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RETAIL LICENCE

Issued to

Rimfire Energy Pty Ltd

Date of Issue

11 August 2014

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Retail Licence

Licensee: Rimfire Energy Pty Ltd

1 Definitions and Interpretation

1.1 In this licence a word or phrase in italics:

- (a) has the meaning given to it in part 1 of schedule 1; or
- (b) if the word or phrase is not defined in part 1 of schedule 1, then it has the meaning given to it in the *Electricity Reform Act*.

1.2 This licence must be interpreted in accordance with the rules set out in part 2 of schedule 1.

2 Grant of licence

Under Part 3 of the *Electricity Reform Act*, the *Utilities Commission* grants the licensee a licence to:

- (a) trade in electricity; and
- (b) sell and retail electricity to *customers*, but only in respect of *electrical installations* or premises which are located within the *retail area*; and

in accordance with the terms and conditions of this licence.

3 Term

This licence commences on the date it is issued and continues until the earlier of:

- (a) when it is surrendered by the licensee under section 35 of the *Electricity Reform Act*; or
- (b) when it is cancelled by the *Utilities Commission* under section 36 of the *Electricity Reform Act*.

4 Annual return

The licensee must lodge an annual return containing such information as is required from time to time by the *Utilities Commission* by written notice.

5 Suspension of licence

This licence may be suspended under section 36 of the *Electricity Reform Act*.

6 Variation of licence

This licence may only be varied in accordance with section 32 of the *Electricity Reform Act*.

7 Transfer of licence

This licence may only be transferred in accordance with section 33 of the *Electricity Reform Act*.

8 Licence fee and other charges

8.1 The licensee must pay an annual licence fee or instalment of the annual licence fee, as the case may be, to the *Utilities Commission* as determined by the *Minister* under section 19 of the *Electricity Reform Act*.

8.2 The licensee must pay the *System Controller* any charges relating to the operations of system control.

9 Capacity to operate

9.1 The licensee must, from time to time, provide the *Utilities Commission* with details of the licensee's financial, technical and other capacity to continue operations under this licence, if requested to do so by the *Utilities Commission*.

9.2 The licensee must provide any information requested by the *Utilities Commission* under clause 9.1 of this licence:

- (a) in a manner and form determined by the *Utilities Commission*; and
- (b) within 20 *business days* of the request.

10 Compliance with regulatory instruments

10.1 The licensee must:

- (a) comply with all applicable provisions of the *Network Access Code*, the *System Control Technical Code* and the *Network Technical Code*;
 - (b) comply with all applicable provisions of a *code* or *rule* made under the *Utilities Commission Act* from time to time;
 - (c) comply with any applicable protocol, standard and *code* applying to the licensee under the *Regulations*; and
 - (d) comply with all applicable laws including, the *Regulations*, the *Pricing Order* and any technical or safety requirements or standards contained in *Regulations* made under the *Electricity Reform Act*.
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11 Compliance process and compliance reporting

11.1 The licensee is to establish and maintain a compliance process.

- (a) 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.
- (b) 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.
- (c) The *Utilities Commission* may (after giving reasonable notice to the licensee) require the licensee to demonstrate to the *Utilities Commission's* satisfaction that:
 - (i) the licensee's compliance procedures are adequate; and/or
 - (ii) the licensee is complying with its compliance procedures;
- (d) Any notification made by the *Utilities Commission* to the licensee concerning the *Utilities Commission's* opinion of the adequacy of the compliance process of the licensee will not affect the licensee's obligations under this licence.

11.2 Compliance reports.

- (a) A licensee must provide a report to the *Utilities Commission*, at reasonable intervals determined by the *Utilities Commission*, describing the measures taken by the licensee to ensure compliance with its obligations (a compliance report).
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- (b) The compliance report, and the *Utilities Commission's* assessment of compliance, may be made publicly available by the *Utilities Commission*.

11.3 External audit.

- (a) The *Utilities Commission* may, upon reasonable notice to a licensee, require the licensee to appoint an independent auditor to undertake an audit of the licensee's compliance with any of its obligations under this licence.
- (b) The standards or requirements to apply to an audit under clause 11.3 will be determined by the *Utilities Commission* in consultation with the licensee. The auditor will report in accordance with those standards or requirements.
- (c) The auditor will provide a copy of the auditor's report to the licensee and the *Utilities Commission* as soon as reasonably possible after it has been completed.
- (d) The licensee will be responsible to pay the costs of undertaking the audit.

11.4 Appointment of external auditor by *Utilities Commission*.

- (a) The *Utilities Commission* may, upon reasonable notice to a licensee, appoint an independent auditor to undertake an audit of the licensee's compliance with any of its obligations under this licence.
- (b) In the event that the *Utilities Commission* appoints an independent auditor,
 - (i) the *Utilities Commission* will nominate the standards and requirements, and the auditor will report in accordance with those standards or requirements; and
 - (ii) the licensee must cooperate with any reasonable requests made by the independent auditor in undertaking the audit.
- (c) The *Utilities Commission* will provide a copy of the auditor's report to the licensee as soon as reasonably possible after it has been completed.
- (d) The licensee will be responsible to pay the costs of undertaking the audit.

11.5 Notification of breaches to the *Utilities Commission*.

- (a) A licensee must report any breach of its obligations under this licence to the *Utilities 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.
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12 Changes in offices or major shareholders

- 12.1 The licensee must notify the *Utilities Commission* of any change to any *officer* and, if applicable, any *major shareholder* of the licensee, within 20 *business days* after the change.

13 Community service obligations

The licensee must comply with the requirements of any scheme approved and funded by the *Minister* for the performance of community service obligations by electricity entities.

14 Customer standards and procedures

- 14.1 The licensee must develop, publish and comply with customer related standards and procedures within 3 months of issue of this licence.
- 14.2 The licensee must comply with its obligations under the procedures.

15 Adequate supply arrangements

The 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*.

16 Customer notification and information

- 16.1 The licensee must, at times determined by the *Utilities Commission* and in a manner and form specified by the *Utilities Commission*, notify *customers* of changes in market circumstances that might affect those *customers*.
- 16.2 The licensee must take reasonable steps to identify when *customers* affected by 16.1 will or are likely to face a change in market circumstances, and advise the *Utilities Commission* of these circumstances in a form agreed with the *Utilities Commission*.
- 16.3 The 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*.
- 16.4 The licensee must take reasonable steps to give a *customer* notice in a manner and form determined by the *Utilities Commission* at least 28 days prior to the expiry of the *customer's grace period*.

17 Standards of service and safety

The licensee must monitor and report on its compliance with the levels of service and safety which existed at the date of issue of this licence and any minimum standards

of service and safety which are contained in a code made by the *Utilities Commission* under the *Utilities Commission Act*.

18 Standard terms and conditions

- 18.1 The licensee must fix standard terms and conditions and conditions governing the sale of electricity (including the service of making connections to the electricity network) by the licensee to its *customers*.
- 18.2 The licensee must prepare a summary of the standard terms and conditions in a form approved by the *Utilities Commission*.

19 Coordination Agreement

- 19.1 The licensee must enter into, and comply with, an agreement, on terms approved by the *Utilities Commission*, with each electricity entity holding a *generation licence* or *network licence* which provides services to the licensee's *customers* as to the coordination of the provision of services to those *customers*, including arrangements whereby the licensee has responsibility for taking up any *customer* complaints about the quality of services being supplied with the other *electricity entity* to the agreement.
- 19.2 The coordination agreement must be submitted to the *Utilities Commission* within 3 months of issue of this licence.
- 19.3 To avoid doubt, the matters described in this clause 19.1 may be contained in an access agreement or another agreement between the licensee and another electricity entity.

20 Statement of charges

A statement of charges to *customers* must, if requested by a *customer*, at the time the contract is entered into, separate items for:

- (a) the amounts charged for the electricity sold; and
- (b) the total amounts charged by an *electricity entity* which is authorised to operate an *electricity network* in respect of that *customer*.

21 Disconnection

The licensee must not disconnect or discontinue supply of electricity, or take any action which may lead to the disconnection or discontinuance of supply of electricity to a *customer*, except in accordance with the disconnection procedures prescribed in the *System Control Technical Code*, where it applies, or otherwise in accordance with the *customer's* contract.

22 Customer enquiries

Within 3 months of issue of this licence, the licensee must establish and comply with procedures to deal with *customer* consultation or enquiries on terms approved by the *Utilities Commission*.

23 Notice of changes

The licensee must notify its *customers* of any changes in rights, obligations and charges applicable to the sale of electricity to that *customer* by including an explanatory notice with the next statement sent to that *customer*.

24 Participation in development of regulatory instruments

The licensee must participate, to the extent specified by the *Utilities Commission*, in the development, issue and review of any regulatory instruments.

25 Provision of information to the Utilities Commission/System Controller

The licensee must, from time to time, provide the *Utilities Commission* or the *System Controller*, in a manner and form to be determined by the *Utilities Commission* or the *System Controller*, such information as the *Utilities Commission* or the *System Controller* may request.

26 Operator

If an operator is appointed to the licensee's business under section 41 of the *Electricity Reform Act*, the operator must exercise its functions and powers in such a manner as may be specified by the *Utilities Commission* in the instrument of appointment.

Date: 11 August 2014

THE COMMON SEAL of UTILITIES)
COMMISSION is duly affixed in the)
presence of:)

[Signature]
Signature of authorised person

Director Utilities Commission
Office held

VANESSA SUTCLIFFE
Name of authorised person (block letters)



Schedule 1

Part 1 - Definitions

In this licence:

“*access agreement*” has the meaning given to that term under the *Electricity Reform Act*;

“*business day*” means a day on which banks are open for general banking business in Darwin, excluding a Saturday or Sunday;

“*code*” means any code made by the *Utilities Commission* under section 24 of the *Utilities Commission Act*;

“*customer*” has the meaning given to that term under the *Electricity Reform Act*;

“*Electricity Reform Act*” means the *Electricity Reform Act 2000 (NT)*;

“*electricity entity*” means a person licensed under Part 3 of the *Electricity Reform Act* to carry on operations in the electricity supply industry;

“*electricity network*” has the meaning given to that term under the *Electricity Reform Act*;

“*Electricity Network (Third Party Access) Act*” means the *Electricity Network (Third Party Access) Act 2000 (NT)*;

“*financial year*” means a period of 12 months ending at the end on 30 June;

“*generation licence*” means a licence to generate electricity granted under Part 3 of the *Electricity Reform Act*;

“*grace period*” means the period, as specified in the *Regulations*, in which the licensee must offer to sell electricity to *contestable customers* on the same tariff schedule that applied to those customers immediately before becoming *contestable customers*;

“*major shareholder*” means an entity, as defined in section 9 of the Corporations Law, which has a beneficial interest in more than 50% of the shares in the licensee or exercises control over the licensee within the meaning of section 50AA of the Corporations Law;

“*Minister*” means the Minister of the Crown who is responsible for the administration of the *Electricity Reform Act*;

“*Network Access Code*” means the Network Access Code referred to in the *Electricity Network (Third Party Access) Act*;

“*network licence*” means a licence to operate or own an *electricity network*;

“*Network Technical Code*” means the technical code prepared by the network provider under the Network Access Code;

“*officer*” means a director, secretary or executive manager responsible for carrying out day to day licensed operations;

“*post-grace period contestable customer*” means a *customer* that was previously sold electricity by the licensee during the *grace period* applying to the customer and has not entered into a negotiated contract with an *electricity entity* by the expiry of their grace period;

“*power system*” means the system for generating, transmitting, distributing and supplying electricity and includes a part of the system;

“*Pricing Order*” means the pricing order issued by the Minister and any pricing determination made by the *Utilities Commission* under the *Electricity Reform Act*;

“*Regulations*” means the regulations made under the *Electricity Reform Act*;

“*retail area*” means the geographical area or areas specified in schedule 2 of this licence;

“*retailer*” means a holder of a retail licence under Part 3 of the *Electricity Reform Act*;

“*retail licence*” means a licence to sell electricity granted under Part 3 of the *Electricity Reform Act*;

“*Ring-Fencing Code*” means the code dealing with ring-fencing issues established by the *Utilities Commission* under the *Utilities Commission Act*;

“*rule*” means any rule made by the *Utilities Commission* under section 24 of the *Utilities Commission Act*;

“*System Controller*” means a person licensed under Part 3 of the *Electricity Reform Act* to exercise system control over the power system;

“*System Control Technical Code*” means the code of that name made by the *System Controller* and approved by the *Utilities Commission* under section 38(1) of the *Electricity Reform Act*;

“*Utilities Commission*” means the *Utilities Commission* established under the *Utilities Commission Act*; and

“*Utilities Commission Act*” means the *Utilities Commission Act 2000 (NT)*.

Part 2 - Interpretation

In this licence, unless the contrary intention appears:

1. headings are inserted for convenience and do not affect the interpretation of this licence;
 2. the singular includes the plural and vice versa;
 3. words importing a gender include any gender;
 4. the word "person" includes a firm, a body corporate, a partnership, joint venture, an unincorporated body or association, trust or any governmental agency;
 5. a reference to a condition, clause or schedule is to a condition, clause or schedule of this licence;
 6. a reference to terms of an offer or agreement is to all terms, conditions and provisions of the offer or agreement;
 7. a reference to this licence or another document includes any variation or replacement of any of them;
 8. a reference to a statute, regulation, proclamation, order in council, ordinance, by-laws, code, law or similar instrument includes all statutes, regulations, proclamations, orders in council, ordinances, by-laws, codes, laws and similar instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
 9. a reference to a person includes that person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and permitted assigns;
 10. the verb "include" (in all its parts, tenses and variants) is not used as, nor is it to be interpreted as, a word of limitation; and
 11. if an event must occur on a stipulated day which is not a Business Day then the stipulated day will be taken to be the next Business Day.
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Schedule 2

Retail Area

The retail area(s) covered by the licence, for which there is a right to sell and retail electricity to customers, are the geographic areas serviced by the licensed network provider servicing the following cities and townships:

- Darwin (city, suburbs and surrounding rural areas)
 - Tennant Creek (township and surrounding rural areas)
 - Katherine (township and surrounding rural areas)
 - Alice Springs (township and surrounding rural areas)
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