

ELECTRICITY NETWORK LICENCE



ISSUED TO
Power and Water Corporation
(ABN 15 947 352 360)

ELECTRICITY NETWORK LICENCE

This Licence is issued pursuant to Part 3 of the *Electricity Reform Act 2000*.

Licensee

Power and Water Corporation
ABN 15 947 352 360

Date

This licence was issued by the Utilities Commission on 31 March 2000 and last varied on 12 September 2024.

Date: 12 September 2024

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

Kim McKay

Signature of authorised person

DIRECTOR Utilities Commission

Office held

KIMBERLEE McKay

Name of authorised person (block letters)



Variation history

Date	Reason for variation
5 February 2002	Amendment to Schedule 2: addition of DKTL.
11 June 2002	Amendments made to the body of the licence for consistency and clarity. Insert clause 29.2; delete clauses 14, 16, 27; amendment to Schedule 2: clarification of Nhulunbuy and Groote Eylandt and insert Schedule 3.

Date	Reason for variation
29 August 2008	<p>Amendments to the body of the licence to clarify the different licensing requirements applying to regulated networks as compared to non-regulated networks (insert clause 9.1A, delete clause 23, and amendment to clauses 11, 18, 20, 29, 30).</p> <p>Amendments to Schedule 1: addition of definitions for regulated electricity networks and non-regulated electricity networks.</p> <p>Amendments to Schedule 2: identification of geographic areas as regulated/non-regulated electricity networks and addition of indigenous communities under the Indigenous Essential Services program.</p>
28 February 2011	<p>Replacement of clauses 9 (Compliance with Regulatory Instruments) and 11 (Audit of Operations and Compliance) with the new requirement for a compliance process.</p> <p>Deletion of obsolete due dates in clause 24 (Coordination agreement).</p>
28 October 2011	<p>Addition of clause 24 (Safety Management and Mitigation Plan).</p> <p>Definition of Safety Management and Mitigation Plan added in Schedule 1, Part 1.</p>
3 April 2015	<p>Insertion of clause 10 (Compliance with regulatory instruments) for consistency and avoidance of doubt across all licences.</p>
15 May 2020	<p>Clause 3(c) removed so that the licence has been granted indefinitely, which is consistent with all other licences granted by the Commission.</p> <p>Clause 10.1(a) amended to remove the reference to 'Network Access Code' as it is now obsolete following changes to the Territory's connection framework under the National Electricity Rules modified for the Territory's circumstances (NER NT). Clause 10.1(d) amended to include reference to the 'National Electricity (NT) Rules'.</p> <p>Clauses 16(a) and 18(a) amended to remove references to the 'Network Access Code', replaced with 'National Electricity (NT) Rules'.</p> <p>Schedule 1, Part 1 (Definitions) updated to reflect these changes.</p> <p>Clause 26.2 removed as it is no longer considered necessary following the adoption of the NER NT and the recent update to the Electricity Retail Supply Code (clause 4).</p> <p>Clause 27.1 amended to be consistent with clause 6.2.3 of the Electricity Retail Supply Code - version 3.</p> <p>Definition of 'business day' amended to be consistent with the same definition in the Electricity Retail Supply Code – version 3.</p> <p>Clause 27.2 amended to be consistent with clause 6.2.6 of the Electricity Retail Supply Code – version 3.</p>

Date	Reason for variation
	<p>Schedule 2 amended to remove the reference to the '<i>Electricity Networks (Third Party Access) Act</i>' which is now obsolete and replaced with the '<i>National Electricity (Northern Territory) (National Uniform Legislation) Act 2015</i>'.</p> <p>Cover page updated to include the Commission's new logo, minor formatting such as removing excess spaces, full stops and semi-colons, consistent capitalisation and correction of typographical errors.</p>
12 September 2024	<p>Application of new licensing template and standard licence conditions in accordance with the Utilities Commission's <i>Review of the Northern Territory's Electricity Supply Licencing Regime, Decision paper – standard licence conditions, January 2024</i> (available on the Utilities Commission website).</p>

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Part A – Definitions and interpretation

DEFINITIONS

In this licence:

applicable laws includes the *Electricity Reform Act 2000*, the Regulations and any technical requirements or standards contained in the Regulations, the Pricing Order, the *National Electricity (Northern Territory) (National Uniform Legislation) Act 2015*, the *Utilities Commission Act 2000*, Utilities Commission Regulations 2001 and the *Electrical Safety Act 2022*;

business day means a day that is not a Saturday, a Sunday or a public holiday in the Northern Territory of Australia as declared under the *Public Holidays Act 1981*;

code means any code made by the Utilities Commission under section 24 of the *Utilities Commission Act 2000* or a code made under the *Electricity Reform Act 2000*;

customer has the meaning given to that term under the *Electricity Reform Act 2000*;

electricity entity means a person licensed under Part 3 of the *Electricity Reform Act 2000* to carry on operations in the electricity supply industry;

electricity network has the meaning given to that term under the *Electricity Reform Act 2000*;

Market Operator means a person licensed or authorised under regulation 3E or 3F of the Electricity Reform (Administration) Regulations 2000 to operate a wholesale market in relation to a power system;

Minister means the Minister of the Crown who is responsible for the administration of the relevant provision of the *Electricity Reform Act 2000*;

National Electricity (NT) Rules see section 3(1) of the *National Electricity (Northern Territory) (National Uniform Legislation) Act 2015*;

network licence means a licence to operate or own an electricity network;

operation has the meaning given to that term under the *Electricity Reform Act 2000*;

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 2000*;

Regulations means the regulations made under the *Electricity Reform Act 2000*;

retail licence means a licence to sell electricity granted under Part 3 of the *Electricity Reform Act 2000*;

rule means any rule made by the Utilities Commission under section 24 of the *Utilities Commission Act 2000*;

supply has the meaning given to that term under the *Electricity Reform Act 2000*;

System Controller means a person licensed under Part 3 of the *Electricity Reform Act 2000* to exercise system control over the power system;

System Control Technical Code means the code of that name made under the *Electricity Reform Act 2000*;

Utilities Commission means the Utilities Commission established under the *Utilities Commission Act 2000*.

INTERPRETATION

In this licence, unless the contrary intention appears:

- i. headings are inserted for convenience and do not affect the interpretation of this licence;
- ii. the singular includes the plural and vice versa;
- iii. words importing a gender include any gender;
- iv. the word “person” includes a firm, a body corporate, a partnership, joint venture, an unincorporated body or association, trust or any governmental agency;
- v. a reference to a condition, clause or schedule is to a condition, clause or schedule of this licence;
- vi. a reference to terms of an offer or agreement is to all terms, conditions and provisions of the offer or agreement;
- vii. a reference to this licence or another document includes any variation or replacement of any of them;
- viii. 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;
- ix. a reference to a person includes that person’s executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and permitted assigns;
- x. 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
- xi. 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.

LICENCE ADMINISTRATION

1 Definitions and Interpretation

In this licence a word or phrase:

- (a) has the meaning given to it in Part A; or
- (b) if the word or phrase is not defined in Part A, then it has the meaning given to it in the *Electricity Reform Act 2000*.

This licence must be interpreted in accordance with the rules set out in Part A.

2 Grant of licence

Under Part 3 of the *Electricity Reform Act 2000*, the Utilities Commission grants the licensee a licence to:

- (a) own and operate an electricity network within the geographic area specified in Schedule 1 (as such electricity network is extended or augmented from time to time within that geographic area); and
- (b) connect the electricity network referred to in paragraph (a) to another electricity network, 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 2000*; or
- (b) when it is cancelled by the Utilities Commission under section 36 of the *Electricity Reform Act 2000*.

4 Suspension or cancellation of licence

This licence may be suspended or cancelled under section 36 of the *Electricity Reform Act 2000*.

5 Variation of licence

This licence may only be varied in accordance with section 32 of the *Electricity Reform Act 2000*.

6 Transfer of licence

This licence may only be transferred in accordance with section 33 of the *Electricity Reform Act 2000*.

7 Licence fee and other charges

- 7.1. 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 2000*.

- 7.2. The licensee must pay the System Controller and Market Operator any applicable charges relating to the operations of system control and market operations as approved by the Utilities Commission.

GENERAL CONDITIONS

8 Information to the Utilities Commission

8.1. Annual return

The licensee must lodge an annual return by 1 August each year. The annual return must contain such information as specified by the Utilities Commission by written notice. At a minimum, the licensee will be required to provide information on:

- (a) key person/s for the Utilities Commission to contact regarding the licensed operations; and
- (b) details of electricity supply operations for use in the charging of licence fees.

8.2. Change in circumstances

The licensee must give a notice in writing to the Utilities Commission if:

- (a) the licensee is put under external administration as defined by the *Corporations Act 2001* (Cth), within 2 business days of that external administration occurring;
- (b) an application is made to, or an order is made by, a court for the winding up or dissolution or a resolution is passed or any steps are taken to pass a resolution for the winding up or dissolution of the licensee in accordance with relevant legislation including the *Bankruptcy Act 1996* (Cth) or *Corporations Act 2001* (Cth), within 2 business days of that event occurring;
- (c) there is a change to the financial or technical capacity of the licensee, such that the licensee's capacity to carry on operations or comply with obligations under this licence may be materially affected, within 10 business days of that change.

8.3. Change in officers

The licensee must give a notice in writing to the Utilities Commission of any change of directors or Board members, Chief Executive Officer, Chief Financial Officer and Company Secretary (or equivalent positions) as well as the key contact person/s of the licensee (as advised in the licensee's annual return) within 20 business days of that change.

8.4. Change in shareholders (if applicable)

The licensee must give a notice in writing to the Utilities Commission of any change in the shareholding of the licensee resulting in the transfer of more than 50% of the shares in the licensee to a third party or a change in the entity that exercises control over the licensee within the meaning of section 50AA of the *Corporations Act 2001* (Cth), within 20 business days of that change.

8.5. Other information to the Utilities Commission

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

9 Information to the System Controller

The licensee must, from time to time, provide the System Controller such information as the System Controller may request in accordance with the System Control Technical Code.

10 Compliance with regulatory instruments

The licensee must, as amended from time to time, comply with:

- (a) all applicable laws;
- (b) all applicable provisions of a code or rule made under the *Utilities Commission Act 2000* or the *Electricity Reform Act 2000*;
- (c) any applicable protocol, standard and code applying to the licensee under the Regulations or the Utilities Commission Regulations 2001; and
- (d) any applicable guideline made by the Utilities Commission under a code, the Regulations, the *Utilities Commission Act 2000* or the Utilities Commission Regulations 2001.

11 Compliance process

11.1. Establishment and maintenance of 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, standards or guidelines.
- (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;
 - (v) detecting and reporting to the Utilities Commission any breach of the licensee’s compliance with its obligations under this licence.
- (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 process is adequate; and/or
 - (ii) the licensee is complying with its compliance process.

- (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. Independent audit

- (a) Upon reasonable notice to a licensee, the Utilities Commission may appoint, or 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 (independent audit).
- (b) The licensee must consult with, and gain the approval of, the Utilities Commission for its preferred independent auditor and proposed scope for the audit.
- (c) The scope of the audit and the standards or requirements to apply to an independent audit must comply with any guidelines published by the Utilities Commission from time to time. In the absence of guidelines, the scope and standards or requirements will be determined by the Utilities Commission in consultation with the licensee. Where the Utilities Commission appointed the auditor, the Utilities Commission will nominate the standards or requirements.
- (d) The licensee must cooperate with any reasonable requests made by the independent auditor in undertaking the audit.
- (e) The licensee will be responsible to pay the costs of undertaking the audit.

12 Compliance reporting

12.1. Notification of material non-compliance (material breach)

- (a) The licensee must notify the Utilities Commission if it commits a material breach of an applicable regulatory instrument within 2 business days of becoming aware of that breach.
- (b) Following the initial notification, the licensee must advise the Utilities Commission, within 20 business days or other such time as agreed by the Utilities Commission, of the circumstances of, and reasons for, the material breach, consequences of the breach and remedial action that is being undertaken to rectify the breach.
- (c) The notification of material breaches, including the assessment of which breaches are a material breach, must be undertaken in accordance with any reporting guidelines published by the Utilities Commission from time to time.

12.2. Annual compliance report

- (a) A licensee must provide an annual report to the Utilities Commission describing the measures taken by the licensee to ensure compliance with its obligations and identifying all instances (material and non-material) of non-compliance (annual compliance report).
- (b) The annual compliance report must be in accordance with any reporting guidelines published by the Utilities Commission from time to time.
- (c) The annual compliance report, and the Utilities Commission's assessment of compliance, may be made publicly available by the Utilities Commission.

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 Operator

If an operator is appointed to the licensee's business under section 42 of the *Electricity Reform Act 2000*, 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.

NETWORK CONDITIONS

15 Responsibility for operating contractors

- 15.1. If the licensee engages a contractor or other party to perform a material part of the operations covered by this licence (operating contractor), the licensee remains responsible for ensuring that all operations covered by this licence comply with the conditions of this licence regardless of who carries out those operations.
- 15.2. The licensee must use best endeavours to ensure each operating contractor engaged by the licensee complies with the conditions of this licence to the extent that such conditions are relevant to that operating contractor.
- 15.3. For any operating contractor engaged by the licensee to perform a material part of operations covered by this licence, the licensee must give a notice in writing to the Utilities Commission if:
- (a) there is a change in the identity of the operating contractor, within 10 business days of that change;
 - (b) the operating contractor is put under external administration as defined by the *Corporations Act 2001* (Cth), within 2 business days of that external administration occurring;
 - (c) an application is made to, or an order is made by, a court for the winding up or dissolution or a resolution is passed or any steps are taken to pass a resolution for the winding up or dissolution of the operating contractor in accordance with relevant legislation including the *Bankruptcy Act 1996* (Cth) or *Corporations Act 2001* (Cth), within 2 business days of that event occurring;
 - (d) there is a change to the financial or technical capacity of the operating contractor, such that the licensee's capacity to carry on operations or comply with obligations under this licence may be materially affected, within 10 business days of that change.

16 Network control

- 16.1. Subject to section 38 of the *Electricity Reform Act 2000*, the licensee must be responsible for network control of its electricity network.
- 16.2. Where, under section 38 of the *Electricity Reform Act 2000*, a System Controller has the function of monitoring and controlling the operation of the power system of which the licensee's electricity network forms part or is connected to, the licensee must comply with the directions of the System Controller.

17 Compatibility

The licensee must not do anything to its electricity network affecting the compatibility of its electricity network with any other electricity network or electricity generating plants so as to prejudice public safety or the security of supply.

18 Coordination

The licensee must operate its electricity network in coordination with other electricity networks to which it is connected directly or indirectly.

19 Operation and maintenance

The standard network licence condition for operation and maintenance is replaced by clause 22, which is specific to this licence.

20 Restrictions on trading

Unless the licensee holds a retail licence authorising those operations, the licensee must not buy or sell electricity directly or indirectly in connection with conducting operations authorised by this licence, except if it is necessary:

- (a) to operate the electricity network;
- (b) for a purpose associated with planning, designing, constructing, maintaining or operating the electricity network;
- (c) for the licensee's administrative purposes.

21 Disconnection

The licensee must not disconnect or discontinue the supply of electricity, or take any action which may lead to the disconnection or discontinuance of the supply of electricity to a customer, except in accordance with section 27(2) of the *Electricity Reform Act 2000* and the disconnection procedures prescribed in the System Control Technical Code, where it applies, or otherwise in accordance with the customer's contract.

CONDITIONS SPECIFIC TO THIS LICENCE

22 Operation and maintenance – regulated and non-regulated networks

The licensee must:

- (a) operate, maintain (including repair and replace if necessary) and protect its regulated electricity network so as not to prejudice public safety and security of supply, and in accordance with any technical code made under the *Electricity Reform Act 2000* and the National Electricity (NT) Rules, where they apply; and
- (b) operate, maintain (including repair and replace if necessary) and protect its non-regulated electricity network so as not to prejudice public safety and, 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.

23 Right of use – regulated networks

In relation to its regulated electricity networks only, the licensee must:

- (a) in accordance with the National Electricity (NT) Rules, grant each electricity entity holding a generation licence rights to use or have access to those parts of the licensee's electricity network that are interconnected to or interface with the electricity entity's assets for the purposes of ensuring the proper integrated operation of the power system and the proper conduct of the operations authorised by the electricity entity's licence; and
- (b) in the absence of agreement as to the terms on which such rights are granted, comply with any determination by the Utilities Commission as to those terms.

ELECTRICITY NETWORKS

Regulated electricity networks

The regulated electricity networks currently prescribed as being subject to regulation under the *National Electricity (Northern Territory) (National Uniform Legislation) Act 2015* and covered by the licence are those owned and/or operated by the licensee within the geographic areas associated with the following cities and townships (and surrounding areas):

- Darwin (city, suburbs and surrounding rural areas)
- Katherine (township and surrounding rural areas)
- Darwin-Katherine Transmission Line (132kV) which extends from the network 132kV bus at Channel Island Power Station to a 132/22kV substation adjacent to the Katherine Power Station, with a 132/22kV substation at Manton and a 132/66kV substation at Pine Creek
- Tennant Creek (township and surrounding rural areas)
- Alice Springs (township and surrounding rural areas)

Non-regulated electricity networks

The non-regulated electricity networks covered by the licence are those owned and/or operated by the licensee within the geographic areas associated with the following townships (and surrounding areas):

- Daly River
- Jabiru
- Borroloola
- Timber Creek
- Daly Waters
- Elliott
- Newcastle Waters
- Yulara
- Ti Tree
- Kings Canyon
- Nhulunbuy – surrounding rural areas only
- Groote Eylandt – Angurugu and Umbakumba only
- Indigenous communities under the Indigenous Essential Services program