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NOTICE TO INTERESTED PARTIES
Power and Water Corporation
Withdrawal of Technical Breach Notice

In accordance with:

- clause 11 PWC's Generation Licence;
- clause 11 PWC's Network Licence;
- clause 11 PWC's Retail Licence; and
- clause 12 PWC's System Control Licence.

Power and Water:

"must undertake an audit of:

- (a) *all or part of the operations authorised by the relevant licence in respect of each financial year; and*
- (b) *its compliance with the obligations under the relevant licence and the regulatory instruments described in clause 9.1 of the licence in respect of each financial year,*

which must be conducted by an independent auditor."

The Commission notes that certain areas of non-compliance continue to be identified by the audit from year to year, namely:

- the Service Level Agreements (SLAs) between prescribed and related business units are not formally completed;
- not all staff have been provided with training relating to licensing requirements and ring-fencing obligations; and
- documentation of policies and procedures continues to be inadequate.

In February 2008, Power and Water was advised that the Commission considered that, while these non-compliance matters were of themselves each relatively minor, their ongoing occurrence represented a technical breach of the relevant licences, Power and Water was advised at that time that this breach notice would remain in place until such time as each of the non-compliance areas were rectified.

On 1 January 2009, a strengthened Ring-fencing Code commenced in the Territory's regulated electricity supply industry. In light of this, the Commission has decided to grant Power and Water a further 12 months to address these non-compliance matters, including in order to update associated procedural and training documentation and to put in place the written related-party terms and conditions required under the Code possibly in lieu of Service Level Agreements (SLAs).

Accordingly, the Technical Breach notice has been withdrawn.

Alan Tregilgas
Utilities Commissioner
(for the Utilities Commission)
30 January 2009