions and decisions should be transparent and discussed openly with stakeholders and interested parties.
 - Consistency – decisions and the application of decisions need to be consistent, impartial and ethical in order to build trust and encourage voluntary compliance.
 - Flexibility and continuous improvement – the Commission is of the view that the compliance program needs to be reviewed at regular intervals for continuous improvement to reflect changes in the environment and regulation.

Commission's expectations

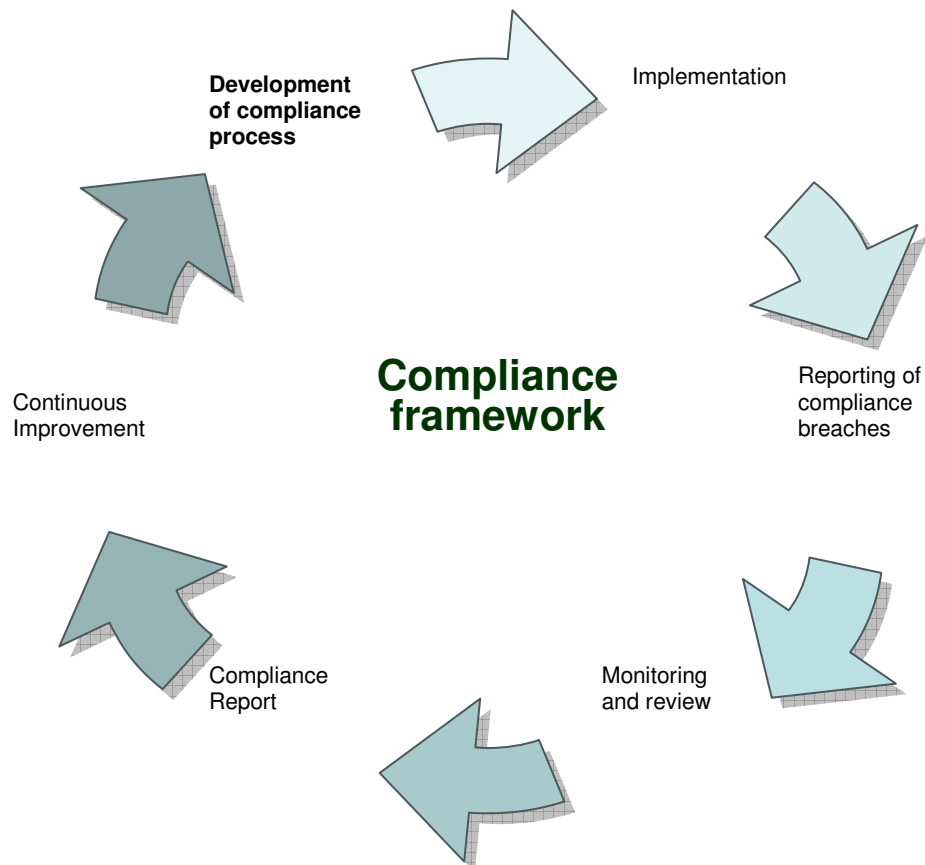
- 2.4 In considering the guiding principles, the Commission expects regulated entities to develop, implement, and encourage the following:

¹² Australian Standard, 2006, Compliance programs, AS 3806-2006.

- Commitment by the board and top management – compliance is expected to permeate the whole organisation and be endorsed by the organisation’s board and top management. Compliance should be incorporated in an organisation’s core values and objectives and adequate resources should be provided to support the program.
- Implementation of the compliance program – the Commission expects regulated entities to clearly allocate responsibilities and accountabilities for compliant outcomes, and to dedicate resources for training staff on compliance and their roles in ensuring compliance.
- Monitoring, measuring and continuous improvement – the Commission expects initiatives whereby compliance performance is continually monitored, measured and improved.

2.5 Figure 1 below illustrates the different elements of the compliance framework continuously improving over time.

Figure 1: Continuous improving compliance framework



CHAPTER 3

Commission's Approach to Compliance

Introduction

- 3.1 The Commission's compliance monitoring program consists of three main elements:
- risk identification and risk assessment;
 - ensuring compliance; and
 - enforcement.
- 3.2 The Commission has compiled a Register of Compliance, which lists compliance obligations relevant to each type of regulated entity.
- 3.3 Using the Commission's risk assessment methodology (Appendix A), the Commission has assessed the risks associated with a potential breach of each compliance obligation.
- 3.4 Ultimately, identification and ranking of risks remains the responsibility of the regulated entity. The Commission's Register of Compliance is not intended to replace a regulated entity's own register of compliance and/or compliance program.
- 3.5 The Commission has published all compliance obligations deemed high risk in accordance with the Commission's risk assessment methodology (Appendix B).
- 3.6 For compliance monitoring and reporting purposes, a breach of a high risk obligation is defined as a 'material breach'. The Commission expects regulated entities to report all material breaches as soon as possible.
- 3.7 The Commission may refer to the Register of Compliance in developing the scope of the audit for external compliance audits.

Risk identification and risk assessment

Structure of Register of Compliance

- 3.8 The Commission's Register of Compliance contains compliance obligations from all legislative and licence obligations, including but not limited to:
- *Electricity Reform Act 2005*;
 - *Utilities Commission Act 2007*;
 - *Electricity Networks (Third Party Access) Act 2003*;
 - Electricity Reform (Administration) Regulations;
 - Utilities Commission Regulations;
 - Electricity Networks (Third Party Access) Code;
 - Northern Territory Electricity Ring-fencing Code;

-
- Standards of Service Code;
 - Electricity Retail Supply Code;
 - licences; and
 - guidelines.
- 3.9 The Register of Compliance contains the description, source, category, penalty (if applicable), and risk rating (including the impact of the breach and the likelihood of the breach) of each compliance obligation.
- 3.10 These compliance obligations have been grouped according to the type of regulated entity, including:
- generators;
 - network operators;
 - retailers; and
 - system control.
- 3.11 These compliance obligations have been further grouped into seven categories:
- Conduct – obligations relating to market behaviour affecting competition.
 - Performance – obligations for performance based outcomes such as standards of service.
 - Pricing – obligations relating to price regulation (i.e. network tariffs and charges, or electricity retail pricing).
 - Electricity retail competition – provisions relating to electricity retail competition and customer transfer.
 - Technical – obligations relating to technical aspects and requirements of the relevant industry.
 - Safety – obligations imposing safety standards and requirements.
 - Administration – obligations for the administration of an Act or the administration of the functions of an entity under an Act (includes broad enforcement and penalty provisions).
- 3.12 These categories cover all aspects of the regulatory framework, and will assist the Commission in attending to particular areas of the regulatory framework for compliance monitoring purposes.

Commission's assessment of compliance obligations

- 3.13 The obligations contained in the Register of Compliance (Appendix B) have been assessed as high risk by the Commission using the risk assessment methodology at Appendix A. The Commission intends to use the Register of Compliance to inform and prioritise its monitoring and compliance audit processes.
- 3.14 The Commission's Register of Compliance is not to be seen as a substitute for the regulated entities' own assessment of their obligations and risks. Ultimately, the responsibility for compliance rests with the regulated entity.

- 3.15 In making its Register of Compliance public, the Commission's objective is to promote transparency by informing regulated entities of the scope of the Commission's monitoring functions, while enabling regulated entities to prioritise and allocate resources accordingly when dealing with regulatory compliance.

Register of Compliance - exclusions

- 3.16 The technical obligations in the System Control Technical Code and Network Control Technical Code have not been included in the Register of Compliance. The Commission is of the view that System Control is best placed to assess the risks associated with technical obligations. The Commission may call upon System Control to provide a similar register, or conduct a similar risk assessment analysis for technical obligations under the System Control Technical Code, the Network Connection Technical Code, or any other legislative or licence requirements.

Risk Assessment

- 3.17 The Commission has assessed the risks associated with a potential compliance breach by using the risk assessment methodology in Appendix A.
- 3.18 The Commission's approach to risk assessment can be summarised as:
- determining the impact the breach may have on customers;
 - determining the likelihood of the breach happening; and
 - deriving the risk level based on the impact and likelihood ratings.
- 3.19 This approach is used to assess whether the risk of a compliance breach is:
- high risk– a breach that is likely to cause major damage, disruption or a breach of licence obligations impacting customers;
 - medium risk– a breach that is unlikely to cause major damage but may threaten the efficiency and effectiveness of service; or
 - low risk– a breach that is unlikely to occur and consequences are relatively minor.
- 3.20 In assessing the impact of the breach, the Commission has considered past conduct of regulated entities. However, the Commission has placed more reliance on the potential impact of the breach in a hypothetical scenario.
- 3.21 In considering the factors affecting the impact of the breach, the Commission has placed a firm emphasis on the long-term interests of consumers. The categories considered by the Commission include the impact on public safety and system security, impact to customers (including financial impact), and breaches of legislation and regulatory obligations.
- 3.22 The Commission's risk assessment methodology at Appendix A identifies the various impact rating categories and examples relating to categories of risk, the various likelihood categories for a breach, and the risk rating determined by combining the impact of the breach and its likelihood.

Ensuring Compliance

3.23 The Commission's compliance program oversees compliance with the regulatory framework through:

- requiring regulated entities to establish, implement, and maintain policies, procedures, and systems to ensure compliance (i.e. compliance process or compliance framework); and
- monitoring the compliance of regulated entities through reporting and audit requirements.

Policies, procedures and system

3.24 The electricity retail, network, generation, and system control licences require regulated entities to establish, implement and maintain policies, procedures and systems (i.e. compliance process or compliance framework) for ensuring that they comply with all their obligations.

3.25 The Commission expects regulated entities to establish, implement, and maintain a compliance process or compliance framework that reflects industry best practice (i.e. AS 3806-2006: Australian Standards on Compliance Programs or equivalent).

3.26 The compliance process should include, *inter alia*, policies, procedures and systems for:

- training of employees about the obligations of the regulated entity;
- regular internal audits by the regulated entity of its compliance obligations;
- regular reporting to the board;
- dealing with any complaints made by a customer or other third party to the regulated entity in connection with non-compliance by the regulated entity with its obligations; and
- monitoring compliance, and identifying and reporting to the Commission any material breach.¹³

3.27 The Commission also expects regulated entities to 'systematically identify its compliance obligations and the way in which they impact on its activities, products and services',¹⁴ which may include a register of compliance obligations outlining various business and regulatory risks.

3.28 The Commission does not expect a regulated entity's compliance register to align with the Commission's Register of Compliance. However, it would be prudent for regulated entities to consider the Commission's approach to compliance.

3.29 The regulated entity should also have processes in place to ensure that its list or register of compliance remains up to date in accordance with:¹⁵

¹³ Cl.10.5(a) of the retail, networks and generation licences, and cl.11.5(a) of the system control licence.

¹⁴ Australian Standard, 2006, Compliance programs, AS 3806-2006, p.10, para.3.5.1.

¹⁵ Australian Standard, 2006, Compliance programs, AS 3806-2006, p.10, para.3.5.3.

- new or changed activities, products or services;
- changes to the structure or strategy of the regulated entity;
- significant external changes; or
- changes to compliance obligations.

3.30 The Commission expects regulated entities to have processes in place to 'receive advice of changes of laws, regulations, codes and other compliance obligations to ensure ongoing compliance'.¹⁶ Such processes could include, but are not limited to:

- arrangements with legal advisors;
- being on the relevant regulators' mailing lists;
- membership of professional groups;
- subscribing to relevant information services;
- attending industry forums and seminars; and
- monitoring the Commission's website.

Monitoring and reporting mechanisms

3.31 The mechanisms set out below are part of the range of instruments used by the Commission to monitor compliance and identify breaches or possible breaches.

Reporting of breaches

3.32 The Commission partly relies on the regulated entities' self-assessment of their compliance with their regulatory obligations. Under the terms of their licences, regulated entities are required to monitor and report any material breach of their obligations to the Commission as soon as reasonably possible after becoming aware that a breach has occurred, and must advise of the remedial measures that are being undertaken to rectify the breach.¹⁷

3.33 The Commission considers a breach to be 'material' when an event has the following attributes:

- incident adversely affects (financially and/or service provision) customers;
- a significant number of customers are affected;
- regulated entity's ability to provide services is compromised; or
- public health and safety is threatened.

3.34 The Commission considers a breach with a 'high' risk rating in the Register of Compliance to be material.

3.35 Should a regulated entity be in doubt as to the seriousness of the breach, it would be advisable and prudent to notify the Commission.

¹⁶ Australian Standard, 2006, Compliance programs, AS 3806-2006, p.11, para.3.5.2.

¹⁷ Cl.10.5(a) of the retail, networks and generation licences, and cl.11.5(a) of the system control licence.

- 3.36 Where a regulated entity has not been compliant, the Commission expects the breach notification provided to the Commission to contain the following:
- brief statement explaining the circumstances and reasons for the breach;
 - brief statement explaining any delay in reporting the breach;
 - relevant regulatory provision(s);
 - consequences of non-compliance; and
 - remedial measures.
- 3.37 The Commission considers that remedial measures need to be long-lasting (not temporary) and should account for any potential compliance breaches in the future.
- 3.38 To support greater transparency, the Commission will publish a half-yearly report listing all compliance breaches reported to the Commission during the previous six months. If appropriate, the Commission may include an annual listing in the Power System Review. The Power System Review is provided to the Minister and published in accordance with the *Electricity Reform Act*.¹⁸

Incident reporting requirements

- 3.39 The Commission's incident reporting requirements specify the way in which System Control is to report incidents to the Commission in accordance with the System Control Technical Code, the Network Connection Technical Code and any other legislative or licence requirements.¹⁹ System Control has discretion over the approach to investigating an incident, and reporting an incident to the Commission.
- 3.40 In considering the incident reporting requirements, the Commission has had regard to the health and system security of the power system, and the impact on customers and System Control.
- 3.41 The incident reporting requirements are to outline the following:
- trigger levels of submitting a report to the Commission;
 - information to be provided in a report;
 - reporting timeframes; and
 - protocols for the dissemination of information to the public.
- 3.42 The Commission is to consider the seriousness of the incident(s) being reported in assessing whether the incident(s) will be reported and published in accordance with paragraph 3.38 of this Statement of Approach. Other enforcement actions are discussed in the enforcement section of this Statement of Approach.

¹⁸ S.45 (1).

¹⁹ As of the date of publication, amendments to the System Control Technical Code, which intend to incorporate incident reporting requirements have not yet been finalised.

Licence Returns

- 3.43 The *Electricity Reform Act* requires regulated entities to lodge an annual licence return with the Commission containing such information as is required from time to time by the Commission in accordance with licence conditions or written notice.²⁰
- 3.44 The date prescribed for lodgment of an annual licence return is 1 August each year.²¹
- 3.45 The information in the annual returns is used to:
- calculate licence fees; and
 - maintain up to date electricity industry information.
- 3.46 The Commission aims to minimise the reporting obligations on regulated entities.
- 3.47 By 1 August, the Independent Power Producers and Isolated Systems (IPPs) licensees are required to provide a statement by an appropriate officer within the regulated entity:
- confirming that there has been no material change in the licensee's financial, technical or other capacity to continue operations under its licence, or if there has been some change, details of that change; and
 - detailing any significant changes to total generating capacity and plant specifications.
- 3.48 By 1 August, the generation, network, retail, system control licensees are required to provide the following information:
- names and titles of key staff members carrying out the licensed operations as at 30 June;
 - confirmation from the regulated entity that there has been no material change in the licensee's financial, technical and other capacity to continue operations under its licence, or if there has been some change, details of that change;
 - for electricity generation licence holders – details of available and sustainable installed capacity as at 30 June;
 - for the electricity networks licence holders – details of transmission/distribution line lengths as at 30 June;
 - for electricity retail licence holders – details of total energy sales for the year ending 30 June.
- 3.49 By 1 December each year, the network and system control licence holders are required to provide regulatory financial statements for their business units and the business as a whole for the year ending 30 June as per the Account and Cost Allocation Procedures²² and extension of approval of the Accounting and Cost Allocation Procedures.²³

²⁰ S.19 (2) (a) of the *Electricity Reform Act*.

²¹ Reg.4 (1) of the *Electricity Reform (Administration) Regulations*.

²² Power and Water, 9 November 2001, Accounting and Cost Allocation Procedures required by the Northern Territory Ring Fencing Code, version 1 (available on the Commission's website: www.utilicom.nt.gov.au).

²³ The extension of Approval of Accounting and Cost Allocation Procedures was approved by the Commission on 19 April 2006.

Procedures and guidelines

- 3.50 The Commission may compile procedures and guidelines which detail the manner and form in which regulated entities are required to submit information to the Commission.
- 3.51 Prescribing manner and form requirements supports the Commission's role to 'develop, monitor, and enforce compliance'.²⁴ These measures will assist regulated entities to provide consistent and accurate information by encouraging the development of internal quality control mechanisms. In turn, this will ensure compliance is achieved at minimal cost to both the regulated entity and the Commission, and may reduce the need to have recourse to an onerous in-depth audit.
- 3.52 The Commission may detail the manner and form requirements as guidelines, as a schedule or appendix to codes, rules, or determinations created by the Commission under the *Utilities Commission Act* and other associated legislation, or in any other manner permitted by law.²⁵
- 3.53 Manner and form requirements may include but are not limited to:
- guidelines specifying the process of submitting information or data;
 - guidelines specifying the form and content of information or data;
 - templates; or
 - declarations to be signed by the Chief Executive Officer or equivalent certifying the adequacy or standard of information or data.
- 3.54 The Commission will consider the guiding principles and objectives in this Statement of Approach in developing procedures and guidelines.

Compliance audit process

- 3.55 The electricity generation, network, retail, and system control licences require that the licensee 'establish, document, maintain and comply with appropriate auditable internal policies, procedures and systems ("compliance process") for ensuring that it complies with its obligations under this licence, and all applicable laws, rules or standards'.²⁶
- 3.56 Further, the electricity generation, network, retail, and system control licensees are required to:
- provide a compliance report to the Commission at reasonable intervals determined by the Commission;²⁷ and
 - upon reasonable notice from the Commission, appoint an independent auditor to undertake an audit of the regulated entity's compliance with any of its obligations under the licence.²⁸

²⁴ S.6(1)(c) of the *Utilities Commission Act*; S.13 of the *Electricity Reform Act*.

²⁵ S.25 and s.37 of the *Utilities Commission Act*.

²⁶ Cl.10.1(a) of the retail, networks, and generation licences, and cl.11.1(b) of the system control licence.

²⁷ Cl.10.2(a) of the retail, networks and generation licences, and cl.11.2(a) of the system control licence.

- 3.57 The standards or requirements to apply to an audit will be determined by the Commission in consultation with the regulated entity.²⁹
- 3.58 The Commission may require IPPs to undertake compliance audits on an ad-hoc basis. The Commission will consider the size and scope of the IPP and any compliance issues that may arise.

Scope of the audit

- 3.59 The Commission considers that an audit might cover one or more of the following items:
- a report on the adequacy of compliance systems and processes;
 - a report on compliance with a sample of compliance obligations (i.e. for conduct related obligations - claims about specific standards, treatment of confidential information, or the processes in place ensuring nominated goods and services are provided according to related party terms under the Northern Territory Ring-fencing); and
 - a report on compliance with a sample of technical related obligations set out in the System Control Technical Code and the Network Connection Technical Code.
- 3.60 The Commission will look at a range of factors in considering the sample of compliance obligations for the scope of the audit, including but not limited to:
- compliance obligations in the Register of Compliance (Appendix B).
 - the significance of events identified in System Control incident reports;
 - any environmental changes such as the entry of a new market participant or changes to the legislative framework; or
 - any compliance issues raised through compliance monitoring and reporting.
- 3.61 In considering the sample of technical related obligations, the Commission may call upon System Control to assist the Commission in developing the scope of the audit. (e.g. by requiring a sample list of medium to high risk technical obligations under the System Control Technical Code, or Network Connection Technical Code).
- 3.62 The Commission may also consider more targeted audits as a result of any compliance issues, concerns or breaches identified as a result of the regulated entity's reporting requirements or during the course of the Commission's monitoring functions.
- 3.63 The Commission is of the view that, in assessing compliance, an auditor will need to consider the following principles:
- the purpose or intention of an obligation – a literal or 'black letter approach to compliance is considered insufficient and does not reflect the objective of the audit; and
 - the reasons to include an obligation in the audit sample – factors influencing the focus of the audit could be influenced by the risk ranking of obligations in the Register of

²⁸ Cl.10.3(a) of the retail, networks and generation licences, and cl.11.3(a) of the system control licence.

²⁹ Cl.10.3(b) of the retail, networks and generation licences, and cl.11.3(b) of the system control licence.

Compliance (see Appendix B), or the significance of events identified in the System Control incident reports, or environmental changes (e.g. entry of new market competitor, or change to legislation or regulatory framework).

- 3.64 An auditor will also be expected to provide a statement on how compliance with each obligation is demonstrated ('Statement of Compliance').
- 3.65 Where an audit identifies issues of poor compliance or breaches or potential breaches of compliance obligations, the audit report should detail any recommendations for improvement.

Frequency of audits

- 3.66 The Commission intends to conduct compliance audits on a yearly basis. However, should the Commission have any concerns in relation to specific aspects of the regulated entity's compliance with its obligations, the Commission may consider one-off or more regular (i.e. quarterly) or targeted audits.

Choice of the auditor

- 3.67 The electricity generation, retail, network and system control licences state that the Commission may require the regulated entity to appoint an independent auditor to undertake an audit of the regulated entity's compliance with its licence obligations.³⁰
- 3.68 The electricity generation, retail, network and system control licences also provide a mechanism enabling the Commission to appoint an external auditor in the event that the Commission is not satisfied with the choice of the auditor appointed by the regulated entity.³¹ In considering the suitability of an auditor, the Commission may have regard to the experience of the auditor, any specialist skills required for the audit, the quality of previous work and audit reviews, and the Commission's expectations. The Commission would expect that the Commission and the regulated entity should be able to agree on the suitability of an external auditor prior to the auditor's engagement.
- 3.69 An auditor engaged for a particular audit should be independent of the regulated entity. In particular, an auditor must not have any direct or indirect commercial interest in or obligation to the entity which is being audited. An auditor must conduct an audit independently and objectively.
- 3.70 A technical audit should be undertaken by a party with appropriate technical expertise. The Commission does not have a particular view as to whether an appointed auditor sub-contracts the technical audit or whether the regulated entity engages a separate auditor to complete the task.

Cost of the audit

- 3.71 The Commission considers the costs associated with the audit should be met by the regulated entity. This is in line with the practices adopted in other Australian jurisdictions.³²

³⁰ Cl.10.3(a) of the retail, networks and generation licences, and cl.11.3(a) of the system control licence.

³¹ Cl.10.4(a) of the retail, networks and generation licences, and cl.11.4(a) of the system control licence.

³² Independent Competition and Regulatory Commission, June 2005, Position Paper-Compliance Audit Framework page 12; Essential Services Commission of South Australia, September 2004, Electricity Compliance Audit Framework – Final Decision, page 14; Australian Energy Regulator, July 2011,

- 3.72 The Commission considers that when audit costs are borne by the regulated entity, it provides an additional incentive on the entity to actively develop and comply with effective compliance processes. The adequacy of an entity's compliance program and adherence to a culture of compliance can influence the frequency, scope, and cost of the audit.
- 3.73 The Commission is, however, mindful that audit costs can be significant. As a result, the Commission will have regard to the overall benefits of the audit relative to the costs. The type of benefits identified by the Commission in conducting audits are, but not limited to:
- the long-term benefit to consumers;
 - the regulated entity's ability to provide efficient services and manage risks;
 - identifying past and present conduct of the regulated entity vis-à-vis compliance; and
 - promoting public safety.
- 3.74 The Commission considers the audit process to deliver additional benefits as the regulated entity commits to continuously improve the delivery of services and better manage risks.

Transparency

- 3.75 Subject to confidentiality restrictions, the Commission may consider publishing the key findings and recommendations of an audit report (including any compliance issues that have been identified in accordance with paragraph 3.38 of this Statement of Approach).

Enforcement instruments and penalties

- 3.76 The regulatory framework provides a limited range of possible responses to breaches of obligations.
- 3.77 The statutory enforcement instruments available to the Commission under the provisions of the *Electricity Reform Act* are essentially punitive. Contravention of a licence may be subject to a penalty of up to 2500 penalty units.³³ The Commission may also recover an amount equal to that benefited by the electricity entity when contravening the licence condition.³⁴ Such recovery is done through the Courts.
- 3.78 Alternatively, the Commission may suspend or cancel a licence in the case of an electricity entity being guilty of a 'material' contravention of a licence condition or any other requirement imposed by the *Electricity Reform Act* or any other Act.³⁵
- 3.79 In most cases, the Commission would expect to be able to resolve matters with the regulated entity in breach by requesting that active steps be taken to remedy the breach. However, should the regulated entity fail to respond to the Commission's request, the Commission may consider escalating the matter to disciplinary action.

Statement of Approach: compliance with the National Energy Retail Law, Retail Rules and Retail Regulations, version 1, page 12.

³³ S.31 (1) of the *Electricity Reform Act*; as at 1 July 2010, the value of a penalty unit is \$133.

³⁴ S.31 (2) of the *Electricity Reform Act*.

³⁵ S.36 (1) (b) of the *Electricity Reform Act*.

3.80 The Commission intends to publish information on material breaches in accordance with paragraph 3.38 of this Statement of Approach. The Commission believes that reputational damage may provide a good incentive for a regulated entity to comply with its obligations or to promptly rectify a breach.

3.81 In all cases, the Commission has discretion to undertake appropriate action in response to a breach. The Commission will consider the following factors:

- circumstances in which the breach took place;
- period over which the breach extended;
- whether the breach was deliberate;
- whether the breach was avoidable if reasonable compliance practices had been followed;
- whether the breach arose out of the conduct of senior management or lower level staff;
- whether the regulated entity gained financially from the breach;
- impact of the breach and the damage or detriment suffered by customers or third parties;
- level of cooperation of the regulated entity with the regulator;
- action taken or planned by the regulated entity to rectify the breach and avoid reoccurrence;
- whether the regulated entity has a history of compliance; and
- any previous unsuccessful attempts to resolve past breaches through administrative enforcement options.

APPENDIX A

Risk Assessment Methodology

The impact of a breach is categorised in Table 1.

Table 1: Impact Ratings

		Impact rating		
Rating		Minor	Moderate	Major
Examples of potential impact of the breach	Health and system security	Minor public health, system failure, or safety issues	Moderate public health, system failure, or safety issues that are not minor or major. Impact of breach may increase over time if not rectified	Life-threatening public health consequences. Significant system failure or widespread safety issues or health risks Impact of breach increases quickly over time if not rectified
	Supply quality	Minor breach of quality of supply, which has a minor impact on a few customers. Some inconvenience to customers	Breach of quality of supply. Event is restricted in both area and time i.e. supply of service to one street is affected for up to one day. Usually results in a small to moderate rise in customer complaints. Impact of breach may increase over time if not rectified	Breach of quality of supply resulting in damage to property, and possible health risks for customers. Usually results in a significant rise in customer complaints. Impact of breach increases quickly over time if not rectified
	Supply reliability	Minor supply reliability issues, and connection delays which has a minor impact on a few customers. Some inconvenience to customers	Noticeable drop in reliability standards. Event is restricted in both area and time i.e. supply of service to one street is affected for up to one day. Usually results in a small to moderate rise in customer complaints. Impact of breach may increase over time if not rectified	Widespread supply reliability issues resulting in a significant drop in reliability standards. Usually results in a significant rise in customer complaints. Long-term effects may be inconsistent with projections in planning documents such as the Power System Review. Impact of breach increases quickly over time if not rectified
	Consumer protection	Consumer protection initiatives such as customer complaints mechanisms not followed in a few instances. Self-regulatory measures are usually sufficient to correct non-compliance.	Customer service standards are noticeably lower, having a moderate effect on the public's perception of the quality and reliability of the electricity industry. Non-compliance is manageable with self-regulatory measures. Some action may be required by the Commission. Impact of breach may increase over time if not rectified	
	Financial impact	Nil or minor costs incurred by customers and/or businesses. Costs trivial in nature	Additional cost incurred by customers and/or businesses. Costs have moderate financial impact on customers and/or businesses. Costs are not trivial in nature. Impact of breach may increase over time if not rectified	Major financial impact incurred by customers and/or businesses affecting the whole of the electricity industry and a majority of customers within the NT. Impact of breach increases quickly over time if not rectified
	Breaches of legislation or other licence conditions	Licence conditions not fully complied with, but issues can be promptly resolved.	One or more breaches of legislation or other licence conditions and/or sustained period of breaches. Some action may be required by the Commission. Impact of breach may increase over time if not rectified	Major disregard for legislation or other licence conditions. Un-cooperative attitude and behaviour towards the Commission. Commission may be required to exercise enforcement powers. Impact of breach increases quickly over time if not rectified

The likelihood of a breach occurring is categorised in Table 2.

Table 2: Likelihood Ratings

Likelihood ratings	
Level	Criteria
Likely	Non-compliance is expected to occur at least once or twice a year
Probable	Non-compliance is expected to occur once every three years
Unlikely	Non-compliance is expected to occur once every 10 years or longer

Risk is determined by combining the impact of the breach (table 1) and its likelihood (table 2). This is presented in Table 3 below.

Table 3: Risk Ratings

Risk rating			
Likelihood	Impact rating		
	Minor	Moderate	Major
Likely	Medium	High	High
Probable	Low	Medium	High
Unlikely	Low	Medium	High

The definition of the inherent risk ratings is as follows:

- High risk – a breach that is likely to cause major damage, disruption or breach of licence obligations.
- Medium risk – a breach that is unlikely to cause major damage but may threaten the efficiency and effectiveness of service.
- Low risk – a breach that is unlikely to occur and consequences are relatively minor.

APPENDIX B

Register of Compliance Obligations (High risk only)

High Risk Obligations Applicable to the PWC Retail Licence

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
PWC Retail Licence	Compliance process and compliance reporting	Licensee must establish, document, maintain and comply with appropriate auditable internal policies, procedures and systems ("compliance process") for ensuring that it complies with its obligations under this licence, and all applicable laws, Codes, rules or standards.	Clause 10.1 (a)	Administration		Major	Probable	High
PWC Retail Licence	Compliance process and compliance reporting	The compliance process must include policies, procedures and systems for (i) training of employees about the obligations of the licensee under this licence; (ii) regular internal audit by the licensee of its compliance with its obligations under this licence; (iii) regulator reporting to, and consideration by, the Board of the Licensee concerning compliance with the obligations of the licensee under this licence; (iv) dealing with any complaints made by a customer or other third party to the licensee in connection with non-compliance by the licensee with its obligations under this licence; and (v) detecting and report to the Commission any material breach of the compliance procedures	Clause 10.1 (b)	Administration		Major	Probable	High
PWC Retail Licence	Compliance process and compliance reporting	Licensee must provide a report to the Commission at reasonable intervals determined by the Commission, describing the measures taken by the licensee to ensure compliance with its obligations (a compliance report)	Clause 10.2 (a)	Administration		Major	Probable	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
PWC Retail Licence	Compliance process and compliance reporting	In the event that the Commission appoints an independent auditor, (ii) the licensee must cooperate with any reasonable requests made by the independent auditor in undertaking the audit	Clause 10.4 (b) (ii)	Administration		Major	Unlikely	High
PWC Retail Licence	Compliance process and compliance reporting	Licensee must report any material breach of its obligations under this licence to the Commission as soon as reasonably possible after becoming aware that the breach has occurred, and must advise of the remedial action that is being undertaken to rectify the breach	Clause 10.5	Administration		Major	Probable	High
PWC Retail Licence	Adequate Supply Arrangements	Licensee must take reasonable steps to ensure that it has in place at all times arrangements to provide a supply of electricity that is safe, reliable and of a satisfactory quality to its customers	Clause 15	Performance		Major	Unlikely	High
PWC Retail Licence	Customer notification and information	Licensee must offer to sell electricity to existing and new customers who are likely to have annual electricity consumption of 750MWh or less on the terms and conditions, including the relevant Pricing Order, as the equivalent class of customers were on immediately before becoming contestable customers for the grace period specified in the Regulations	Clause 16.3	Conduct		Major	Unlikely	High
Electricity Reform Act	Licences in electricity supply industry	Electricity entity must not carry on operations in the electricity supply industry for which a licence is required unless the person holds a licence under this part authorising the relevant operations.	Section 14	Administration	Maximum penalty: 2 500 penalty units.	Major	Unlikely	High
Electricity Reform Act	Authority conferred by licence authorising selling of electricity	A licence authorising the selling of electricity does not authorise the Electricity Entity to have access to an electricity network other than in accordance with an access agreement entered into under the Network Access Code with the Electricity Entity licensed to operate the electricity network	Section 23 (5)	Administration		Major	Unlikely	High
Electricity Reform Act	Transfer of licence	A licence may only be transferred with the Commission's agreement.	Section 33 (1)	Administration		Major	Unlikely	High
Electricity Reform Act	Commission's powers to take over operations	Electricity Entity must facilitate the take over of the relevant operations by the operator if the Commission exercises its powers under section 41	Section 42 (3)	Administration		Major	Unlikely	High
Electricity Reform Act	Commission's powers to take over operations	A person must not obstruct the operator's access to property or the exercise by the operator of the operator's responsibilities under this Part.	Section 42 (6)	Administration	Maximum penalty: 2 500 penalty units.	Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform Act	Commission's powers to take over operations	A person must comply with reasonable directions given by the operator in the exercise of the operator's responsibilities under this Part.	Section 42 (7)	Administration	Maximum penalty: 2 500 penalty units.	Major	Unlikely	High
Electricity Reform Act	Electricity pricing order	An electricity entity must comply with an electricity pricing order or part of an electricity pricing order that applies to the entity.	Section 44 (11)	Pricing		Major	Unlikely	High
Electricity Reform Act	Utilities Commission to monitor and advise on system capacity	Electricity entities operating in the Territory's power system are to provide information and technical assistance that the Commission reasonably requires to perform its responsibilities under section 45 (1)	Section 45(2)	Performance		Major	Unlikely	High
Electricity Reform Act	Utilities Commission to monitor and advise on system capacity	A network user or customer who is required to provide information under section 45 (3) must provide the information as and when required by the Commission.	Section 45 (4)	Performance	Maximum penalty: 500 penalty units.	Major	Unlikely	High
Electricity Reform Act	Power to require information	A person must not, without reasonable excuse, fail to comply with a requirement under this section.	Section 81 (3)	Administration	Maximum penalty: 200 penalty units.	Major	Unlikely	High
Electricity Reform Act	Unlawful interference with electricity infrastructure or electrical installation	A person must not, without proper authority: (a) attach an electrical installation or other thing, or make any connection, to an electricity network; (b) disconnect or interfere with a supply of electricity from an electricity network; or (c) damage or interfere with electrical infrastructure or an electrical installation in any other way.	Section 96 (1)	Safety	Maximum penalty: 200 penalty units or imprisonment for 2 years.	Major	Unlikely	High
Electricity Reform Act	Unlawful interference with electricity infrastructure or electrical installation	A person must not, without proper authority: (a) be in an enclosure where electrical infrastructure is situated; or (b) climb on poles and other structures that are part of electrical infrastructure.	Section 96 (2)	Safety	Maximum penalty: 100 penalty units or imprisonment for 6 months.	Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform Act	Unlawful interference with electricity infrastructure or electrical installation	A person must not discharge a firearm or throw or project an object towards electrical infrastructure or an electrical installation if there is a risk of damage to the infrastructure or installation, or interruption of electricity supply.	Section 96 (3)	Safety	Maximum penalty: 100 penalty units or imprisonment for 6 months.	Major	Unlikely	High
Electricity Reform Act	Notice of work that may affect electricity infrastructure	A person who proposes to do work near electricity infrastructure must give the appropriate electricity entity at least 7 days notice of the proposed work if: (a) there is a risk of equipment or a structure coming into dangerous proximity to electrical conductors; (b) the work may affect the support for any part of electricity infrastructure; or (c) the work may interfere with the electricity infrastructure in some other way.	Section 99 (1)	Safety	Maximum penalty: 25 penalty units.	Major	Unlikely	High
Electricity Reform Act	Notice of work that may affect electricity infrastructure	A person who does work near electricity infrastructure must comply with: (a) requirements prescribed by the Regulations that are applicable to the work; and (b) reasonable requirements made by the electricity entity for the protection of the infrastructure or the safety of the persons carrying out the work.	Section 99 (3)	Safety	Maximum penalty: 25 penalty units.	Major	Unlikely	High
Electricity Reform Act	Impersonation of officials, etc.	A person must not, without reasonable excuse, obstruct an authorised officer, an electricity officer or anyone else engaged in the administration of this Act or the exercise of powers under this Act.	Section 101 (1)	Administration	Maximum penalty: 100 penalty units or imprisonment for 6 months.	Major	Unlikely	High
Electricity Reform Act	False or misleading information	A person must not make a statement that is false or misleading in a material particular (whether by reason of the inclusion or omission of any particular) in any information furnished under this Act.	Section 102	Administration	Penalty: If statement is deliberately false or misleading, 200 penalty units or 2 years imprisonment. In any other case 50 penalty units	Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Networks (Third Party Access) Code	Access terms	Network Users must keep the Power System Controller informed of arrangements the Network User has made to obtain standby power and must promptly provide to the Power System Controller any information concerning those arrangements that the Power System Controller reasonably requests.	Clause 26(3)	Technical		Major	Probable	High
Electricity Networks (Third Party Access) Code	Access terms	The network user must provide the network provider and the power system controller with information reasonably requested relating to the user's forecast electricity generation or load.	Clause 28 (1)	Technical		Major	Unlikely	High
Electricity Networks (Third Party Access) Code	Access terms	The Network User must use reasonable endeavours to provide accurate and complete information under subclause (1).	Clause 28(2)	Technical		Major	Probable	High
Electricity Networks (Third Party Access) Code	Access terms	A Network User must comply with the System Control Technical Code issued by the Power System Controller regarding the monitoring, operation and control of the power system.	Clause 30(4)	Technical		Major	Probable	High
Utilities Commission Act	Making and effect of determinations	A licensed entity must comply with a determination that applies in whole or in part to the entity	Section 22 (8)	Administration		Major	Unlikely	High
Utilities Commission Act	Enforcement of determinations	A person must comply with: (a) a provisional order or a final order served on the person under this section; or (b) an undertaking given by the person and accepted by the Commission under this section.	Section 23 (8) (a) & (b)	Administration	Maximum penalty: 2 500 penalty units.	Major	Unlikely	High
Utilities Commission Act	False or misleading information	A person must not make a statement that is false or misleading in a material particular (whether by reason of the inclusion or omission of any particular) in any information given under this Act.	Section 36	Administration	Penalty: If statement is made knowing that it was false or misleading - 200 penalty units or 2 years imprisonment, in any other case - 100 penalty units	Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Retail Supply Code	Network Access Agreement	The retailer and network provider must enter into a Network Access Agreement (consistent with the requirements of the Electricity Networks (Third Party Access) Act) for the: (a) provision of network access services; and (b) the coordination of various matters specified by the Commission in accordance with the network provider's licence including without limitation, customer billing, fault reporting and notification of interruptions	Clause 4.1.1	Electricity retail competition		Major	Unlikely	High
Electricity Retail Supply Code	PWC (Retail) to be the Retailer of Last Resort	If a Retailer of Last Resort Event occurs in relation to a retailer (the 'failed retailer'): (b) Power and Water Corporation (Retail) must sell electricity to the existing customers of the failed retailer from the date(s) set by the Commission.	Clause 9.2.3	Electricity retail competition		Major	Unlikely	High
Electricity Retail Supply Code	Retailer of Last Resort arrangements	As Retailer of Last Resort, PWC (Retail) must sell electricity to the existing customers of the failed retailer in accordance with the Retailer of Last Resort tariffs approved by the Commission	Clause 9.4.3	Electricity retail competition		Major	Unlikely	High

High Risk Obligations Applicable to the Holder of the Retail Licence (other than PWC)

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Retail Licence (other than PWC)	Compliance process and compliance reporting	Within 3 months of issue of this licence, the licensee must establish, document, maintain and comply with appropriate auditable internal policies, procedures and systems ("compliance process") for ensuring that it complies with its obligations under this licence, and all applicable laws, codes, rules or standards	Clause 10.1 (a)	Administration		Major	Probable	High
Electricity Retail Licence (other than PWC)	Compliance process and compliance reporting	The compliance process must include policies, procedures and systems for (i) training of employees about the obligations of the licensee under this licence; (ii) regular internal audit by the licensee of its compliance with its obligations under this licence; (iii) regulator reporting to, and consideration by, the Board of the Licensee concerning compliance with the obligations of the licensee under this licence; (iv) dealing with any complaints made by a customer or other third party to the licensee in connection with non-compliance by the licensee with its obligations under this licence; and (v) detecting and report to the Commission any material breach of the compliance procedures	Clause 10.1 (b)	Administration		Major	Probable	High
Electricity Retail Licence (other than PWC)	Compliance process and compliance reporting	Licensee must provide a report to the Commission at reasonable intervals determined by the Commission, describing the measures taken by the licensee to ensure compliance with its obligations (a compliance report)	Clause 10.2 (a)	Administration		Major	Probable	High
Electricity Retail Licence (other than PWC)	Compliance process and compliance reporting	In the event that the Commission appoints an independent auditor, (ii) the licensee must cooperate with any reasonable requests made by the independent auditor in undertaking the audit	Clause 10.4 (b)	Administration		Major	Unlikely	High
Electricity Retail Licence (other than PWC)	Compliance process and compliance reporting	Licensee must report any material breach of its obligations under this licence to the Commission as soon as reasonably possible after becoming aware that the breach has occurred, and must advise of the remedial action that is being undertaken to rectify the breach	Clause 10.5	Administration		Major	Unlikely	High
Electricity Retail Licence (other than PWC)	Adequate Supply Arrangements	Licensee must take reasonable steps to ensure that it has in place at all times arrangements to provide a supply of electricity that is safe, reliable and of a satisfactory quality to its customers	Clause 14	Performance		Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Retail Licence (other than PWC)	Customer notification and information	Licensee must offer to sell electricity to existing and new customers who are likely to have annual electricity consumption of 750MWh or less on the terms and conditions, including the relevant Pricing Order, as the equivalent class of customers were on immediately before becoming contestable customers for the grace period specified in the Regulations	Clause 15.3	Conduct		Major	Unlikely	High
Electricity Reform Act	Licences in electricity supply industry	Electricity entity must not carry on operations in the electricity supply industry for which a licence is required unless the person holds a licence under this part authorising the relevant operations.	Section 14	Administration	Maximum penalty: 2 500 penalty units.	Major	Unlikely	High
Electricity Reform Act	Authority conferred by licence authorising selling of electricity	A licence authorising the selling of electricity does not authorise the Electricity Entity to have access to an electricity network other than in accordance with an access agreement entered into under the Network Access Code with the Electricity Entity licensed to operate the electricity network	Section 23 (5)	Administration		Major	Unlikely	High
Electricity Reform Act	Transfer of licence	A licence may only be transferred with the Commission's agreement.	Section 33 (1)	Administration		Major	Unlikely	High
Electricity Reform Act	Commission's powers to take over operations	Electricity Entity must facilitate the take over of the relevant operations by the operator if the Commission exercises its powers under section 41	Section 42 (3)	Administration		Major	Unlikely	High
Electricity Reform Act	Commission's powers to take over operations	A person must not obstruct the operator's access to property or the exercise by the operator of the operator's responsibilities under this Part.	Section 42 (6)	Administration	Maximum penalty: 2 500 penalty units.	Major	Unlikely	High
Electricity Reform Act	Commission's powers to take over operations	A person must comply with reasonable directions given by the operator in the exercise of the operator's responsibilities under this Part.	Section 42 (7)	Administration	Maximum penalty: 2 500 penalty units.	Major	Unlikely	High
Electricity Reform Act	Electricity pricing order	An electricity entity must comply with an electricity pricing order or part of an electricity pricing order that applies to the entity.	Section 44 (11)	Pricing		Major	Unlikely	High
Electricity Reform Act	Utilities Commission to monitor and advise on system capacity	Electricity entities operating in the Territory's power system are to provide information and technical assistance that the Commission reasonably requires to perform its responsibilities under section 45 (1)	Section 45(2)	Performance		Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform Act	Utilities Commission to monitor and advise on system capacity	A network user or customer who is required to provide information under subsection (3) must provide the information as and when required by the Commission.	Section 45 (4)	Performance	Maximum penalty: 500 penalty units.	Major	Unlikely	High
Electricity Reform Act	Power to require information	A person must not, without reasonable excuse, fail to comply with a requirement under this section.	Section 81 (3)	Administration	Maximum penalty: 200 penalty units.	Major	Unlikely	High
Electricity Reform Act	Unlawful interference with electricity infrastructure or electrical installation	A person must not, without proper authority: (a) attach an electrical installation or other thing, or make any connection, to an electricity network; (b) disconnect or interfere with a supply of electricity from an electricity network; or (c) damage or interfere with electrical infrastructure or an electrical installation in any other way.	Section 96 (1)	Safety	Maximum penalty: 200 penalty units or imprisonment for 2 years.	Major	Unlikely	High
Electricity Reform Act	Unlawful interference with electricity infrastructure or electrical installation	A person must not, without proper authority: (a) be in an enclosure where electrical infrastructure is situated; or (b) climb on poles and other structures that are part of electrical infrastructure.	Section 96 (2)	Safety	Maximum penalty: 100 penalty units or imprisonment for 6 months.	Major	Unlikely	High
Electricity Reform Act	Unlawful interference with electricity infrastructure or electrical installation	A person must not discharge a firearm or throw or project an object towards electrical infrastructure or an electrical installation if there is a risk of damage to the infrastructure or installation, or interruption of electricity supply.	Section 96 (3)	Safety	Maximum penalty: 100 penalty units or imprisonment for 6 months.	Major	Unlikely	High
Electricity Reform Act	Notice of work that may affect electricity infrastructure	A person who proposes to do work near electricity infrastructure must give the appropriate electricity entity at least 7 days notice of the proposed work if: (a) there is a risk of equipment or a structure coming into dangerous proximity to electrical conductors; (b) the work may affect the support for any part of electricity infrastructure; or (c) the work may interfere with the electricity infrastructure in some other way.	Section 99 (1)	Safety	Maximum penalty: 25 penalty units.	Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform Act	Notice of work that may affect electricity infrastructure	A person who does work near electricity infrastructure must comply with: (a) requirements prescribed by the Regulations that are applicable to the work; and (b) reasonable requirements made by the electricity entity for the protection of the infrastructure or the safety of the persons carrying out the work.	Section 99 (3)	Safety	Maximum penalty: 25 penalty units.	Major	Unlikely	High
Electricity Reform Act	Impersonation of officials, etc.	A person must not, without reasonable excuse, obstruct an authorised officer, an electricity officer or anyone else engaged in the administration of this Act or the exercise of powers under this Act.	Section 101 (1)	Administration	Maximum penalty: 100 penalty units or imprisonment for 6 months.	Major	Unlikely	High
Electricity Reform Act	False or misleading information	A person must not make a statement that is false or misleading in a material particular (whether by reason of the inclusion or omission of any particular) in any information furnished under this Act.	Section 102	Administration	Penalty: If statement is deliberately false or misleading, 200 penalty units or 2 years imprisonment. In any other case 50 penalty units	Major	Unlikely	High
Electricity Networks (Third Party Access) Code	Access terms	Network Users must keep the Power System Controller informed of arrangements the Network User has made to obtain standby power and must promptly provide to the Power System Controller any information concerning those arrangements that the Power System Controller reasonably requests.	Clause 26(3)	Technical		Major	Probable	High
Electricity Networks (Third Party Access) Code	Access terms	The network user must provide the network provider and the power system controller with information reasonably requested relating to the user's forecast electricity generation or load.	Clause 28 (1)	Technical		Major	Unlikely	High
Electricity Networks (Third Party Access) Code	Access terms	The Network User must use reasonable endeavours to provide accurate and complete information under clause 28 (1).	Clause 28(2)	Technical		Major	Probable	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Networks (Third Party Access) Code	Access terms	A Network User must comply with the System Control Technical Code issued by the Power System Controller regarding the monitoring, operation and control of the power system.	Clause 30(4)	Technical		Major	Probable	High
Utilities Commission Act	Making and effect of determinations	A licensed entity must comply with a determination that applies in whole or in part to the entity	Section 22 (8)	Administration		Major	Unlikely	High
Utilities Commission Act	Enforcement of determinations	A person must comply with: (a) a provisional order or a final order served on the person under this section; or (b) an undertaking given by the person and accepted by the Commission under this section.	Section 23 (8) (a) & (b)	Administration	Maximum penalty: 2 500 penalty units.	Major	Unlikely	High
Utilities Commission Act	False or misleading information	A person must not make a statement that is false or misleading in a material particular (whether by reason of the inclusion or omission of any particular) in any information given under this Act.	Section 36	Administration	Penalty: If statement is made knowing that it was false or misleading - 200 penalty units or 2 years imprisonment, in any other case - 100 penalty units	Major	Unlikely	High
Electricity Retail Supply Code	Network Access Agreement	The retailer and network provider must enter into a Network Access Agreement (consistent with the requirements of the Electricity Networks (Third Party Access) Act) for the: (a) provision of network access services; and (b) the coordination of various matters specified by the Commission in accordance with the network provider's licence including without limitation, customer billing, fault reporting and notification of interruptions	Clause 4.1.1	Electricity retail competition		Major	Unlikely	High

High Risk Obligations Applicable to the Holder of the Generation Licence

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Generation Licence	Compliance process and compliance reporting	A licensee must establish, document, maintain and comply with appropriate auditable internal policies, procedures and systems ("compliance process") for ensuring that that it complies with its obligations under this licence, and all applicable laws, codes, rules or standards	Clause 10.1 (a)	Administration		Major	Probable	High
Generation Licence	Compliance process and compliance reporting	The compliance process must include policies, procedures and systems for (i) training of employees about the obligations of the licensee under this licence; (ii) regular internal audit by the licensee of its compliance with its obligations under this licence; (iii) regular reporting to, and consideration by, the Board of the licensee concerning compliance with the obligations of the licensee under this licence; (iv) dealing with any complaints made by a customer or other third party to the licensee in connection with non-compliance by the licensee with its obligations under this licence; and (v) detecting and reporting to the Utilities Commission any breach of the compliance procedures	Clause 10.1 (b)	Administration		Major	Probable	High
Generation Licence	Compliance process and compliance reporting	The licensee must provide a report to the Commission, at reasonable intervals determined by the Commission, describing the measures taken by the licensee to ensure compliance with its obligations (a compliance report)	Clause 10.2 (a)	Administration		Major	Probable	High
Generation Licence	Compliance process and compliance reporting	In the event that the Commission appoints an independent auditor, (ii) the licensee must cooperate with any reasonable requests made by the independent auditor in undertaking the audit	Clause 10.4 (b) (ii)	Administration		Major	Unlikely	High
Generation Licence	Compliance process and compliance reporting	The licensee must report any breach of its obligations under this licence to the Commission as soon as reasonably possible after becoming aware that the breach has occurred, and must advise of the remedial action that is being undertaken to rectify the breach	Clause 10.5	Administration		Major	Probable	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Generation Licence	Directions of System Controller	The licensee must comply with the directions of the System Controller.	Clause 13	Technical		Major	Unlikely	High
Generation Licence	Quality of Electricity	The licensee must provide electricity of a quality suitable for any electricity network which is interconnected or interfaces with the licensee's electricity generating plants.	Clause 14	Performance		Major	Unlikely	High
Generation Licence	Compatibility	The licensee must not do anything to its electricity generating plants affecting the compatibility of its electricity plants with any electricity network so as to prejudice safety or the security of supply	Clause 15	Technical		Major	Unlikely	High
Generation Licence	Right of Use	The licensee must grant each electricity entity holding a network licence rights to use or have access to the licensee's generating plants that are interconnected or interface with licensee's assets for the purposes of ensuring the proper integrated operation of the power system and the proper conducted of the operations authorised by the electricity entity's licence.	Clause 16 (a)	Technical		Major	Unlikely	High
Generation Licence	Safety Management Plan	Licensee must (i) prepare a safety and technical management plan, which must be consistent with and reflect good electricity industry practice in relation to safety and technical management of the electricity infrastructure owned or operated by the licensee under this licence; and (ii) submit the plan to the Commission for approval.	Clause 20(a)	Administration		Major	Probable	High
Generation Licence	Safety Management Plan	Licensee must annually review, and if necessary update, the safety management plan to ensure its efficient operation, and submit the update plan to the Commission for approval.	Clause 20(b)	Safety		Major	Unlikely	High
Generation Licence	Safety Management Plan	Licensee must comply with the safety management plan as approved in accordance with this clause.	Clause 20 (c)	Technical		Major	Unlikely	High
Generation Licence	Safety Management Plan	Licensee must not amend the plan without the approval of the Utilities Commission or the regulator specified in the Electricity Reform Act and the Electricity Reform (Safety and Technical) Regulations as having the authority to approve the licensee's safety and technical management plan from time to time.	Clause 20 (d)	Technical		Major	Unlikely	High
Electricity Reform Act	Licences in electricity supply industry	Electricity entity must not carry on operations in the electricity supply industry for which a licence is required unless the person holds a licence under this part authorising the relevant operations.	Section 14	Administration	Maximum penalty: 2500 penalty units.	Major	Unlikely	High
Electricity Reform Act	Authority conferred by licence authorising generation of electricity	A licence authorising the generation of electricity authorises the electricity entity to (a) generate electricity for sale; and (b) sell electricity (i) if stated in the licence or otherwise authorised under this Act - to electricity entities holding licences authorising them to generate or sell electricity; or (ii) as stated in the licence or otherwise authorised under this Act	Section 21 (1)	Administration		Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform Act	Authority conferred by licence authorising generation of electricity	The licence does not relieve the electricity entity or anyone else from complying with laws apply to developing, building, operating or maintaining of generating plant.	Section 21 (2)	Administration		Major	Unlikely	High
Electricity Reform Act	Authority conferred by licence authorising generation of electricity	The licence does not authorise the electricity entity to have access to an electricity network other than in accordance with an access agreement entered into under the Network Access Code with the electricity entity licensed to operate the electricity network	Section 21 (3)	Administration		Major	Unlikely	High
Electricity Reform Act	Transfer of licence	A licence may only be transferred with the Commission's agreement.	Section 33 (1)	Administration		Major	Unlikely	High
Electricity Reform Act	Commission's powers to take over operations	Electricity Entity must facilitate the take over of the relevant operations by the operator if the Commission exercises its powers under section 41	Section 42 (3)	Administration		Major	Unlikely	High
Electricity Reform Act	Commission's powers to take over operations	A person must not obstruct the operator's access to property or the exercise by the operator of the operator's responsibilities under this Part.	Section 42 (6)	Administration	Maximum penalty: 2500 penalty units.	Major	Unlikely	High
Electricity Reform Act	Commission's powers to take over operations	A person must comply with reasonable directions given by the operator in the exercise of the operator's responsibilities under this Part.	Section 42 (7)	Administration	Maximum penalty: 2500 penalty units.	Major	Unlikely	High
Electricity Reform Act	Utilities Commission to monitor and advise on system capacity	Electricity entities operating in the Territory's power system are to provide information and technical assistance that the Commission reasonably requires to perform its responsibilities under section 45 (1)	Section 45(2)	Performance		Major	Unlikely	High
Electricity Reform Act	Utilities Commission to monitor and advise on system capacity	A network user or customer who is required to provide information under Section 45 (3) must provide the information as and when required by the Commission.	Section 45 (4)	Performance	Maximum penalty: 500 penalty units.	Major	Unlikely	High
Electricity Reform Act	Power to require information	A person must not, without reasonable excuse, fail to comply with a requirement under this section.	Section 81 (3)	Administration	Maximum penalty: 200 penalty units.	Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform Act	Unlawful interference with electricity infrastructure or electrical installation	A person must not, without proper authority: (a) attach an electrical installation or other thing, or make any connection, to an electricity network; (b) disconnect or interfere with a supply of electricity from an electricity network; or (c) damage or interfere with electrical infrastructure or an electrical installation in any other way.	Section 96 (1)	Safety	Maximum penalty: 200 penalty units or imprisonment for 2 years.	Major	Unlikely	High
Electricity Reform Act	Unlawful interference with electricity infrastructure or electrical installation	A person must not, without proper authority: (a) be in an enclosure where electrical infrastructure is situated; or (b) climb on poles and other structures that are part of electrical infrastructure.	Section 96 (2)	Safety	Maximum penalty: 100 penalty units or imprisonment for 6 months.	Major	Unlikely	High
Electricity Reform Act	Unlawful interference with electricity infrastructure or electrical installation	A person must not discharge a firearm or throw or project an object towards electrical infrastructure or an electrical installation if there is a risk of damage to the infrastructure or installation, or interruption of electricity supply.	Section 96 (3)	Safety	Maximum penalty: 100 penalty units or imprisonment for 6 months.	Major	Unlikely	High
Electricity Reform Act	Notice of work that may affect electricity infrastructure	A person who proposes to do work near electricity infrastructure must give the appropriate electricity entity at least 7 days notice of the proposed work if: (a) there is a risk of equipment or a structure coming into dangerous proximity to electrical conductors; (b) the work may affect the support for any part of electricity infrastructure; or (c) the work may interfere with the electricity infrastructure in some other way.	Section 99 (1)	Safety	Maximum penalty: 25 penalty units.	Major	Unlikely	High
Electricity Reform Act	Notice of work that may affect electricity infrastructure	A person who does work near electricity infrastructure must comply with: (a) requirements prescribed by the Regulations that are applicable to the work; and (b) reasonable requirements made by the electricity entity for the protection of the infrastructure or the safety of the persons carrying out the work.	Section 99 (3)	Safety	Maximum penalty: 25 penalty units.	Major	Unlikely	High
Electricity Reform Act	Impersonation of officials, etc.	A person must not, without reasonable excuse, obstruct an authorised officer, an electricity officer or anyone else engaged in the administration of this Act or the exercise of powers under this Act.	Section 101 (1)	Administration	Maximum penalty: 100 penalty units or imprisonment for months.	Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform Act	False or misleading information	A person must not make a statement that is false or misleading in a material particular (whether by reason of the inclusion or omission of any particular) in any information furnished under this Act.	Section 102	Administration	Penalty: If statement is deliberately false or misleading, 200 penalty units or 2 years imprisonment. In any other case 50 penalty units.	Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Compliance with provisions of this Part and Parts 5 and 6	An electricity infrastructure operator, electrical installation operator and an employer must ensure compliance with the provisions of this Part and Parts 5 and 6 by his, her or its employees and contractors	Regulation 7(2)	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Basic safety principle	A person engaging or preparing to engage in work on or near electricity infrastructure or an electrical installation must treat exposed conductors as live until they are: (a) isolated from all sources of electricity supply and proved to be de-energised; and (b) if they are high voltage conductors – earthed.	Regulation 8	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Safe work practices	All reasonable steps must be taken to ensure safety in work to which this Division applies through: (a) the provision of suitable protection from adjacent live electrical conductors or adjacent live parts of electrical equipment; (b) the use of insulated tools and equipment; (c) the use of equipment and plant designed and made in accordance with recognised electricity industry practice; and (d) the use of safe work practices.	Regulation 10	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Work involving danger of direct contact with live conductors, etc.	In the case of work involving a danger of accidental direct contact with exposed live conductors or exposed live parts of electrical equipment: (a) the work must only be carried out by a person who is competent and qualified to carry out the work; and (b) except where the contrary is shown by reference to generally accepted industry practices or the particular circumstances of the case, it will be presumed that safe work practices require the person to carry out the work with a competent assistant suitably trained: (i) in the work; (ii) in resuscitation; (iii) in releasing persons from live electrical apparatus; and (iv) if appropriate – in rescuing persons from poles, structures, elevated work platforms or confined spaces.	Regulation 11(a) & (b)	Safety		Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform (Safety and Technical) Regulations	Work in proximity to exposed conductors, etc.	Work must not be carried out in proximity to exposed conductors or exposed parts of electrical equipment unless: (a) it is carried out:(i) by a person who is suitably trained and qualified for such work beyond the approach limits set out in this regulation for such persons; or (ii) by a person who has been instructed in the identification of high and low voltage overhead conductors and the safety aspects of work near live powerlines beyond the approach limits set out in this regulation for such persons; and (b) it is carried out beyond the approach limits set out in this regulation that are applicable in the circumstances.	Regulation 12(1)	Safety		Major	Unlikely	High
	Work by direct contact with exposed high voltage conductors, etc.	Work must not be carried out by direct contact with exposed high voltage conductors or exposed parts of high voltage electrical equipment unless the exposed high voltage conductors or exposed parts of high voltage electrical equipment are: (a) isolated, and shown by testing to be isolated, from all sources of electricity supply; and (b) earthed.	Regulation 14 (1) (a) & (b)	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Suitability of testing instruments	If tests are required to be performed on electricity infrastructure or an electrical installation or safety equipment under the Act: (a) the testing instruments used must be designed for and capable of correctly performing the required tests; (b) each testing instrument must be tested and calibrated to ensure it is in proper working order; and (c) the records of tests performed on testing instruments must be kept for at least 2 years.	Regulation 16 (a) & (b) & (c)	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Rescue and resuscitation training	Persons required to carry out, or help in carrying out, electrical work must be suitably trained in rescue and resuscitation in accordance with recognised practices in the electricity industry.	Regulation 17	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Protection of underground lines	A person must not: (a) place or maintain, or cause to be placed or maintained, a corrosive, abrasive, heavy or deleterious material or substance above an underground line; (b) make an opening in the ground surface that may endanger an underground line; or (c) remove, tamper with or cover any underground line marker, without the written authority of the operator of the electricity infrastructure of which the line forms part.	Regulation 21 (a) - (b)	Safety	Maximum penalty: 25 penalty units.	Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform (Safety and Technical) Regulations	Entangled objects	A person must not, without the authority of the operator of the electricity infrastructure or electrical installation, pull or interfere with an object resting on or entangled in electricity infrastructure or the electrical installation unless the action is reasonably necessary to prevent or reduce injury to a person or property.	Regulation 22	Safety	Maximum penalty: 25 penalty units.	Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Altering ground levels near infrastructure	A person must not, without the written authority of the electricity infrastructure operator: (a) cut away, excavate or remove, or cause to be cut away, excavated or removed, earth or material supporting electricity infrastructure so as to endanger the stability of the infrastructure; (b) make an excavation deeper than 0.3 m within 3 m of: (i) a pole structure or stand, not being a tower or tower structure supporting electricity infrastructure; or (ii) a pole or bed log to which is affixed a staywire used to support electricity infrastructure; (c) make an excavation deeper than 0.5 m within 10 m of a tower or tower structure supporting electricity infrastructure; (d) make an excavation deeper than 0.3 m within 0.6 m of a wall, fence or foundation of a substation; or (e) place material or construct an artificial surface above ground level: (i) below an electric line or within the vertical projection of points to which a conductor of the electric line may sway; or (ii) adjacent to electricity infrastructure, in a manner that may alter the level of the ground at a place so as to infringe a permissible clearance distance under these Regulations.	Regulation 23	Safety	Maximum penalty: 25 penalty units.	Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Prohibition of certain activities in proximity to aerial lines and other cable systems	A person must not, without the written authority of the electricity infrastructure operator: (a) place or maintain material closer than the relevant distance set out in Table 1 in Schedule 3 to a point to which an aerial line (including a service line) or other cable system may swing or sag; (b) operate a machine, vehicle or vessel equipped with an elevating component or shear legs so that a part of the machine, vehicle, vessel or its load comes within the relevant distance set out in Table 2 in Schedule 3 to a point to which an aerial line (including a service line) or other cable system may swing or sag; (c) attach or keep attached to electricity infrastructure conductors of circuits or other cable system; (d) erect or maintain conductors of circuits, or other cable system, so as to cross the circuit of an aerial line, or other cable system, unless clearances in excess of the relevant distance set out in Table 3 in Schedule 3 can be maintained; or (e) erect a circuit or other cable system unless the clearance in any direction from the circuit or system to a structure forming part of	Regulation 24 (a) - (e)	Safety		Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
		electricity infrastructure (other than a structure supporting the circuit or system) is greater than the relevant distance set out in Table 4 in Schedule 3.						
Electricity Reform (Safety and Technical) Regulations	Placement of materials near supporting structures, etc.	A person must not, without the written authority of the electricity infrastructure operator, place or maintain any material closer than the relevant distance set out in Table 1 in Schedule 3 to electricity infrastructure consisting of supporting or protective structure or equipment for aerial lines.	Regulation 25	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Placement of materials in proximity to substations	A person must not, without the written authority of the electricity infrastructure operator: (a) place or maintain any timber or inflammable material within 3 metres in any direction of a wall or fence surrounding a substation; (b) impede access to any door, gate or entrance of a substation or interfere in any way with the free flow of air through an opening or fitting used for ventilation in the walls of a substation; (c) place or maintain any material adjacent to a wall or fence of a substation; or (d) plant or nurture vegetation near or adjacent to a wall or fence of a substation, so as to enable unauthorised access to the substation.	Regulation 26	Safety	Maximum penalty: 25 penalty units.	Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Prohibition of burning in proximity to infrastructure	A person must not, without the written authority of the electricity infrastructure operator, burn any material in proximity to electricity infrastructure so that there is a risk of damage to the infrastructure or outages or flashovers	Regulation 27	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Miscellaneous	A person must not contravene or fail to comply with a provision of these Regulations for which a specific penalty is not provided.	Regulation 40	Safety	Maximum penalty: 25 penalty units.	Major	Unlikely	High
Electricity Networks (Third Party Access) Code	Access terms	Network Users must keep the Power System Controller informed of arrangements the Network User has made to obtain standby power and must promptly provide to the Power System Controller any information concerning those arrangements that the Power System Controller reasonably requests.	Clause 26(3)	Technical		Major	Probable	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Networks (Third Party Access) Code	Access terms	When a network user becomes aware that an existing standby arrangement will terminate (other than by expiration of the terms of the existing arrangement) or will change in a material particular, the network user must promptly notify the power system controller and provide details of substitute arrangements to provide standby power to be put in place by the user.	Clause 26(4)	Technical		Major	Probable	High
Electricity Networks (Third Party Access) Code	Access terms	The network user must provide the network provider and the power system controller with information reasonably requested relating to the user's forecast electricity generation or load.	Clause 28 (1)	Technical		Major	Unlikely	High
Electricity Networks (Third Party Access) Code	Access terms	The Network User must use reasonable endeavours to provide accurate and complete information under Clause 28 (1).	Clause 28(2)	Technical		Major	Probable	High
Electricity Networks (Third Party Access) Code	Access terms	A network user must comply with good electricity industry practice in operating, maintaining, constructing and commissioning plant or equipment connected to the electricity network or in transferring electricity to or taking electricity from the electricity network	Clause 30 (1)	Technical		Major	Probable	High
Electricity Networks (Third Party Access) Code	Access terms	A Network User must comply with the Network Technical Code issued by the network provider regarding connection to and use of the electricity network.	Clause 30(2)	Technical		Major	Probable	High
Electricity Networks (Third Party Access) Code	Access terms	A Network User must comply with the System Control Technical Code issued by the Power System Controller regarding the monitoring, operation and control of the power system.	Clause 30(4)	Technical		Major	Probable	High
Utilities Commission Act	Making and effect of determinations	A licensed entity must comply with a determination that applies in whole or in part to the entity	Section 22 (8)	Administration		Major	Unlikely	High
Utilities Commission Act	Enforcement of determinations	A person must comply with: (a) a provisional order or a final order served on the person under this section; or (b) an undertaking given by the person and accepted by the Commission under this section.	Section 23 (8) (a) & (b)	Administration	Maximum penalty: 2500 penalty units	Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Utilities Commission Act	False or misleading information	A person must not make a statement that is false or misleading in a material particular (whether by reason of the inclusion or omission of any particular) in any information given under this Act.	Section 36	Administration	Penalty: If statement is deliberately false or misleading, 200 penalty units or 2 years imprisonment. In any other case 100 penalty units.	Major	Unlikely	High
Electricity Retail Supply Code	Failure to provide credit support	Where the retailer has commenced taking generation services from the generator and has not provided the credit support required to the generator as and when required under this Code, the generator must notify the Commission, providing all necessary information for the Commission to make a determination as to whether to invoke a Retailer of Last Resort Event	Clause 3.3.4	Electricity retail competition		Major	Unlikely	High

High Risk Obligations Applicable to the Holder of the Networks Licence

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Networks Licence	Compliance process and compliance reporting	Licensee must establish, document, maintain and comply with appropriate auditable internal policies, procedures and systems ("compliance process") for ensuring that it complies with its obligations under this licence, and all applicable laws, Codes, rules or standards.	Clause 10.1 (a)	Administration		Major	Probable	High
Networks Licence	Compliance process and compliance reporting	The compliance process must include policies, procedures and systems for (i) training of employees about the obligations of the licensee under this licence; (ii) regular internal audit by the licensee of its compliance with its obligations under this licence; (iii) regulator reporting to, and consideration by, the Board of the Licensee concerning compliance with the obligations of the licensee under this licence; (iv) dealing with any complaints made by a customer or other third party to the licensee in connection with non-compliance by the licensee with its obligations under this licence; and (v) detecting and report to the Commission any material breach of the compliance procedures	Clause 10.1 (b)	Administration		Major	Probable	High
Networks Licence	Compliance process and compliance reporting	Licensee must provide a report to the Commission at reasonable intervals determined by the Commission, describing the measures taken by the licensee to ensure compliance with its obligations (a compliance report)	Clause 10.2 (a)	Administration		Major	Probable	High
Networks Licence	Compliance process and compliance reporting	In the event that the Commission appoints an independent auditor, (ii) the licensee must cooperate with any reasonable requests made by the independent auditor in undertaking the audit	Clause 10.4 (b) (ii)	Administration		Major	Unlikely	High
Networks Licence	Compliance process and compliance reporting	Licensee must report any material breach of its obligations under this licence as soon as reasonably possible after becoming aware of the breach to the Commission as soon as reasonably possible after becoming aware that the breach has occurred, and must advise of the remedial action that is being undertaken to rectify the breach	Clause 10.5 (a)	Administration		Major	Probable	High
Networks Licence	Compatibility	Licensee must not do anything to its electricity network affecting the compatibility of it electricity network with any other electricity network or electricity generating plant so as to prejudice public safety or the security of supply.	Clause 13	Technical		Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Networks Licence	Operation and Maintenance	Licensee must operate, maintain (including repair and replace if necessary) and protect its electricity networks in accordance with the Network Access Code and the Network Technical Code.	Clause 15 (a)	Technical		Major	Probable	High
Networks Licence	Operation and Maintenance	Licensee must operate, maintain (including repair and replace if necessary) and protect its non-regulated electricity network so as not to prejudice public safety or, subject to any arrangements that the licensee has with its customers in relation to the supply of electricity and to the extent reasonably possible under funding arrangements entered into between the licensee and the Northern Territory of Australia, security of supply	Clause 15 (b)	Technical		Major	Probable	High
Networks Licence	Coordination	Licensee must operate its electricity network in coordination with other electricity networks to which it is connected directly or indirectly.	Clause 16	Technical		Major	Unlikely	High
Networks Licence	Network Control	Subject to Section 38 of the Electricity Reform Act, Licensee must be responsible for network control of its electricity network.	Clause 19	Technical		Major	Unlikely	High
Networks Licence	Safety and Technical Management Plan	Licensee must (i) prepare a safety and technical management plan, which must be consistent with and reflect good electricity industry practice in relation to safety and technical management of the electricity infrastructure owned or operated by the licensee under this license; and (ii) submit the plan to the Commission for approval.	Clause 24(a)	Administration		Major	Probable	High
Networks Licence	Safety and Technical Management Plan	Licensee must annually review, and if necessary update, the plan to ensure its efficient operation, and submit the update plan to the Commission for approval.	Clause 24(b)	Safety		Major	Unlikely	High
Networks Licence	Safety and Technical Management Plan	Licensee must comply with the plan as approved in accordance with this clause.	Clause 24 (c)	Technical		Major	Unlikely	High
Networks Licence	Safety and Technical Management Plan	Licensee must not amend the plan without the approval of the Utilities Commission or the regulator specified in the Electricity Reform Act and the Electricity Reform (Safety and Technical) Regulations as having the authority to approve the licensee's safety and technical management plan from time to time.	Clause 24 (d)	Technical		Major	Unlikely	High
Electricity Reform Act	Licences in electricity supply industry	Electricity entity must not carry on operations in the electricity supply industry for which a licence is required unless the person holds a licence under this part authorising the relevant operations.	Section 14	Administration	Maximum penalty: 2 500 penalty units.	Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform Act	Authority conferred by licence authorising operation of electricity network	A licence authorising the operation of an electricity network authorises the Electricity Entity (a) to operate the electricity network in the geographical area stated in the licence; and (b) if stated in the licence - to connect the electricity network to another electricity network stated in the licence	Section 22 (1)	Administration		Major	Unlikely	High
Electricity Reform Act	Authority conferred by licence authorising operation of electricity network	A licence does not relieve the Electricity Entity or anyone else from complying with laws applying to developing, building, operating or maintaining an electricity network	Section 22 (2)	Administration		Major	Unlikely	High
Electricity Reform Act	Transfer of licence	A licence may only be transferred with the Commission's agreement.	Section 33 (1)	Administration		Major	Unlikely	High
Electricity Reform Act	Commission's powers to take over operations	Electricity Entity must facilitate the take over of the relevant operations by the operator if the Commission exercises its powers under section 41	Section 42 (3)	Administration		Major	Unlikely	High
Electricity Reform Act	Commission's powers to take over operations	A person must not obstruct the operator's access to property or the exercise by the operator of the operator's responsibilities under this Part.	Section 42 (6)	Administration	Maximum penalty: 2 500 penalty units.	Major	Unlikely	High
Electricity Reform Act	Commission's powers to take over operations	A person must comply with reasonable directions given by the operator in the exercise of the operator's responsibilities under this Part.	Section 42 (7)	Administration	Maximum penalty: 2 500 penalty units.	Major	Unlikely	High
Electricity Reform Act	Utilities Commission to monitor and advise on system capacity	Electricity entities operating in the Territory's power system are to provide information and technical assistance that the Commission reasonably requires to perform its responsibilities under section 45 (1)	Section 45(2)	Performance		Major	Unlikely	High
Electricity Reform Act	Power to require information	A person must not, without reasonable excuse, fail to comply with a requirement under this section.	Section 81 (3)	Administration	Maximum penalty: 200 penalty units.	Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform Act	Unlawful interference with electricity infrastructure or electrical installation	A person must not, without proper authority: (a) attach an electrical installation or other thing, or make any connection, to an electricity network; (b) disconnect or interfere with a supply of electricity from an electricity network; or (c) damage or interfere with electrical infrastructure or an electrical installation in any other way.	Section 96 (1)	Safety	Maximum penalty: 200 penalty units or imprisonment for 2 years.	Major	Unlikely	High
Electricity Reform Act	Unlawful interference with electricity infrastructure or electrical installation	A person must not, without proper authority: (a) be in an enclosure where electrical infrastructure is situated; or (b) climb on poles and other structures that are part of electrical infrastructure.	Section 96 (2)	Safety	Maximum penalty: 100 penalty units or imprisonment for 6 months.	Major	Unlikely	High
Electricity Reform Act	Unlawful interference with electricity infrastructure or electrical installation	A person must not discharge a firearm or throw or project an object towards electrical infrastructure or an electrical installation if there is a risk of damage to the infrastructure or installation, or interruption of electricity supply.	Section 96 (3)	Safety	Maximum penalty: 100 penalty units or imprisonment for 6 months.	Major	Unlikely	High
Electricity Reform Act	Notice of work that may affect electricity infrastructure	A person who proposes to do work near electricity infrastructure must give the appropriate electricity entity at least 7 days notice of the proposed work if: (a) there is a risk of equipment or a structure coming into dangerous proximity to electrical conductors; (b) the work may affect the support for any part of electricity infrastructure; or (c) the work may interfere with the electricity infrastructure in some other way.	Section 99 (1)	Safety	Maximum penalty: 25 penalty units.	Major	Unlikely	High
Electricity Reform Act	Notice of work that may affect electricity infrastructure	A person who does work near electricity infrastructure must comply with: (a) requirements prescribed by the Regulations that are applicable to the work; and (b) reasonable requirements made by the electricity entity for the protection of the infrastructure or the safety of the persons carrying out the work.	Section 99 (3)	Safety	Maximum penalty: 25 penalty units.	Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform Act	Impersonation of officials, etc.	A person must not, without reasonable excuse, obstruct an authorised officer, an electricity officer or anyone else engaged in the administration of this Act or the exercise of powers under this Act.	Section 101 (1)	Administration	Maximum penalty: 100 penalty units or imprisonment for 6 months.	Major	Unlikely	High
Electricity Reform Act	False or misleading information	A person must not make a statement that is false or misleading in a material particular (whether by reason of the inclusion or omission of any particular) in any information furnished under this Act.	Section 102	Administration	Penalty: If statement is deliberately false or misleading, 200 penalty units or 2 years imprisonment. In any other case 50 penalty units	Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Compliance with provisions of this Part and Parts 5 and 6	An electricity infrastructure operator, electrical installation operator and an employer must ensure compliance with the provisions of this Part and Parts 5 and 6 by his, her or its employees and contractors	Regulation 7(2)	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Basic safety principle	A person engaging or preparing to engage in work on or near electricity infrastructure or an electrical installation must treat exposed conductors as live until they are: (a) isolated from all sources of electricity supply and proved to be de-energised; and (b) if they are high voltage conductors – earthed.	Regulation 8	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Safe work practices	All reasonable steps must be taken to ensure safety in work to which this Division applies through: (a) the provision of suitable protection from adjacent live electrical conductors or adjacent live parts of electrical equipment; (b) the use of insulated tools and equipment; (c) the use of equipment and plant designed and made in accordance with recognised electricity industry practice; and (d) the use of safe work practices.	Regulation 10	Safety		Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform (Safety and Technical) Regulations	Work involving danger of direct contact with live conductors, etc.	In the case of work involving a danger of accidental direct contact with exposed live conductors or exposed live parts of electrical equipment: (a) the work must only be carried out by a person who is competent and qualified to carry out the work; and (b) except where the contrary is shown by reference to generally accepted industry practices or the particular circumstances of the case, it will be presumed that safe work practices require the person to carry out the work with a competent assistant suitably trained: (i) in the work; (ii) in resuscitation; (iii) in releasing persons from live electrical apparatus; and (iv) if appropriate – in rescuing persons from poles, structures, elevated work platforms or confined spaces.	Regulation 11(a) & (b)	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Work in proximity to exposed conductors, etc.	(1) Work must not be carried out in proximity to exposed conductors or exposed parts of electrical equipment unless: (a) it is carried out:(i) by a person who is suitably trained and qualified for such work beyond the approach limits set out in this regulation for such persons; or (ii) by a person who has been instructed in the identification of high and low voltage overhead conductors and the safety aspects of work near live powerlines beyond the approach limits set out in this regulation for such persons; and (b) it is carried out beyond the approach limits set out in this regulation that are applicable in the circumstances.	Regulation 12(1)	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Work above exposed high voltage conductors, etc.	Work must not be carried out and equipment must not be positioned above exposed high voltage conductors or exposed parts of high voltage electrical equipment unless the work or positioning of the equipment is authorised in writing by the operator of the electricity infrastructure or electrical installation concerned.	Regulation 13	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Work by direct contact with exposed high voltage conductors, etc.	Work must not be carried out by direct contact with exposed high voltage conductors or exposed parts of high voltage electrical equipment unless the exposed high voltage conductors or exposed parts of high voltage electrical equipment are: (a) isolated, and shown by testing to be isolated, from all sources of electricity supply; and (b) earthed.	Regulation 14 (1) (a) & (b)	Safety		Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform (Safety and Technical) Regulations	Work by direct contact with exposed high voltage conductors, etc.	If any such conductor or equipment cannot be directly contacted to prove isolation from all sources of electricity supply, it is sufficient if: (a) written instructions have been given for the isolation of the conductor or equipment from all sources of electricity supply; and (b) the conductor or equipment is earthed by a lockable earthing switch designed to be safely operated if the high voltage conductor or equipment has not been isolated from all sources of supply.	Regulation 14 (2) (a) & (b)	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Live high voltage line work	Electrical work on exposed live high voltage conductors or exposed live parts of high voltage electrical equipment (in this regulation referred to as live line work) must not be carried out unless authorised in writing by the operator of the electricity infrastructure or electrical installation on which the work will be carried out.	Regulation 15(1)	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Live high voltage line work	The voltage of the powerlines on which live line work is carried out must be as stated by the relevant operator in the authorisation.	Regulation 15(3)	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Live high voltage line work	The relevant operator must take reasonable steps to satisfy itself as to the continuing competency of a person authorised by the operator to carry out live line work.	Regulation 15(4)	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Suitability of testing instruments	If tests are required to be performed on electricity infrastructure or an electrical installation or safety equipment under the Act: (a) the testing instruments used must be designed for and capable of correctly performing the required tests; (b) each testing instrument must be tested and calibrated to ensure it is in proper working order; and (c) the records of tests performed on testing instruments must be kept for at least 2 years.	Regulation 16 (a) & (b) & (c)	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Rescue and resuscitation training	Persons required to carry out, or help in carrying out, electrical work must be suitably trained in rescue and resuscitation in accordance with recognised practices in the electricity industry.	Regulation 17	Safety		Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform (Safety and Technical) Regulations	Register of underground lines	An Electricity Entity authorised to operate a transmission or distribution network must keep and maintain a register describing the nature and location of each line installed underground that is under the control of the entity.	Regulation 20(1)	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Register of underground lines	The transmission or distribution network operator in an area must be notified by any other electricity entity of the nature and location of any line installed underground in the area by that other entity and that information must be recorded in the register kept by the network operator under subregulation (1).	Regulation 20(2)	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Protection of underground lines	A person must not: (a) place or maintain, or cause to be placed or maintained, a corrosive, abrasive, heavy or deleterious material or substance above an underground line; (b) make an opening in the ground surface that may endanger an underground line; or (c) remove, tamper with or cover any underground line marker, without the written authority of the operator of the electricity infrastructure of which the line forms part.	Regulation 21 (a) - (b)	Safety	Maximum penalty: 25 penalty units.	Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Entangled objects	A person must not, without the authority of the operator of the electricity infrastructure or electrical installation, pull or interfere with an object resting on or entangled in electricity infrastructure or the electrical installation unless the action is reasonably necessary to prevent or reduce injury to a person or property.	Regulation 22	Safety	Maximum penalty: 25 penalty units.	Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform (Safety and Technical) Regulations	Altering ground levels near infrastructure	<p>A person must not, without the written authority of the electricity infrastructure operator:</p> <p>(a) cut away, excavate or remove, or cause to be cut away, excavated or removed, earth or material supporting electricity infrastructure so as to endanger the stability of the infrastructure;</p> <p>(b) make an excavation deeper than 0.3 m within 3 m of:</p> <p>(i) a pole structure or stand, not being a tower or tower structure supporting electricity infrastructure; or</p> <p>(ii) a pole or bed log to which is affixed a staywire used to support electricity infrastructure;</p> <p>(c) make an excavation deeper than 0.5 m within 10 m of a tower or tower structure supporting electricity infrastructure;</p> <p>(d) make an excavation deeper than 0.3 m within 0.6 m of a wall, fence or foundation of a substation; or</p> <p>(e) place material or construct an artificial surface above ground level:</p> <p>(i) below an electric line or within the vertical projection of points to which a conductor of the electric line may sway; or</p> <p>(ii) adjacent to electricity infrastructure, in a manner that may alter the level of the ground at a place so as to infringe a permissible clearance distance under these Regulations.</p>	Regulation 23	Safety	Maximum penalty: 25 penalty units.	Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform (Safety and Technical) Regulations	Prohibition of certain activities in proximity to aerial lines and other cable systems	A person must not, without the written authority of the electricity infrastructure operator: (a) place or maintain material closer than the relevant distance set out in Table 1 in Schedule 3 to a point to which an aerial line (including a service line) or other cable system may swing or sag; (b) operate a machine, vehicle or vessel equipped with an elevating component or shear legs so that a part of the machine, vehicle, vessel or its load comes within the relevant distance set out in Table 2 in Schedule 3 to a point to which an aerial line (including a service line) or other cable system may swing or sag; (c) attach or keep attached to electricity infrastructure conductors of circuits or other cable system; (d) erect or maintain conductors of circuits, or other cable system, so as to cross the circuit of an aerial line, or other cable system, unless clearances in excess of the relevant distance set out in Table 3 in Schedule 3 can be maintained; or (e) erect a circuit or other cable system unless the clearance in any direction from the circuit or system to a structure forming part of electricity infrastructure (other than a structure supporting the circuit or system) is greater than the relevant distance set out in Table 4 in Schedule 3.	Regulation 24 (a) - (e)	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Placement of materials near supporting structures, etc.	A person must not, without the written authority of the electricity infrastructure operator, place or maintain any material closer than the relevant distance set out in Table 1 in Schedule 3 to electricity infrastructure consisting of supporting or protective structure or equipment for aerial lines.	Regulation 25	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Placement of materials in proximity to substations	A person must not, without the written authority of the electricity infrastructure operator: (a) place or maintain any timber or inflammable material within 3 metres in any direction of a wall or fence surrounding a substation; (b) impede access to any door, gate or entrance of a substation or interfere in any way with the free flow of air through an opening or fitting used for ventilation in the walls of a substation; (c) place or maintain any material adjacent to a wall or fence of a substation; or (d) plant or nurture vegetation near or adjacent to a wall or fence of a substation, so as to enable unauthorised access to the substation.	Regulation 26	Safety	Maximum penalty: 25 penalty units.	Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform (Safety and Technical) Regulations	Prohibition of burning in proximity to infrastructure	A person must not, without the written authority of the electricity infrastructure operator, burn any material in proximity to electricity infrastructure so that there is a risk of damage to the infrastructure or outages or flashovers	Regulation 27	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Miscellaneous	A person must not contravene or fail to comply with a provision of these Regulations for which a specific penalty is not provided.	Regulation 40	Safety	Maximum penalty: 50 penalty units.	Major	Unlikely	High
Electricity Networks (Third Party Access) Code	Obligations of the network provider	The network provider must comply with good electricity industry practice when providing network access services and in planning, operating, maintaining, developing and extending the electricity network.	Clause 9(1)	Technical		Major	Unlikely	High
Electricity Networks (Third Party Access) Code	Obligations of the network provider	The Network Technical Code and network planning criteria are to cover requirements set out in Schedule 1 of the Electricity Networks (Third Party Access) Code.	Clause 9(3)	Technical		Major	Unlikely	High
Electricity Networks (Third Party Access) Code	Obligations of the network provider	The network provider must consult the Commission about the contents of the network technical code and the network planning criteria, and amend them where necessary if in the Commission's opinion they contain provisions inconsistent with the objectives of this Code, before the code and criteria are published.	Clause 9(4)	Technical		Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Networks (Third Party Access) Code	Operational and technical requirements for access	<p>Network Technical Code</p> <p>The Network Technical Code must contain:</p> <p>(a) performance standards in respect of service quality parameters in relation to the electricity network;</p> <p>(b) the technical requirements that apply to the design or operation of plant or equipment connected to the electricity network;</p> <p>(c) requirements relating to the operation of the electricity network (including the operation of the network in emergency situations);</p> <p>(d) obligations to test plant or equipment in order to demonstrate compliance with the Network Technical Code;</p> <p>(e) procedures that apply if the network provider believes that an item of plant or equipment does not comply with the requirements of the Network Technical Code;</p> <p>(f) requirements relating to the inspection of plant or equipment connected to the electricity network;</p> <p>(g) requirements that relate to control and protection settings for plant or equipment connected to the electricity network;</p> <p>(h) procedures that apply in the case of commissioning and testing of new plant or equipment connected to the electricity network;</p> <p>(j) aside from matters appropriately dealt with in the system control technical code, procedures that apply to the disconnection of plant or equipment from the electricity network;</p> <p>(k) aside from matters appropriately dealt with in the system control technical code, procedures relating to the operation of generating units connected to the electricity network (including the giving of dispatch instructions and compliance with those instructions);</p> <p>(m) metering requirements in relation to connections; and</p> <p>(n) the information required to be provided to the access provider in relation to the operation of plant or equipment connected to the electricity network at a connection and how and when that information is to be provided.</p>	Schedule 1 Clause 1	Technical		Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Networks (Third Party Access) Code	Operational and technical requirements for access	The network planning criteria must be consistent with the Network Technical Code and must contain the following: (a) contingency criteria; (b) steady-state criteria including: (i) voltage limits; (ii) thermal rating criteria; and (iii) fault rating criteria; (c) stability criteria including: (i) transient stability criteria; and (ii) voltage stability criteria; (d) quality of supply criteria including: (i) voltage fluctuation criteria; (ii) harmonic voltage criteria; (iii) harmonic current criteria; (iv) voltage unbalance criteria; and (v) electro-magnetic interference criteria; (e) construction standards criteria; and (f) environmental criteria.	Schedule 1 Clause 2	Technical		Major	Unlikely	High
Utilities Commission Act	Making and effect of determinations	A licensed entity must comply with a determination that applies in whole or in part to the entity	Section 22 (8)	Administration		Major	Unlikely	High
Utilities Commission Act	Enforcement of determinations	A person must comply with: (a) a provisional order or a final order served on the person under this section; or (b) an undertaking given by the person and accepted by the Commission under this section.	Section 23 (8) (a) & (b)	Administration	Maximum penalty: 2 500 penalty units.	Major	Unlikely	High
Utilities Commission Act	False or misleading information	A person must not make a statement that is false or misleading in a material particular (whether by reason of the inclusion or omission of any particular) in any information given under this Act.	Section 36	Administration	Penalty: If statement is made knowing that it was false or misleading - 200 penalty units or 2 years imprisonment, in any other case - 100 penalty units	Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Retail Supply Code	Failure to provide credit support	Where the retailer has commenced taking network services from the network provider and has not provided the credit support required under this Code to the network provider, the network provider must notify the Commission, providing all necessary information for the Commission to make a determination as to whether to invoke a Retailer of Last Resort Event	Clause 3.3.2	Electricity retail competition		Major	Unlikely	High
Electricity Retail Supply Code	Network Access Agreement	The retailer and network provider must enter into a Network Access Agreement (consistent with the requirements of the Electricity Networks (Third Party Access) Act) for the: (a) provision of network access services; and (b) the coordination of various matters specified by the Commission in accordance with the network provider's licence including without limitation, customer billing, fault reporting and notification of interruptions	Clause 4.1.1	Electricity retail competition		Major	Unlikely	High
Electricity Retail Supply Code	Network Access Agreement	The network provider must provide network access services in relation to the retailer's customers as required by the Electricity Networks (Third Party Access) Act and the Network Access Agreement	Clause 4.1.2	Electricity retail competition		Major	Unlikely	High

High Risk Obligations Applicable to the Holder of the System Control Licence

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
System Control Licence	Capacity to operate	Licensee must, from time to time, provide the Commission with details of financial, technical and other capacity to continue operations under the licence, if requested to do so.	Clause 10.1	Administration		Major	Unlikely	High
System Control Licence	Compliance process and compliance reporting	Licensee must establish, document, maintain and comply with appropriate auditable internal policies, procedures and systems ("compliance process") for ensuring that it complies with its obligations under this licence, and all applicable laws, Codes, rules or standards.	Clause 11.1 (a)	Administration		Major	Probable	High
System Control Licence	Compliance process and compliance reporting	The compliance process must include policies, procedures and systems for (i) training of employees about the obligations of the licensee under this licence; (ii) regular internal audit by the licensee of its compliance with its obligations under this licence; (iii) regulator reporting to, and consideration by, the Board of the licensee concerning compliance with the obligations of the licensee under this licence; (iv) dealing with any complaints made by a customer or other third party to the licensee in connection with non-compliance by the licensee with its obligations under this licence; and (v) detecting and report to the Commission any material breach of the compliance procedures	Clause 11.1 (b)	Administration		Major	Unlikely	High
System Control Licence	Compliance process and compliance reporting	Licensee must provide a report to the Commission, at reasonable intervals determined by the Commission describing the measures taken by the licensee to ensure compliance with its obligations (a compliance report)	Clause 11.2 (a)	Administration		Major	Probable	High
System Control Licence	Compliance process and compliance reporting	In the event that the Commission appoints an independent auditor, (ii) the licensee must cooperate with any reasonable requests made by the independent auditor in undertaking the audit	Clause 11.4 (b) (ii)	Administration		Major	Unlikely	High
System Control Licence	Compliance process and compliance reporting	Licensee must report any material breach of its obligations under this licence to the Commission as soon as reasonably possible after becoming aware that the breach has occurred, and must advise of the remedial action that is being undertaken to rectify the breach	Clause 11.5 (a)	Administration		Major	Probable	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform Act	Licences in electricity supply industry	Electricity entity must not carry on operations in the electricity supply industry for which a licence is required unless the person holds a licence under this part authorising the relevant operations.	Section 14	Administration	Maximum penalty: 2 500 penalty units.	Major	Unlikely	High
Electricity Reform Act	Transfer of licence	A licence may only be transferred with the Commission's agreement.	Section 33 (1)	Administration		Major	Unlikely	High
Electricity Reform Act	Functions and powers of system controller	A system controller for a power system has, in carrying out the system controller's functions under this Act: (a) power to issue directions to electricity entities that are engaged in the operation of the power system, or contribute electricity to, or take electricity from, the power system; and (b) the other powers conferred by the Regulations.	Section 38 (2)	Technical		Major	Unlikely	High
Electricity Reform Act	Commission's powers to take over operations	Electricity Entity must facilitate the take over of the relevant operations by the operator if the Commission exercises its powers under section 41	Section 42 (3)	Administration		Major	Unlikely	High
Electricity Reform Act	Commission's powers to take over operations	A person must not obstruct the operator's access to property or the exercise by the operator of the operator's responsibilities under this Part.	Section 42 (6)	Administration	Maximum penalty: 2 500 penalty units.	Major	Unlikely	High
Electricity Reform Act	Commission's powers to take over operations	A person must comply with reasonable directions given by the operator in the exercise of the operator's responsibilities under this Part.	Section 42 (7)	Administration	Maximum penalty: 2 500 penalty units.	Major	Unlikely	High
Electricity Reform Act	Utilities Commission to monitor and advise on system capacity	Electricity entities operating in the Territory's power system are to provide information and technical assistance that the Commission reasonably requires to perform its responsibilities under section 45 (1)	Section 45(2)	Performance		Major	Unlikely	High
Electricity Reform Act	Power to require information	A person must not, without reasonable excuse, fail to comply with a requirement under this section.	Section 81 (3)	Administration	Maximum penalty: 200 penalty units.	Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform Act	Unlawful interference with electricity infrastructure or electrical installation	A person must not, without proper authority: (a) attach an electrical installation or other thing, or make any connection, to an electricity network; (b) disconnect or interfere with a supply of electricity from an electricity network; or (c) damage or interfere with electrical infrastructure or an electrical installation in any other way.	Section 96 (1)	Safety	Maximum penalty: 200 penalty units or imprisonment for 2 years.	Major	Unlikely	High
Electricity Reform Act	Unlawful interference with electricity infrastructure or electrical installation	A person must not, without proper authority: (a) be in an enclosure where electrical infrastructure is situated; or (b) climb on poles and other structures that are part of electrical infrastructure.	Section 96 (2)	Safety	Maximum penalty: 100 penalty units or imprisonment for 6 months.	Major	Unlikely	High
Electricity Reform Act	Unlawful interference with electricity infrastructure or electrical installation	A person must not discharge a firearm or throw or project an object towards electrical infrastructure or an electrical installation if there is a risk of damage to the infrastructure or installation, or interruption of electricity supply.	Section 96 (3)	Safety	Maximum penalty: 100 penalty units or imprisonment for 6 months.	Major	Unlikely	High
Electricity Reform Act	Notice of work that may affect electricity infrastructure	A person who proposes to do work near electricity infrastructure must give the appropriate electricity entity at least 7 days notice of the proposed work if: (a) there is a risk of equipment or a structure coming into dangerous proximity to electrical conductors; (b) the work may affect the support for any part of electricity infrastructure; or (c) the work may interfere with the electricity infrastructure in some other way.	Section 99 (1)	Safety	Maximum penalty: 25 penalty units.	Major	Unlikely	High
Electricity Reform Act	Notice of work that may affect electricity infrastructure	A person who does work near electricity infrastructure must comply with: (a) requirements prescribed by the Regulations that are applicable to the work; and (b) reasonable requirements made by the electricity entity for the protection of the infrastructure or the safety of the persons carrying out the work.	Section 99 (3)	Safety	Maximum penalty: 25 penalty units.	Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform Act	Impersonation of officials, etc.	A person must not, without reasonable excuse, obstruct an authorised officer, an electricity officer or anyone else engaged in the administration of this Act or the exercise of powers under this Act.	Section 101 (1)	Administration	Maximum penalty: 100 penalty units or imprisonment for 6 months.	Major	Unlikely	High
Electricity Reform Act	False or misleading information	A person must not make a statement that is false or misleading in a material particular (whether by reason of the inclusion or omission of any particular) in any information furnished under this Act.	Section 102	Administration	Penalty: If statement is deliberately false or misleading, 200 penalty units or 2 years imprisonment. In any other case 50 penalty units	Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Basic safety principle	A person engaging or preparing to engage in work on or near electricity infrastructure or an electrical installation must treat exposed conductors as live until they are: (a) isolated from all sources of electricity supply and proved to be de-energised; and (b) if they are high voltage conductors – earthed.	Regulation 8	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Suitability of testing instruments	If tests are required to be performed on electricity infrastructure or an electrical installation or safety equipment under the Act: (a) the testing instruments used must be designed for and capable of correctly performing the required tests; (b) each testing instrument must be tested and calibrated to ensure it is in proper working order; and (c) the records of tests performed on testing instruments must be kept for at least 2 years.	Regulation 16 (a) & (b) & (c)	Safety		Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform (Safety and Technical) Regulations	Rescue and resuscitation training	Persons required to carry out, or help in carrying out, electrical work must be suitably trained in rescue and resuscitation in accordance with recognised practices in the electricity industry.	Regulation 17	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Protection of underground lines	A person must not: (a) place or maintain, or cause to be placed or maintained, a corrosive, abrasive, heavy or deleterious material or substance above an underground line; (b) make an opening in the ground surface that may endanger an underground line; or (c) remove, tamper with or cover any underground line marker, without the written authority of the operator of the electricity infrastructure of which the line forms part.	Regulation 21 (a) - (b)	Safety	Maximum penalty: 25 penalty units.	Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Entangled objects	A person must not, without the authority of the operator of the electricity infrastructure or electrical installation, pull or interfere with an object resting on or entangled in electricity infrastructure or the electrical installation unless the action is reasonably necessary to prevent or reduce injury to a person or property.	Regulation 22	Safety	Maximum penalty: 25 penalty units.	Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform (Safety and Technical) Regulations	Altering ground levels near infrastructure	<p>A person must not, without the written authority of the electricity infrastructure operator:</p> <p>(a) cut away, excavate or remove, or cause to be cut away, excavated or removed, earth or material supporting electricity infrastructure so as to endanger the stability of the infrastructure;</p> <p>(b) make an excavation deeper than 0.3 m within 3 m of:</p> <p>(i) a pole structure or stand, not being a tower or tower structure supporting electricity infrastructure; or</p> <p>(ii) a pole or bed log to which is affixed a staywire used to support electricity infrastructure;</p> <p>(c) make an excavation deeper than 0.5 m within 10 m of a tower or tower structure supporting electricity infrastructure;</p> <p>(d) make an excavation deeper than 0.3 m within 0.6 m of a wall, fence or foundation of a substation; or</p> <p>(e) place material or construct an artificial surface above ground level:</p> <p>(i) below an electric line or within the vertical projection of points to which a conductor of the electric line may sway; or</p> <p>(ii) adjacent to electricity infrastructure, in a manner that may alter the level of the ground at a place so as to infringe a permissible clearance distance under these Regulations.</p>	Regulation 23	Safety	Maximum penalty: 25 penalty units.	Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform (Safety and Technical) Regulations	Prohibition of certain activities in proximity to aerial lines and other cable systems	A person must not, without the written authority of the electricity infrastructure operator: (a) place or maintain material closer than the relevant distance set out in Table 1 in Schedule 3 to a point to which an aerial line (including a service line) or other cable system may swing or sag; (b) operate a machine, vehicle or vessel equipped with an elevating component or shear legs so that a part of the machine, vehicle, vessel or its load comes within the relevant distance set out in Table 2 in Schedule 3 to a point to which an aerial line (including a service line) or other cable system may swing or sag; (c) attach or keep attached to electricity infrastructure conductors of circuits or other cable system; (d) erect or maintain conductors of circuits, or other cable system, so as to cross the circuit of an aerial line, or other cable system, unless clearances in excess of the relevant distance set out in Table 3 in Schedule 3 can be maintained; or (e) erect a circuit or other cable system unless the clearance in any direction from the circuit or system to a structure forming part of electricity infrastructure (other than a structure supporting the circuit or system) is greater than the relevant distance set out in Table 4 in Schedule 3.	Regulation 24 (a) - (e)	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Placement of materials near supporting structures, etc.	A person must not, without the written authority of the electricity infrastructure operator, place or maintain any material closer than the relevant distance set out in Table 1 in Schedule 3 to electricity infrastructure consisting of supporting or protective structure or equipment for aerial lines.	Regulation 25	Safety		Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform (Safety and Technical) Regulations	Placement of materials in proximity to substations	A person must not, without the written authority of the electricity infrastructure operator: (a) place or maintain any timber or inflammable material within 3 metres in any direction of a wall or fence surrounding a substation; (b) impede access to any door, gate or entrance of a substation or interfere in any way with the free flow of air through an opening or fitting used for ventilation in the walls of a substation; (c) place or maintain any material adjacent to a wall or fence of a substation; or (d) plant or nurture vegetation near or adjacent to a wall or fence of a substation, so as to enable unauthorised access to the substation.	Regulation 26	Safety	Maximum penalty: 25 penalty units.	Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Prohibition of burning in proximity to infrastructure	A person must not, without the written authority of the electricity infrastructure operator, burn any material in proximity to electricity infrastructure so that there is a risk of damage to the infrastructure or outages or flashovers	Regulation 27	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Miscellaneous	A person must not contravene or fail to comply with a provision of these Regulations for which a specific penalty is not provided.	Regulation 40	Safety	Maximum penalty: 50 penalty units.	Major	Unlikely	High
Electricity Networks (Third Party Access) Code	Access terms	In exercising the powers conferred under clause 27(3), the power system controller must do so in a manner consistent with a system control technical code approved by the Commission	Clause 27A(1)	Technical		Major	Unlikely	High
Electricity Networks (Third Party Access) Code	Charges for out-of-balance energy services	Where system constraints or system security requirements affect the dispatch of particular generation units, the Power System Controller is to both: (a) instruct the dispatch of generation units; and (b) set the associated system imbalance energy price, in accordance with constraints management and system security procedures approved by the Commission	Clause 85B(4)	Pricing		Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Utilities Commission Act	Making and effect of determinations	A licensed entity must comply with a determination that applies in whole or in part to the entity	Section 22 (8)	Administration		Major	Unlikely	High
Utilities Commission Act	Enforcement of determinations	A person must comply with: (a) a provisional order or a final order served on the person under this section; or (b) an undertaking given by the person and accepted by the Commission under this section.	Section 23 (8) (a) & (b)	Administration	Maximum penalty: 2 500 penalty units.	Major	Unlikely	High
Utilities Commission Act	False or misleading information	A person must not make a statement that is false or misleading in a material particular (whether by reason of the inclusion or omission of any particular) in any information given under this Act.	Section 36	Administration	Penalty: If statement is made knowing that it was false or misleading - 200 penalty units or 2 years imprisonment, in any other case - 100 penalty units	Major	Unlikely	High

High Risk Obligations Applicable to Holders of Special Licence (Independent Power Producer)

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Special Licence (Independent Power Producer)	Compliance with laws and regulatory instruments	The licensee must notify the Commission within 3 business days if it becomes aware of a material breach by the licensee of this licence or any of the regulatory instruments described in clause 9.1 of this licence	Clause 9.2	Administration		Major	Unlikely	High
Special Licence (Independent Power Producer)	Directions of System Controller	The licensee must comply with the directions of the System Controller.	Clause 10	Technical		Major	Unlikely	High
Special Licence (Independent Power Producer)	Compatibility	Where the activities authorised under this licence include interconnection of the licensee's electricity generating plants with an electricity network, the licensee must not do anything to its electricity generating plants affecting the compatibility of its electricity generating plants with any electricity network so as to prejudice public safety or the security of supply	Clause 12	Technical		Major	Unlikely	High
Special Licence (Independent Power Producer)	Provision of information	The licensee must, from time to time, provide the Commission or the System Controller, in a manner and form to be determined by the Commission or the System Controller, such information as the Commission or the System Controller may request	Clause 15	Administration		Major	Unlikely	High
Electricity Reform Act	Unlawful interference with electricity infrastructure or electrical installation	A person must not, without proper authority: (a) attach an electrical installation or other thing, or make any connection, to an electricity network; (b) disconnect or interfere with a supply of electricity from an electricity network; or (c) damage or interfere with electrical infrastructure or an electrical installation in any other way.	Section 96 (1)	Safety	Maximum penalty: 200 penalty units or imprisonment for 2 years.	Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform Act	Unlawful interference with electricity infrastructure or electrical installation	A person must not, without proper authority: (a) be in an enclosure where electrical infrastructure is situated; or (b) climb on poles and other structures that are part of electrical infrastructure.	Section 96 (2)	Safety	Maximum penalty: 100 penalty units or imprisonment for 6 months.	Major	Unlikely	High
Electricity Reform Act	Unlawful interference with electricity infrastructure or electrical installation	A person must not discharge a firearm or throw or project an object towards electrical infrastructure or an electrical installation if there is a risk of damage to the infrastructure or installation, or interruption of electricity supply.	Section 96 (3)	Safety	Maximum penalty: 100 penalty units or imprisonment for 6 months.	Major	Unlikely	High
Electricity Reform Act	Notice of work that may affect electricity infrastructure	A person who proposes to do work near electricity infrastructure must give the appropriate electricity entity at least 7 days notice of the proposed work if: (a) there is a risk of equipment or a structure coming into dangerous proximity to electrical conductors; (b) the work may affect the support for any part of electricity infrastructure; or (c) the work may interfere with the electricity infrastructure in some other way.	Section 99 (1)	Safety	Maximum penalty: 25 penalty units.	Major	Unlikely	High
Electricity Reform Act	Notice of work that may affect electricity infrastructure	A person who does work near electricity infrastructure must comply with: (a) requirements prescribed by the Regulations that are applicable to the work; and (b) reasonable requirements made by the electricity entity for the protection of the infrastructure or the safety of the persons carrying out the work.	Section 99 (3)	Safety	Maximum penalty: 25 penalty units.	Major	Unlikely	High
Electricity Reform Act	Impersonation of officials, etc.	A person must not, without reasonable excuse, obstruct an authorised officer, an electricity officer or anyone else engaged in the administration of this Act or the exercise of powers under this Act.	Section 101 (1)	Administration	Maximum penalty: 100 penalty units or imprisonment for 6 months.	Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform Act	False or misleading information	A person must not make a statement that is false or misleading in a material particular (whether by reason of the inclusion or omission of any particular) in any information furnished under this Act.	Section 102	Administration	Penalty: If statement is deliberately false or misleading, 200 penalty units or 2 years imprisonment. In any other case 50 penalty units	Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Basic safety principle	A person engaging or preparing to engage in work on or near electricity infrastructure or an electrical installation must treat exposed conductors as live until they are: (a) isolated from all sources of electricity supply and proved to be de-energised; and (b) if they are high voltage conductors – earthed.	Regulation 8	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Protection of underground lines	A person must not: (a) place or maintain, or cause to be placed or maintained, a corrosive, abrasive, heavy or deleterious material or substance above an underground line; (b) make an opening in the ground surface that may endanger an underground line; or (c) remove, tamper with or cover any underground line marker, without the written authority of the operator of the electricity infrastructure of which the line forms part.	Regulation 21 (a) - (b)	Safety	Maximum penalty: 25 penalty units.	Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Entangled objects	A person must not, without the authority of the operator of the electricity infrastructure or electrical installation, pull or interfere with an object resting on or entangled in electricity infrastructure or the electrical installation unless the action is reasonably necessary to prevent or reduce injury to a person or property.	Regulation 22	Safety	Maximum penalty: 25 penalty units.	Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform (Safety and Technical) Regulations	Altering ground levels near infrastructure	<p>A person must not, without the written authority of the electricity infrastructure operator:</p> <p>(a) cut away, excavate or remove, or cause to be cut away, excavated or removed, earth or material supporting electricity infrastructure so as to endanger the stability of the infrastructure;</p> <p>(b) make an excavation deeper than 0.3 m within 3 m of:</p> <p>(i) a pole structure or stand, not being a tower or tower structure supporting electricity infrastructure; or</p> <p>(ii) a pole or bed log to which is affixed a staywire used to support electricity infrastructure;</p> <p>(c) make an excavation deeper than 0.5 m within 10 m of a tower or tower structure supporting electricity infrastructure;</p> <p>(d) make an excavation deeper than 0.3 m within 0.6 m of a wall, fence or foundation of a substation; or</p> <p>(e) place material or construct an artificial surface above ground level:</p> <p>(i) below an electric line or within the vertical projection of points to which a conductor of the electric line may sway; or</p> <p>(ii) adjacent to electricity infrastructure,</p> <p>in a manner that may alter the level of the ground at a place so as to infringe a permissible clearance distance under these Regulations.</p>	Regulation 23	Safety	Maximum penalty: 25 penalty units.	Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform (Safety and Technical) Regulations	Prohibition of certain activities in proximity to aerial lines and other cable systems	A person must not, without the written authority of the electricity infrastructure operator: (a) place or maintain material closer than the relevant distance set out in Table 1 in Schedule 3 to a point to which an aerial line (including a service line) or other cable system may swing or sag; (b) operate a machine, vehicle or vessel equipped with an elevating component or shear legs so that a part of the machine, vehicle, vessel or its load comes within the relevant distance set out in Table 2 in Schedule 3 to a point to which an aerial line (including a service line) or other cable system may swing or sag; (c) attach or keep attached to electricity infrastructure conductors of circuits or other cable system; (d) erect or maintain conductors of circuits, or other cable system, so as to cross the circuit of an aerial line, or other cable system, unless clearances in excess of the relevant distance set out in Table 3 in Schedule 3 can be maintained; or (e) erect a circuit or other cable system unless the clearance in any direction from the circuit or system to a structure forming part of electricity infrastructure (other than a structure supporting the circuit or system) is greater than the relevant distance set out in Table 4 in Schedule 3.	Regulation 24 (a) - (e)	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Placement of materials near supporting structures, etc.	A person must not, without the written authority of the electricity infrastructure operator, place or maintain any material closer than the relevant distance set out in Table 1 in Schedule 3 to electricity infrastructure consisting of supporting or protective structure or equipment for aerial lines.	Regulation 25	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Placement of materials in proximity to substations	A person must not, without the written authority of the electricity infrastructure operator: (a) place or maintain any timber or inflammable material within 3 metres in any direction of a wall or fence surrounding a substation; (b) impede access to any door, gate or entrance of a substation or interfere in any way with the free flow of air through an opening or fitting used for ventilation in the walls of a substation; (c) place or maintain any material adjacent to a wall or fence of a substation; or (d) plant or nurture vegetation near or adjacent to a wall or fence of a substation, so as to enable unauthorised access to the substation.	Regulation 26	Safety	Maximum penalty: 25 penalty units.	Major	Unlikely	High

Source	Requirement	Description	Clause / Section	Category	Penalty	Impact of breach	Likelihood of breach	Risk Rating
Electricity Reform (Safety and Technical) Regulations	Prohibition of burning in proximity to infrastructure	A person must not, without the written authority of the electricity infrastructure operator, burn any material in proximity to electricity infrastructure so that there is a risk of damage to the infrastructure or outages or flashovers	Regulation 27	Safety		Major	Unlikely	High
Electricity Reform (Safety and Technical) Regulations	Miscellaneous	A person must not contravene or fail to comply with a provision of these Regulations for which a specific penalty is not provided.	Regulation 40	Safety	Maximum penalty: 50 penalty units.	Major	Unlikely	High

APPENDIX C

Summary of issues raised in submissions

Excluding submissions provided and identified as confidential.

Issue	The Commission's response
<p>Risk assessment methodology</p> <p>Treasury's submission raised concerns over the lack of consideration given to the financial impact of a potential breach on licensees and the licensee's ability to remedy the breach in assessing the risk of a compliance breach under the Commission risk assessment methodology.</p>	<p>In compiling the risk assessment methodology, the Commission has had regard to the legislative framework and the overall goal of the Commission as a regulator, which is to protect the long-term interests of consumers. In doing so, the Commission has focused its efforts on compiling a methodology which has a firm emphasis on public safety and system security, impact to customers, and financial impact to customers.</p> <p>The Commission considers both the impact of the breach and the likelihood of the breach in assessing the overall risk rating of a compliance obligation. The Commission will consider many factors in assessing the impact of the breach, including the licensee's ability to remedy the breach. However, the Commission is more concerned with preventing a breach, not assessing a response subsequent to a breach. The Commission may consider past remedial action in assessing the likelihood of the breach, but only to the extent that past remedial action is long-lasting and preventative. The Commission notes that a low likelihood rating coupled with a high impact rating will always result in a high risk rating, especially in regard to public safety and system security.</p> <p>The Commission considers the financial impact on the licensee to be an internal corporate/business risk for the business to manage. The Commission will consider a regulated entity's financial risk only to the extent that customers are impacted.</p>

<p>High risk obligations</p> <p>Treasury's submission raised concerns over the broad nature of compliance obligations contained in the Register of Compliance, which may cover circumstances outside the licensee's control.</p>	<p>The Commission agrees with the concerns raised over incorporating broad high risk obligations in the Register of Compliance. The Commission has removed some broad high risk obligations (i.e. the regulated entity must comply with all licence obligations) where specific obligations are included in the Register of Compliance. The Commission notes that more specific broad obligations have been included in the Register of Compliance (i.e. a network operator must comply with the Network Access Code). The Commission considers it appropriate to include these obligations in the Register of Compliance, as it involves a risk assessment of the overall compliance of the statutory instrument and not the particular provisions contained within.</p> <p>In regard to concerns raised that the Register of Compliance contains obligations outside the licensee's control, the Commission notes that there was an error in listing some of the high risk obligations applicable to the holder of the generation licence. This error has been corrected in the final version. Apart from this error, the Commission considers all obligations in the Register of Compliance to be relevant to the licensee.</p> <p>In regard to provisions that refer to a 'person', the Commission notes that a reference to a 'person' includes a reference to a body politic, body corporate, and individual in accordance with the <i>Interpretation Act</i> (NT). In this sense, the Commission considers these provisions to apply to the licensee. The Commission notes that it does not intend to hold a licensee accountable in the event that these provisions are breached by a third party. However, these provisions may be relevant to other compliance obligations. For example, the Commission expects regulated entities to have adequate systems in place to prevent these events from happening (i.e. C.I 24 of the Network Licence and c.I 20 of the Generation Licence requiring a safety management and mitigation plan).</p>
<p>Material breach</p> <p>Treasury's submission raised concerns over the possible burden faced by licensees to comply with the Commission's proposal that all medium to high risk compliance breaches must be reported as soon as possible.</p>	<p>The Commission agrees with the concerns raised. A material breach is now defined as a compliance breach of high risk obligations.</p>

<p>Sources of information for compliance monitoring</p> <p>Treasury's submission advised that the Commission should consider other sources of information for compliance monitoring through the proposed Service Level Standards, Customer Incentive Schemes such as the GSL and Financial Incentive Scheme), and the retail price monitoring regime.</p>	<p>The Commission agrees, and will consider streamlining other initiatives undertaken by the Commission (and as they are developed) to improve the Commission's compliance monitoring program.</p>
<p>Compliance audit</p> <p>Treasury's submission raised concerns over the significant costs that may be incurred by the licensee in undertaking compliance audits on a more regular and targeted basis.</p> <p>Treasury's submission also raised concerns over the Commission's proposal to exempt Independent Power Producers (IPPs) from the compliance audit process. Submissions noted that IPPs are not exempt from incurring material breaches.</p>	<p>The Commission agrees that significant costs may be incurred in undertaking compliance audits. The Commission will consider the overall benefits of the audit relative to the cost. However the Commission may request more regular and targeted audits in response to any compliance issues that may arise. The Commission will consider implementing manner and form requirements (i.e. declarations certifying the quality of information provided to the Commission), which may influence compliance behaviour and potentially reduce the cost of an audit.</p> <p>The Commission agrees that IPPs are not exempt from incurring material breaches. The Commission requires IPPs to comply with all applicable laws and regulatory instruments. The Commission may consider compliance audits for IPPs in the future with regard to the size and scope of the IPP and any compliance issues that may arise.</p> <p>The Commission has amended the Register of Compliance of Obligations to include certain high risk obligations relevant to IPPs, including the requirement to report all material breaches.</p>
<p>Procedures and Guidelines</p> <p>Treasury's submission enquired whether the Commission intends to develop Procedures and Guidelines to accompany the Statement of Approach similar to the AER.</p>	<p>The Commission may consider developing procedures and guidelines, and the Commission's approach to its development has been included in the Statement of Approach.</p>