

11 February 2022

Review of electricity network operators' licences

Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop NSW 1240

Submitted via online submission form

ENDEAVOUR ENERGY SUBMISSION - REVIEW OF ELECTRICITY NETWORK OPERATORS' LICENCES

Endeavour Energy welcomes the opportunity to provide feedback on the review of electricity network operator's licences in force under the *Electricity Supply Act 1995* (NSW) (ES Act).

We understand the review is to assess whether network operators' licences remain appropriate by ensuring that the licences reflect current public expectations and regulatory practice.

Overall, Endeavour Energy is supportive of the proposed network operators' licences. Upon consideration and review we have provided comment on all proposed positions and have included several comments around the licence conditions that we believe require further consideration by IPART. These comments are provided in Attachment 1 to this submission.

In addition, Endeavour Energy encourage a review of the critical infrastructure licence conditions be included in the scope of this review. For this, we refer to the correspondence provided in April 2021 to IPART specifically relating to critical infrastructure licence conditions interpretations, thereby seeking clarity in some instances. We note the statement in the review that the national critical infrastructure reforms are likely to make these licence conditions redundant in future, however we suggest interim clarifications will support best practice. We have included details around these licence conditions in Attachment 1.

We appreciate the approach IPART has undertaken in making this request for submissions. Endeavour Energy welcomes further involvement required to finalise this review at your convenience.

Should you have any further questions in relation to the comments provided, please do not hesitate to contact [REDACTED] Regulatory Assurance Manager on [REDACTED] or alternatively via email at [REDACTED].

Yours sincerely



[REDACTED]
Head of Network Regulation

Att 1: Endeavour Energy comments on electricity network operators' licences (February 2022)

Question for stakeholder comment	Endeavour Energy comment
1. Do you agree with our preliminary position of not reviewing critical infrastructure licence conditions at this time?	<p>Endeavour Energy supports a review of the critical infrastructure licence conditions.</p> <p>In particular we seek a review on the following matters:</p> <ul style="list-style-type: none"> • to provide clarity around licence condition 9.2(a) best industry practice to be based around the “risk exposure” by applying appropriate risk management standards; • to provide additional clarity around the definition and scope of Electricity Network Data; • Licence conditions to be clarified in regards to licence condition 10.1(a) for associated ICT infrastructure or clearly define the scope of “associated ICT infrastructure” such that cloud based technologies can be safely adopted to support modern networks; • In addition, re: 10.1(a), Endeavour Energy request an amendment to be made to the wording of 10.1(a) to extend to any systems or data that pertains to the electricity network infrastructure, as defined by AEMO, that is: <ul style="list-style-type: none"> ○ Electricity transmission network infrastructure, which is made up of transmission power lines, high voltage towers and terminal stations; and ○ Electricity distribution network infrastructure, which comprises distribution lines, cables, substations and transformers • Licence condition 9.2(c)(i) and (ii) to be removed as the approved plan is no longer in effect for Endeavour Energy; • Licence condition 11 – Compliance – inclusion/reference to the Critical Infrastructure licence conditions audit guideline which provides clarification on dates where reports are required under licence condition 11.2.
2. Do you agree with our preliminary position of amending the Transmission Reliability Standard to include a Bulk Supply point definition?	Not applicable to Endeavour Energy.
3. Do you agree with our preliminary positions of:	
– amending the existing licence conditions to allow Ausgrid, Endeavour Energy and Essential Energy to agree and authorise operation outside of distribution districts in writing?	<p>Endeavour Energy agree with the proposed changes to remove requirement for IPART approval. However, we seek to understand how the current IPART Instrument of agreement and authorisation 28 August 2019 interacts with the proposed conditions. This instrument gives approval to operate outside the distribution district in certain circumstances as detailed in the IPART application guide. We question if this will be maintained or is the intent for approval to be sought from the other DNSPs for all extensions? Licence condition 1(c) (Distribution District) IPART (nsw.gov.au)</p>

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<p>– amending the existing licence conditions to require Ausgrid, Endeavour Energy and Essential Energy to keep a record of an agreement to operate outside of distribution districts and make the record available to IPART on request?</p>	<p>Endeavour Energy accepts this as reasonable but there might be merit in keeping the obligations for IPART to maintain a register of agreements between DNSPs so it can act as a transparent and single source of truth and avoid any dispute between DNSPs (which could arise over time as an understanding of the origin of the agreement is gradually forgotten).</p>
<p>Does our proposed solution capture the objective of ensuring that network extensions outside of legislated distribution districts are undertaken in a planned and controlled manner?</p> <p>Are there any other risks associated with operation outside of distribution districts that need to be managed through licence conditions?</p>	<p>Endeavour Energy agree with the preliminary position proposed.</p>
<p>Are there any other risks associated with operation outside of distribution districts that need to be managed through licence conditions?</p>	<p>We request consideration be given for a similar condition to be placed on Transmission Networks and their application to distribution networks (under the definitions within the National Electricity Rules).</p>
<p>4. Do you agree with our preliminary positions of removing the licence conditions that require Network Operators to:</p>	
<p>* be registered or exempt from the requirement to be registered as a Network Service Provider under the National Electricity Rules?</p>	<p>Endeavour Energy note that these are duplicative with NER obligations so there is no consequence from removing or keeping them within the operating licence. We agree with IPART that they should have regard to the AER's response.</p>
<p>* 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?</p>	
<p>* 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 (as specified above)?</p>	
<p>5. Do you agree with our preliminary position of removing the licence conditions requiring Transgrid to submit an Annual Demand Forecast to AEMO?</p>	<p>Endeavour Energy sees no concern with this preliminary position.</p>

Question for stakeholder comment	Endeavour Energy comment
6. Do you agree with our preliminary position of retaining the current requirement for Network Operators to have, implement and comply with their Business Continuity Plan?	Endeavour Energy support this requirement. We note that SOCI Act changes have a similar requirement and potentially make this requirement redundant for the purposes of critical infrastructure.
7. Do you agree with our preliminary positions of:	
– retaining the requirement to have an AMS?	Endeavour Energy agrees with the positions proposed.
– retaining the requirement to certify the AMS?	
– removing from the licences the requirement to notify IPART of proposed significant changes to the AMS?	
– removing from the licences of Ausgrid and Endeavour Energy the requirement to have and maintain an AMS within two years of the date of their licences?	Endeavour Energy agrees with the positions proposed.
– amending the relevant standard in the licences of Ausgrid, Endeavour Energy and Transgrid to AS ISO 55001:2014 Asset management - Management systems – Requirements?	Endeavour Energy agrees with the positions proposed.
– including a condition in the licences of Ausgrid, Endeavour Energy and Transgrid allowing them to request the Tribunal to approve use of an alternative asset management standard?	
8. Do you agree with our preliminary positions of:	
– retaining the requirement to have an EMS?	Endeavour Energy agrees with the positions proposed.
– retaining the requirement to certify the EMS?	
– removing from the licences the requirement to notify IPART of proposed significant changes to the EMS?	
– removing from the licences of Ausgrid and Endeavour Energy the requirement to have and maintain an EMS within two years of the date of their licences?	
– amending the relevant standard in the licences of Ausgrid, Endeavour Energy and Transgrid to AS/NZS ISO 14001:2016 Environmental management systems - Requirements with guidance for use?	Endeavour Energy agrees with the positions proposed.

Question for stakeholder comment	Endeavour Energy comment
– including a condition in the licences of Ausgrid, Endeavour Energy and Transgrid allowing them to request the Tribunal to approve use of an alternative environmental management standard?	Endeavour Energy agree with the position proposed.
9. Do you agree with our preliminary positions of:	
– retaining the licence condition requiring Network Operators to prepare and submit reports in accordance with any reporting manuals issued by the Tribunal?	Endeavour Energy agree with the position proposed and encourage reporting manuals be kept current in line with any reporting changes/templates implemented.
– retaining the licence condition requiring Network Operators to comply with any audit guidelines issued by the Tribunal?	Endeavour Energy agree with the position proposed and encourage audit guidelines be kept current in line with any changes.
10. Do you agree with our preliminary position of retaining the existing licence condition requiring the Network Operators to ensure that internal systems are developed and maintained that are capable of effectively managing compliance with their licence?	Endeavour Energy note that this licence condition is open for interpretation. There is no definition of 'internal system' ie, whether that be an automated or manual system. In the case of an audit being imposed on this licence condition, we are seeking inclusion of a definition for 'internal system'.
11. Do you agree with our preliminary positions of:	
– retaining the existing licence condition requiring Network Operators to provide operating statistics and performance indicators as may be required from time to time by the Tribunal?	Endeavour Energy support these positions being retained.
– retaining the existing licence condition requiring Network Operators to furnish to 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?	
12. Do you agree with our preliminary position of removing the employment guarantee licence conditions from the licences of Ausgrid, Endeavour Energy and Transgrid?	Endeavour Energy supports the position proposed.
13. Do you agree with our preliminary positions of:	
– retaining the existing licence condition requiring Ausgrid, Endeavour Energy and Essential Energy to comply with the Public Lighting Code?	Endeavour Energy agree with the position proposed.

Question for stakeholder comment	Endeavour Energy comment
<ul style="list-style-type: none"> – replacing the existing licence condition requiring Ausgrid, Endeavour Energy and Essential Energy to comply at their own expense with any request from the Tribunal to audit their compliance with the Public Lighting Code, with a general auditing provision? 	Endeavour Energy agree with the position proposed.
14. Do you agree with our preliminary positions of:	
<ul style="list-style-type: none"> – retaining the existing licence condition requiring the Network Operators to pay fees (annual or otherwise) in connection with holding their licence as may be determined by the Minister from time to time? 	Endeavour Energy agree with these positions. With the recent fee methodology review implemented, we request inclusion in these two licence conditions, that fees be paid in accordance with IPART's fee methodology.
<ul style="list-style-type: none"> – retaining the existing licence condition requiring the Network Operators to pay licence fees in the manner and within the period specified by the Tribunal? 	
15. Do you agree with our preliminary positions of:	
<ul style="list-style-type: none"> – including a general audit power in the amended licences? 	Endeavour Energy have concerns about the potential duplication of cost and resources. Endeavour Energy would encourage IPART to have a considered audit plan for implementation for multiple years for consideration of network operators to enable appropriate long-term preparation (including costing and resourcing).
<ul style="list-style-type: none"> – including a licence condition requiring audits to be conducted at the expense of the relevant network operator? 	
Other comments	Endeavour Energy would welcome the operating licence being published in a text searchable format.