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1 October 2019

Cameron Thompson
Chief Executive
Cowell Electric Supply Pty Ltd
78 Schumann Road
Cowell SA 5602

By email: cthompson@cowellelectric.com.au

Dear Mr Thompson

Cowell Electric Supply Pty Ltd — application for an individual network exemption

I refer to Cowell Electric Supply Pty Ltd (Cowell Electric)'s network exemption application, accepted on 2 July 2019, for owning, controlling or operating the distribution systems supplying the townships of:

- **Iron Knob** SA 5601, and
- **Pimba** SA 5720

I am writing to inform you that on 26 September 2019, the Australian Energy Regulator (AER), in accordance with section 11(2) of the National Electricity Law and clause 2.5.1(d) of the National Electricity Rules, has granted Cowell Electric an exemption from the requirement to register as a Network Service Provider and the operation of Chapter 5 in respect to the Iron Knob and Pimba distribution systems.

Please note that the exemption is subject to the conditions contained in version 6 of the Network service provider registration exemption guideline (published March 2018) as modified by the Instrument of Exemption. This includes, among other requirements, the requirement to join the Energy and Water Ombudsman SA.

If you have any further queries, or would like to discuss this further, please contact Susan Faulbaum on (08) 8213 3463.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Sarah', with a long horizontal flourish extending to the right.

Sarah Proudfoot
General Manager, Consumers and Markets

Schedule 1: Instrument of Exemption

EXEMPTION FROM THE REQUIREMENT TO REGISTER AS A NETWORK SERVICE PROVIDER AND THE OPERATION OF CHAPTER 5 OF THE NATIONAL ELECTRICITY RULES

DATE OF ISSUE: 26 September 2019

TYPE OF NETWORK: Distribution system

Pursuant to section 13 of the National Energy Retail Law, the Australian Energy Regulator (AER) decided, on 26 September 2019, to grant Cowell Electric Supply Pty Ltd / ABN 13 626 950 829 an exemption from the requirement to register as a network service provider and the operation of Chapter 5 of the National Electricity Rules in accordance with clause 2.5.1 of the National Electricity Rules, subject to the conditions set out below. This exemption applies to owning, controlling or operating the electricity distribution system supplying the townships of Iron Knob SA 5601 and Pimba SA 5720.

Condition 1 - Application of the Network Service Provider Registration Exemption Guideline

1. The exempt person must, with the exception of those clauses specified under condition 1(2), act in accordance with the conditions of version 6 of the Network Service Provider Registration Exemption Guideline (March 2018), which was current at the time the exemption was granted.
2. The exempt person is not required to comply with the following clauses of version 6 of the Network Service Provider Registration Exemption Guideline (March 2018):
 - a. Condition 4.1.8 – registration requirements
 - b. Condition 4.1.10 – life support requirements (replaced by condition 2 below)
 - c. Condition 4.1.12 – retrofit provisions
 - d. Condition 4.2 – metering installation and NEM requirements (except conditions 4.2.2, 4.2.3 and 4.2.4 which apply to this exemption)
 - e. Condition 4.2.1 – transmission networks
 - f. Condition 4.4 – AEMO requirements for access to retail competition (except condition 4.4.4 which applies to this exemption)
 - g. Condition 4.7 – Embedded Network Manager – Appointment and Reversion
 - h. Condition 4.9 – Conversion of an existing site (Brownfield conversion)
 - i. Condition 4.10 – Dedicated connection assets

Condition 2 – Life support requirements

1. Where a customer provides confirmation from a registered medical practitioner that a person residing at the customer's premises requires life support equipment, the exempt person must:
 - a. advise the *relevant parties* that a person residing at the premises requires life support equipment and
 - b. provide the *relevant parties* with any relevant information about the premises for the purposes of updating their records and registers.
2. The same process and obligations set out in condition 2(1) apply in relation to notification of deregistration of a life support customer.
3. For the purposes of condition 2, the *relevant parties* are:
 - a. the exempt seller or authorised retailer who sells electricity to the customer (if different from the exempt person);
 - b. the operator of the network connected to the exempt person's distribution network; and
 - c. the registered Network Service Provider for the South Australian distribution network operated by South Australian Power Networks at the time of the grant of this exemption.
4. The exempt person must maintain records of any customers who have life support equipment that depends on the supply of electricity for its operation on their premises.

Condition 3 – Embedded Network Manager appointment deferment

1. In accordance with clause 2.5.1(d2) of the National Electricity Rules, the exempt person is exempted from the requirement to comply with the *ENM conditions* until such time as an *ENM conditions trigger* occurs. That is, an *Embedded Network Manager* need not be appointed for a network subject to this exemption until:
 - a. A small customer enters a market retail contract for the sale of energy at the relevant *child connection point* and the *cooling off period* in relation to that contract has expired; or
 - b. A large customer has entered a contract for the sale of energy at the relevant *child connection point*.

Note: italicised terms above have the same meaning as Chapter 10 of the National Electricity Rules. Should the definition of *ENM conditions trigger* change after the issue of this exemption, the terms as defined in the current version of the National Electricity Rules take precedence over the meaning provided under subclauses 3(1)(a) and (b).

Condition 4 – Connection and supply of network services

1. The exempt person must comply with any connection policy ('Connection Policy') approved under the Distribution Licence issued by the state regulator.
2. If:
 - a. the exempt person receives a request for Connection and/or access to the Network Services provided by the Distribution System from an existing or intending Registered Participant or a person who is eligible to become a Registered Participant; and
 - b. there is no Connection Policy, or the Connection Policy does not apply to the request,

the exempt person must, subject to condition 4(3), allow that person to form a Connection and have access to the Network Services provided by the Distribution System.

3. The exempt person is not required to allow Connection and provide access under condition 4(2) where it would:
 - a. adversely effect Supply to the exempt person's business; or
 - b. require the exempt person to Augment the Distribution System.
4. If the exempt person rejects a request that comes within condition 4(2)(a), the exempt person must notify the AER within twenty business days of that decision.
5. For the purposes of conditions 4(2), 4(3) and 4(4), the terms 'Augment', 'Connection', 'Network Services', 'Registered Participant' and 'Supply' have the meaning assigned to them in the National Electricity Rules.

Condition 5 – Terms and conditions for connection and network services

1. If there is no Connection Policy or the Connection Policy does not apply to the relevant agreement, the terms and conditions (including price) on which the exempt person allows connection to, and provides access to the network services provided by, the Distribution System, must be consistent with the provisions in Chapter 5 of the National Electricity Rules governing the terms and conditions of Connection Agreements and of Chapter 5A governing the terms and conditions of Model Standing Offers.¹

Note: Although the exempt person is exempt from the operation of Chapter 5 of the NER, the purpose of condition 5(1)(a) is to require an agreement in relation to the Distribution System to satisfy the same substantive requirements as if Chapter 5 of the NER applied (in the event that there is no Connection Policy governing that agreement).

2. For the purposes of condition 5, the terms 'Connection Agreement' and 'Model Standing Offer' have the meaning assigned to it in the National Electricity Rules.

¹ The exempt person is not required to submit a Model Standing Offer to the AER for prior approval.