INSTRUMENT OF VARIATION OF CONDITIONS OF DISTRIBUTOR'S LICENCE ELECTRICITY SUPPLY ACT 1995 (NSW)

1. Variation of conditions

I, Don Harwin, Minister for Energy and Utilities vary the Licence held by the Licence Holder. This Instrument of Variation is made under clause 7 of Schedule 2 to the *Electricity Supply Act 1995*.

2. Commencement

This Instrument of Variation commences on the day this Instrument is signed.

3. Definition

In this Variation Instrument:

Licence means the distributor's licence taken to be held by the Licence Holder's predecessors under NSW legislation and currently held by the Licence Holder for the purposes of section 14 of the *Electricity Supply Act 1995.*

Licence Holder means Essential Energy (ABN 37 428 185 226), a statutory Stated Owned Corporation established under the *Energy Services Corporation Act 1995 (NSW)*.

Previous Licence Conditions means all the conditions of the Licence as in force immediately before the commencement of this Instrument of Variation.

4. Variation of licence

- 1. Omit the Previous Licence Conditions and substitute Schedule A.
- 2. Clause 4(1) does not:
 - a. revive anything not in force or existing at the time this Instrument of Variation takes effect;
 - b. affect the previous operation of the Previous Licence Conditions, or anything done, begun under, or in accordance with, the Previous Licence Conditions; or
 - c. affect a right, privilege or liability acquired, accrued or incurred under the Previous Licence Conditions.

Signed:

The Hon Don Harwin MLC

Minister for Energy and Utilities

Date: 5,2.19

SCHEDULE A

MINISTERIALLY IMPOSED LICENCE CONDITIONS FOR THE OPERATOR OF A DISTRIBUTION SYSTEM

These *Licence* conditions are imposed by the *Minister* pursuant to item 6(1)(b) of Schedule 2 of the *Act*.

These *Licence* conditions are in addition to other *Licence* conditions imposed by the *Minister*, *Licence* conditions under the *Act* or *Regulations*, and other obligations imposed on *Licence Holders* by the *Act* and *Regulations*.

GENERAL CONDITIONS

1 Operate within Distribution District

- 1.1 At all times this *Licence* is in force, the *Licence Holder* must ensure that it and all other network operators of its *distribution system* only operate a *distribution system*:
 - (a) within its distribution district as set out in Schedule 3 of the Act, and
 - (b) within such other areas outside of its *distribution district* in which the *Licence Holder* operates a *distribution system* as set out or described in Schedule 1 to these conditions.
- 1.2 From 1 July 2019, the *Licence Holder* must ensure that it and all other network operators of its distribution system only operate a distribution system within such other areas outside of its distribution district as agreed and authorised by the *Tribunal* and the *Licence Holder* for the relevant distribution district.

2 National Electricity Market registration

At all times this *Licence* is in force, the *Licence Holder* must ensure that it and all other network operators of its *distribution system*:

- (a) are registered or exempt from the requirement to be registered as a Network Service Provider under the National Electricity Rules; or
- (b) hold any equivalent authorisation or right of participation in any national electricity market, granted by the person responsible for the granting of such an authorisation or right of participation under any legislation enacted for the purpose of introducing such a market.

3 Technical and prudential criteria

The *Licence Holder* must, for the duration of this *Licence*, ensure that it and all other network operators of its *distribution system* satisfy the technical and prudential criteria that each entity is required to meet as a condition of its registration or exemption, or equivalent authorisation or right of participation in any national electricity market, referred to in condition 2.

RELIABILITY AND PERFORMANCE CONDITIONS

4 Network overall reliability standards

4.1 A Licence Holder must not, when excluded interruptions are disregarded, exceed in a financial year the SAIDI average standards that apply to its feeder types.

4.2 A Licence Holder must not, when excluded interruptions are disregarded, exceed in a financial year the SAIFI average standards that apply to its feeder types.

5 Individual feeder performance

5.1 This condition 5 applies where one or more of the *feeders* of a *Licence Holder* exceed the relevant *individual feeder standards* for any 12 month period ending at the end of March, June, September or December, when *excluded interruptions* are disregarded.

5.2 A Licence Holder must:

- (a) investigate the causes for each feeder exceeding the individual feeder standards;
- (b) by the end of the *quarter* following the *quarter* in which the *feeder* first exceeded the *individual* feeder standards, complete an investigation report identifying the causes and as appropriate, any action required to improve the performance of each feeder to the *individual* feeder standards:
- (c) complete any operational actions identified in the investigation report to improve the performance of each *feeder* against the *individual feeder standards* by the end of the third *quarter* following the *quarter* in which each *feeder* first exceeded the *individual feeder standards*;
- (d) except as permitted by condition 5.2(e), where the investigation report identifies actions, other than operational actions, required to improve the performance of each *feeder* to the *individual feeder standards*, develop a project plan, including implementation timetable, and commence its implementation by the end of the second *quarter* following the *quarter* in which the *feeder* first exceeded the *individual feeder standards*;
- (e) consider non-network strategies which provide reliable outcomes for *customers*. Where found by the investigation report to be equal or more cost-effective than the lowest cost feasible network option such strategies shall be adopted rather than network augmentation options;
- (f) ensure that the implementation timetable for the project plan or alternative non-network solutions is as short as is reasonably practicable; and
- (g) where all reasonable steps to improve supply reliability have been taken, the costs of further actions to rectify the non-compliance must be subject to a cost benefit analysis. Where such analysis does not provide a positive benefit, no further action will be taken to improve the feeder's performance and the ongoing non-conformance with the individual feeder standards will be reported to the Minister by the Licence Holder.
- The investigation report is to include a documented rectification plan where action is found to be justified in order to improve the performance of a *feeder* to the *individual feeder standards*. The action that is required may involve work to other network elements or may involve only repair or maintenance work where capital works are not warranted and take into account any one-off events and previous performance trends.

5A Reliability provided to individual customers

- 5A.1 This condition 5A does not apply to a *connection point* supplied by a *Licence Holder's feeder* to which Condition 5 applies.
- 5A.2 Where the *minutes interrupted* exceed the relevant *individual customer standards* in any 12 month period ending at the end of March, June, September or December when *excluded interruptions* are disregarded, the *Licence Holder* must comply with condition 5A.4.
- 5A.3 Where the number of interruptions exceed the individual customer standards in any 12 month period

ending at the end of March, June, September or December, when excluded interruptions are disregarded, the *Licence Holder* must comply with condition 5A.4.

5A.4 A Licence Holder must:

- (a) investigate the causes for the *minutes interrupted* or *number of interruptions* (as the case may be) exceeding the *individual customer standards*;
- (b) by the end of the *quarter* following the *quarter* in which the *minutes interrupted* or *number of interruptions* (as the case may be) first exceeded the *individual customer standards*, complete an investigation report that must:
 - (i) identify the causes for exceeding the *individual customer standards*;
 - (ii) as appropriate, any action required to improve performance against the *individual* customer standards; and
 - (iii) consider the terms of the connection contract (including network security arrangements) agreed with the *customer* of the affected *connection point*, including when the *customer* was connected to the *distribution system*;
- (c) complete any operational actions identified in the investigation report to improve performance against the *individual customer standards* by the end of the third *quarter* following the *quarter* in which the *minutes interrupted* or *number of interruptions* (as the case may be) first exceeded the *individual customer standards*:
- (d) except as permitted by condition 5A.4(e), where the investigation report identifies actions, other than operational actions, required to improve performance against the *individual customer standards*, develop a project plan, including implementation timetable, and commence its implementation by the end of the fourth *quarter* following the *quarter* in which the *minutes interrupted* or *number of interruptions* (as the case may be) exceeded the *individual customer standards*;
- (e) consider non-network strategies which provide reliable outcomes for *customers*. Where found by the investigation report to be equal or more cost-effective than the lowest cost feasible network option such strategies shall be adopted rather than network augmentation options;
- (f) ensure that the implementation timetable for the project plan or alternative non-network solutions is as short as is reasonably practicable; and
- (g) where all reasonable steps to improve supply reliability have been taken, the costs of further actions to rectify the non-compliance must be subject to a cost benefit analysis. Where such analysis does not provide a positive benefit, no further action will be taken to improve the minutes interrupted or number of interruptions (as the case may be) and the ongoing non-conformance with the individual customer standards will be reported to the Minister by the Licence Holder.
- 5A.5 The investigation report is to include a documented rectification plan where action is found to be justified in order to improve the *minutes interrupted* or *number of interruptions* (as the case may be) against the *individual customer standards*. The action that is required may involve work to other network elements, or may involve only repair or maintenance work where capital works are not warranted and take into account any one-off events and previous performance trends.

6 Customer service standards

6.1 A Licence Holder must pay the sum of \$80 to a customer on each occasion when the Licence Holder exceeds the interruption duration standard at the customer's premises and the customer has made a claim to the Licence Holder within three months of the interruption ceasing.

- 6.2 A Licence Holder must pay the sum of \$80 to a customer where the Licence Holder exceeds the interruption frequency standard at the customer's premises in a financial year and the customer has made a claim to the Licence Holder within three months of the end of the financial year to which the interruptions relate.
- 6.3 A Licence Holder must determine a claim for payment under condition 6, and notify the customer of the determination in writing, within one month of receipt of a claim. For customers eligible for payment, the notice of determination must include the amount to be paid, the manner of payment and the timing of payment. Where the claim is not paid (whether in part or in full), the notice of determination must include reasons for the decision.
- 6.4 A *Licence Holder* is required to take reasonable steps to make *customers* aware of the availability of payments on the terms set out in condition 6. Reasonable steps include, as a minimum, publication of information on the *Licence Holder*'s website and annual newspaper advertisements. On request from a *customer*, a *Licence Holder* must provide written information on the availability of payments on the terms set out in condition 6.
- 6.5 A *Licence Holder* is required to make only one payment of \$80 to a *customer* per premises in a *financial year* for exceeding the *interruption frequency standard*.
- 6.6 A *Licence Holder* is required to pay no more than \$320 under condition 6 to a *customer* per premises in any one *financial year*.
- 6.7 A payment under this condition does not:
 - in any way alter or diminish any rights that a *customer* may have against any person under any trade practices or other applicable legislation, common law or contract;
 - (b) represent any admission of legal liability by the Licence Holder, or
 - (c) alter, vary or exclude the operation of section 119 of the *National Electricity Law* or any other statutory limitations on liability or immunities applicable to a *Licence Holder*.
- 6.8 *Customers* who are eligible for payments under this condition are limited to those *customers* who are supplied electricity through a metered *connection point* on an electricity distributor's system.

7 Performance monitoring and reporting

Network overall reliability standards report

- 7.1 A Licence Holder must submit a network overall reliability standards quarterly report to the Tribunal within one month of the end of each quarter.
- 7.2 Each *network overall reliability standards* report must include the following matters for the previous 12 month period to the end of that *quarter*:
 - (a) performance against the SAIDI average standards and SAIFI average standards by feeder type, disregarding excluded interruptions;
 - (b) reasons for any non-compliance by the *Licence Holder* with the *network overall reliability* standards and plans to improve performance; and
 - (c) any other matter notified by the *Tribunal* in writing.

Individual feeder standards report

7.3 A Licence Holder must submit, within one month of the end of each quarter, a quarterly individual feeder standards report to the Tribunal on feeders that exceeded the relevant individual feeder

standards during the previous 12 month period to the end of that quarter, together with, for each feeder.

- (a) the date at which the feeder first exceeded the relevant individual feeder standard, together with the actual SAIDI and SAIFI performance of the feeder for the 12 month period;
- (b) details of the remedial action that the *Licence Holder* intends taking, or has taken,to improve the performance of those *feeders*;
- (c) either of the following:
 - (i) the date of completion, or the date of planned completion, of the remedial action plan; or
 - (ii) details of the investigation and action proposed or undertaken leading to the decision to advise the *Tribunal* that it is not economically justifiable to bring the feeder performance into compliance with the *individual feeder standards*; and
- (d) any other matter notified by the *Tribunal* in writing.

Individual customer standards report

- 7.3A A Licence Holder must submit, within one month of the end of each quarter, a quarterly individual customer standards report to the *Tribunal* on instances where conditions 5A.2 and/or 5A.3 applied, together with the following details:
 - (a) the date at which the *minutes interrupted* or *number of interruptions* (as the case may be) exceeded the *individual customer standard*, together with the actual *minutes interrupted* or *number of interruptions* for the affected *connection point* for the 12 month period;
 - (b) details of the remedial action that the *Licence Holder* intends taking, or has taken, to improve compliance with the *individual customer standards*;
 - (c) if applicable, the date of completion, or the date of planned completion, of the remedial action plan;
 - (d) if applicable, details of the investigation and action proposed or undertaken leading to the decision to advise the *Tribunal* that it is not economically justifiable to bring the *minutes interrupted* or *number of interruptions* (as the case may be) for the affected *connection point* into compliance with the *individual customer standards*; and
 - (e) any other matter notified by the Tribunal in writing.

Customer service standards report

- 7.4 A Licence Holder must submit a quarterly customer service standards report to the Tribunal on the following matters within one month of the end of each quarter, for the preceding quarter and for the previous 12 month period to the end of that quarter.
 - the number of payments given under condition 6 to *customers* by each type of area listed in Column 1 of Table 1 of Schedule 5 and by the type of standard, as shown in Columns 2 and 3 of Table 1 of Schedule 5;
 - (b) the number of claims not paid (whether in part or full) under condition 6 by each type of area listed in Column 1 of Table 1 of Schedule 5 and by the type of standard, as shown in Columns 2 and 3 of Table 1 of Schedule 5; and
 - (c) any other matter notified by the *Tribunal* in writing.

Incident reporting

7.5 A *Licence Holder* must prepare and submit reports on any incident in accordance with any *Reporting Manual* issued by the *Tribunal*.

Independent audit report

- 7.6 An independent audit must be conducted after the end of each *financial year* to audit the *Licence Holder*'s performance against the:
 - (a) Network overall reliability standards;
 - (b) individual feeder standards;
 - (c) individual customer standards; and
 - (d) customer service standards.
- 7.7 The audit must be conducted in accordance with any Audit Guidelines issued by the Tribunal.
- 7.8 A Licence Holder is required to nominate a person to conduct the independent audit by written notice given to the *Tribunal* in accordance with auditor nomination procedures published in any *Audit Guidelines* issued by the *Tribunal*.
- 7.9 The person nominated to conduct the independent audit is to be a person who is:
 - (a) independent of the Licence Holder, and
 - (b) competent to exercise the functions of an auditor in respect of the matters to be audited.
- 7.10 The nomination of an auditor by a *Licence Holder* ceases to have effect if the *Tribunal* advises the *Licence Holder*, by notice in writing, that the nomination is not acceptable or has ceased to be acceptable.
- 7.11 The *Tribunal* may nominate an auditor to carry out an audit, and the person so nominated is taken to have been nominated by the *Licence Holder*, if:
 - (a) the nomination of an auditor by the Licence Holder ceases to have effect; or
 - (b) the *Licence Holder fails* to nominate an auditor to carry out the audit in accordance with any requirements specified by the *Tribunal* by notice in writing to the *Licence Holder*.
- 7.12 A *Licence Holder* must provide a copy of the auditor's report by 30 September each year to the *Tribunal*.

General matters concerning reports

- 7.13 Where the *Tribunal* determines the format of a report required by this condition, a *Licence Holder* must submit the report in that format.
- 7.14 The *Tribunal* may from time to time publish requirements to be followed by the *Licence Holder* in respect of reports required by this condition and the *Licence Holder* must comply with any such requirements.
- 7.15 The *Tribunal* may from time to time require, by notice in writing to the *Licence Holder*, further reports relating to these *Licence* conditions including, without limitation, reports relating to capital expenditure works, network refurbishment and maintenance programs.
- 7.16 A *Licence Holder* must provide a report submitted to the *Tribunal* under this condition to the *Minister*, if requested to do so by the *Minister* by notice in writing.

8 Business continuity and disruptions

- The *Licence Holder* must have a documented system to ensure that it has adequate arrangements in place to identify, assess and manage business continuity risks and manage business disruptions relating to the operation of its *distribution system* (a *Business Continuity Plan*).
- 8.2 The Licence Holder must ensure that it and any other network operator of its distribution system implements and complies with the Business Continuity Plan.

CRITICAL INFRASTRUCTURE LICENCE CONDITIONS

For the purposes of conditions 9, 10 and 11 of this Licence, it is acknowledged that the assets which the Licence Holder operates may constitute "critical infrastructure" being those physical facilities, supply chains, information technologies and communication networks which, if destroyed, degraded or rendered unavailable for an extended period, would significantly impact on the security, social or economic wellbeing of the State of New South Wales and other States and Territories which are from time to time electrically interconnected with New South Wales and other States and Territories. These licence conditions will be reviewed by the Minister from time to time (and where necessary) in consultation with responsible Ministers of the Commonwealth and relevant States and Territories. According to its own legislation and policy, the Commonwealth may require a Licence Holder to agree to certain arrangements. The Licence Holder should also establish procedures for national security threat sharing with the Critical Infrastructure Centre and action received information on a good-faith basis.

9 Substantial presence in Australia

- 9.1 Except to the extent allowed for under the *Protocol* agreed with the *Commonwealth Representative*, the *Licence Holder* must take all practical and reasonable steps to ensure:
 - the maintenance of its distribution system is undertaken solely from within Australia, except where maintenance requires either physical servicing of components offshore or the acquisition of replacement components from outside Australia. In such an instance, it is the responsibility of the senior officer responsible for network operations to ensure this maintenance does not impact condition 9.2; and
 - (b) that any third party or non-*Licence Holder* employee, including individuals/entities from outside Australia, undertaking maintenance of the *distribution system* is subject to the approval of the senior officer responsible for network operations.
- 9.2 Except to the extent that the *Licence Holder* is undertaking steps in accordance with, and for the duration of, a *Protocol* agreed with the *Commonwealth Representative*, the *Licence Holder*:
 - (a) must, by using best industry practice for electricity network control systems, ensure that operation and control of its *distribution system*, including all associated ICT infrastructure, can be accessed, operated and controlled only from within Australia, and that its *distribution system* is not connected to any other infrastructure or network which could enable it to be controlled or operated by persons outside Australia; and
 - (b) must notify the Commonwealth Representative in advance of any engagement with the market to procure a contract under which it outsources the operation and control of its distribution system, including any ICT infrastructure associated with the operation and control of its distribution system.

Note: For the purposes of Licence condition 9.2 (a):

Best industry practice includes access required by relevant Australian regulators and market and system operators to meet the Licence Holder's obligations under Australian law.

9.3 The Licence Holder must:

- (a) have at least two directors who are Australian citizens; and
- (b) have senior officers responsible for (notwithstanding their title):
 - (i) operational technology;
 - (ii) network operations; and
 - (iii) security operations,

in relation to its distribution system,

who are persons residing in Australia and hold an appropriate national security clearance, being a clearance of not less than Negative Vetting Level 1 (or equivalent) issued by the NSW Government on advice from the Australian Government Security Vetting Agency (AGSVA).

Note: For the purposes of Licence condition 9.3 (b):

The senior officer responsible for operational technology is the officer whose responsibilities include:

- Delivering the Supervisory Control and Data Acquisition (SCADA) capability required to safely and reliably operate the NSW distribution system;
- Developing and implementing strategies to manage cyber security and other threats affecting the network operational technology environment; and
- Developing systems for effectively managing assets remotely, including but not limited to network switches, condition monitoring and remote interrogation or operation of protection systems and relays; and

The senior officer responsible for network operations, is the officer whose responsibilities include:

- The day to day operation, monitoring and maintenance of the distribution system;
- Directing the operational planning, management, control and security of the distribution system.

The senior officer responsible for security operations, is the officer whose responsibilities include:

- Approval for the Licence Holder's personnel or other nominated personnel to access the Licence Holder's information systems or physical access to the Licence Holder's premises and associated infrastructure;
- Personnel security; and
- Managing relationships with Commonwealth and state governmentagencies.

Note: The above responsibilities may be held by a single officer or shared between more than one officer. Where the responsibilities are shared between more than one officer, the relevant senior officer responsibility contemplated in condition 9.1(a) is the joint responsibility of the multiple officers and the approval contemplated in condition 9.1(b) must be obtained from each of those officers.

- 9.4 The *Licence Holder* is not in breach of its obligations under:
 - (a) condition 9.3(a) if, in the case of a casual vacancy on the board of directors, the vacancy is filled within two months of the casual vacancy first occurring;
 - (b) condition 9.3 if:
 - (i) following the first issue of these conditions to the Licence Holder; or
 - (ii) any position identified in condition 9.3 being vacated or the relevant person ceasing to satisfy the qualifications set out there for any reason,

the Licence Holder.

- (iii) procures the appointment of a person to the relevant position that the *Licence Holder* bona fide believes will be able to obtain the required security clearance; and
- (iv) has procured that the person applies for the required security clearance.
- 9.5 The exception in condition 9.4(b) ceases to apply to the *Licence Holder* if:
 - an appointment and application for national security clearance for the person is not made within 4 months of (as relevant) the first issue of these conditions or the relevant vacancy or disqualification occurring; or
 - (b) if the application referred to in condition 9.5(a) is made and is rejected or withdrawn, the Licence Holder does not procure a replacement application being made within 4 months of that rejection or withdrawal; or
 - (c) the *Licence Holder* does not procure compliance with condition 9.3(b) in any event with respect to any position within 8 months (or such longer period as approved in writing by the *Minister*) of (as relevant) the first issue of these conditions or the relevant vacancy occurring.
- 9.6 Until 1 July 2019 and despite whether the *Licence Holder* is complying with condition 9, the *Licence Holder* will be taken to have complied with condition 9, if it has taken reasonable steps towards developing an *approved plan* as contemplated by clause 9.7.
- 9.7 The *Licence Holder* will be taken to have satisfied condition 9 for the duration of the period set out in an *approved plan* if the *Licence Holder*:
 - (a) has a plan approved by the *Tribunal* by 1 July 2019; and
 - (b) is at the relevant time undertaking the steps that are required to be undertaken in that approved plan.

10 Data Security

- 10.1 The Licence Holder must ensure that:
 - (a) all of its information (being design specifications, operating manuals and the like) as to the operational technology (such as the SCADA system) and associated ICT infrastructure of the operational network is held solely within Australia, and that such information is accessible only by a *Relevant Person* who has been authorised by the *Licence Holder* and only from within Australia;
 - (b) all:
 - (i) Load Data;
 - (ii) Bulk Personal Data Records,

- relating to or obtained in connection with the operation of the *distribution system* by a *Relevant Person* is held solely within Australia, and is accessible only by a *Relevant Person* or a person who has been authorised by the *Licence Holder*, and
- (c) it does not export, and has appropriate security controls in place to prevent the export, of *Bulk Personal Data Records* relating to or obtained in connection with the operation of the *distribution system* by a *Relevant Person*, outside of Australia.
- 10.2 The *Licence Holder* is not in breach of its obligations under conditions 10.1(a), 10.1(b)(i) or 10.1(c) if the *Licence Holder* discloses, holds, uses or accesses any information or data referred to in those conditions, or the *Licence Holder* allows a *Relevant Person* approved by the senior officer referred to in condition 9.3(b)(i) to disclose, hold, use or access any information or data referred to in those conditions, for the purposes of:
 - (a) disclosure to a recognised stock exchange so that such information is made available publicly in compliance with a binding obligation on the part of the *Licence Holder* or an *Associate* to do so:
 - (b) complying with any law of the Commonwealth of Australia, or of any of its States and Territories;
 - (c) disclosure to the financial, accounting, insurance, legal, regulatory and other advisers, auditors, insurers, security trustees and financiers (and each of their advisers) of the *Licence Holder*, any *Associate*, and any bona fide prospective purchaser of any interest in, or of any interest in the main undertaking of, the *Licence Holder* or any *Associate*, but in each case only to the extent necessary in order for those persons to provide the advisory or other services bona fide required of them;
 - (d) disclosure to participants, regulators and service providers in the electricity sector, provided it is in the ordinary course of business and in accordance with good electricity industry practice, and such information is required by those persons to provide the services or to perform the functions bona fide required of them;
 - (e) providing aggregated data which does not permit identification of any particular customer or customer's *connection points* or their demand characteristics;
 - (f) allowing a service provider or contractor to hold, use or access information where that arrangement is approved by the *Tribunal*, in the case of arrangements approved as of the first issue of this *Licence*, and otherwise where the *Licence Holder* has provided the *Commonwealth Representative* with a submission demonstrating that:
 - (i) the service provider or contractor is reputable; and
 - (ii) the service provider or contractor has data security systems in place to ensure information security is maintained; and has obtained the written agreement of the *Commonwealth Representative* for the arrangement;
 - (g) allowing a service provider or contractor who is a provider to the *Licence Holder* at the date of this *Licence* to hold, use or access information provided the *Licence Holder* is at the relevant time undertaking the steps that are required to be undertaken as set out in an approved plan referred to in condition 10.6; and
 - (h) such other circumstances as approved by the *Tribunal* in writing. Prior to seeking approval from the *Tribunal*, the *Licence Holder* must provide the *Commonwealth Representative* with a reasonable opportunity within a period not ending less than 60 calendar days, to confirm in writing to the *Tribunal* that the Commonwealth does not intend to make any further requests or submissions in relation to the matter.

- 10.3 The *Licence Holder* is not in breach of its obligations under condition 10.1(b)(ii) if a *Relevant Person* or a person authorised to access the information by the *Licence Holder* discloses, holds, uses or accesses personal information in accordance with the *Privacy Act 1988 (Cth)*.
- The Licence Holder must ensure that third party data or information (including without limitation communications within the meaning of the Telecommunications (Interception and Access) Act 1979 (Cth), personal information within the meaning of the Privacy Act 1988 (Cth), and closed-circuit television footage) which is indirectly accessed or obtained by the Licence Holder because that third party data or information is transferred by a carrier or other party using the Licence Holder's infrastructure, are held by the Licence Holder solely within Australia, and are accessible only by a Relevant Person or a person who has been authorised by the Licence Holder and, in each case, only from within Australia.
- 10.5 Until 1 July 2019 and despite whether the *Licence Holder* is complying with condition 10, the *Licence Holder* will be taken to have complied with condition 10 if it has taken reasonable steps towards developing an *approved plan* as contemplated by condition 10.6.
- 10.6 The *Licence Holder* will be taken to have satisfied condition 10 for the duration of the period set out in an *approved plan* if the *Licence Holder*:
 - (a) has a plan approved by the Tribunal by 1 July 2019; and
 - (b) is at the relevant time undertaking the steps that are required to be undertaken in that approved plan.

11 Compliance

- 11.1 By 30 September each year the *Licence Holder* must furnish a report to the *Tribunal* and the *Commonwealth Representative* detailing whether the *Licence Holder* has complied with conditions 9 and 10 over the preceding *financial year* to 30 June.
- 11.2 For the purposes of the *financial year* to 30 June 2019, the *Licence Holder*'s report must detail the steps taken towards compliance with conditions 9.6 and 10.5.
- 11.3 The report required under condition 11.1 must be audited by an *Approved Auditor* by a date specified by the *Tribunal*. The audit required by this condition 11.2 must be a comprehensive audit and must meet any requirements specified by the *Tribunal*. The *Licence Holder* must provide the audited report to the *Commonwealth Representative* at the same time that the report is provided to the *Tribunal*.
- 11.4 The *Tribunal* may provide guidance to the *Approved Auditor* as to the *Licence Holder*'s practices that have satisfied or will satisfy conditions 9 and 10.
- 11.5 The report required under condition 11.1 must be accompanied by a certification in writing supported by a resolution of the Board of the *Licence Holder* that, with respect to the relevant period:
 - (a) the Licence Holder has complied with conditions 9 and 10; or
 - (b) the *Licence Holder* has not complied with conditions 9 and 10, and certifying the nature and extent of each non-compliance and the steps taken by the *Licence Holder* to ensure compliance (and to preclude further non-compliance) and the timeframe within which it expects to achieve compliance.

CONDITIONS RELATING TO MANAGEMENT SYSTEMS

12 Maintenance of certified management systems

- 12.1 Within three years after the inclusion of this condition in this *Licence*, the *Licence Holder* must have and maintain:
 - (a) an asset management system that is consistent with the Australian Standard AS ISO 55001:2014 Asset management Management systems Requirements, or other standard approved by the *Tribunal* on request; and
 - (b) an environmental management system that is consistent with the Australian/New Zealand Standard AS/NZS ISO 14001:2016 Environmental management systems Requirements with guidance for use, or other standard approved by the *Tribunal* on request of the *Licence Holder*.

which comply with this condition 12.

- 12.2 The Licence Holder must ensure that, by the time it is required to comply with condition 12.1:
 - (a) its asset management system is certified by an appropriately qualified person to be consistent Australian Standard AS ISO 55001:2014 Asset management Management systems Requirements, or other standard approved by the *Tribunal* on request of the *Licence Holder*, and
 - (b) its environmental management system is certified by an appropriately qualified person to be consistent with the Australian/New Zealand Standard AS/NZS ISO 14001:2016 Environmental management systems Requirements with guidance for use, or other standard approved by the *Tribunal* on request of the *Licence Holder*.
- 12.3 The *Licence Holder* must ensure that, once its asset management system and environmental management systems are each certified in accordance with condition 12.2, the certifications are maintained for the remainder of the duration of the *Licence*.
- 12.4 The *Licence Holder* must notify the *Tribunal*, in accordance with any *Reporting Manuals* issued by the *Tribunal*, of any significant changes it proposes to make to its asset management system or environmental management system.

13 Implementation of management systems

The Licence Holder must ensure that its asset management system and environmental management system are fully implemented, and all relevant activities undertaken by it or any other network operator of its distribution system are carried out in accordance with the relevant management system.

CONDITIONS RELATING TO COMPLIANCE, REPORTING AND FEES

14 Reporting in accordance with Reporting Manuals

The *Licence Holder* must prepare and submit reports in accordance with any *Reporting Manuals* issued by the *Tribunal*.

15 Complying with Audit Guidelines issued by the Tribunal

The Licence Holder must comply with any Audit Guidelines issued by the Tribunal.

16 Compliance management systems

The *Licence Holder* must ensure internal systems are developed and maintained that are capable of effectively managing compliance with its *Licence*.

17 Compliance with statistical operating obligations

The *Licence Holder* must provide to the *Tribunal* such operating and statistics and performance indicators as may be required from time to time by the *Tribunal*. The *Tribunal* will provide the *Licence Holder* with reasons for its request when the initial request is made and after that when a request relates to operating statistics and performance indicators that are of materially different type or category to that provided under the initial or subsequent request.

18 Information about compliance with Licence Conditions

The Licence Holder must furnish to the Tribunal (at such times and in respect of such periods as the Tribunal may determine and in the manner and form specified by the Tribunal) such information as the Tribunal may determine, to enable the Tribunal to ascertain whether or not the Licence Holder is complying with the conditions of its Licence, the Act or the Regulations.

19 [Not used]

19A Compliance with Public Lighting Code

- 19A.1 From 1 July 2019, the *Licence Holder* must ensure that it and all other network operators of its *distribution system* comply with the NSW Public Lighting Code published by the Department of Planning and Environment, as amended from time to time.
- 19A.2 The *Licence Holder* must comply at its own expense and within a reasonable timeframe nominated by the *Tribunal*, with any request from the *Tribunal* to have the *Licence Holder's* compliance with 19A.1 audited by an *Approved Auditor*.

20 Licence Fees

- 20.1 It is a condition of this *Licence* that the *Licence Holder* pay such fees (annual or otherwise) in connection with the holding of the *Licence* as may be determined by the *Minister* from time to time.
- 20.2 The *Licence Holder* must pay the fees referred to in condition 20.1 in the manner and within the period specified by the *Tribunal*.

INTERPRETATION AND DEFINITIONS

Interpretation

In these Licence conditions, unless the context requires otherwise:

- (a) the singular includes the plural and vice versa;
- (b) headings are used for convenience only and do not affect the interpretation of these *Licence* conditions;
- (c) a reference to a document includes the document as modified from time to time and any document replacing it;
- (d) the word "person" includes a natural person and any body or entity whether incorporated or not:
- (e) references to conditions are references to conditions in these *Licence* conditions.

Definitions

Expressions used in these *Licence* conditions that are defined in the *Act* or the *Regulations* have the meanings set out in the *Act* or the *Regulations*.

Where the following terms are in italics in these *Licence* conditions, they have the following corresponding meaning:

Act means the *Electricity Supply Act 1995.*

Approved Auditor means an auditor who has been approved by the *Tribunal* in

accordance with any Audit Guidelines issued by the Tribunal.

Approved plan has the meaning given to it in condition 9.7 and condition 10.6.

Associate has the meaning given to that term in the Corporations Act 2001 (Cth).

Audit Guidelines means any document setting out audit requirements for Licence Holders

which is prepared by the Tribunal and is available on its website at www

ipart.nsw.gov.au as amended from time to time.

Bulk Personal Data Records means any holdings or files of personal information (within the meaning

of the Privacy Act 1988 (Cth)) about multiple individuals which contain

fields or categories.

Business Continuity Plan has the meaning given to it in condition 8.1.

CBD Sydney feeder means a feeder forming part of the triplex 11kV cable system supplying

predominantly commercial high-rise buildings, within the City of Sydney.

Commonwealth Representative means the First Assistant Secretary, with responsibility for Critical

Infrastructure Security within the Commonwealth or equivalent level in a subsequent agency with responsibility for Critical Infrastructure Security.

Connection point means in relation to the premises of a *customer* or a class of *customers*,

means the point of connection to an electrical installation supplying electricity to the premises as determined in accordance with the Service and Installation Rules of New South Wales, as in force from time to time, published by the Department of Planning and Environment.

Customer means a wholesale or retail customer who is supplied electricity through

a connection point on an electricity distributor's system.

Customer service standards means the customer service standards in Schedule 5 to these conditions. Distribution system means the distribution system of which the Licence Holder is a network operator. Distribution district has the meaning given to it in Division 2 of Part 7 of the Electricity Supply Act 1995. has the same meaning as section 3 of the State Emergency and Emergency service organisation Rescue Management Act 1989. Excluded interruptions means excluded interruptions listed in Schedule 4 to these conditions. Feeder means a high-voltage line operating at over 1kV and generally at or below 22 kV that connects between a zone substation and a distribution substation means a CBD Sydney feeder, long rural feeder, short rural feeder or Feeder type urban feeder as the case may be. Financial year means the period commencing on 1 July and ending 30 June the following calendar year. Individual customer standards means the individual customer standards in Schedule 8 to these conditions. Individual feeder standards means the individual feeder standards in Schedule 3 to these conditions. Interruption means any temporary unavailability of electricity supply to a customer associated with an outage of the distribution system including outages affecting a single premises but does not include disconnection. Interruption duration standards means the interruption duration standards set out in Schedule 5 to these conditions. Interruption frequency standards means the interruption frequency standards set out in Schedule 5 to these conditions. Licence means the distributor's licence authorising the Licence Holder to operate its distribution system. Licence Holder means a person who is the holder of a Licence. Load Data means data as to the quantum of electricity delivered (both historical and current load demand from one or to any one or more sites (or their connection points) which satisfies each of the following criteria: i. it is not historical load data older than 30 days; ii. it is not fault data; iii. it describes a location that allows a customer(s) or connection point(s) to be identified; iv. it describes a date and time of the data record; and V it describes a duration - a length of time that allows for a quantum to exist.

has the meaning given in the Local Government Act 1993.

Local government area

Long rural feeder

means a feeder with a total feeder length greater than 200 km which is not a CBD Sydney feeder or an urban feeder.

Major event day

has the meaning given in Schedule 6.

Metropolitan

means the areas comprising the *local government areas* and *suburbs* listed in Schedule 7, but only to the extent that the *Licence Holder* may operate a *Distribution System* in the relevant areas in accordance with condition 1.

Minister

means the Minister responsible for administering the Act.

Minutes interrupted

means the total number of minutes from any *interruption* to a *customer* over the relevant 12 month period.

Network overall reliability standards

means the requirements imposed under condition 7 of these conditions.

Non-Metropolitan

means areas in NSW other than areas defined as metropolitan.

Number of interruptions

means the total number of times there is an *interruption* to a *customer* over the relevant 12 month period.

Planned interruption

means an interruption that has been planned by the Licence Holder.

Protocol

means a document of the type referred to in conditions 9.1 and 9.2, that is required by the Commonwealth and which must be agreed to between the *Commonwealth Representative* and the *Licence Holder*, the document may set out (among other things) the:

- specified purpose for which maintenance of distribution system equipment may be conducted offshore and the circumstances in which it may be conducted off shore;
- ii. methodology and activities to be undertaken to allow for maintenance and repairs of *distribution system* equipment to be carried out involving remote access from offshore
- iii. the exceptional circumstances in which the Protocol applies; and
- iv. activities and processes which achieve requisite level of cybersecurity.

Quarter

means a period of three months commencing 1 January, 1 April, 1 July and 1 October and concluding on the following 31 March, 30 June, 30 September and 31 December dates respectively, as the case may be.

Regulations

means regulations made under the Act.

Relevant Person

means the Licence Holder, any other network operator of the distribution system, and any person who is contracted or sub contracted by the Licence Holder to work on the distribution system.

Reporting Manual

means any document setting out reporting requirements for *Licence Holders* which is prepared by the *Tribunal* and is available on its website at www.ipart.nsw.gov.au as amended from time to time.

SAIDI

means the average derived from the sum of the durations of each sustained customer interruptions (measured in minutes), divided by the total number of *customers* (averaged over the *financial year*) of the *Licence Holder*.

SAIDI average standards

means the standards set out in item 1, Schedule 2.

SAIFI

means the average derived from the total number of sustained customer interruptions divided by the total number of *customers* (averaged over

the financial year) of the Licence Holder.

SAIFI average standards

means the standards set out in item 2, Schedule 2.

Short rural feeder

means a feeder with a total feeder route length less than 200 km, and

which is not a CBD Sydney feeder or an urban feeder.

Suburb

means an area defined by boundaries determined and gazetted by the

Geographical Names Board of New South Wales.

Tribunal

means the Independent Pricing and Regulatory Tribunal of New South Wales established under the *Independent Pricing and Regulatory*

Tribunal Act 1992.

Urban feeder

means a *feeder* with actual maximum demand over the reporting period per total *feeder* route length greater than 0.3 MVA/km and which is not a

CBD Sydney Feeder.

SCHEDULE 1 - AUTHORISED AREAS

The Licence Holder is authorised to operate a distribution system within all areas outside of its distributions district in which the Licence Holder operates a distribution system as at the date this Schedule was included in the Licence, including any such areas notified by the Licence Holder to the Tribunal for the purposes of inclusion on any register maintained by the Tribunal.

SCHEDULE 2 – NETWORK OVERALL RELIABILITY STANDARDS

1. SAIDI Average Reliability Duration Standards (Minutes per customer)

SAIDI (Minutes per customer)			
ESSENTIAL ENERGY			
Urban 125			
Short-rural 300			
Long-rural	700		

2. SAIFI Average Reliability Interruption Standards (Number per customer)

SAIFI (Number per cu	stomer)
ESSENTIAL ENER	GY
Urban	1.8
Short-rural	3.0
Long-rural	4.5

SCHEDULE 3 - INDIVIDUAL FEEDER STANDARDS

1. SAIDI Individual Feeder Average Reliability Duration Standards (Minutes per customer)

SAIDI (Minutes per customer)		
ESSENTIAL ENERGY		
Urban 400		
Short-rural	1000	
Long-rural	1400	

2. SAIFI Individual Feeder Standards Average Reliability Interruption Standards (Number per customer)

SAIFI (Number per customer)		
ESSENTIAL ENERGY		
Urban 6		
Short-rural 8		
Long-rural 10		

SCHEDULE 4 – EXCLUDED INTERRUPTIONS

The following types of interruptions (and no others) are excluded interruptions:

- (a) an interruption of a duration of three minutes or less;
- (b) an interruption resulting from:
 - (i) load shedding due to a shortfall in generation;
 - (ii) a direction or other instrument issued under the National Electricity Law, Energy and Utilities Administration Act 1987, the Essential Services Act 1988 or the State Emergency and Rescue Management Act 1989 to interrupt the supply of electricity;
 - (iii) automatic shedding of load under the control of under- frequency relays following the occurrence of a power system under-frequency condition described in the *Power System Security and Reliability Standards* made under the National Electricity Rules;
 - (iv) a failure of the shared transmission system;
- (c) a planned interruption;
- (d) any interruption to the supply of electricity on a Licence Holder's distribution system which commences on a major event day; and
- (e) an interruption caused by a customer's electrical installation or failure of that electrical installation.

SCHEDULE 5 - CUSTOMER SERVICE STANDARDS

Interruption duration standard

1. The *interruption duration standard* is the maximum duration, set out in column 2 of Table 1, of an *interruption* to a *customer's* premises located in the relevant area in column 1 of Table 1.

Interruption frequency standard:

2. The interruption frequency standard is the maximum number of interruptions in a financial year set out in column 3 of Table 1, to a customer's premises located in the relevant area in column 1 of Table 1:

Table 1

Column 1	Column 2	Column 3
Type of area in which customer's premises is located	Interruption duration standard (hours)	Interruption frequency standard (number of interruptions and hours of duration)
metropolitan	12	4 interruptions of greater than or equal to 4 hours
non-metropolitan	18	4 interruptions of greater than or equal to 5 hours

Interruptions to be disregarded

- 3. In calculating the *interruption duration standard* or the *interruption frequency standard* the following types of *interruptions* (and no others) are excluded:
 - (a) an interruption resulting from the following external causes:
 - (i) a shortfall in generation;
 - (ii) a failure or instability of the shared transmission system;
 - (iii) a request or direction from an emergency service organisation;
 - (b) planned interruption;
 - (c) an interruption within a region in which a natural disaster has occurred and:
 - (i) the responsible Minister has made a declaration of a Natural Disaster enabling the NSW Disaster Assistance Arrangements to apply in respect of that natural disaster for that region; and
 - (ii) the *interruption* occurred during the period for which a declaration of a Natural Disaster and NSW Disaster Assistance Arrangements were in effect;
 - (d) an *interruption* caused by the effects of a severe thunderstorm or severe weather as advised by the Bureau of Meteorology. These effects may include the necessary

- operation of a circuit protection device which interrupts supply to customers in areas not directly impacted by the severe thunderstorm or severe weather;
- (e) an *interruption* caused by third party actions other than animal or vegetation interference (e.g. vehicle-hit-pole, vandalism) where the *interruption* is not also caused by any failure of the *Licence Holder* to comply with relevant plans, codes, guides or standards (e.g. low conductor clearance).

SCHEDULE 6 - MAJOR EVENT DAY

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Explanation and Purpose

The following process ("Beta Method") is used to identify major event days which are to be excluded from the network overall reliability standards, individual feeder standards and individual customer standards. The method is to be used provided that the natural log transformation of the data results closely resembles a Gaussian (normal) distribution. Where this is not the case, the *Licence Holder* may seek the *Tribunal*'s approval to apply a different threshold value.

Its purpose is to allow major events to be studied separately from daily operation, and in the process, to better reveal trends in a daily operation that would be hidden by the large statistical effect of major events.

A *major event day* under the Beta Method is one in which the daily total system (i.e. not on a *feeder type* basis) *SAIDI* value ("**daily SAIDI** value") exceeds a threshold value, T*MED*. The *SAIDI* is used as the basis of determining whether a day is a *major event day* since it leads to consistent results regardless of utility size and because *SAIDI* is a good indicator of operational and design stress.

In calculating the daily total system *SAIDI*, any *interruption* that spans multiple days is deemed to accrue on the day on which the *interruption* begins. That is, all minutes without supply resulting from an *interruption* beginning on a *major event day* are deemed to have occurred in the *major event day*, including those minutes without supply occurring on following days.

Determining a major event day

The *major event day* identification threshold value T*MED* is calculated at the end of each *financial year* for each *Licence Holder* for use during the next *financial year* as follows:

- (a) Collect daily *SAIDI* values for the last five *financial years*. If fewer than five years of historical data are available, use all available historical data for the lesser period.
- (b) Only those days that have a daily *SAIDI* value will be used to calculate the T*MED* (i.e. days that did not have any *interruptions* are not included).
- (c) Take the natural logarithm (In) of each daily SAIDI value in the data set.
- (d) Find α (Alpha), the average of the logarithms (also known as the log-average) of the data set.
- (e) Find β (Beta), the standard deviation of the logarithms (also known as the log-standard deviation) of the data set.
- (f) Complete the *major event day* threshold T*MED* using the following equation: $T_{MED} = e^{(\alpha + 2.5\beta)}$
- (g) Any day with daily *SAIDI* value greater than the threshold value T*MED* which occurs during the subsequent *financial year* is classified as a *major event day*.

Treatment of a major event day

To avoid doubt, a major event day, and all interruptions beginning on that day, are excluded from the calculation of an Licence Holder's SAIDI and SAIFI in respect of all of its feeder types.

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SCHEDULE 7 - LIST OF METROPOLITAN AREAS

1. Local Government Areas		
ASHFIELD	HUNTERS HILL	PITTWATER
AUBURN	HURSTVILLE	RANDWICK
BANKSTOWN	KOGARAH	ROCKDALE
BAULKHAM HILLS	KU-RING-GAI	RYDE
BLACKTOWN	LAKE MACQUARIE	SHELLHARBOUR
BOTANY BAY	LANE COVE	STRATHFIELD
BURWOOD	LEICHHARDT	SUTHERLAND
CAMDEN	LIVERPOOL	SYDNEY
CAMPBELLTOWN	MANLY	WARRINGAH
CANTERBURY	MARRICKVILLE	WAVERLEY
CANADA BAY	MOSMAN	WILLOUGHBY
FAIRFIELD	NEWCASTLE	WOLLONGONG
GOSFORD	NORTH SYDNEY	WOOLLAHRA
HOLROYD	PARRAMATTA	WYONG
HORNSBY	PENRITH	

2.	Su	bu	rbs

A. Blue Mountains area		
BLACKHEATH	LINDEN	
BLAXLAND	MEDLOW BATH	
BULLABURRA	MOUNT RIVERVIEW	
FAULCONBRIDGE	MOUNT VICTORIA	
GLENBROOK	SPRINGWOOD	
HAWKESBURY HEIGHTS	VALLEY HEIGHTS	
HAZELBROOK	WARRIMOO	
KATOOMBA	WENTWORTH FALLS	
LAPSTONE	WINMALEE	
LAWSON	WOODFORD	
LEURA	YELLOW ROCK	

B. Cessnock-Bellbird area	
ABERDARE	CESSNOCK
BELLBIRD	KEARSLEY
BELLBIRD HEIGHTS	NULKABA
C. Kiama area	
ВОМВО	KIAMA HEIGHTS
KIAMA	MINNAMURRA
KIAMA DOWNS	
D. Kurri Kurri-Weston area	
ABERMAIN	PELAW MAIN
HEDDON GRETA	STANFORD MERTHYR
KURRI KURRI	WESTON
NEATH	·
E. Maitland area	
ABERGLASSLYN	MOUNT DEE
ASHTONFIELD	OAKHAMPTON
BOLWARRA	OAKHAMPTON HEIGHTS
BOLWARRA HEIGHTS	PITNACREE

EAST MAITLAND	RAWORTH
HORSESHOE BEND	RUTHERFORD
LARGS	SOUTH MAITLAND
LORN	TELARAH
LOUTH PARK	TENAMBIT
MAITLAND	THORNTON
METFORD	WOODBERRY
MORPETH	

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F. Newcastle Industrial area		
FERN BAY	WILLIAMTOWN	
FULLERTON COVE		
G. Port Stephens area		
CORLETTE	SALAMANDER BAY	
FINGAL BAY	SHOAL BAY	
NELSON BAY	SOLDIERS POINT	V., 2
H. Raymond Terrace area		
HEATHERBRAE	TOMAGO	
RAYMOND TERRACE		
I. Richmond-Windsor area		
BLIGH PARK	NORTH RICHMOND	
CLARENDON	RICHMOND	
HOBARTVILLE	SOUTH WINDSOR	
MCGRATHS HILL	VINEYARD	
MULGRAVE	WINDSOR	

SCHEDULE 8 - INDIVIDUAL CUSTOMER STANDARDS

The *minutes interrupted* and *number of interruptions* will be measured at the *connection point* for each *customer*.

Type of area in which the affected connection point is located	Minutes interrupted	Number of interruptions
Metropolitan	400	6
Non-Metropolitan	1000	8

