

## **DRAFT TRANSMISSION OPERATOR'S LICENCE UNDER THE ELECTRICITY SUPPLY ACT 1995**

granted to

ACERREZ Partnership (ABN 48 205 081 299) a partnership carried on under that name by Cobra CWO NO Pty Limited (ACN 670 780 631) as trustee of the Cobra CWO NO Trust, Concesiones CWO REZ NO Pty Limited (ACN 670 755 521) as trustee of the Concesiones CWO REZ NO Trust, and Endeavour REZ NO Partnership as trustee for Edwards REZ NO Trust & Others (ABN 73 599 732 810), a partnership carried on under that name by Edwards REZ NO Pty Limited (ACN 670 791 321) as trustee of the Edwards REZ NO Trust, ERIC Epsilon REZ NO 1 Pty Ltd (ACN 669 396 801) as trustee of the ERIC Epsilon REZ NO Trust 1, ERIC Epsilon REZ NO 2 Pty Ltd (ACN 669 396 909) as trustee of the ERIC Epsilon REZ NO Trust 2, ERIC Epsilon REZ NO 3 Pty Ltd (ACN 669 397 040) as trustee of the ERIC Epsilon REZ NO Trust 3, and ERIC Epsilon REZ NO 4 Pty Ltd (ACN 669 397 237) as trustee of the ERIC Epsilon REZ NO Trust 4.

Dated:

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Licence to operate a transmission system under the *Electricity Supply Act 1995*.

BY

**The Hon. Penny Sharpe, Minister for Energy (Minister)**

TO

**ACERREZ Partnership** (ABN 48 205 081 299) a partnership carried on under that name by:

- (a) **Cobra CWO NO Pty Limited** (ACN 670 780 631) as trustee of the Cobra CWO NO Trust,
- (b) **Concesiones CWO REZ NO Pty Limited** (ACN 670 755 521) as trustee of the Concesiones CWO REZ NO Trust, and
- (c) **Endeavour REZ NO Partnership** as trustee for Edwards REZ NO Trust & Others (ABN 73 599 732 810), a partnership carried on under that name by:
  - (i) **Edwards REZ NO Pty Limited** (ACN 670 791 321) as trustee of the Edwards REZ NO Trust,
  - (ii) **ERIC Epsilon REZ NO 1 Pty Ltd** (ACN 669 396 801) as trustee of the ERIC Epsilon REZ NO Trust 1,
  - (iii) **ERIC Epsilon REZ NO 2 Pty Ltd** (ACN 669 396 909) as trustee of the ERIC Epsilon REZ NO Trust 2,
  - (iv) **ERIC Epsilon REZ NO 3 Pty Ltd** (ACN 669 397 040) as trustee of the ERIC Epsilon REZ NO Trust 3, and
  - (v) **ERIC Epsilon REZ NO 4 Pty Ltd** (ACN 669 397 237) as trustee of the ERIC Epsilon REZ NO Trust 4,

(the **Licence Holder**).

**Grant of Licence**

The Minister grants the Licence Holder a transmission operator's licence under section 93A(2) of the *Electricity Supply Act 1995* (**Act**) to operate the Transmission System, subject to the conditions set out in the schedule to this Licence and any conditions imposed by the Act and Regulations.

**Commencement date**

This Licence commences on the day it is signed by the Minister for Energy.

*[Note: Condition 1 of the Schedule sets out the dates for compliance with the conditions contained in the Schedule.]*

SIGNED BY:

**The Hon. Penny Sharpe**  
**Minister for Energy**

## SCHEDULE

### MINISTERIALLY IMPOSED LICENCE CONDITIONS FOR THE OPERATOR OF A TRANSMISSION SYSTEM

The Minister imposes the conditions in this schedule on the Licence Holder under clause 6(1)(b) of Schedule 2 to the Act.

In addition to the conditions in this schedule, the Licence Holder is subject to other statutory obligations, including under the Act, Regulations, the *Environmental Planning and Assessment Act 1979* (**EPA Act**), the *Electricity Infrastructure Investment Act 2020* (**EII Act**) and other associated regulatory instruments, including any applicable regulations made under section 5.6 of the EPA Act.

#### GENERAL CONDITIONS

##### 1 Compliance commencement dates

- 1.1 Unless otherwise specified in this Licence, the Licence Holder must comply with:
- (1) subject to this condition 1, all Licence conditions from the Commencement Date,
  - (2) condition 2 from the date that is 9 months after the Commencement Date or another date nominated by the Licence Holder and approved by IPART,
  - (3) condition 9 from the Energisation Date, and
  - (4) conditions 7 and 15 from the date that is 6 months after the Commencement Date or another date nominated by the Licence Holder and approved by IPART.
- 1.2 In this condition 1, **Energisation Date** means the date that a voltage is first applied from the NSW Transmission Network to any part of the Transmission System.

##### 2 National Electricity Market registration

Subject to condition 1, the Licence Holder must ensure that it and all network operators of the Transmission System:

- (1) are registered or exempt from the requirement to be registered as a network service provider under the *National Electricity Rules*, or
- (2) hold any equivalent authorisation or right of participation in any national electricity market.

##### 3 Technical and prudential criteria

The Licence Holder must ensure that it and all network operators of the Transmission System satisfy the technical and prudential criteria that each Entity is required to meet:

- (1) as a condition of its registration or exemption, or equivalent authorisation or right of participation in any national electricity market, in accordance with condition 2, and
- (2) as a condition of its registration as an intending participant under the National Electricity Rules.

## 4 Financial capacity

- 4.1 The Licence Holder must, at all times, maintain the financial capacity to operate the Transmission System in connection with its obligations under:
- (1) this Licence, the Act and the Regulations, and
  - (2) the EII Act, including any instruments made under the EII Act or agreement made in connection with the EII Act.
- 4.2 The Licence Holder must notify IPART immediately if it reasonably suspects that any one of the following events affecting the Licence Holder or any one of its partners is likely to occur or has occurred:
- (1) it is unable to pay all its debts as and when they become due,
  - (2) an Insolvency Official is appointed to any part of its business,
  - (3) an application or order is made, resolution passed, or steps taken to pass a resolution for its winding up or dissolution, or
  - (4) any other event occurs that may adversely impact its ability to comply with condition 4.1.
- 4.3 The Licence Holder must give IPART notice as soon as reasonably practicable if an event occurs, decision is made, or any other circumstance exists that has resulted in, or may result in, a Change of Control of the Licence Holder.
- 4.4 Where the Licence Holder has notified IPART of an event, decision or circumstance under condition 4.2 or condition 4.3, it must notify IPART as soon as possible if the event, decision or circumstances causing the notification changes.
- 4.5 In this condition 4:
- (1) **Change of Control** means a change of Control that occurs in relation to the Licence Holder if an Entity that Controls the Licence Holder ceases to Control the Licence Holder, or an Entity that does not Control the Licence Holder commences Control of the Licence Holder, provided that no change of Control will be deemed to have occurred where the Ultimate Holding Company that Controls the Licence Holder remains the same, or the change of Control results from the acquisition or cancellation of, or dealings in, securities which are traded on a recognised financial market.
  - (2) **Control** has the same meaning as under section 50AA of the *Corporations Act 2001* (Cth) (as amended from time to time).
  - (3) **Insolvency Official** means a receiver, receiver and manager, administrator, provisional liquidator, liquidator, trustee in bankruptcy or person having a similar or analogous function.
  - (4) **Ultimate Holding Company** has the same meaning as under the *Corporations Act 2001* (Cth) (as amended from time to time).

## 5 Maintaining appropriate insurance

- 5.1 The Licence Holder must, at all times, maintain insurance of an appropriate type, scope and limit that is adequate to cover the Licence Holder's liabilities in connection with its operation of the Transmission System, having regard to the nature and risks associated with its operation of the Transmission System in accordance with this Licence, the Act and Regulations.

5.2 The Licence Holder must:

- (1) by the date specified in any Reporting Manual, give IPART a copy of each certificate of currency of the insurance it holds as required by condition 5.1,
- (2) notify IPART of any subsequent change to:
  - (a) the insurer or underwriters for an insurance policy held by the Licence Holder as required by condition 5.1, or
  - (b) the type, scope or limit of insurance held by the Licence Holder as required by condition 5.1.

## 6 Reliability performance standards

The Licence Holder must ensure that it and all network operators of the Transmission System comply with the conditions specified in Appendix 1.

## 7 Business continuity and disruptions

7.1 Subject to condition 1, the Licence Holder must:

- (1) develop and maintain a documented system to identify, assess and manage business continuity risks and manage business disruptions associated with the Operation of the Transmission System (**Business Continuity Plan**), and
- (2) ensure that all network operators of the Transmission System implement and comply with the Business Continuity Plan.

7.2 In this condition 7, **Operation** means design, construction and operation of the Transmission System, whether in whole or in part.

## 8 Critical infrastructure

The Licence Holder must ensure that it and all network operators of the Transmission System comply with the conditions specified in Appendix 2.

# CONDITIONS RELATING TO MANAGEMENT SYSTEMS

## 9 Maintenance and implementation of certified management systems

9.1 This condition 9 is subject to condition 1.

9.2 The Licence Holder must maintain an asset management system for its assets that is consistent with:

- (1) the Australian Standard AS ISO 55001:2014 Asset Management – Management Systems – Requirements, or
- (2) another asset management standard nominated by the Licence Holder and approved by IPART,

(the **Asset Management System**).

9.3 The Licence Holder must maintain an environmental management system that is consistent with:

- (1) the Australian/New Zealand Standard AS/NZS ISO 14001:2016 Environmental Management Systems – Requirements with guidance for use, or
- (2) another environmental management standard nominated by the Licence Holder and approved by IPART,

(the **Environmental Management System**).

9.4 The Licence Holder must:

- (1) obtain from an appropriately qualified person certification that its Asset Management System and Environmental Management System are consistent with the applicable standard under conditions 9.2 and 9.3, and
- (2) maintain those certifications while this Licence is in force.

9.5 The Licence Holder must implement and comply with the Asset Management System and Environmental Management System.

## **CONDITIONS RELATING TO COMPLIANCE, REPORTING AND FEES**

### **10 Reporting in accordance with any Reporting Manual**

10.1 The Licence Holder must in accordance with any Reporting Manual:

- (1) prepare and submit reports relating to its compliance with the conditions of this Licence, the Act and Regulations, and
- (2) give notices or provide information required by this Licence, the Act or Regulations.

10.2 If notified in writing by IPART, the Licence Holder must prepare and submit any additional report to those specified in condition 10.1 relating to its compliance with the conditions of this Licence, the Act and Regulations that IPART requires within the timeframe specified by IPART.

10.3 If notified in writing by the Minister, the Licence Holder must provide a copy of a report referred to in condition 10.2 to the Minister.

### **11 Compliance management systems**

The Licence Holder must maintain internal systems that enable the Licence Holder to effectively manage compliance with its obligations under the Act, Regulations and this Licence.

### **12 Provision of information to IPART**

12.1 If reasonably requested by IPART for the purposes of enabling IPART to exercise its regulatory functions under the Act or Regulations, the Licence Holder must provide IPART with the following information:

- (1) operating statistics and performance indicators,
- (2) information about an event notified to IPART under conditions 4.2 or 4.3, and
- (3) any other information IPART requests.

12.2 The Licence Holder must provide the information in the manner and form, and within the timeframe, specified by IPART.

### **13 Conduct of audits**

13.1 The Licence Holder must engage an Approved Auditor to audit and report on the Licence Holder's compliance with this Licence, the Act, or the Regulations when IPART notifies it to do so.

13.2 The Licence Holder must:

- (1) ensure an audit is conducted in accordance with:
  - (a) the notice referred to in condition 13.1, and
  - (b) any audit guidelines for transmission operators issued by IPART and published on its website,
- (2) pay any expenses associated with the conduct of an audit, and
- (3) provide a copy of the Approved Auditor's report to IPART in accordance with the notice issued by IPART under condition 13.1.

### **14 Licence fees**

The Licence Holder must pay fees (annual or otherwise) for holding this Licence:

- (1) as determined by the Minister (or their delegate) from time to time, and
- (2) in the manner, and within the period, notified by IPART.

## **CONDITIONS RELATING TO EXTERNAL DISPUTE RESOLUTION**

### **15 External dispute resolution scheme**

15.1 This condition 15 is subject to condition 1.

15.2 The Licence Holder must be a member of an External Dispute Resolution Scheme that deals with disputes and complaints between the Licence Holder and:

- (1) the Licence Holder's Customers,
- (2) electricity consumers, and
- (3) the community.

15.3 The Licence Holder must publish and maintain on its website a document that:

- (1) explains the right to have a complaint or dispute referred to the External Dispute Resolution Scheme,
- (2) lists the dispute resolution services provided by the External Dispute Resolution Scheme, and
- (3) explains how to contact the External Dispute Resolution Scheme.

15.4 In this condition 15, **External Dispute Resolution Scheme** means:

- (1) the Energy & Water Ombudsman NSW, being an approved energy ombudsman scheme under the Act and any successor to that scheme,

- (2) another approved energy ombudsman scheme under the Act, or
- (3) a scheme nominated by the Licence Holder and IPART is satisfied that the scheme:
  - (a) provides an independent dispute resolution service,
  - (b) is free for consumers and members of the community, and
  - (c) is consistent with the Commonwealth Benchmarks for Industry-based Customer Dispute Resolution (published March 2015).

## MISCELLANEOUS

### 16 Approvals, notices and other communications

Any approval, notice, request or other communication given by the Licence Holder under this Licence must be:

- (1) in writing addressed to the intended recipient, and
- (2) sent to the email address last notified by the recipient or otherwise specified in any Reporting Manual.

### 17 Nominations

Any nomination by the Licence Holder for an alternative date or standard under this Licence must be made by the Licence Holder's Chief Executive Officer.

## INTERPRETATION AND DEFINITIONS

### 18 Interpretation

In this Licence, unless the context requires otherwise:

- (1) headings are used for convenience only and do not affect the interpretation of the conditions,
- (2) the word 'person' includes a natural person and any body or entity whether incorporated or not, and
- (3) references to conditions are references to the conditions included in this Licence and any other conditions imposed on the Licence Holder by or under any Act.

[Note: The *Interpretation Act 1987* applies to the interpretation of this Licence, subject to conditions 18 and 19 of this Licence.]

### 19 Definitions

19.1 Terms used in this Licence that are defined in the Act or Regulations have the meanings set out in the Act or Regulations, unless otherwise specified.

19.2 In this Licence, unless otherwise specified:

**Act** means the *Electricity Supply Act 1995*.

**Approved Auditor** means:

- (a) a person chosen by the Licence Holder from a panel of auditors approved by IPART, or



(b) an auditor otherwise approved by IPART as being of reputable standing, suitably qualified, and who is independent of the Licence Holder.

**Associate** has the same meaning given by the *Corporations Act 2001* (Cth).

**Commencement Date** means the date this Licence is signed by the Minister for Energy.

**Customer** has the same meaning as in the Act.

**EI Act** means the *Electricity Infrastructure Investment Act 2020* and regulations made under that Act.

**Entity** has the same meaning as under section 64A of the *Corporations Act 2001* (Cth) (as amended from time to time).

**Licence** means this transmission operator's licence granted by the Minister under section 93A(2) of the Act authorising the Licence Holder to operate the Transmission System.

**Licence Holder** has the meaning set out on page 1 of this Licence.

**NSW Transmission Network** means the transmission systems the subject of a transmission operator's licence under the Act, other than the Transmission System.

**Regulations** means regulations made under the Act.

**Reporting Manual** means any document setting out reporting requirements for transmission operators issued by IPART and published on its website.

**Transmission System** means the electricity power lines and associated equipment and electricity structures that are a transmission system for the purposes of the Act by virtue of the *Electricity Supply (Transmission System) Order 2024*, as amended from time to time.

## APPENDIX 1 RELIABILITY AND PERFORMANCE STANDARDS

### 1 Availability Standard

- (1) The Availability Standard for a Financial Year is 99.963%.
- (2) If the Licence Holder's Actual Availability in a Financial Year is less than the Availability Standard, the Licence Holder must, in accordance with condition 3:
  - (a) investigate the reason for not meeting the Availability Standard,
  - (b) submit an Investigation Report to IPART in relation to the investigation in paragraph (a), and
  - (c) where applicable, develop, submit and implement a Rectification Plan for rectifying the non-conformance with the Availability Standard.

#### 1.1 Calculation of Actual Availability

The Licence Holder's Actual Availability for a Financial Year must be calculated as follows:

$$A_{act} = \frac{\sum_{n=1}^{CSP} [TT(n) - (UOTw(n) - ETw(n))]}{\sum_{n=1}^{CSP} [TT(n)]} \times 100\%$$

where:

**Aact** means the Actual Availability for the Financial Year.

**TT(n)** means the total time that RNI Asset Units in Completed RNI Separable Portion 'n' operated in the Financial Year, calculated as A x B x 24 hours x 60 minutes where:

- (1) **A** means the total number of RNI Asset Units in Completed RNI Separable Portion 'n', and
- (2) **B** means the total number of days in the Financial Year after the Completed RNI Separable Portion 'n' achieved Infrastructure Completion.

**UOTw(n)** means the total Weighted Unplanned Outage Time for the Financial Year for Completed RNI Separable Portion 'n' calculated in accordance with condition 1.2.

**ETw(n)** means the total Weighted Excluded Time for the Financial Year for Completed RNI Separable Portion 'n' calculated in accordance with condition 1.3.

**CSP** means the total number of Completed RNI Separable Portions on the last day of the relevant Financial Year.

**n** means the number of Completed RNI Separable Portions.

## 1.2 Weighted Unplanned Outage Time

- (1) The total Weighted Unplanned Outage Time for each Financial Year for a Completed RNI Separable Portion must be calculated as follows:

$$UOT_w = \sum_{o=1}^O [UOT(o) \times ACM(n) \times BF(o)]$$

where:

***UOT<sub>w</sub>*** means the total Weighted Unplanned Outage Time for the Financial Year for the Completed RNI Separable Portion.

***OUT(o)*** subject to condition 1.2(2), means the duration of Unplanned Outage 'o' of a RNI Asset Unit in Asset Class 'n' in the Completed RNI Separable Portion occurring during the Financial Year after the day the Completed RNI Separable Portion achieves Infrastructure Completion.

***ACM(n)*** means the Asset Class Multiplier for Asset Class 'n' as set out in condition 1.4.

***O*** means the total number of Unplanned Outages of a RNI Asset Unit in the Completed RNI Separable Portion occurring during the Financial Year after the day the Completed RNI Separable Portion achieves Infrastructure Completion.

***BF(o)*** means the bedding-in factor for Unplanned Outage 'o' being:

- (a) where Unplanned Outage 'o' ends before the day that is 6 months after the date of Infrastructure Completion of the Completed RNI Separable Portion, 0.5, and
- (b) where Unplanned Outage 'o' commences on or after the day that is 6 months after the date of Infrastructure Completion of the Completed RNI Separable Portion, 1,

and where an Unplanned Outage commences before, and ends on or after, the day that is 6 months after the date of Infrastructure Completion of the Completed RNI Separable Portion, the Unplanned Outage will be divided into 2 Unplanned Outages for the purposes of calculating the total Weighted Unplanned Outage Time, with:

- (c) the second Unplanned Outage commencing on the day that is 6 months after the date of Infrastructure Completion of the Completed RNI Separable Portion, and
  - (d) the first Unplanned Outage ending on the day before that.
- (2) For the purpose of calculating the value of 'OUT(o)' in condition 1.2(1), if the duration of an Unplanned Outage of a RNI Asset Unit caused by a single event exceeds the applicable Asset Class Unplanned Outage Duration (Maximum), the duration of the Unplanned Outage of the RNI Asset Unit will be the Asset Class Unplanned Outage Duration (Maximum).

### 1.3 Weighted Excluded Time

- (1) Subject to condition 1.3(2), the total Weighted Excluded Time for each Financial Year for a Completed RNI Separable Portion must be calculated as follows:

$$ETw = \sum_{o=1}^O [ET(o) \times ACW(n)]$$

where:

**ETw** means the total Weighted Excluded Time for the Financial Year for the Completed RNI Separable Portion.

**ET(o)** means the duration of Unplanned Outage 'o' of a RNI Asset Unit in Asset Class 'n' in the Completed RNI Separable Portion occurring during the Financial Year after the day of Infrastructure Completion for the Completed RNI Separable Portion and caused by an Excluded Unplanned Outage Event.

**ACW(n)** means the Asset Class Multiplier for Asset Class 'n' as set out in condition 1.4.

**O** means the total number of Unplanned Outages of a RNI Asset Unit in the Completed RNI Separable Portion occurring during the Financial Year after Infrastructure Completion for the Completed RNI Separable Portion caused by an Excluded Unplanned Outage Event.

- (2) For the purpose of calculating Unplanned Outages in condition 1.2:
- (a) for Concurrent Events, the Unplanned Outage will be taken to be caused by the event which is not an Excluded Unplanned Outage Event, and
  - (b) if the duration of an Unplanned Outage of a RNI Asset Unit caused by an Excluded Unplanned Outage Event exceeds the relevant Asset Class Unplanned Outage Duration (Maximum), the duration of the Unplanned Outage of the RNI Asset Unit caused by the Excluded Unplanned Outage Event will be the Asset Class Unplanned Outage Duration (Maximum).

### 1.4 Asset Class Multipliers

The Asset Class Multiplier for each Asset Class is set out in Table 1.

**Table 1**

| Asset Class (n) | Description        | Asset Class Multiplier (ACM) |
|-----------------|--------------------|------------------------------|
| 1               | Transmission lines | 8                            |
| 2               | Transformers       | 8                            |
| 3               | Reactive plant     | 4                            |
| 4               | Switch bays        | 1                            |

| Asset Class (n) | Description            | Asset Class Multiplier (ACM) |
|-----------------|------------------------|------------------------------|
| 5               | Secondary equipment    | 1                            |
| 6               | Synchronous condensers | 4                            |

### 1.5 Asset Class Unplanned Outage Duration (Maximum)

The Asset Class Unplanned Outage Duration (Maximum) (**ACUOmax**) for the Unplanned Outage of an RNI Asset Unit caused by a single event is set out in Table 2.

**Table 2**

| Asset Class (n) | Description            | ACUOmax        |
|-----------------|------------------------|----------------|
| 1               | Transmission lines     | 4,320 minutes  |
| 2               | Transformers           | 4,320 minutes  |
| 3               | Reactive plant         | 4,320 minutes  |
| 4               | Switch bays            | 28,800 minutes |
| 5               | Secondary equipment    | 28,800 minutes |
| 6               | Synchronous condensers | 8,640 minutes  |

## 2 Reliability Standard

- (1) The Reliability Standard for a Financial Year is 99.975%.
- (2) If the Licence Holder's Actual Reliability in a Financial Year is less than the Reliability Standard, the Licence Holder must, in accordance with condition 3:
  - (a) investigate the reason for not meeting the Reliability Standard,
  - (b) submit an Investigation Report to IPART in relation to the investigation in paragraph (a), and
  - (c) where applicable, develop, submit and implement a Rectification Plan for rectifying the non-conformance with the Reliability Standard.

## 2.2 Actual Reliability

The Licence Holder's Actual Reliability for each Financial Year must be calculated as follows:

$$R_{act} = \frac{G_{mod} - (G_{con} - G_{exc})}{G_{mod}} \times 100\%$$

where:

**R<sub>act</sub>** means the Actual Reliability for the Financial Year.

**G<sub>con</sub>** means the total Constrained Generation (in MWh) for all REZ Facilities during the Financial Year determined in accordance with condition 2.3.

**G<sub>mod</sub>** means the total Modelled Generation (in MWh) for all REZ Facilities during the Financial Year.

**G<sub>exc</sub>** means the total Constrained Generation (in MWh) for all REZ Facilities during the Financial Year, determined in accordance with condition 2.3, arising as a result of Unplanned Outages caused by Excluded Unplanned Outage Events, but does not include Concurrent Events.

## 2.3 Constrained Generation

(1) In this condition 2.3:

**Constrained Generation** means the reduction, determined by the Licence Holder through modelling, to the Modelled Generation that the Transmission System was theoretically capable of transmitting from the REZ Facility to the Transmission System during a Financial Year solely caused by Unplanned Outages.

**Constraint Model** means a model which:

- (a) applies constraints within the Transmission System and relevant parts of the NSW Transmission Network based on conditions within those networks, including Unplanned Outages, and
  - (b) is the model used by AEMO in performing its functions under the National Electricity Rules, or another model nominated by the Licence Holder and approved by IPART.
- (2) Subject to condition 2.3(3), the Licence Holder must determine the Constrained Generation for a REZ Facility:
- (a) in a manner that is transparent, objective and verifiable,
  - (b) with the highest degree of accuracy that is reasonably practicable, taking into account the information that is available and the error range for that information,
  - (c) by analysing the outputs of the Constraint Model
    - (i) to determine the difference, in each case during a Financial Year, between:
      - (A) the Modelled Generation that the Transmission System was theoretically capable of transmitting from the REZ Facility to the Transmission System if no Unplanned Outages had occurred, and

- (B) the Modelled Generation that the Transmission System was theoretically capable of transmitting from the REZ Facility to the Transmission System taking into account all Unplanned Outages that occurred, and
  - (ii) where two or more factors which reduce the electricity that the Transmission System is capable of transmitting occur at the same time, identify which factor determined the electricity which the Transmission System was capable of transmitting,
- (d) using the following information in order of precedence, except where it is not reasonably practicable or results in materially lower accuracy:
  - (i) information available from AEMO,
  - (ii) information collected using equipment forming part of the Transmission System,
  - (iii) information available from Transgrid and collected using equipment forming part of Transgrid's Facilities, and
  - (iv) information estimated or derived on a reasonable basis from information referred to in paragraphs (i) to (iii) (inclusive), and
- (e) where an Unplanned Outage reduces the capability of the Transmission System to transmit electricity, assume there will be no Constrained Generation to the extent the Transmission System remained capable of transmitting the Modelled Generation from the REZ Facilities to the Transmission System despite the reduced capability.
- (3) The Licence Holder must exclude the following in its determination of Constrained Generation:
  - (a) the actual electricity transmitted from the REZ Facilities to the Transmission System,
  - (b) any outages or constraints within a REZ Facility, and
  - (c) the actual electricity exported by a REZ facility.

## 2.4 Modelled Generation

- (1) In this condition 2.4, **Energy Model** means a model which:
  - (a) estimates the electricity that a REZ Facility is capable of exporting for particular ambient conditions where relevant ambient conditions will depend on the type of REZ Facility, and may include wind speed, wind direction and solar irradiance, and
  - (b) is used by AEMO in performing its functions under the *National Electricity Rules* or, if the AEMO model is not available, is not reasonably practicable to use, or would result in a materially lower accuracy, a model nominated by the Licence Holder and approved by IPART.
- (2) Subject to condition 2.4(3), the Licence Holder must determine the Modelled Generation:
  - (a) in a manner that is transparent, objective and verifiable,
  - (b) with the highest degree of accuracy that is reasonably practicable, taking into account the information that is available and the error range for that information,
  - (c) to the extent a REZ Facility is scheduled in accordance with the *National Electricity Rules*, by assuming the REZ Facility will export electricity into the Transmission System at the lesser of:
    - (i) the nameplate capacity of the REZ Facility, and

- (ii) the maximum rate specified for the relevant connection points in the connection agreement for the REZ Facility,
- (d) to the extent a REZ Facility is not scheduled in accordance with the *National Electricity Rules*, using an Energy Model for the REZ Facility and the actual ambient conditions during the Financial Year where the rate must not exceed the maximum rate specified for the relevant connection points in the connection agreement for the REZ Facility, and
- (e) using the following information in order of precedence except where it is not reasonably practicable or results in materially lower accuracy:
  - (i) information available from AEMO,
  - (ii) information collected using equipment forming part of the Transmission System,
  - (iii) information available and collected using equipment forming part of the REZ Facility,
  - (iv) information available from other reasonable sources,
  - (v) information estimated or derived on a reasonable basis from information referred to in paragraphs (i) to (iv) (inclusive).
- (3) The Licence Holder must exclude the following in its determination of Modelled Generation:
  - (a) the actual electricity exported by a REZ Facility during the relevant period,
  - (b) whether the Transmission System or NSW Transmission Network is capable to accepting the electricity that the REZ Facility is capable of exporting, and
  - (c) any outages within a REZ Facility.

### **3 Investigation Report and Rectification Plans**

#### **3.1 Timing of submission of Investigations Reports and Rectification Plans**

- (1) If required under condition 1(2) or condition 2(2), the Licence Holder must prepare and submit an Investigation Report to IPART by:
  - (a) the date(s) specified in any Reporting Manual, or
  - (b) if no date(s) are specified in any Reporting Manual, by 30 September immediately following the Availability Standard or Reliability Standard (as the case may be) not being met.
- (2) Subject to condition 3.1(3) and if required under conditions 1(2) and 2(2), the Licence Holder must prepare and submit a Rectification Plan to IPART by:
  - (a) the date(s) specified in any Reporting Manual, or
  - (b) if no date or dates are specified in any Reporting Manual, by 31 December immediately following the Availability Standard or Reliability Standard (as the case may be) not being met.
- (3) A Rectification Plan is not required if the causes for not meeting the standard have already been rectified before the Investigation Report is required to be submitted.



### **3.2 Content requirements for Investigation Reports**

- (1) An Investigation Report must, to IPART's satisfaction:
  - (a) identify the cause(s) for the Availability Standard or Reliability Standard (as the case may be) not being met for the period the subject of the report including analysing (where relevant) any one-off events and previous performance trends,
  - (b) where the cause(s) identified in paragraph (a) have been rectified, identify the steps taken to rectify the causes and when those steps were completed,
  - (c) where the cause(s) identified in paragraph (a) have not been rectified, identify any reasonable solutions that can be implemented to rectify the cause(s), including:
    - (i) whether each solution:
      - (A) involves expenditure on an asset that is part of the Transmission System (network option),
      - (B) does not involve expenditure on an asset that is part of the Transmission System (non-network option). and
    - (ii) the steps required to implement each solution, and
  - (d) include any other matter notified to the Licence Holder by IPART in writing.
- (2) If IPART notifies the Licence Holder in writing that it is not satisfied the requirements of condition 3.2(1) have been met, the Licence Holder must undertake any further investigation and reporting specified by IPART in that notice.

### **3.3 Cost benefit analysis**

- (1) Where the Investigation Report identifies solutions in accordance with condition 3.2(1)(c) the Licence Holder must undertake a cost benefit analysis (using the cost benefit methodology defined in the RIT-T where relevant).
- (2) Where the cost benefit analysis required under condition 3.3(1) identifies that:
  - (a) there are solutions that demonstrate a positive net benefit for improving conformance with the Availability Standard or Reliability Standard (as applicable), the Licence Holder must prepare a Rectification Plan in accordance with condition 3.4, or
  - (b) there is either:
    - (i) no solution that demonstrates a positive net benefit for the purpose of improving conformance with Availability Standard or Reliability Standard (as the case may be), or
    - (ii) the only available solution(s) that demonstrate a positive net benefit would require an Augmentation to the network infrastructure project it is authorised to carry out under the EII Act,

the Licence Holder must prepare and submit a report in accordance with condition 3.5.

### **3.4 Rectification Plan**

- (1) A Rectification Plan must, to IPART's satisfaction:
  - (a) identify the solutions the Licence Holder will implement to rectify the cause(s) for not meeting the Availability Standard or Reliability Standard (as the case may be),

- (b) specify the timeframes for completing the steps required to implement the solutions referred to condition 3.4(1)(a), and
- (c) apply the following principles:
  - (i) the solutions referred to in condition 3.4(1)(a) must be subject to a cost-benefit analysis (using the cost benefit methodology defined in the RIT-T, where relevant) and must demonstrate a positive net benefit,
  - (ii) the solutions referred to in condition 3.4(1)(a) reflect all reasonable steps to improve conformance with the Availability Standard or Reliability Standard (as applicable),
  - (iii) the timeframe for rectification should be as short as reasonably practicable, and in any event implementation of the Rectification Plan must commence no later than 6 months from the date the Investigation Report is completed unless otherwise agreed by IPART,
  - (iv) solutions involving a non-network option (as referred to in condition 3.2(1)(c)) are preferred where they are equal or more cost-effective than a network option (as referred to in condition 3.2(1)(c)).

[Note: a reasonable step does not include a solution that demonstrates a negative net benefit for the purpose of improving conformance with the Availability Standard or Reliability Standard.]

- (2) If IPART notifies the Licence Holder that it is not satisfied the requirements of condition 3.4(1) have been met, the Licence Holder must modify the Rectification Plan as required by IPART in that notice.
- (3) The Licence Holder must implement a Rectification Plan prepared in accordance with condition 3.4(1) and that has been approved by IPART, unless the Licence Holder:
  - (a) demonstrates to the satisfaction of IPART that it is reasonable not to implement the Rectification Plan, and
  - (b) has received written confirmation from IPART that IPART is satisfied that it is reasonable not to implement the Rectification Plan.

### **3.5 Other cost benefit analysis reporting**

- (1) If a report is required under condition 3.3(2)(b), the Licence Holder must set out:
  - (a) the potential solutions it considered,
  - (b) the results of its cost benefit analysis,
  - (c) if it determined that there is no solution that demonstrates a positive net benefit, the reasons for that conclusion, and
  - (d) if it determined that the only available solution(s) that demonstrates a positive net benefit would require an Augmentation to the Transmission System, details of the Augmentation that would be required.
- (2) The Licence Holder must submit the report prepared in accordance with condition 3.5(1) to IPART and the Infrastructure Planner before the date it would have otherwise submitted a Rectification Plan if the solution(s) had resulted in a net positive benefit or a later date nominated by the Licence Holder and approved by IPART.

## 4 Annual reporting and notifications

### 4.1 Annual reporting

- (1) By the date specified in any Reporting Manual each year, the Licence Holder must prepare and submit to IPART a report on its compliance with the Reliability Standard and the Availability Standard in accordance with any Reporting Manual.
- (2) The report required under condition 4.1(1) must include, in relation to the preceding Financial Year:
  - (a) the Actual Reliability,
  - (b) the Actual Availability, and
  - (c) as specified in any Reporting Manual, for each Completed RNI Separable Portion of the Transmission System, the proportion that each Completed RNI Separable Portion contributed to the Actual Reliability and Actual Availability.

### 4.2 Project Deed changes

The Licence Holder must notify IPART of any change to its rights and obligations under the Project Deed or arising as a result of the application of its rights and obligations under the Project Deed that will or is likely to, impact the Licence Holder's compliance with the conditions in this Appendix 1 within one month of the change occurring.

## 5 Interpretation

- 5.1 Terms defined in the General Conditions to this Licence have the same meaning in this Appendix 1, unless otherwise specified.
- 5.2 A reference to a condition or attachment in this Appendix 1, is a reference to the condition within or attachment to this Appendix 1, unless otherwise specified.
- 5.3 The following terms have the corresponding meaning when used in Appendix 1:

**Actual Availability** means the Licence Holder's actual availability calculated in accordance with condition 1.1.

**AEMO** means Australian Energy Market Operator (ACN 072 010 327).

**Approval** means any authorisation, direction, registration, licence, permit, consent, approval, determination, exemption, certificate or permission from any Authority or under any Law.

**Asset Class** means an asset class of RNI Asset Units described in Attachment 2.

**Asset Class Multiplier** is specified for each Asset Class in condition 1.4.

**Asset Class Unplanned Outage Duration (Maximum)** is specified for each Asset Class in condition 1.5.

**Augmentation** means work to enlarge the Transmission System or to increase its capacity to transmit electricity.

**Authority** means:

- (a) any governmental, semi-governmental or local government authority, administrative or judicial body or tribunal, department, commission, public authority, agency, minister, statutory corporation or instrumentality, or
- (b) any other person having a right to impose a requirement, or whose consent is required, under Law or any Approval with respect to the Transmission System.

**Availability Standard** is specified in condition 1(1).

**Constrained Generation** is defined in condition 2.3(1) and determined in accordance with condition 2.3(2).

**Completed RNI Separable Portion** means each RNI Separable Portion which has achieved Infrastructure Completion.

**Concurrent Event** means any period that an Excluded Unplanned Outage Event and an event which is not an Excluded Unplanned Outage Event concurrently cause an Unplanned Outage of the RNI Asset Unit.

**Excluded Unplanned Outage Event** has the meaning given in Attachment 1.

**Facility** means apparatus, equipment, buildings and necessary associated supporting resources.

**Financial Year** means:

- (a) in relation to first financial year, being the financial year in which Infrastructure Completion of the RNI Separable Portion occurs, the period that:
  - (i) commences on the day after Infrastructure Completion of the RNI Separable Portion, and
  - (ii) ends on the next 30 June, and
- (b) in relation to each subsequent financial year, means the period commencing on 1 July and ending the following 30 June.

**Infrastructure Completion** means the date that a voltage is first applied to the RNI Separable Portion from the Transmission System.

**Infrastructure Planner** has the meaning in the EII Act.

**Investigation Report** means an investigation report in relation to the Licence Holder's conformance with the:

- (a) Availability Standard in accordance with conditions 1(2), 3.1 and 3.2, or
- (b) Reliability Standard in accordance with conditions 2(2), 3.1 and 3.2.

**Law** means, in relation to New South Wales or the Commonwealth of Australia:

- (a) any act of parliament,
- (b) any subordinate legislation, rules, regulations or by-laws, and
- (c) binding rules, guidelines, regulations, policies, standards, procedures, directives, circulars, codes of practice or requirements relating to or affecting the performance of any part of the Licence Holder's activities, as may be published by the Commonwealth or New South Wales governments or local councils or other Authorities, with which the Licence Holder is legally required to comply.

**Modelled Generation** means the electricity that for a REZ Facility was theoretically capable of exporting into the Transmission System during the Financial Year determined through modelling and determined in accordance with condition 2.4.

**Planned Outage** means where a Licence Holder or its Associates has scheduled asset management for a RNI Asset Unit which will make the RNI Asset Unit Unavailable, commencing when the RNI Asset Unit becomes Unavailable and ending when the RNI Asset Unit ceases to be Unavailable.

**Project Deed** means the arrangements the Licence Holder is required to enter into under the terms of the authorisation granted to it by the consumer trustee under the EII Act.

**Rectification Plan** means a rectification plan in relation to the Licence Holder's conformance with the:

- (a) Availability Standard in accordance with condition 1(2), 3.1 and 3.4, or
- (b) Reliability Standard in accordance with condition 2(2), 3.1 and 3.4.

**REZ Facility** means a Facility which is connected to the Transmission System consistent with the Licence Holder's obligations under the EII Act, including its authorisation.

**RIT-T** means the regulatory investment test for transmission developed and published in accordance with the *National Electricity Rules*.

**RNI Asset Unit** means a group of fixed assets which forms a functional part of the Transmission System that is directly involved in the control and conveyance of electricity by the Transmission System, and is described in Attachment 2.

**RNI Separable Portion** means the components of the Transmission System described as RNI separable portions and shown in the diagram in Attachment 3.

**Unavailable** means where a RNI Asset Unit is not operating or available to operate, or is only operating or available to operate at a reduced level of performance or capability, for a period of greater than 2 minutes for any reason, except where a RNI Asset Unit is not Unavailable because it is not operating or available to operate or is only operating or available to operate at a reduced level of performance or capability, solely as a result of another RNI Asset Unit being Unavailable.

**Unplanned Outage** means where a RNI Asset Unit is Unavailable for any reason, except as a result of a Planned Outage, commencing when the RNI Asset Unit becomes Unavailable and ending when the RNI Asset Unit ceases to be Unavailable.

**Weighted Unplanned Outage Time** is calculated in accordance with condition 1.2.

## **ATTACHMENT 1: CALCULATION OF EXCLUDED PLANNED OUTAGE EVENT**

Terms defined in condition 1 of Appendix 1 apply in this Attachment.

An **Excluded Unplanned Outage Event** referred to in condition 1 means:

- (a) a Relief Event,
- (b) an Unplanned Outage that is shown to be primarily caused or initiated by a fault or other event within a third party's Facilities (other than the Transmission System) connected to the Transmission System,
- (c) an act or omission of a third party (other than the Licence Holder or its Associates) with Facilities connected to the Transmission System where the act or omission results in an Unplanned Outage due to that connection to the Transmission System,
- (d) damage or interference with a RNI Asset Unit not caused by the Licence Holder or its Associates,
- (e) an Unplanned Outage required to avoid or mitigate an immediate threat to people, property or the environment,
- (f) an Unplanned Outage required to comply with the Applicable Electricity Laws,
- (g) compliance with a direction of an Authority or emergency service,
- (h) an Unplanned Outage required to enable the connection of any Facilities to the Transmission System provided the Licence Holder has scheduled the Unplanned Outage and notified any person who the Licence Holder is required to notify,

except to the extent that the event (or its effects):

- (i) was within the reasonable control of the Licence Holder or its Associates,
- (j) occurs or arises as a result of any act or omission of the Licence Holder or its Associates,
- (k) would have been prevented or avoided if the Licence Holder had complied with its authorisation under the EII Act including any related agreements,
- (l) in the case of an Unplanned Outage which is scheduled by the Licence Holder, was not reasonable to schedule during a Planned Outage.

**Applicable Electricity Laws** means Laws applicable to the operation of the Transmission System.

**Compensation Event** means an event identified as a compensation event under the Project Deed which:

- (a) was not within the reasonable control of the Licence Holder or a contractor of the Licence Holder, or
- (b) did not occur as a result of any act or omission of the Licence Holder or a contractor of the Licence Holder, and

is nominated by the Licence Holder as a compensation event and approved by IPART for the purpose of this definition.

**Relief Event** means each of the following:

- (a) a Compensation Event,
- (b) fire, explosion, flood, storm, tempest, lightning, cyclone, hurricane, mudslide, landslide, earthquake and drought (where such drought is declared as a state of emergency),
- (c) war (declared or undeclared), armed conflict, riot or civil commotion,
- (d) nuclear radiation being ionising radiations or contamination by radioactivity,

(e) such other event nominated by the Licence Holder for approval as a relief event by IPART, which is a relief event under the Project Deed and is approved by IPART,

except to the extent the event (or its effects):

(f) was within the reasonable control of the Licence Holder or a contractor of the Licence Holder, or

(g) occurs or arises as a result of any act or omission of the Licence Holder or a contractor of the Licence Holder.

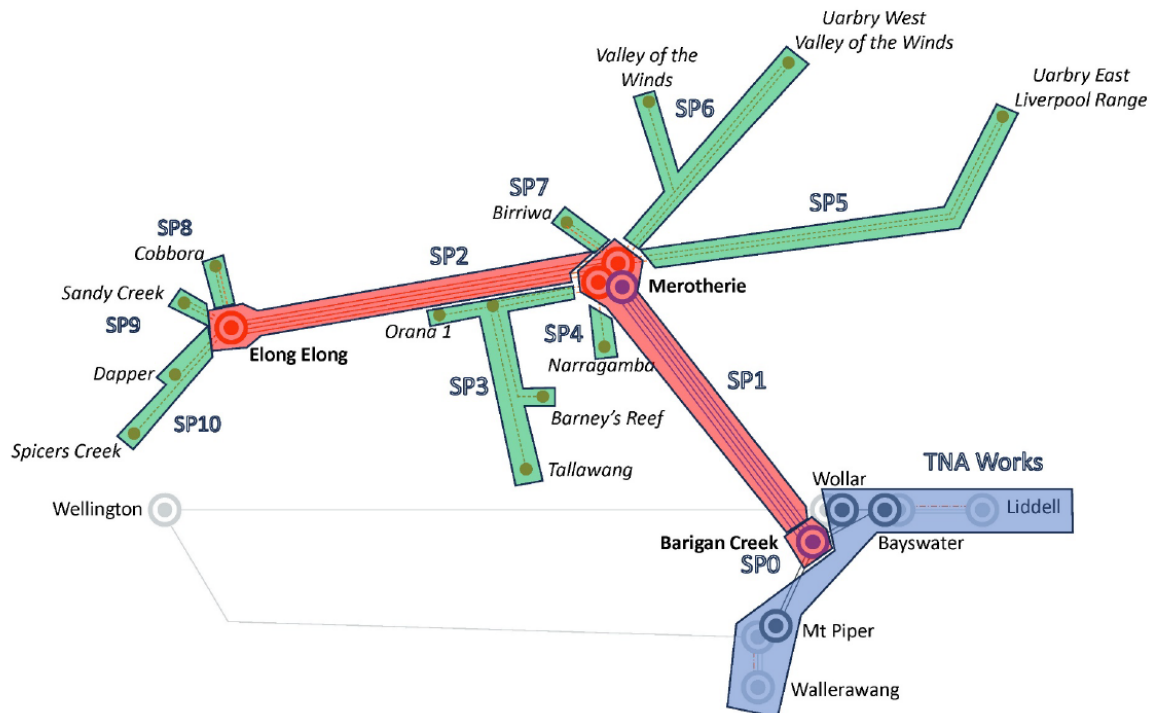
## ATTACHMENT 2: DESCRIPTION OF ASSET CLASSES

| Asset Class            | Description of RNI Asset Unit   |
|------------------------|---|
| Transmission lines     | <p>A single transmission circuit between two substations/switching stations. One transmission circuit may be a single circuit transmission line or one circuit of a multi circuit transmission line construction.</p> <p>A single RNI Asset Unit includes all items of equipment that would prevent the transmission circuit from operating if they were to fail or have a fault. This includes the line voltage transformer, line surge arrestors, line disconnector, line earth switches, supporting insulators and connecting conductors and fittings within the substation or switchyard.</p>   |
| Transformers           | <p>A single three phase transformer, whether one three phase unit or three single phase units, and associated equipment, between the isolation points on the high voltage, low voltage and tertiary voltage of the transformer.</p> <p>A single RNI Asset Unit includes all items of equipment that prevent the transformer from operating if they fail or have a fault. This includes the transformer, transformer disconnectors, current transformers, earth switches, surge arrestors, supporting insulators, connecting conductors and fittings.</p>  |
| Reactive plant         | <p>Assets that are used to support the operation of the power system by providing or absorbing reactive power or contributing to synchronous inertia, and operate as a single functional unit.</p> <p>A single RNI Asset Unit includes the three phase reactive plant and associated equipment from the isolation point at the high voltage connection and all items of equipment that would prevent the reactive plant from operating if they fail or have a fault.</p> <p>Examples of a single RNI Asset Unit include a capacitor, reactor and static VAr compensator.</p> <p>A single reactor includes the reactor, circuit breaker, current transformers, surge arrestors, disconnectors, earth switches, supporting insulators and connecting conductors and fittings.</p> <p>A single capacitor includes the capacitor, circuit breaker, current transformers, disconnectors, earth switches, supporting insulators and connecting conductors and fittings.</p> <p>A single static VAr compensator includes reactors, capacitors, transformers, power electronics, circuit breaker, current transformers, surge arrestors, disconnectors, earth switches, supporting insulators and connecting conductors and fittings.</p> |
| Switchbays             | <p>Switchbay</p> <p>A single switchbay of equipment between two isolation points.</p> <p>A single RNI Asset Unit includes all items of equipment that would prevent the switchbay from operating if they fail or have a fault. This includes the circuit breaker, current transformers, disconnectors, earth switches, supporting insulators and connecting conductors and fittings.</p> <p>Bus bar</p> <p>A single bus bar.</p> <p>A single RNI Asset Unit includes all items of equipment that would prevent the bus bar from operating if they fail or have a fault. This includes the bus bar conductors and fittings, the supporting insulators, bus disconnectors and bus voltage transformers.</p>   |
| Secondary systems      | <p>A single low voltage system that is used to support the operation, control or management of the high voltage assets and the service that the high voltage assets provide.</p>  |
| Synchronous condensers | <p>Assets that are used to support the operation of the power system by providing synchronous inertia and operate as a single functional unit.</p> <p>A single RNI Asset Unit includes the three phase synchronous condenser and associated equipment from the isolation point at the high voltage connection and all items of equipment that would prevent the synchronous condenser from operating if they fail or have a fault.</p> <p>A single synchronous condenser includes the synchronous condenser, transformers, circuit breaker, current transformers, disconnectors, earth switches, supporting insulators and connecting conductors and fittings.</p>  |



### ATTACHMENT 3: RNI SEPARABLE PORTIONS

| RNI Separable Portions      | Description  |
|-----------------------------|--|
| Separable Portion 0 (SP0)   | The switching station at Barigan Creek and lines connecting into the NSW Transmission Network.   |
| Separable Portion 1 (SP1)   | The substation at Merotherie and transmission lines to Separable Portion 0.  |
| Separable Portion 2 (SP2)   | The switching station at Elong Elong and transmission lines to Separable Portion 1   |
| Separable Portion 3 (SP3)   | The switching stations at Barney's Reef, Tallawang, and Orana 1 and all interconnecting transmission lines and switching stations connecting to Merotherie substation. |
| Separable Portion 4 (SP4)   | The switching station at Narragamba and all transmission lines connecting to Merotherie substation.  |
| Separable Portion 5 (SP5)   | The switching station at Uarbry East Liverpool Range and all transmission lines connecting to Merotherie substation.   |
| Separable Portion 6 (SP6)   | The switching stations at Valley of the Winds and Uarbry West Valley of the Winds and all interconnecting transmission lines connecting to Merotherie substation.      |
| Separable Portion 7 (SP7)   | The switching station at Birriwa and all transmission lines connecting to Merotherie substation.   |
| Separable Portion 8 (SP8)   | The switching station at Cobbora and all transmission lines connecting to Elong Elong switching station.   |
| Separable Portion 9 (SP9)   | The switching station at Sandy Creek and all transmission lines connecting to Elong Elong switching station.   |
| Separable Portion 10 (SP10) | The switching stations at Dapper and Spicers Creek and all transmission lines connecting to Elong Elong switching station.   |



## APPENDIX 2 CRITICAL INFRASTRUCTURE LICENCE CONDITIONS

In addition to the conditions in this Appendix 2, the Licence Holder may be subject to other statutory obligations, including under the *Security of Critical Infrastructure Act 2018* (Cth).

### 1 Substantial presence in Australia

- 1.1 Except to the extent allowed under a Protocol, the Licence Holder must take all practical and reasonable steps to ensure that maintenance of the Transmission System is undertaken solely from within Australia, except where:
- (1) it requires physical servicing of components offshore or acquisition of components from outside Australia, and
  - (2) the Senior Officer Responsible for Network Operations approves the individual or Entity undertaking that maintenance from outside Australia.
- 1.2 Except to the extent the Licence Holder is complying with a Protocol, the Licence Holder must at all times:
- (1) use Best Industry Practice for electricity network control systems to ensure that:
    - (a) the Transmission System, including all associated ICT Infrastructure, can only be accessed, operated and controlled from within Australia, and
    - (b) the Transmission System is not connected to any infrastructure or network in a way that could enable a person outside Australia to access, control or operate it in whole or in part, and
  - (2) after it decides to outsource any part of the operation or control of the Transmission System, including any associated ICT Infrastructure, but before it takes steps to procure a contract for that purpose, notify the Commonwealth Representative of that decision.
- 1.3 Subject to condition 1.4, the Licence Holder must have:
- (1) at least 2 Directors who are Australian citizens, and
  - (2) one or more Senior Officers who:
    - (a) reside in Australia, and
    - (b) hold a National Security Clearance.
- 1.4 The Licence Holder is not in breach of its obligations under:
- (1) condition 1.3(1) if:
    - (a) there is a casual vacancy on the Board of Directors, and
    - (b) the vacancy is filled within 2 months of the vacancy first occurring,
  - (2) condition 1.3 if, subject to condition 1.5, a position referred to in condition 1.3 is vacant or the person who held the relevant position ceases to satisfy the required qualifications and the Licence Holder:
    - (a) procures the appointment of a person to the relevant position who the Licence Holder reasonably believes will be able to obtain the relevant National Security Clearance, and
    - (b) ensures that the person applies for the relevant National Security Clearance.

1.5 Condition 1.4(2) only applies if:

- (1) an application for a National Security Clearance is made within 4 months of:
  - (a) the Commencement Date, or
  - (b) a relevant position becoming vacant,
- (2) where the application for a National Security Clearance referred to in paragraph (1) is rejected or withdrawn, the Licence Holder ensures a further application for a National Security Clearance is made within 4 months of the application being rejected or withdrawn (whether for the same or a different replacement person appointed to the position), and
- (3) the Licence Holder complies with condition 1.3(2) in relation to any Senior Officer within 8 months (or a later date approved by the Minister) of:
  - (a) the Commencement Date, or
  - (b) a relevant position becoming vacant.

1.6 In this condition 1:

- (1) **Director** means a member of the Board of the Licence Holder.
- (2) **National Security Clearance** means 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.
- (3) **Protocol** means a document that may be required by the Commonwealth and must be agreed to between the Commonwealth Representative and the Licence Holder, which, without limitation, may set out:
  - (a) the specified purposes and circumstances in which the acquisition and maintenance of equipment that forms part of the Transmission System may be conducted offshore,
  - (b) the methodology and activities to be undertaken to allow for maintenance and repairs of Transmission System equipment to be carried out involving remote access from offshore,
  - (c) the exceptional circumstances in which the protocol applies, and
  - (d) the activities and processes which achieve requisite levels of cybersecurity.
- (4) **Senior Officer** means the Senior Officer Responsible for Network Operations, the Senior Officer Responsible for Operational Technology or the Senior Officer Responsible for Security Operations.
- (5) **Senior Officer Responsible for Network Operations** means an officer, notwithstanding their title, who is responsible for:
  - (a) the day-to-day operation, monitoring and maintenance of the Transmission System, and
  - (b) directing the operational planning, management, control and security of the Transmission System.
- (6) **Senior Officer Responsible for Operational Technology** means an officer, notwithstanding their title, who is responsible for:
  - (a) delivering the supervisory control and data acquisition (SCADA) capability required to safely and reliably operate the Transmission System,

- (b) developing and implementing strategies to manage cyber security and other threats affecting the network operational technology environment, and
  - (c) 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.
- (7) **Senior Officer Responsible for Security Operations** means an officer, notwithstanding their title, who is responsible for:
- (a) approving 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,
  - (b) personnel security, and
  - (c) managing relationships with Commonwealth and state government agencies for the purposes of paragraphs (a)-(b).

## 2 Data security

### 2.1 The Licence Holder must ensure that:

- (1) subject to condition 2.2, all Operational Technology Information is:
  - (a) held solely within Australia, and
  - (b) only accessible by a Relevant Person authorised by the Licence Holder from within Australia,
- (2) subject to conditions 2.2 and 2.4, all Load Data and Bulk Personal Data Records relating to or obtained in connection with the operation of the Transmission System by a Relevant Person is:
  - (a) held solely within Australia, and
  - (b) only accessible by a Relevant Person, or a person who has been authorised by the Licence Holder, from within Australia,
- (3) subject to condition 2.2, it maintains appropriate security controls to prevent the export of Bulk Personal Data Records relating to or obtained in connection with the operation of the Transmission System by a Relevant Person, and
- (4) any Third Party Data it indirectly accesses or obtains because a Carrier or another person transferred the Third Party Data using the Licence Holder's infrastructure is:
  - (a) held solely within Australia, and
  - (b) only accessible by a Relevant Person, or a person who has been authorised by the Licence Holder, from within Australia.

### 2.2 The Licence Holder is not in breach of condition 2.1(1), condition 2.1(2) insofar as it relates to Load Data, or condition 2.1(3) if the Licence Holder discloses, holds, uses or accesses the information or data referred to in those conditions for any one of the following purposes:

- (1) disclosing to a recognised stock exchange information that is made publicly available in compliance with a binding obligation on the Licence Holder or an Associate,
- (2) complying with any Australian state, territory or Commonwealth law,
- (3) disclosing the information or data to:

- (a) the following persons to the extent necessary for them to provide services to the Licence Holder or an Associate:
    - (i) a financial, accounting, insurance, legal, regulatory or other adviser,
    - (ii) auditors, insurers, security trustees and financiers (and each of their advisers), or
  - (b) a prospective purchaser of any interest in the Licence Holder or any Associate, or of any interest in the main undertaking of operating the Transmission System, to the extent necessary to facilitate the purchase,
- (4) disclosing information or data to participants, regulators, Commonwealth, State or Territory government agencies, and service providers in the electricity sector where disclosure of that information or data is:
- (a) in the ordinary course of business,
  - (b) in accordance with Best Industry Practice for electricity network control systems, and
  - (c) required by those persons to provide services or to perform functions,
- (5) providing aggregated data that does not permit identification of any Customer, Customer Connection Points or a Customer's demand characteristics,
- (6) subject to condition 2.3, allowing a service provider or contractor to hold, use or access information where:
- (a) the Licence Holder has provided the Commonwealth Representative with a submission demonstrating that the service provider or contractor:
    - (i) is reputable, and
    - (ii) has data security systems in place to ensure the information is secure, and
  - (b) the Commonwealth Representative has agreed in writing to the arrangement,
- (7) another purpose nominated by the Licence Holder, where:
- (a) the Licence Holder has provided the Commonwealth Representative at least 60 days to confirm in writing to IPART that the Commonwealth Government does not intend to make any further requests or submissions about the matter, and
  - (b) after receiving the confirmation referred to in paragraph (a), IPART approves that purpose.

- 2.3 If prior to the Commencement Date, the Licence Holder has made an arrangement of the kind referred to in condition 2.2(6)(a) that would not otherwise be permitted under this condition 1, the Licence Holder must:
- (1) provide the Commonwealth Representative a submission of the kind referred to in condition 2.2(6)(a) within 2 months of the Commencement Date, and
  - (2) if the Commonwealth Representative does not agree in writing to the arrangement within 2 months of the Licence Holder making the submission (or another date nominated by the Licence Holder and approved by IPART), terminate the arrangement.

- 2.4 The Licence Holder is not in breach of condition 2.1(2) insofar as it relates to Bulk Personal Data Records, 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).

2.5 In this condition 2:

- (1) **Bulk Personal Data Records** means any holdings or files of Personal Information about multiple individuals which contain fields or categories.
- (2) **Carrier** has the meaning given by the *Telecommunications (Interception and Access) Act 1979* (Cth).
- (3) **Connection Point** means in relation to the premises of a Customer, 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 NSW Department of Climate Change, Energy, the Environment and Water.
- (4) **Load Data** means data as to the quantum of electricity delivered, both historical and current load demand from or to any one or more sites, or their Connection Points, which satisfies all of the following criteria:
  - (a) it is not historical data older than 30 days,
  - (b) it is not fault data,
  - (c) it describes a location that allows a Customer(s) or Connection Point(s) to be identified,
  - (d) it describes the date and time of the data record,
  - (e) it describes a magnitude which comprises a voltage of at least 330 kV and power of at least one Terawatt hour, and
  - (f) it describes a duration – a length of time that allows for a quantum to exist.
- (5) **Operational Technology Information** means all information relating to the operational technology of the Transmission System (such as the supervisory control and data acquisition (SCADA) system) and associated ICT Infrastructure including, for example, design specifications and operating manuals.
- (6) **Personal Information** has the same meaning as in the *Privacy Act 1998* (Cth).
- (7) **Third Party Data** includes (without limitation):
  - (a) communications within the meaning of the *Telecommunications (Interception and Access) Act 1979* (Cth),
  - (b) Personal Information, and
  - (c) closed-circuit television footage.

### 3 Compliance with critical infrastructure provisions

3.1 The Licence Holder must, by 30 September each year:

- (1) prepare a report on its compliance with conditions 1 and 2, to the extent the conditions are in effect, for the preceding Financial Year,
- (2) engage an Approved Auditor to:
  - (a) undertake a comprehensive audit of the Licence Holder's report referred to in paragraph (a):
    - (i) that meets any requirements specified by IPART, and
    - (ii) by the date specified by IPART, and

- (b) prepare an audit report for the Licence Holder in respect of the audit undertaken under paragraph (a),
- (3) obtain certification in writing supported by a resolution of the Licence Holder's Board of Directors that:
  - (a) the Licence Holder has complied with conditions 1 and 2 for the preceding Financial Year, or
  - (b) if the Licence Holder has not complied with conditions 1 and 2 for the preceding Financial Year, details of:
    - (i) the nature and extent of each non-compliance,
    - (ii) the steps the Licence Holder has taken or is taking to remedy each non-compliance and prevent further non-compliance, and
    - (iii) the time it expects to achieve compliance, and
- (4) provide each of the documents referred to in paragraphs (1) to (3) to IPART and the Commonwealth Representative at the same time.

3.2 In this condition 3, **Financial Year** means the period commencing on 1 July and ending the following 30 June.

[Note: The Licence Holder must comply with all auditing and reporting conditions imposed on the Licence Holder in the schedule to this Licence.]

## 4 Interpretation

4.1 Terms defined in the General Conditions to this Licence have the same meaning in this Appendix 2, unless otherwise specified.

4.2 A reference to a condition in this Appendix 2, is a reference to the condition within this Appendix 2 (as opposed to, for example, the General Conditions), unless otherwise specified.

4.3 The following terms have the corresponding meaning when used in Appendix 2:

**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.

**Board** means the governing body of the Licence Holder however described.

**Commonwealth Representative** means the First Assistant Secretary responsible for critical infrastructure security in the Commonwealth, or equivalent level and role in the agency with responsibility for critical infrastructure security or such other representative nominated by the Commonwealth Government.

**ICT Infrastructure** means the information and communications technology equipment, systems, firmware and software for handling information and managing communication processes.

**Relevant Person** means the

- (a) Licence Holder,

- (b) a network operator of the Transmission System, and
- (c) any person who is contracted or subcontracted, and approved, by the Licence Holder to work on the Transmission System.