

National Electricity (National Energy Retail Law) Amendment Rule 2012

I, Tom Koutsantonis, Minister for Mineral Resources and Energy for the Crown in right of the State of South Australia, as the Minister administering the *National Electricity (South Australia) Act 1996* of South Australia, make the National Electricity (National Energy Retail Law) Amendment Rule 2012 under section 90D(1) of the *National Electricity (South Australia) Law* on the recommendation of the Ministerial Council on Energy.

The National Electricity (National Energy Retail Law) Amendment Rule 2012 is signed by me for the purposes of verification as the National Electricity (National Energy Retail Law) Amendment Rule 2012, and comes into operation on the day on which Schedule 1 of the *National Energy Retail Law (South Australia) Act 2011* (No 6 of 2011) comes into operation.

Hon. Tom Koutsantonis
Minister for Mineral Resources and Energy.
Dated:

National Electricity (National Energy Retail Law) Amendment Rule 2012

1 Title of Rule

This Rule is the *National Electricity (National Energy Retail Law) Amendment Rule 2012*.

2 Commencement

This Rule comes into operation on the day on which Schedule 1 of the *National Energy Retail Law (South Australia) Act 2011* (No 6 of 2011) comes into operation.

Note—This Rule does not apply in a participating jurisdiction until the *National Energy Retail Law* is applied in that jurisdiction as a law of that jurisdiction.

3 Amendment of the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 1.

4 Amendments to jurisdictional derogations in Chapter 9 of the National Electricity Rules

Chapter 9 of the National Electricity Rules is amended as set out in Schedule 2.

5 Amendments to definitions in Chapter 10 of the National Electricity Rules

Chapter 10 of the National Electricity Rules is amended as set out in Schedule 3.

6. Savings and Transitional Amendments to Chapter 11 of the National Electricity Rules

Chapter 11 of the National Electricity Rules is amended as set out in Schedule 4.

7 Amendment of Appendix 1 to the National Electricity Rules

Appendix 1 of the National Electricity Rules is amended as set out in Schedule 5.

Schedule 1 Amendment of the National Electricity Rules

(Clause 3)

[1] Clause 2.3.1 (Registration as a Customer)

Clause 2.3.1(b)(2), substitute:

- (2) registration is for the purpose of acting as a *RoLR*.

[2] Clause 2.9A.3 (Approval for Transfer of Registration)

Clause 2.9A.3, after paragraph (c) insert:

- (d) If an application is made for transfer of the registration of a *Market Customer* that is a *retailer*:
 - (1) *AEMO* must, before deciding the application, consult with the *AER* about the application; and
 - (2) the period of 15 *business days* allowed for deciding the application under paragraph (a) is extended by the period reasonably required for the consultation; and
 - (3) *AEMO* must notify the *AER* of its decision on the application.

[3] Clause 2.10.1 (Notification of intention)

Clause 2.10.1, after paragraph (e) insert:

- (f) If a *Market Customer* that is a *retailer* gives a notice under this clause, *AEMO* must, before deciding whether to reject the notice under paragraph (d), consult with the *AER*.

[4] New clause 3.13.12A (NMI Standing Data Schedule)

After clause 3.13.12 insert:

3.13.12A NMI Standing Data Schedule

- (a) *AEMO* must, in consultation with the responsible authorities for participating jurisdictions, *Registered Participants*, and other interested persons, develop a scheme for an NMI standing data schedule (the ***NMI Standing Data Schedule***).
- (b) In developing the scheme, *AEMO* must have regard to the jurisdictional NMI standing data schedules.
- (c) The proposed scheme must include provisions dealing with:

- (1) the obligations of *Registered Participants* and others to provide information for inclusion in the Schedule; and
 - (2) the rights of *Registered Participants* and others to have access to the Schedule; and
 - (3) amendment of the Schedule.
- (d) The scheme supersedes clause 3.13.12 and, on the date it takes effect, that clause is revoked.
- (e) *AEMO* must publish a notice of its adoption of the scheme in the South Australian Government Gazette:
- (1) setting out the provisions of the scheme; and
 - (2) fixing a date for its commencement.
- (f) The scheme takes effect on the date fixed under paragraph (e)(2).

[5] Clause 3.15.21 (Default procedure)

- (1) Clause 3.15.21(a)(1), substitute:
- (1) the *Market Participant* does not pay money due for payment to *AEMO* under the *Rules* by the appointed time on the due date;
- (2) Clause 3.15.21(a)(11), substitute:
- (11) an administrator, provisional liquidator, liquidator, trustee in bankruptcy or person having a similar or analogous function is appointed in respect of the *Market Participant* or a provider of *credit support* for the *Market Participant*,
- (3) Clause 3.15.21(a)(12), substitute:
- (12) an order is made, or a resolution is passed, for the winding up of the *Market Participant* or a provider of *credit support* for the *Market Participant*,
- (4) Clause 3.15.21(j), omit in its entirety.

[6] Clause 3.18.5 (Settlement residue committee)

Clause 3.18.5(c)(7), substitute:

- (7) a person appointed by the *AEMC* to represent *retail customers*.

[7] Clause 5.1.3 (Principles)

- (1) Clause 5.1.3(d)(2), insert “and” after “*Network Users*”.
- (2) Clause 5.1.3(e), omit.
- (3) Clause 5.1.3(f) renumber as clause 5.1.3(e).

[8] Clause 5.3.1 (Process and procedures)

- (1) Clause 5.3.1(c), omit.
- (2) Clause 5.3.1(d) renumber as new clause 5.1.3(c).

[9] Clause 5.3.2 (Connection enquiry)

Clause 5.3.2(a), omit “or (c)”.

[10] Insertion of Chapter 5A

The following Chapter is inserted after Chapter 5:

Chapter 5A Electricity connection for retail customers

Part A Preliminary

5A.A.1 Definitions

In this Chapter:

basic connection service means a *connection service* related to a *connection* (or a proposed *connection*) between a *distribution system* and a *retail customer's* premises (excluding a *non-registered embedded generator's* premises) in the following circumstances:

- (a) either:
 - (1) the *retail customer* is typical of a significant class of *retail customers* who have sought, or are likely to seek, the service; or
 - (2) the *retail customer* is, or proposes to become, a *micro-embedded generator*; and
- (b) the provision of the service involves minimal or no *augmentation* of the *distribution network*; and

- (c) a model standing offer has been approved by the *AER* for providing that service as a *basic connection service*.

basic micro EG connection service means a *basic connection service* for a retail customer who is a micro embedded generator.

connection means a physical link between a *distribution system* and a *retail customer's* premises to allow the flow of electricity.

connection alteration means an alteration to an existing *connection* including an addition, upgrade, *extension*, expansion, *augmentation* or any other kind of alteration.

connection applicant means an applicant for a *connection service* of 1 of the following categories:

- (a) *retail customer*;
- (b) *retailer* or other person acting on behalf of a *retail customer*;
- (c) *real estate developer*.

connection application means an application under clause 5A.D.3.

connection charge means a charge imposed by a *Distribution Network Service Provider* for a *connection service*.

connection charge guidelines – see clause 5A.E.3.

connection charge principles – see clause 5A.E.1.

connection contract means a contract formed by the making and acceptance of a *connection offer*.

connection offer means an offer by a *Distribution Network Service Provider* to enter into a *connection contract* with:

- (a) a *retail customer*, or
- (b) a *real estate developer*.

connection policy means a document, approved as a connection policy by the *AER* under Chapter 6, Part E, setting out the circumstances in which *connection charges* are payable and the basis for determining the amount of such charges.

connection service means either or both of the following:

- (a) a service relating to a *new connection* for premises;
- (b) a service relating to a *connection alteration* for premises.

contestable – a service is contestable if the laws of the *participating jurisdiction* in which the service is to be provided permit the service to be provided by more than one supplier as a contestable service or on a competitive basis.

customer connection contract – see section 67 of the NERL.

embedded generator means a person that owns, controls or operates an *embedded generating unit*.

enquiry means a preliminary enquiry under clause 5A.D.2.

micro EG connection means a connection between an *embedded generating unit* and a distribution network of the kind contemplated by Australian Standard AS 4777 (Grid connection of energy systems via inverters).

micro embedded generator means a *retail customer* who operates, or proposes to operate, an *embedded generating unit* for which a *micro EG connection* is appropriate.

model standing offer means a document approved by the AER as a model standing offer to provide *basic connection services* (see clause 5A.B.3) or as a model standing offer to provide *standard connection services* (see clause 5A.B.5).

negotiated connection contract – see clause 5A.C.1.

new connection means a connection established or to be established, in accordance with this Chapter and applicable *energy laws*, where there is no existing connection.

non-registered embedded generator means an *embedded generator* that is neither a *micro embedded generator* nor a *Registered Participant*.

premises connection assets means the components of a distribution system used to provide *connection services*.

real estate developer means a person who carries out a *real estate development*.

real estate development means the commercial development of land including its development in 1 or more of the following ways:

- (a) subdivision;
- (b) the construction of commercial or industrial premises (or both);
- (c) the construction of multiple new residential premises.

retail customer includes a *non-registered embedded generator* and a *micro embedded generator*.

standard connection service means a *connection service* (other than a *basic connection service*) for a particular class (or sub-class) of *connection applicant* and for which a *model standing offer* has been approved by the AER.

supply service means a service (other than a *connection service*) relating to the supply of electricity.

5A.A.2 Application of this Chapter

This Chapter does not apply to, or in relation to, a *connection applicant* that is a *Registered Participant* or an *Intending Participant* unless the *Registered Participant* or *Intending Participant* is acting as the agent of a *retail customer*.

Part B Standardised offers to provide basic and standard connection services

Division 1 Basic connection services

5A.B.1 Obligation to have model standing offer to provide basic connection services

- (a) Subject to paragraph (b), a *Distribution Network Service Provider* must have a *model standing offer* to provide *basic connection services* to *retail customers*.
- (b) *Basic connection services* are of 2 classes:
 - (1) *basic connection services* for *retail customers* who are not *embedded generators*; and
 - (2) *basic connection services* for *retail customers* who are *micro-embedded generators*.

Note

Basic connection services are not available to *non-registered embedded generators*.

- (c) A *model standing offer* may relate to each class of *basic connection services* (or a subclass for which there is significant demand) within the area served by the relevant *distribution network*.

5A.B.2 Proposed model standing offer for basic connection services

- (a) A *Distribution Network Service Provider* must submit for the AER's approval a proposed *model standing offer* to provide *basic connection services* for each class (or subclass) of *basic connection services* on

specified terms and conditions.

- (b) The terms and conditions of the proposed *model standing offer* must cover:
- (1) a description of the *connection* (and the *premises connection assets* of which it is to be comprised) including a statement of its maximum capacity; and
 - (2) timeframes for commencing and completing the work; and
 - (3) the qualifications required for carrying out the work involved in providing a contestable service (including reference to the jurisdictional or other legislation and statutory instruments under which the qualifications are required); and
 - (4) the safety and technical requirements (including reference to the jurisdictional or other legislation and statutory instruments under which the requirements are imposed) to be complied with by the provider of a contestable service or the *retail customer* (or both); and
 - (5) details of the *connection charges* (or the basis on which they will be calculated) including details of the following (so far as applicable):
 - (i) the cost of any necessary *extension* to the *distribution system* for which provision has not already been made through existing *distribution use of system charges* or a tariff applicable to the *connection*;
 - (ii) meter type and cost;
 - (iii) the cost of any other relevant *premises connection assets*;
 - (iv) the costs of common components of minor variations from the standard specifications;
 - (v) any other incidental costs; and
 - (6) the manner in which *connection charges* are to be paid by the *retail customer*; and
 - (7) if the service is a *basic micro EG connection service*, the particular requirements with regard to the export of electricity into the *distribution system* including:
 - (i) the special requirements for metering and other equipment for the export of electricity; and
 - (ii) the required qualification for installers of relevant equipment (including reference to the jurisdictional or other legislation and statutory instruments under which the qualifications are

required); and

- (iii) the special safety and technical requirements (including reference to the jurisdictional or other legislation and statutory instruments under which they are imposed) to be complied with by the provider of a contestable service or the *retail customer* (or both).

5A.B.3 Approval of terms and conditions of model standing offer to provide basic connection services

- (a) The AER may approve a proposed *model standing offer* to provide *basic connection services* of a particular class (or subclass) on specified terms and conditions if satisfied that:
 - (1) the services are likely to be sought by:
 - (i) a significant number of *retail customers* in the area served by the *distribution network* (excluding *embedded generators*); or
 - (ii) *micro-embedded generators*; and
 - (2) the connection charges are consistent with the *Distribution Network Service Provider's distribution determination* including the *connection policy*; and
 - (3) the terms and conditions are fair and reasonable; and
 - (4) the terms and conditions comply with applicable requirements of the *energy laws*.
- (b) In deciding whether to approve a proposed *model standing offer* to provide *basic connection services* on specified terms and conditions, the AER must have regard to:
 - (1) the *national electricity objective*; and
 - (2) the basis on which the *Distribution Network Service Provider* has provided the relevant services in the past; and
 - (3) the geographical characteristics of the area served by the relevant *distribution network*.
- (c) If the AER does not approve a proposed *model standing offer* to provide *basic connection services* of a particular class on specified terms and conditions:
 - (1) the AER must give the *Distribution Network Service Provider* written reasons for its decision; and
 - (2) the *Distribution Network Service Provider* must re-submit the proposed *model standing offer* with appropriate amendments as soon

as reasonably practicable.

- (d) The *AER* must deal expeditiously with a proposed *model standing offer* to provide *basic connection services*.

Division 2 Standard connection services

5A.B.4 Standard connection services

- (a) A *Distribution Network Service Provider* may submit for the *AER*'s approval a proposed *model standing offer* to provide *standard connection services* on specified terms and conditions.
- (b) Different sets of terms and conditions may be submitted under this rule for different classes of *connection services* or different classes of *retail customer*.
- (c) The terms and conditions must cover:
- (1) a description of the *connection* (and the *premises connection assets* of which it is to be comprised) including a statement of its maximum capacity; and
 - (2) timeframes for commencing and completing the work; and
 - (3) the qualifications required for carrying out the work involved in providing a contestable *service* (including reference to the jurisdictional or other legislation and statutory instruments under which the qualifications are required); and
 - (4) the safety and technical requirements (including reference to the jurisdictional or other legislation and statutory instruments under which the requirements are imposed) to be complied with by the provider of a contestable service or the *retail customer* (or both); and
 - (5) details of the *connection charges* (or the basis on which they will be calculated) including details of the following (so far as applicable):
 - (i) the cost of *premises connection assets* to which the *connection charges* relate;
 - (ii) the cost of any necessary *augmentation* of the *distribution system* for which provision has not already been made through existing *distribution use of system charges* or a tariff applicable to the *connection*;
 - (iii) the costs of common components of minor variations from the standard specifications;
 - (iv) any other incidental costs; and

- (6) the manner in which *connection charges* are to be paid by the *retail customer*.

5A.B.5 Approval of model standing offer to provide standard connection services

- (a) The *AER* may approve a proposed *model standing offer* to provide a particular class of *standard connection services* on specified terms and conditions if satisfied that:
 - (1) the terms and conditions are fair and reasonable; and
 - (2) the *connection charges* are consistent with the *Distribution Network Service Provider's distribution determination* including the *connection policy*; and
 - (3) the terms and conditions comply with applicable requirements of the *energy laws*.
- (b) In deciding whether to approve the proposed *model standing offer*, the *AER* must have regard to the *national electricity objective*.
- (c) If the *AER* does not approve a proposed *model standing offer* to provide *standard connection services*:
 - (1) the *AER* must give the *Distribution Network Service Provider* written reasons for its decision; and
 - (2) the *Distribution Network Service Provider* may re-submit the proposed *model standing offer* with appropriate amendments.
- (d) The *AER* must deal expeditiously with a proposed *model standing offer* to provide *standard connection services*.

Division 3 Miscellaneous

5A.B.6 Amendment etc of model standing offer

- (a) A *Distribution Network Service Provider* may submit, for the *AER's* approval, a proposal:
 - (1) for the amendment or substitution of a *model standing offer* to provide *basic connection services*; or
 - (2) for the amendment, substitution or revocation of a *model standing offer* to provide *standard connection services*.
- (b) In deciding whether to approve a proposal submitted for its approval under this clause, the *AER* must, so far as relevant, apply the same principles and have regard to the same matters as are relevant to the approval of a proposed *model standing offer* to provide *basic connection services* or *standard connection services*.

- (c) The amendment, substitution or revocation of a *model standing offer* takes effect on the date of the *AER's* approval or a later date fixed by the *AER* in its approval.
- (d) If the *AER* does not approve a proposal submitted under paragraph (a):
 - (1) the *AER* must give the *Distribution Network Service Provider* written reasons for its decision; and
 - (2) the *Distribution Network Service Provider* may re-submit the proposal with appropriate amendments.
- (e) The amendment, substitution or revocation of a *model standing offer* does not affect the validity or effect of:
 - (1) a *connection offer* made before the amendment, substitution or revocation takes effect; or
 - (2) a *connection contract* formed on the basis of such an offer.
- (f) The *AER* must deal expeditiously with a proposal for the amendment, substitution or revocation of a *model standing offer*.
- (g) If the *AER*, after making a distribution determination, considers that an existing *model standing offer* to provide *basic connection services* or *standard connection services* may be inconsistent with the *Distribution Network Service Provider's* *distribution determination* (including the *connection policy*), the *AER* may require the *Distribution Network Service Provider* to submit a proposal under paragraph (a) to bring the *model standing offer* into consistency with the *distribution determination*.

5A.B.7 Publication of model standing offers

A *Distribution Network Service Provider* must publish, on its website, each of its *model standing offers* to provide *basic connection services* or *standard connection services*.

Part C Negotiated connection

5A.C.1 Negotiation of connection

- (a) A *connection applicant* and a *Distribution Network Service Provider* may negotiate a *connection contract* (a ***negotiated connection contract***):
 - (1) where the *connection service* sought by the *connection applicant* is neither a *basic connection service* nor a *standard connection service*; or
 - (2) where the *connection service* sought by the *connection applicant* is a *basic connection service* or a *standard connection service* but the *connection applicant* elects to negotiate the terms and conditions on

which the *connection service* is to be provided.

- (b) The negotiations may, if the *connection applicant* elects, extend to *supply services* available from the *Distribution Network Service Provider*.
- (c) This Part sets out the requirements for negotiation referred to in the *NERL*.
- (d) When reading this Part in the context of the *NERL*:
 - (1) a reference to a *connection applicant* in this Part corresponds to a reference to a customer in the *NERL*; and
 - (2) a reference to a *Distribution Network Service Provider* in this Part corresponds to a reference to a distributor in the *NERL*; and
 - (3) this Part will be read subject to any further adaptations and modifications necessary to give effect to the intendment of the *NERL*.
- (e) If, but for this paragraph, a contract negotiable under this Part, or parts or aspects of such a contract, would also be negotiable under Chapter 6, this Part applies to the exclusion of the relevant provisions of Chapter 6.

5A.C.2 Process of negotiation

A *Distribution Network Service Provider* and a *connection applicant* for a negotiated *connection contract* must negotiate in accordance with the negotiation framework set out in clause 5A.C.3.

5A.C.3 Negotiation framework

- (a) The following rules (collectively described as the ***negotiation framework***) govern negotiations between a *Distribution Network Service Provider* and a *connection applicant*:
 - (1) each party must negotiate in good faith.
 - (2) the *connection applicant* must, at the request of the *Distribution Network Service Provider*, provide the *Distribution Network Service Provider* with information it reasonably requires in order to negotiate on an informed basis.

Note

The information might (for example) include estimates of average and maximum demand for electricity to be supplied through the connection.

- (3) the *Distribution Network Service Provider* must provide the *connection applicant* with information the *connection applicant* reasonably requires in order to negotiate on an informed basis including;
 - (i) an estimate of the amount to be charged by the *Distribution Network Service Provider* for assessment of the application and the making of a *connection offer* for a negotiated *connection*

contract; and

- (ii) an estimate of *connection charges*; and
- (iii) a statement of the basis on which *connection charges* are calculated; and
- (iv) if the *connection applicant* has elected to extend the negotiations to *supply services*— an estimate of any applicable charges for *supply services* and a statement of the basis of their calculation.

Note

The Distribution Network Service Provider might, according to the circumstances of a particular case, need to provide further information to ensure the connection applicant is properly informed – for example, information about:

- *technical and safety requirements;*
 - *the types of connection that are technically feasible;*
 - *network capacity at the proposed connection point;*
 - *possible strategies to reduce the cost of the connection.*
- (4) the *Distribution Network Service Provider* may consult with other users of the *distribution network* who may be adversely affected by the proposed *new connection* or *connection alteration*.
 - (5) in assessing the application, the *Distribution Network Service Provider* must determine:
 - (i) the technical requirements for the proposed *new connection* or *connection alteration*; and
 - (ii) the extent and costs of any necessary *augmentation* of the *distribution system*; and
 - (iii) any consequent change in charges for distribution use of system services; and
 - (iv) any possible material effect of the proposed *new connection* or *connection alteration* on the network power transfer capability of the *distribution network* to which the *new connection* or *connection alteration* is proposed to be made and any other *distribution network* that might be affected by the proposed *new connection* or *connection alteration*.
 - (6) the *Distribution Network Service Provider* must make reasonable endeavours to make a *connection offer* that complies with the *connection applicant's* reasonable requirements.

Example

Reasonable requirements as to the location of the proposed connection point or the level and standard of the distribution network's power transfer capability.

- (7) the *Distribution Network Service Provider* must comply with its *connection policy*.
- (b) The following supplementary rules apply:
 - (1) if a *Distribution Network Service Provider* requires information from a *connection applicant* in addition to the information provided in the application, a request for the additional information under paragraph (a)(2) must (if practicable) be made within 20 business days after the *Distribution Network Service Provider* receives the relevant application;
 - (2) the *Distribution Network Service Provider* must provide the information required under paragraph (a)(3) as soon as practicable after the *Distribution Network Service Provider* receives the *connection applicant's* application or, if the *Distribution Network Service Provider* requests additional information under paragraph (a)(2), as soon as practicable after the *Distribution Network Service Provider* receives the relevant information.
- (c) Each party to the negotiations must maintain the confidentiality of *confidential information* disclosed by the other party in the course of the negotiations unless disclosure of the information is authorised:
 - (1) by the party to whom the duty of confidentiality is owed; or
 - (2) under:
 - (i) the Law or the Rules; or
 - (ii) any other law.

5A.C.4 Fee to cover cost of negotiation

- (a) A *Distribution Network Service Provider* may charge a *connection applicant* for a negotiated *connection contract* a reasonable fee to cover expenses directly and reasonably incurred by the *Distribution Network Service Provider* in assessing the applicant's application and making a *connection offer*.
- (b) A fee charged under paragraph (a) is recoverable as a debt (whether or not the *connection applicant* accepts the *connection offer*).

Part D Application for connection service

Division 1 Information

5A.D.1 Publication of information

A *Distribution Network Service Provider* must publish on its website the following:

- (a) an application form for a *new connection* or a *connection alteration*; and
- (b) a description of how an application for a *new connection* or a *connection alteration* is to be made (including a statement of the information required for the application); and
- (c) a description of the *Distribution Network Service Provider's basic connection services* and *standard connection services* and the classes (or subclasses) of *retail customer* to which they apply; and
- (d) an explanation of the *connection applicant's* right to negotiate with the *Distribution Network Service Provider* for a negotiated *connection contract* and a description of the negotiation process; and
- (e) the requirements for an expedited connection; and
- (f) the basis for calculation of *connection charges*.

Division 2 Preliminary enquiry

5A.D.2 Preliminary enquiry

- (a) A *Distribution Network Service Provider* must, within 5 business days after receiving an enquiry about a *connection service* (or some other period agreed between the *Distribution Network Service Provider* and the enquirer), provide the enquirer with the information required to make an informed application.
- (b) The information must include:
 - (1) a description of the *Distribution Network Service Provider's basic and standard connection services* and the terms and conditions of the *model standing offers* to provide such services (including possible costs); and
 - (2) a description of the process, including a statement of the information required, for submission of a *connection application* including an application for an expedited connection; and
 - (3) a statement of possible site inspection charges; and
 - (4) a statement of a *connection applicant's* right to negotiate the terms of a *connection contract* and a description of the relevant process (including the types of possible costs and expenses); and
 - (5) an indication of whether any aspects of the proposed *connection* are likely to be contestable; and
 - (6) any additional information reasonably required by the enquirer.
- (c) A *Distribution Network Service Provider* that publishes any of the above

information on its website complies with its obligation to disclose information under this clause if it refers the enquirer to the relevant part of the website.

Exception:

If the enquirer asks for a written reply to the *enquiry* or asks for specific advice about the *enquirer's* particular situation, the *Distribution Network Service Provider* must reply to the enquiry as soon as reasonably practicable and in writing if requested.

- (d) If an enquiry is made to a *Distribution Network Service Provider* about a *connection* within the area of another *Distribution Network Service Provider*, the *Distribution Network Service Provider*:
 - (1) must inform the enquirer of the identity, and contact details, of the responsible *Distribution Network Service Provider*, and
 - (2) on doing so, is released from further obligations in relation to the enquiry.

Division 3 Applications

5A.D.3 Application process

- (a) An application for a *connection service* must be in the appropriate form determined by the *Distribution Network Service Provider*.
- (b) An application for a *connection service* may be made by:
 - (1) a *retail customer* for whom the *connection service* is sought; or
 - (2) a *retailer* or other person acting on behalf of a *retail customer*; or
 - (3) a *real estate developer* who seeks *connection services* for premises comprised in a *real estate development*.
- (c) If an application for a *connection service* has been made in error to the wrong *Distribution Network Service Provider*, that *Distribution Network Service Provider*:
 - (1) must inform the *connection applicant* of the identity, and contact details, of the responsible *Distribution Network Service Provider*, and
 - (2) on doing so, is released from further obligations in relation to the application.
- (d) If an application is incomplete in a material respect, the *Distribution Network Service Provider* must advise the applicant of the deficiency and may require the *connection applicant* to complete the application and re-submit it.

- (e) If the *Distribution Network Service Provider* reasonably requires additional information to assess the application, it may require the *connection applicant* to provide the necessary information.
- (f) The *Distribution Network Service Provider* must, within 10 business days after receipt of a complete application for a *connection service* or if the *connection applicant* is required to provide additional information under paragraph (e), within 10 business days after receipt of the information, (or some other period agreed between the *Distribution Network Service Provider* and the *connection applicant*):
 - (1) advise the *connection applicant* whether the proposed *connection service* is a *basic connection service*, a *standard connection service* or neither; and
 - (2) if;
 - (i) the *connection service* is neither a *basic connection service* nor a *standard connection service*; or
 - (ii) the *connection applicant* elects to have a negotiated *connection contract* even though the proposed *connection service* is a *basic* or *standard connection service*;advise the *connection applicant* of the negotiated connection process and of possible costs and expenses related to the negotiations.
- (g) A single application may relate to multiple *connection services* of the same or different kinds.

5A.D.4 Site inspection

If a *Distribution Network Service Provider* reasonably needs to make a site inspection in order to determine the nature of a *connection service* sought by a *connection applicant*, the *Distribution Network Service Provider* may charge its reasonable expenses to the *connection applicant* and recover those expenses as a debt.

Part E Connection charges

5A.E.1 Connection charge principles

- (a) This clause states the ***connection charge principles***.
- (b) A *retail customer* (other than a *non-registered embedded generator* or a *real estate developer*) who applies for a *connection service* for which an *augmentation* is required cannot be required to make a capital contribution towards the cost of the *augmentation* (insofar as it involves more than an *extension*) if:
 - (1) the application is for a *basic connection service*; or

- (2) a relevant threshold set in the *Distribution Network Service Provider's connection policy* is not exceeded.

Note

In general, the intention is to exclude deep system augmentation charges for retail customers.

- (c) Subject to paragraph (b), in determining connection charges in accordance with its *connection policy*, a *Distribution Network Service Provider* must apply the following principles:
 - (1) if an *extension* to the *distribution network* is necessary in order to provide a *connection service*, *connection charges* for the service may include a reasonable capital contribution towards the cost of the *extension* necessary to provide the service;
 - (2) if *augmentation* of *premises connection assets* at the *retail customer's connection point* is necessary in order to provide a *connection service*, *connection charges* for the service may include a reasonable capital contribution towards the cost of the *augmentation* of *premises connection assets* at the *connection point* necessary to provide the service;
 - (3) if *augmentation* of the *distribution system* is necessary in order to provide a *standard connection service*, *connection charges* for the service may include a reasonable capital contribution towards the cost of the *augmentation* necessary to provide the service;
 - (4) if *augmentation* of the *distribution system* is necessary in order to provide a *connection service* under a *negotiated connection contract*, *connection charges* for the service may, subject to any agreement to the contrary, include a reasonable capital contribution towards the cost of *augmentation* of the *distribution system* to the extent necessary to provide the service and to any further extent that a prudent service provider would consider necessary to provide efficiently for forecast load growth;
 - (5) despite subparagraphs (1) to (4) if *augmentation* of the *distribution system* is necessary in order to provide, on the application of a *real estate developer*, *connection services* for premises comprised in a *real estate development*, *connection charges* for the services may, subject to any agreement to the contrary, include a reasonable capital contribution towards the cost of *augmentation* of the *distribution system* to the extent necessary to provide the services and to any further extent that a prudent service provider would consider necessary to provide efficiently for forecast load growth;
 - (6) however, a capital contribution may only be required in the circumstances described in subparagraphs (1) to (5) if provision for the costs has not already been made through existing *distribution use of system charges* or a tariff applicable to the *connection*.

- (d) If:
- (1) a *connection asset* ceases, within 7 years after its construction or installation, to be dedicated to the exclusive use of the *retail customer* occupying particular premises; and
 - (2) the *retail customer* is entitled, in accordance with the *connection charge guidelines*, to a refund of *connection charges*;
- the *Distribution Network Service Provider* must make the refund, and may recover the amount of the refund, by way of a *connection charge*, from the new users of the asset.
- (e) For the purposes of paragraph (d), a person is taken to be a new user of a *connection asset* if the asset comes to be used to provide a *connection* to that person's premises
- (f) For the purposes of this clause capital contribution includes a prepayment or financial guarantee.

5A.E.2 Itemised statement of connection charges

A *connection offer* must be accompanied by a schedule containing an itemised statement of *connection* costs including (so far as relevant) the following:

- (a) applicable *connection charges*;
- (b) cost of network *extension*;
- (c) details of upstream *augmentation* required to provide the *connection service* and associated cost;
- (d) any other incidental costs and the basis of their calculation including, if relevant, costs of minor deviation from the standard specification for a *basic connection service* or a *standard connection service* (as the case may require).

5A.E.3 Connection charge guidelines

- (a) The *AER* must develop and publish guidelines (***connection charge guidelines***) for the development of *connection policies* by *Distribution Network Service Providers*.
- (b) The purpose of the guidelines is to ensure that *connection charges*:
 - (1) are reasonable, taking into account the efficient costs of providing the *connection services* arising from the *new connection* or *connection alteration* and the revenue a prudent operator in the circumstances of the relevant *Distribution Network Service Provider* would require to provide those *connection services*; and

- (2) provide, without undue administrative cost, a user-pays signal to reflect the efficient cost of providing the *connection services*; and
 - (3) limit cross-subsidisation of connection costs between different classes (or subclasses) of *retail customer*; and
 - (4) if the *connection services* are contestable – are competitively neutral.
- (c) The guidelines must:
- (1) describe the method for determining charges for *premises connection assets*; and
 - (2) describe the circumstances (or how to determine the circumstances) under which a *Distribution Network Service Provider* may receive a capital contribution, prepayment or financial guarantee from a *retail customer* or *real estate developer* for the provision of a *connection service*; and
 - (3) describe how the amount of any such capital contribution, prepayment or financial guarantee is to be determined; and
 - (4) establish principles for fixing a threshold (based on capacity or any other measure the *AER* thinks fit) below which *retail customers* (not being a *non-registered embedded generator* or a *real estate developer*) are exempt from any requirement to pay *connection charges* (or to give consideration in the form of a capital contribution, prepayment or financial guarantee) for an *augmentation* (other than an *extension*) to the *distribution network* necessary to make the connection; and
 - (5) describe the methods for calculating the *augmentation* component for the *connection assets* and, if the *augmentation* consists of or includes an *extension*, the *extension* component of a *connection charge*; and
 - (6) describe the method for calculating:
 - (i) the amount of a refund of connection charges for a *connection asset* when an *extension* asset originally installed to connect the premises of a single *retail customer* is used, within 7 years of its installation, to connect other premises and thus comes to be used for the benefit of 2 or more *retail customers*; and
 - (ii) the threshold below which the refund is not payable; and
 - (7) describe the treatment of *augmentation* assets.
- (d) The principles for establishing an exemption under paragraph (c)(4) must ensure that the exemption only operates in the following circumstances:
- (1) the *connection* is a low voltage *connection*; and

- (2) the *connection* would not normally require *augmentation* of the network beyond the *extension* to the *distribution network* necessary to make the *connection*; and
 - (3) the *connection* is not expected to increase the load on the *distribution network* beyond a level the *Distribution Network Service Provider* could reasonably be expected to cope with in the ordinary course of managing the *distribution network*.
- (e) In developing the guidelines, the *AER* must have regard to:
- (1) historical and geographical differences between *networks*; and
 - (2) inter-jurisdictional differences related to regulatory control mechanisms, classification of services and other relevant matters; and
 - (3) the circumstances in which *connection services* may be provided by persons other than *Distribution Network Service Providers* (and are therefore contestable).
- (f) In developing guidelines dealing with the method for calculating the amount of a refund of *connection charges* paid before a *connection asset* becomes a shared asset, the *AER* must have regard to:
- (1) the *Distribution Network Service Provider's* obligation to make the refund; and
 - (2) future projections of *distribution network* expansion and usage and any consequent effect on the *Distribution Network Service Provider's* capacity to finance the acquisition of *augmentation* assets out of increased revenue; and
 - (3) the fact that the *Distribution Network Service Provider's* obligation to make the refund will expire after 7 years.
- (g) In developing guidelines under this clause, the *AER* must act in accordance with the *distribution consultation procedures*.

5A.E.4 Payment of connection charges

- (a) *Connection charges* payable in respect of a *connection service* must be paid to the *Distribution Network Service Provider* by the *retail customer's retailer* unless:
- (1) the *retailer* did not apply for the *connection service* and the *Distribution Network Service Provider* has notified the *retail customer* that the customer must pay the *connection charge* directly; or
 - (2) the *retail customer* asks to pay the connection charge directly and the *Distribution Network Service Provider* agrees; or

- (3) the *Distribution Network Service Provider* and the *retailer* agree that the *Distribution Network Service Provider* is to recover the *connection charge* from the *retail customer*.
- (b) If the *retail customer* pays, or is required to pay, a *connection charge* directly to a *Distribution Network Service Provider* under paragraph (a), the *Distribution Network Service Provider* must not recover that charge from the *retail customer's retailer*.
- (c) The *Distribution Network Service Provider* must separately identify each *connection charge* on the statement or invoice to the *retailer*.

Note

Rule 25 of the National Energy Retail Rules requires the listing of connection charges that are passed through by a retailer to a retail customer in the customer's bill.

Part F Formation and integration of connection contracts

Division 1 Offer and acceptance – basic and standard connection services

5A.F.1 Distribution Network Service Provider's response to application

- (a) If the *connection service* sought by a *connection applicant* is a *basic connection service* or a *standard connection service* (and the applicant does not elect to apply for a *negotiated connection contract*), the *Distribution Network Service Provider* must make a *connection offer* to the applicant within:
 - (1) 10 business days after receiving a properly completed application for the service and the additional information (if any) reasonably required under clause 5A.D.3(e); or
 - (2) some other period agreed between the *Distribution Network Service Provider* and the *connection applicant*.
- (b) The *connection offer* must be in accordance with the relevant *model standing offer* and must include:
 - (1) the date of the offer; and
 - (2) details of the *connection service* to be provided; and
 - (3) a statement of the *connection charges* payable by the *connection applicant*.

5A.F.2 Acceptance of connection offer

- (a) A *connection offer* to provide a *basic connection service* or *standard connection service* remains open for acceptance for 45 business days from the date of the offer and, if not accepted within that period, lapses unless

the period for acceptance is extended by agreement between the *connection applicant* and the *Distribution Network Service Provider*.

- (b) This clause does not apply if the *connection application* is for an expedited *connection*.

5A.F.3 Offer and acceptance—application for expedited connection

- (a) If:

- (1) a *connection applicant* requests an expedited *connection* in the *connection application*; and
- (2) the *Distribution Network Service Provider* is satisfied that the *connection application* is for a *basic connection service* or *standard connection service* that falls within the terms of the relevant *model standing offer*; and
- (3) the *connection applicant* indicates in the *connection application* that a *connection offer* in terms of the relevant *model standing offer* would be acceptable to the applicant,

the *Distribution Network Service Provider* is taken to have made, and the *connection applicant* is taken to have accepted, a *connection offer* in terms of the relevant *model standing offer* on the date the *Distribution Network Service Provider* receives the application.

- (b) If a *connection applicant* applies for an expedited connection but the *Distribution Network Service Provider* does not agree that an offer in terms of any *model standing offer* is appropriate, the *Distribution Network Service Provider* must notify the *connection applicant* accordingly and draw the applicant's attention to the provisions of these Rules dealing with negotiated connection.

Division 2 Offer and acceptance – negotiated connection

5A.F.4 Negotiated connection offer

- (a) A *Distribution Network Service Provider* must use its best endeavours to make a negotiated *connection offer* to the *connection applicant* within 65 business days after the date of the application for *connection* (but the time taken by the applicant to provide information reasonably sought by the *Distribution Network Service Provider* under clause 5A.C.3(a)(2) will not be counted).
- (b) A negotiated *connection offer*:
- (1) must be in the form of an offer to enter into a contract in specified terms; and
 - (2) must comply with the minimum requirements set out in Schedule

5A.1.

- (c) If the *connection applicant* elected to extend the negotiations to *supply services*, the *connection offer* must contain terms and conditions relating to the *supply services*.
- (d) A negotiated *connection offer* must not include a *connection charge* that is inconsistent with the *Distribution Network Service Provider's connection policy*.
- (e) A negotiated *connection offer* remains open for acceptance for 20 business days from the date of the offer and then lapses unless the period for acceptance is extended by agreement between the *Distribution Network Service Provider* and the *connection applicant*.

Division 3 Formation of contract

5A.F.5 Acceptance of connection offer

- (a) If a *connection offer* to provide a *connection service* is accepted, the terms and conditions of the *connection offer*.
 - (1) become terms and conditions of a connection contract formed between the *Distribution Network Service Provider* and the *connection applicant*; and
 - (2) subject to rule 5A.F.6, are enforceable accordingly.
- (b) The *Distribution Network Service Provider* must, at the request of a *connection applicant*, provide a copy of:
 - (1) the contract formed under paragraph (a); or
 - (2) if that contract has been integrated with, and forms part of, a *customer connection contract* arising under the *NERL*—the integrated contract.

Division 4 Contractual performance

5A.F.6 Carrying out connection work

- (a) A *Distribution Network Service Provider* must use its best endeavours to ensure that *connection work* is carried out within the applicable time limits fixed by the relevant provisions of the *connection contract*.
- (b) However, a *Distribution Network Service Provider* is not obliged to commence or continue with *connection work* if the *connection applicant* fails to comply with conditions that are to be complied with by the *connection applicant*.

Examples

The *connection applicant* fails to pay *connection charges*.

The *connection applicant* fails to comply with technical or safety requirements.

The *connection applicant* fails to complete work that is to be carried out on the *connection applicant's* premises.

The *connection applicant* fails to comply with the *Distribution Network Service Provider's* reasonable request to allow the *Distribution Network Service Provider* safe and unhindered access to the applicant's premises.

5A.F.7 Retailer required for energisation where new connection

A *Distribution Network Service Provider* is not required to energise a *new connection* unless a request to energise the *new connection* is submitted by a *retailer*, or the *Distribution Network Service Provider* is otherwise satisfied that there is a relevant contract with a retailer in relation to the premises.

Part G Dispute resolution between Distribution Network Service Providers and customers

5A.G.1 Relevant disputes

(a) In this Part:

customer means:

- (a) a *retail customer*; or
- (b) a *real estate developer*.

relevant dispute means:

- (1) a dispute between a *Distribution Network Service Provider* and a *customer* about:
 - (i) the terms and conditions on which a *basic connection service* or a *standard connection service* is to be provided; or
 - (ii) the proposed or actual terms and conditions of a *negotiated connection contract*; or
 - (2) a dispute between a *Distribution Network Service Provider* and a *customer* about *connection charges*.
- (b) A relevant dispute is an access dispute for the purposes of section 2A of the Law.

5A.G.2 Determination of dispute

(a) In determining a relevant dispute, the *AER* must (so far as applicable) give effect to:

- (1) the relevant *connection policy*; and
 - (2) a relevant *model standing offer* to provide a *basic or standard connection service*; and
 - (3) this Chapter and any other applicable regulatory instrument.
- (b) In determining a relevant dispute, the *AER* may also:
- (1) have regard to other matters the *AER* considers relevant; and
 - (2) hear evidence or receive submissions from the *Distribution Network Service Provider* and the *customer*; and
 - (3) if the dispute relates to a negotiated *connection contract* – have regard to the negotiation framework set out in clause 5A.C.3.

5A.G.3 Termination of proceedings

- (a) If the *AER* considers that a relevant dispute could be effectively resolved by some means other than an access determination, the *AER* may give the parties to the dispute notice of the alternative means of resolving the dispute.

Example

The AER might give such a notice if of the opinion that a particular dispute could be dealt with more efficiently, and with less expense, by a jurisdictional ombudsman.

- (b) The giving of such a notice is a specified dispute termination circumstance for the purposes of section 131(3) of the Law.

Note

It follows that the AER may exercise its power to terminate the dispute without making an access determination (See section 131(1)(d) of the Law).

SCHEDULE 5A.1 – Minimum content requirements for connection contract

Part A Connection offer not involving embedded generation

- (a) A *connection offer* must contain:
- (1) a provision stating that a *connection contract* will be formed, and will come into operation, on acceptance of the *connection offer*; and
 - (2) details of the *connection point*, the maximum capacity of the *connection*, and the *connection assets* required at the *connection point*; and
 - (3) details of the *premises connection assets* and additional equipment to be installed on the premises and responsibility for undertaking the

work; and

- (4) details of any *distribution network extension* or other *augmentation* required for the purposes of the *connection*; and
 - (5) an undertaking to complete the work required to establish the *connection* within a specified time frame; and
 - (6) a requirement that the *retail customer* have appropriate *metering* installed; and
 - (7) the relevant technical and safety obligations to be met by the *retail customer* relating to the installation; and
 - (8) the *retail customer's* obligation to allow access to the premises by the *Distribution Network Service Provider's* agents, contractors and employees; and
 - (9) the *retail customer's* obligation to accommodate on its premises, and protect from harm, any equipment necessary for the *connection*; and
 - (10) details of the *retail customer's* monetary obligations including billing arrangements and any security to be provided by the customer; and
 - (11) details of the *Distribution Network Service Provider's* monetary obligations (if any) to the *retail customer*; and
 - (12) a provision requiring the *Distribution Network Service Provider* to provide information about the *connection* to the *retail customer*; and
 - (13) provision for amendment of the *connection contract* by agreement between the *Distribution Network Service Provider* and the *retail customer*.
- (b) A *connection offer* that relates to *supply services* must also deal with:
- (1) the *Distribution Network Service Provider's* power to interrupt or reduce the supply of electricity to the *connection point*; and
 - (2) warranties and limitations on the *Distribution Network Service Provider's* liability; and
 - (3) disconnection and reconnection; and
 - (4) reporting and correction of faults; and
 - (5) dispute resolution; and
 - (6) ongoing customer obligations; and
 - (7) termination of the *connection contract*.

Part B Connection offer involving embedded generation

- (a) A *connection offer* to a person who operates, or proposes to operate, an *embedded generating unit* (the **embedded generator**) must contain:
- (1) a provision stating that a *connection contract* will be formed, and will come into operation, on acceptance of the *connection offer*; and
 - (2) details of the *connection point*, the maximum capacity of the connection to import and export electricity, and the *embedded generator's* installation required at the *connection point*; and
 - (3) details of the *premises connection assets* and additional equipment to be installed on the premises and responsibility for undertaking the work; and
 - (4) details of any *distribution network extension* or other *augmentation* required for the purposes of the *connection*; and
 - (5) an undertaking to complete the work required to establish the *connection* within a specified time frame; and
 - (6) a requirement that the *embedded generator* have appropriate metering installed; and
 - (7) the relevant technical and safety obligations to be met by the *embedded generator* relating to the installation; and
 - (8) the *embedded generator's* obligation to allow access to the premises by the *Distribution Network Service Provider's* agents, contractors and employees; and
 - (9) the *embedded generator's* obligation to accommodate on its premises, and protect from harm, any equipment necessary for the *connection*; and
 - (10) details of the *embedded generator's* monetary obligations including billing arrangements and any security to be provided by the *embedded generator*; and
 - (11) details of the *Distribution Network Service Provider's* monetary obligations (if any) to the *embedded generator*; and
 - (12) a provision requiring the *Distribution Network Service Provider* to provide information about the *connection* to the *embedded generator*; and
 - (13) provision for amendment of the *connection contract* by agreement between the *Distribution Network Service Provider* and the *embedded generator*.
- (b) A *connection contract* that relates to *supply services* must also deal with:

- (1) the *Distribution Network Service Provider's* power to interrupt or reduce the supply of electricity to the *connection point*; and
- (2) warranties and limitations on the *Distribution Network Service Provider's* liability; and
- (3) disconnection and reconnection; and
- (4) reporting and correction of faults; and
- (5) dispute resolution; and
- (6) ongoing obligations of the *Distribution Network Service Provider* and the *embedded generator*; and
- (7) termination of the *connection contract*.

[11] Clause 6.1.2 (Structure of this Chapter)

Clause 6.1.2, after paragraph (b)(4) insert:

- (4A) Part DA deals with the preparation of, requirements for and approval of, *connection policies*;

[12] Clause 6.2.1 (a)

Clause 6.2.1(a) Note, omit and substitute:

Note

If the AER decides against classifying a distribution service, the service is, subject to Chapter 5A, not regulated under the Rules.

[13] Clause 6.2.2 (Classification of direct control services as standard control services or alternative control services)

Clause 6.2.2(c)(5), omit “customer” and insert “person”.

[14] Clause 6.6.1

(1) In clause 6.6.1, insert in paragraph(c)(6) after subparagraph (ii):

- (iii) in relation to a *retailer insolvency event*, of :
 - (A) the amount to which the *Distribution Network Service Provider* is entitled under any relevant *credit support*; and
 - (B) the maximum amount of *credit support* (if any) that the *Distribution Network Service Provider* was entitled to

request the *retailer* to provide under the *credit support rules*; and

(C) any amount that the *Distribution Network Service Provider* is likely to receive on a winding-up of the *retailer*.

(2) In clause 6.6.1, insert after paragraph (k):

retailer insolvency event

(l) For the purposes of calculating the *eligible pass through amount* in relation to a *positive change event* which is a *retailer insolvency event*, the increase in costs is the retailer insolvency costs excluding:

- (i) any amount recovered or recoverable from a *retailer* or a guarantor of a *retailer* under any relevant *credit support*; and
- (ii) amounts that the *Distribution Network Service Provider* is likely to receive on a winding-up of the *retailer*; and
- (iii) any costs that are recoverable under a *RoLR cost recovery scheme distributor payment determination*.

(m) The amount the *AER* determines should be passed through to *Distribution Network Users* in respect of a *retailer insolvency event* must be taken to be a cost that can be passed through and not a revenue impact of the event.

[15] New Part DA of Chapter 6

After Part D, insert:

Part DA Connection policies

6.7A Connection policy requirements

This Rule deals with the preparation of, requirements for and approval of *connection policies*.

6.7A.1 Preparation of, and requirements for, connection policy

(a) A *Distribution Network Service Provider* must prepare a document (its proposed *connection policy*) setting out the circumstances in which it may require a *retail customer* or *real estate developer* to pay a *connection charge*, for the provision of a *connection service* under Chapter 5A.

(b) The proposed *connection policy*:

- (1) must be consistent with:
 - (i) the *connection charge principles*; and

- (ii) the *connection charge guidelines*; and
- (2) must specify:
 - (i) the categories of persons that may be required to pay a *connection charge* and the circumstances in which such a requirement may be imposed; and
 - (ii) the aspects of a *connection service* for which a *connection charge* may be made; and

Example

The Distribution Network Service Provider might (for example) make separate connection charges for the provision of a connection asset and for making a necessary extension to, or other augmentation of, the distribution network.

- (iii) the basis on which *connection charges* are determined; and
- (iv) the manner in which *connection charges* are to be paid (or equivalent consideration is to be given); and

Examples

The payment (or equivalent consideration) might take the form of a capital contribution, prepayment or financial guarantee.

- (v) a threshold (based on capacity or any other measure identified in the *connection charge guidelines*) below which a *retail customer* (not being a *non-registered embedded generator* or a *real estate developer*) will not be liable for a *connection charge* for an *augmentation* other than an *extension*.

[16] Clause 6.8.2 (Submission of regulatory proposal)

Clause 6.8.2(c), after subparagraph (5), insert:

- (5A) the proposed *connection policy*; and

[17] Clause 6.12.1 (Constituent decisions)

Clause 6.12.1(17), omit and substitute:

- (17) a decision on the procedures for assigning *retail customers* to *tariff classes*, or reassigning *retail customers* from one *tariff class* to another (including any applicable restrictions);

[18] Clause 6.12.1 (Constituent decisions)

Clause 6.12.1, after paragraph (20), insert:

- (21) a decision on the *connection policy* that is to apply to the *Distribution Network Service Provider* for the *regulatory control period* (which may be the *connection policy* as proposed by the

provider, some variant of it, or a policy substituted by the *AER*).

[19] Clause 6.12.3 (Extent of AER’s discretion in making distribution determinations)

Clause 6.12.3, after paragraph (h), insert:

- (i) The *AER* must approve the proposed *connection policy* if the *AER* is satisfied that it adequately complies with the requirements of Part DA.
- (j) If the *AER* refuses to approve the proposed *connection policy*, the approved amended *connection policy* must be:
 - (1) determined on the basis of the current proposed *connection policy*; and
 - (2) amended from that basis only to the extent necessary to enable it to be approved in accordance with the *Rules*.

[20] Clauses 6.18.3 to 6.18.7 (Minor amendments)

Clauses 6.18.3 to 6.18.7, substitute “*retail customers*” for “customers” wherever occurring.

[21] Clause 6.19.2 (Confidentiality of distribution network pricing information)

Clause 6.19.2(b), omit “customer”, substitute “*retail customer*”.

[22] Insertion of Chapter 6B

After Chapter 6A, insert:

Chapter 6B Retail markets

Part A Retail support

Division 1 – Application and definitions

6B.A1.1 Application of this Part

This Part:

- (a) applies to a *Distribution Network Service Provider* and a *retailer* who have *shared customers*; and
- (b) applies to the exclusion of Part J of Chapter 6 to a *Market Customer* who is a *retailer*; and

- (c) prevails over any inconsistent provisions in a distribution determination.

6B.A1.2 Definitions

In this Part:

customer connection service has the same meaning as in the *NERL*.

date of issue of a *statement of charges* means the date on which the *Distribution Network Service Provider* sends the statement to the *retailer*.

default rate means the *bank bill rate* (as in force from time to time) plus two percentage points per annum.

due date for payment means 10 *business days* from the *date of issue* specified on a *statement of charges*.

network charges means charges that a *Distribution Network Service Provider* is entitled to claim for *customer connection services* in respect of *shared customers* under these *Rules*.

retail billing period means a calendar month or any other period agreed between a *Distribution Network Service Provider* and a *retailer*.

shared customer has the same meaning as in the *NERL*.

statement of charges—see clause 6B.A2.4.

Division 2 Billing and payment rules

6B.A2.1 Obligation to pay

Subject to this Part, a *retailer* must pay to a *Distribution Network Service Provider* the *network charges* payable in respect of each *shared customer* by the *due date for payment*.

Note: This clause is a conduct provision for the purpose of the NEL.

6B.A2.2 Direct customer billing and energy-only contracts

- (a) Where a *Distribution Network Service Provider* and a *shared customer* agree that the customer will be responsible for paying *network charges* directly to the *Distribution Network Service Provider* (a **direct billing arrangement**), the *Distribution Network Service Provider* may issue a bill to that customer for any or all of the *customer connection services* provided to that customer's premises.
- (b) The *Distribution Network Service Provider* must notify the *retailer* of the direct billing arrangement as soon as reasonably practicable after commencement of the agreement.

- (c) A *retailer* has no liability to pay *network charges* that have been, or are to be, billed to the *shared customer* under a *direct billing arrangement*.
- (d) Where a *retailer* and a *shared customer* enter into a contract for the sale of electricity only, the *retailer* must notify the relevant *Distribution Network Service Provider* as soon as reasonably practicable after commencement of the contract.

6B.A2.3 Calculating network charges

Network charges must be calculated in accordance with these *Rules* and a *Distribution Network Service Provider's* distribution determination.

6B.A2.4 Statement of charges

- (a) A *Distribution Network Service Provider* must provide a statement of *network charges* (a **statement of charges**) to a *retailer* as agreed between the parties but no later than the 10th business day of the *retail billing period* next following the *retail billing period* to which the charges relate.
- (b) The *statement of charges* must include:
 - (1) the *network charges*, separately identified, in respect of each *shared customer's* premises for which *metering data* was received, or a service request was completed, during that *retail billing period*;
 - (2) the *date of issue* of the *statement of charges*, and the *due date for payment*;
 - (3) where applicable, the *metering data* for each *shared customer's* premises;
 - (4) any adjustments to *network charges* from previous *retail billing periods*; and

Note: See clause 6B.A3.1.

- (5) where applicable, any credits for GSL payments that the *Distribution Network Service Provider* is required to make in respect of a *shared customer's* premises.
- (c) Subject to these *Rules* and the *Retail Market Procedures*, the format of the *statement of charges* must be as agreed between the *retailer* and *Distribution Network Service Provider* or, in default of agreement, as reasonably determined by the *Distribution Network Service Provider*.
- (d) In this rule:

GSL payment means a payment by a *Distribution Network Service Provider* in respect of non-compliance with a distribution service standard or distribution reliability standard.

service request means a request by a *retailer* to a *Distribution Network Service Provider* for a *customer connection service*.

6B.A2.5 Time and manner of payment

- (a) Subject to clause 6B.A3.3(c), a *retailer* must, by the *due date for payment*, pay the full amount specified in a *statement of charges* without set-off.
- (b) Payment must be made into the *Distribution Network Service Provider's* nominated bank account.

Division 3 Matters incidental to billing and payment

6B.A3.1 Adjustment of network charges

- (a) If a *retailer* is not permitted to recover *network charges* from a *shared customer* under the *NERL* or the *NERR*, then neither is the *Distribution Network Service Provider* permitted to recover those charges from the *retailer*.
- (b) Subject to paragraph (a), *network charges* contained in a *statement of charges* may be adjusted to account for any error in, or correction or substitution of:
 - (1) *metering data*; or
 - (2) any other amount or factor that affects the calculation of the *network charges*.
- (c) An adjustment under paragraph (b) may be made by a *Distribution Network Service Provider* by including, in a subsequent *statement of charges*, the amount required to be paid by, or credited to, the *retailer* together with an explanation of the adjustment.

Note: See also clause 6B.A3.3.

6B.A3.2 Tariff reassignment

- (a) A *retailer*:
 - (1) must, if a *shared customer* informs the *retailer* of a change in use of electricity consumption at the customer's premises as a result of which the *retailer* reasonably considers that the existing *tariff* applying to the customer should no longer apply; and
 - (2) may, for any other reason, but not more than once in any 12 month period in respect of the same premises,

request the *Distribution Network Service Provider* to review the *tariff* to which the customer is assigned.

- (b) The request is to include:

- (1) the reasons for the request; and
 - (2) any relevant information provided by the customer; and
 - (3) the *tariff* proposed by the *retailer*.
- (c) On receipt of the request, the *Distribution Network Service Provider* must decide whether the *tariff* should be changed.
- (d) The *Distribution Network Service Provider* must inform the *retailer* of its decision and, if the decision is not to change the *tariff* or to assign a *tariff* other than that proposed by the *retailer*, the *Distribution Network Service Provider* must also inform the *retailer* of its reasons for the decision.
- (e) If the *Distribution Network Service Provider* decides to change the *tariff*, it must make the change in accordance with:
- (1) the requirements of the *NERL* and the *NERR*;
 - (2) any provisions of the *Distribution Network Service Provider's* distribution determination governing the assignment or re-assignment of *retail customers* to *tariffs*; and
- Note: See clause 6.18.4.
- (3) the *Rules* and the *Retail Market Procedures*.

6B.A3.3 Disputed statements of charges

If a *retailer* disputes an amount (the **disputed amount**) set out in a *statement of charges*, the following provisions apply:

- (a) The *retailer* must give written notice to the *Distribution Network Service Provider* of the disputed amount and the reasons for disputing payment.

Note: A retailer may also give notice pursuant to this clause if it seeks an adjustment under clause 6B.A3.1 or where it disputes an adjustment made under that clause.

- (b) Payment by the *retailer* of all or part of an amount set out in a *statement of charges* does not affect the right of the *retailer* to dispute the amount.
- (c) If the *retailer* has given notice under paragraph (a) and payment of the charges to which the statement relates has not yet been made, the *retailer* must pay the *Distribution Network Service Provider* by the *due date for payment* (unless the *Distribution Network Service Provider* agrees otherwise) the greater of:
- (1) the undisputed component of the *statement of charges*; or
 - (2) 80% of the total amount due under the disputed *statement of*

charges;

- (d) The *retailer* must, if the dispute is not resolved by agreement of the parties within 10 *business days* after the date the *retailer* gave notice under paragraph (a), immediately submit the dispute for resolution or determination in accordance with Chapter 8.
- (e) If the *retailer* fails to submit the dispute for resolution or determination in accordance with paragraph (d), the *Distribution Network Service Provider* may submit the dispute for resolution or determination in accordance with Chapter 8.
- (f) Subject to any determination of the *DRP*, if following resolution or determination of the dispute in accordance with Chapter 8, the amount due to the *Distribution Network Service Provider* is:
 - (1) more than the amount already paid by the *retailer*, the *retailer* must pay the difference to the *Distribution Network Service Provider* within 3 *business days* of the resolution or determination of the dispute, together with interest on the amount of the difference at the *default rate* for each day from the original *due date for payment* to the actual date of payment; or
 - (2) less than the amount already paid by the *retailer*, the *Distribution Network Service Provider* must pay the difference to the *retailer* within 3 *business days* of the resolution or determination of the dispute, together with interest on the amount of the difference at the *default rate* for each day from the date the *retailer* made the overpayment to the *Distribution Network Service Provider* to the actual date of repayment of the amount of the excess by the *Distribution Network Service Provider*.

6B.A3.4 Interest

If requested, a *Distribution Network Service Provider* and a *retailer* must pay interest at the *default rate* on any amount due to the other under this Chapter that remains unpaid after the *due date for payment*, until the date on which that amount is paid in full.

6B.A3.5 Notification of changes to charges

- (a) A *Distribution Network Service Provider* must notify a *retailer* of:
 - (1) any proposed changes in the *Distribution Network Service Provider's* price lists under Chapter 6 (***preliminary information***) no later than 2 *business days* after the date on which the changes are notified to the *AER* under these *Rules*; and
 - (2) any changes in the *Distribution Network Service Provider's* price lists

approved by the *AER* no later than 2 *business days* after the date on which the *AER* notifies the *Distribution Network Service Provider* of the approval; and

- (3) any change in the level of a *network charge* (other than a network tariff) as soon as reasonably practicable after the *Distribution Network Service Provider* becomes aware of that change and, if the change requires the approval of the *AER* under these *Rules*, no later than 2 *business days* after the *AER* advises the *Distribution Network Service Provider* that the change (or the resulting charge) is approved by the *AER*.
- (b) A *retailer* must treat preliminary information notified under paragraph (a)(1) as *confidential information*.
 - (c) A *Distribution Network Service Provider* has no liability where proposed changes contained in preliminary information provided under paragraph (a)(1) are subsequently not approved, or are modified, by the *AER*.

Part B Credit support regime

Note: The credit support rules set out in Part B are conduct provisions for the purpose of the NEL.

Division 1 Application and definitions

6B.B1.1 Application of Part B

This Part B (to be known as the ***credit support rules***) applies to a *Distribution Network Service Provider* and a *retailer*.

- (a) in respect of *shared customers*;
- (b) in respect of charges for services for which the *retailer* pays the *Distribution Network Service Provider* in arrears in accordance with a *statement of charges* under clause 6B.A2.4.

6B.B1.2 Definitions

In this Part:

credit allowance—see clause 6B.B3.1

date of issue has the meaning given in clause 6B.A1.2.

default rate has the meaning given in clause 6B.A1.2.

due date for payment has the meaning given in clause 6B.A1.2.

maximum credit allowance—see clause 6B.B3.2.

network charges has the meaning given in clause 6B.A1.2.

network charges liability (or **NCL**)—see clause 6B.B2.3.

required credit support amount means the amount by which the *network charges liability* exceeds the *credit allowance* of the *retailer*.

shared customer has the meaning given in clause 6B.A1.2.

statement of charges—see clause 6B.A2.4.

Division 2 Requirements for credit support

6B.B2.1 Distribution Network Service Provider may require credit support

- (a) A *Distribution Network Service Provider* may require a *retailer* to provide *credit support*, but only in accordance with the *credit support rules*.
- (b) A *Distribution Network Service Provider* may only require a *retailer* to provide *credit support* up to the *required credit support amount*.

6B.B2.2 Determining required credit support amount

- (a) A *Distribution Network Service Provider* must calculate the amount by which the *network charges liability* of a *retailer* exceeds the *credit allowance* of that *retailer*, to determine the *required credit support amount*, in accordance with the *credit support rules*.
- (b) A *Distribution Network Service Provider* must include in a request to a *retailer* for *credit support*, a statement setting out the basis upon which the *Distribution Network Service Provider* has determined the *required credit support amount*.

6B.B2.3 Determining a retailer's NCL

- (a) A *Distribution Network Service Provider* must estimate the amount of a *retailer's* average billed and unbilled *network charges liability* in accordance with the following formula:

$$NCL = \sum NCL_c$$

where NCL_c means the forecast *network charges* (determined as an average daily amount for a *retail billing period*) relating to those *shared customers* of the *retailer* for which the maximum days outstanding (**MDO**) is the same, multiplied by that MDO where MDO for those customers is calculated as:

$$MDO = FCCP/2 + RBP/2 + IPPL$$

where

FCCP (final customer consumption period) is the number of days in the

average period of consumption covered in a *statement of charges* issued by the *Distribution Network Service Provider* to the *retailer* in respect of those customers' consumption of electricity; and

RBP (*retail billing period*) is the number of days in the *retail billing period* applicable to the *retailer*; and

IPPL (invoice preparation and payment lag) is the number of days between the end of a *retail billing period* covered by a *statement of charges* and the *date of issue* of the statement, plus the number of days allowed for payment of the *network charges* by the *retailer*.

- (b) A *Distribution Network Service Provider* must estimate the *network charges liability* of a *retailer*.
- (1) as at the date the *Distribution Network Service Provider* requests *credit support* from the *retailer*; or
 - (2) on the date the *Distribution Network Service Provider* recalculates the *required credit support amount* under the *credit support rules*.

Division 3 Determining credit allowance for a retailer

6B.B3.1 Calculating retailer credit allowance

- (a) A *Distribution Network Service Provider* must determine a *retailer's credit allowance* as set out in this Division.
- (b) A *retailer's credit allowance* is calculated as follows:

$$CA = MCA \times CA\%$$

where;

CA means the *credit allowance* for a *retailer*;

MCA means the maximum *credit allowance* for that *Distribution Network Service Provider* – see clause 6B.B3.2;

CA% (the ***credit allowance percentage*** for a *retailer*) is the figure expressed as the applicable percentage in the Table in Schedule 6B.1 (which corresponds to the credit rating applicable to the *retailer*) or, where either clause 6B.B3.3 or clause 6B.B3.5 applies, is zero.

6B.B3.2 Distribution Network Service Provider's maximum credit allowance

- (a) For the purpose of determining a *retailer's credit allowance*, a *Distribution Network Service Provider* must calculate its *maximum credit allowance* as follows:

$$MCA = TARC \times 25\%$$

where:

MCA means the *maximum credit allowance* for that *Distribution Network Service Provider*,

TARC or **total annual retailer charges** means the total annual amount of *network charges* billed by the *Distribution Network Service Provider* to all *retailers* as most recently reported by the *Distribution Network Service Provider* to the *AER*.

- (b) A *Distribution Network Service Provider* must report the TARC to the *AER*, and the *AER* must publish on its website the TARC for each *Distribution Network Service Provider*.

6B.B3.3 Credit rating for retailer

- (a) In determining a *retailer's credit allowance*, a *Distribution Network Service Provider* may use a credit rating advised by the *retailer*.
- (b) Unless the *retailer* provides its guarantor's credit rating under clause 6B.B3.4, a *retailer* must advise a *Distribution Network Service Provider* of its credit rating which may be:
 - (1) a Standard & Poor's, Fitch or Moody's credit rating; or
 - (2) where a *retailer* does not have such a rating, a Dun and Bradstreet dynamic risk score.
- (c) A *retailer* must advise a *Distribution Network Service Provider* of any change to its credit rating immediately on becoming aware of that change.
- (d) A *Distribution Network Service Provider* may obtain relevant credit rating information about a *retailer* and monitor ongoing changes to the *retailer's* credit rating.
- (e) If a *retailer* does not have a credit rating of the type described in paragraph (b) then its *credit allowance* percentage is zero.

6B.B3.4 Calculating credit allowance where guarantor

- (a) This clause applies in determining a *retailer's credit allowance* where a person (the **guarantor**) provides the *Distribution Network Service Provider* with an unconditional written guarantee of the *retailer's* financial obligations to the *Distribution Network Service Provider*.
- (b) A *retailer* relying on a guarantor must advise a *Distribution Network Service Provider* of its guarantor's credit rating, which may be:
 - (1) a Standard & Poor's, Fitch or Moody's credit rating; or
 - (2) where a guarantor does not have such a rating, a Dun and Bradstreet dynamic risk score.

- (c) A *retailer* must advise a *Distribution Network Service Provider* of any change to the credit rating of its guarantor immediately on becoming aware of that change.
- (d) A *Distribution Network Service Provider* may obtain relevant credit rating information about a *retailer's* guarantor and monitor any ongoing changes to the guarantor's credit rating.
- (e) If the guarantor of a *retailer* provides a guarantee to more than one *retailer*, the guarantor must advise the *Distribution Network Service Provider*:
 - (1) as to how the guarantor's *credit allowance* is divided among the *retailers* on behalf of whom the guarantor provides a guarantee; and
 - (2) the proportion of the guarantor's *credit allowance* allocated to the *retailer*, and

the guarantor's *credit allowance* must be calculated in accordance with clause 6B.B3.1 as though the guarantor were a *retailer*.

6B.B3.5 When no credit allowance will be extended to a retailer

- (a) No *credit allowance* will be granted to a *retailer* if, at the time of the *Distribution Network Service Provider's* request, any of the following apply:
 - (1) within the previous 12 months, the *retailer* has failed to pay in full:
 - (i) the charges contained in 3 *statements of charges* by the *due date for payment*, or
 - (ii) the charges contained in 2 consecutive *statements of charges* by the *due date for payment*, or
 - (iii) the charges contained in 1 *statement of charges* within 25 *business days* of the *due date for payment*, or
 - (2) *AEMO* makes a claim on any *credit support* held by *AEMO* in respect of the *retailer's* obligations to *AEMO* under these *Rules*.
- (b) If the *retailer* fails to pay charges contained in a *statement of charges*, but the charges are disputed, and the *retailer* has complied with the requirements of clause 6B.A3.3 in respect of the dispute, the *retailer* will not be considered in default in payment of the disputed charges.
- (c) A *retailer* must notify a *Distribution Network Service Provider* within 1 *business day* if it is not to be granted any *credit allowance* because of the operation of paragraph (a)(2).

Division 4 Provision of credit support by retailers

6B.B4.1 Retailer to provide credit support

- (a) A *retailer* must, on request by a *Distribution Network Service Provider*, provide *credit support* to a *Distribution Network Service Provider* in accordance with the *credit support rules*.
- (b) The *credit support* provided by a *retailer* must be:
 - (1) for an amount requested by the *Distribution Network Service Provider*, not exceeding the *required credit support amount* calculated in accordance with the *credit support rules*; and
 - (2) provided within 10 *business days* of the *Distribution Network Service Provider's* request; and
 - (3) an acceptable form of *credit support* in favour of the *Distribution Network Service Provider* (see clause 6B.B4.2).

6B.B4.2 Acceptable form of credit support

- (a) A *retailer* required to provide *credit support* under these *Rules* must provide the *credit support* in an acceptable form.
- (b) An acceptable form of *credit support* is:
 - (1) a form of *credit support* that the *retailer* agrees to provide, and the *Distribution Network Service Provider* agrees to accept; or
 - (2) an undertaking:
 - (i) substantially in the form set out in Schedule 6B.2; and
 - (ii) issued by a financial institution acceptable to the *Distribution Network Service Provider*.

6B.B4.3 Provision of credit support where dispute arises

- (a) A *retailer* must provide *credit support* requested by a *Distribution Network Service Provider* by the due date even though;
 - (1) the *retailer* disputes the *Distribution Network Service Provider's* entitlement to the *credit support* (in whole or in part); and
 - (2) the dispute remains unresolved.
- (b) Where a *DRP* determines that a *Distribution Network Service Provider* was not entitled to the *credit support* provided by the *retailer* in whole or in part, the *Distribution Network Service Provider* must:
 - (1) reimburse the *retailer* for any costs incurred to procure the *credit*

support (including the costs of funding any cash collateral provided to the issuer of *credit support*), in excess of the costs that the *retailer* would have incurred if the correct amount had been requested; and

- (2) pay the *retailer* interest at the *default rate* on the amount of those excess costs.

Division 5 Other Rules relating to credit support

6B.B5.1 Top up of credit support

- (a) A *retailer* must ensure that at all times the aggregate undrawn amount of the *credit support* is not less than the amount requested by a *Distribution Network Service Provider* in accordance with clause 6B.B2.1, adjusted as required in accordance with a request under paragraph (b).
- (b) If at any time the aggregate amount of uncalled *credit support* held by a *Distribution Network Service Provider* is less than 90% of the *required credit support amount*, the *Distribution Network Service Provider* may require a *retailer* to increase the amount of the *credit support* to an amount not exceeding the *required credit support amount*, and the *retailer* must comply with that requirement within 10 *business days*.

6B.B5.2 Reduction of credit support

If the aggregate amount of uncalled *credit support* held by a *Distribution Network Service Provider* is more than 110% of the *required credit support amount*, the *Distribution Network Service Provider* must on request by a *retailer* and in conjunction with the *retailer*, do all things necessary to reduce the aggregate amount of uncalled *credit support* held by the *Distribution Network Service Provider* to the *required credit support amount*.

6B.B5.3 Application of credit support

A *Distribution Network Service Provider* may only apply or draw on the *credit support* if:

- (1) the *Distribution Network Service Provider* has given not less than 3 *business days* notice to a *retailer* that it intends to apply or draw on the *credit support* in respect of an amount due and payable by the *retailer* to the *Distribution Network Service Provider*, and that amount remains outstanding; and
- (2) there is no unresolved dispute under clause 6B.A3.3 about the *retailer's* liability to pay that amount.

6B.B5.4 Return of credit support

- (a) This clause applies if:
 - (1) a *Distribution Network Service Provider* and a *retailer* no longer have

any *shared customers*; or

(2) the *required credit support amount* of a *retailer* is zero.

(b) A *Distribution Network Service Provider* must pay, cancel or return to a *retailer* as appropriate, any balance of *credit support* outstanding after payment of all amounts owing by the *retailer* to the *Distribution Network Service Provider*.

6B.B5.5 Other retailer obligations

(a) A *retailer* must not take any steps to restrain (by injunction or otherwise):

(1) an issuer of *credit support* from paying out, or otherwise satisfying, a claim properly made by the *Distribution Network Service Provider* under the terms of the *credit support*; or

(2) the *Distribution Network Service Provider* from making a claim on the *credit support* in accordance with the *credit support rules*; or

(3) the *Distribution Network Service Provider* using the money obtained by calling on the *credit support*.

(b) A *Distribution Network Service Provider* may disclose to its financiers, the AER or AEMO that it has required or called on *credit support* provided by the *retailer* under the *credit support rules*.

Schedule 6B.1

(Clause 6B.B3.1)

Credit support allowance percentages

Standard and Poor's / Fitch Rating	Moody's Rating	Dun and Bradstreet dynamic risk score	Credit allowance (% of Maximum)
AAA	Aaa		100.0%
AA+, AA, AA-	Aa1, Aa2, Aa3	Minimal	100.0%
A+, A, A-	A1, A2, A3	Very Low	100.0%
BBB+	Baa1	Low	52.9%
BBB	Baa2	Average	37.5%
BBB-	Baa3		22.0%
BB+	Ba1		17.0%
BB	Ba2	Moderate	11.0%
BB-	Ba3	High	6.7%
B+	B1	Very High	3.3%
B	B2		1.4%
B-	B3	Severe	0.9%
CCC/CC	Caa, Ca, C		0.3%

Schedule 6B.2

Prescribed form of unconditional undertaking for credit support

(Clause 6B.B4.2)

In this deed:

- (a) ABC Ltd (ACN) is the *retailer*, and
- (b) DEF Ltd (ACN) is the *Distribution Network Service Provider*, and
- (c) GHI Ltd (ACN) is the Financial Institution.

The Financial Institution unconditionally undertakes to pay, on demand by the *Distribution Network Service Provider*, to the *Distribution Network Service Provider* any sum or sums up to a maximum aggregate of \$.....

The payment or payments are to be made forthwith and unconditionally, without reference to the *retailer*, and despite any instruction from the *retailer* not to make the payment or payments.

A demand for payment under this deed is to be made on behalf of the *Distribution Network Service Provider* by[*name of person authorised to act on behalf of the Distribution Network Service Provider*]

This deed is terminated if:

- (a) the *Distribution Network Service Provider* notifies the Financial Institution that it no longer requires the Financial Institution’s undertaking; or
- (b) the Financial Institution pays to the *Distribution Network Service Provider* a sum or sums amounting to its maximum aggregate liability under this deed; or
- (c) the parties agree to terminate it.

Executed as a deed at this day of.....
.....20.....

[23] Clause 7.1.1 (Purpose)

- (1) Clause 7.1.1 heading, omit “Purpose” and substitute “Contents”
- (2) Clause 7.1.1 (a), omit and substitute “[Deleted]”.
- (3) Clause 7.1.1(b), renumber as new clause 7.1.1(a).

[24] New Rule 7.5A (Disclosure of NMI information)

After Rule 7.5, insert:

7.5A Disclosure of NMI information

7.5A.1 Application of this Rule

A retailer is entitled to information under this Rule only if the relevant information is not available to the retailer through the Market Settlement and Transfer Solution Procedures.

7.5A.2 NMI and NMI checksum

- (a) *A Distribution Network Service Provider must, at the request of a retailer, and within 1 business day of the date of the request, provide the retailer with the NMI and NMI checksum for premises identified in the request by reference to:*
 - (1) *a unique meter identifier held by the Distribution Network Service Provider, or*
 - (2) *a street address; or*
 - (3) *the code used by Australia Post to provide a unique identifier for postal addresses.*
- (b) *If a computer search by the Distribution Network Service Provider does not produce a unique match for the information provided by the retailer, the Distribution Network Service Provider must provide the retailer with any computer matches achieved up to a maximum of 99.*

7.5A.3 NMI Standing Data

A Distribution Network Service Provider must, at the request of a retailer, and within 2 business days of the date of the request, provide the retailer with the NMI Standing Data for premises identified in the request by reference to the NMI for the premises.

[25] Rule 7.7 (Entitlement to metering data)

Rule 7.7(d), substitute:

- (d) Despite anything to the contrary in this *Rule*, AEMO may provide an *energy ombudsman* with *metering data* relating to a *Registered Participant* from a *metering installation*, the *metering database*, or the *metering register* if the ombudsman has received a complaint to which the data is relevant from a *retail customer* of the *Registered Participant*.

[26] Rule 7.8 (Security of Metering Installations and Data)

(1) Clause 7.8.1(e)(1), substitute:

- (1) the *financially responsible Market Participant* if the seal was broken by a *retail customer* of that *Market Participant*;

(2) Clause 7.8.2(g), line 3, omit “customer” and substitute “*retail customer*”.

[27] New Rule 8.3 (Power to make Electricity Procedures)

After Rule 8.2A insert:

8.3 Power to make Electricity Procedures

- (a) AEMO may make *Electricity Procedures*.
- (b) *Electricity Procedures* may govern:
 - (1) the operation of the *national electricity market*; or
 - (2) the sale and supply of electricity to *retail customers*.
- (c) *Electricity Procedures* may amend or revoke procedures formerly made under this Part or AEMO's general administrative powers to regulate electricity markets.

[28] Rule 8.10 (Consumer advocacy funding obligation)

Rule 8.10(b), omit and substitute:

- (b) AEMO may recover the costs of meeting its consumer advocacy funding obligation from *participant fees* and may allocate the costs to *Market Customers*.

Schedule 2 Amendments to Jurisdictional Derogations in Chapter 9 of the National Electricity Rules

(Clause 4)

Part B Jurisdictional derogations for New South Wales

[1] Clause 9.11.1

(1) In clause 9.11.1(b), omit the following definitions and corresponding meaning:

EnergyAustralia

Mount Piper Cross Border Leases

Mount Piper Participants

(2) In clause 9.11.1(b), in the definition of "Power Supply Agreement", omit paragraph (c) and add a full stop at the end of paragraph (b).

[2] Clause 9.12.1

Omit clause 9.12.1 and insert "[Deleted]".

[3] Clause 9.12.2

In clause 9.12.2, omit the words "the holder of a retail supplier's licence issued under the ES Act" and substitute "a retailer".

[4] Clause 9.12.3

In clause 9.12.3(a), omit the words "and must register with *NEMMCO* as" and substitute "and must be registered with *AEMO* as."

[5] Clause 9.12.3

In clause 9.12.3(j), omit the word "*NEMMCO*" and substitute "*AEMO*".

[6] New rule 9.15 NSW contestable services for Chapter 5A

Delete the current rule 9.15, and substitute:

9.15 NSW contestable services for Chapter 5A

9.15.1 Definitions

In this rule 9.15—

- (a) **connection service** has the same meaning as in Chapter 5A.
- (b) **NSW contestable service** means a connection service that is contestable under the *jurisdictional electricity legislation* of NSW, because that legislation permits the service to be provided by more than one supplier as a contestable service or on a competitive basis.

9.15.2 Chapter 5A not to apply to certain contestable services

Chapter 5A of the Rules does not apply to a NSW contestable service.

[7] Clause 9.16.1

In clause 9.16.1, omit “[Deleted]” and insert:

9.16.1 NSW contestable services

- (a) In this clause 9.16.1—
 - (1) **connection service** has the same meaning as in Chapter 5A.
 - (2) **NSW contestable service** means a connection service that is contestable under the *jurisdictional electricity legislation* of NSW, because that legislation permits the service to be provided by more than one supplier as a contestable service or on a competitive basis.
- (b) Part DA of Chapter 6 does not apply to a NSW contestable service.

[8] Clause 9.16.5

Omit clause 9.16.5 and insert “[Deleted]”

Part D Jurisdictional derogations for South Australia

[9] Clause 9.26.2

Omit clause 9.26.2 and substitute:

9.26.2 Registration as a Customer

For the purposes of clause 2.3.1(e), a person may classify its electricity purchased at a *connection point* in South Australia if the person is a *retailer* or a customer pursuant to the *Electricity Act* and regulations.

[10] Clause 9.28.1

In clause 9.28.1, omit “*NEMMCO*” and substitute “*AEMO*” wherever occurring.

[11] Clause 9.28.3

Omit clause 9.28.3 in its entirety.

[12] Clause 9.30.1

In clause 9.30.1, omit subparagraphs (2)-(5) in their entirety.

[13] Clause 9.30.2

Omit clause 9.30.2 in its entirety.

[14] Heading Schedule 9D1-deleted

Omit the heading.

Part E Jurisdictional derogations for Queensland

[15] Clause 9.32.1

(1) In clause 9.32.1(a)(2), omit the following definitions in column 1 and the corresponding meaning in column 2:

Contestable Customer

retail authority

Retail Entity

special approval

(2) In clause 9.32.1(a)(2), insert the following definitions in column 1 (in alphabetical order) and the corresponding meaning in column 2:

excluded customer	An excluded customer as defined in the <i>Electricity Act</i> .
exempt seller	An exempt seller as defined in the National Energy Retail Law (Queensland).

[16] Clause 9.34.4

Omit and substitute:

9.34.4 Registration as a Customer (clause 2.3.1)

- (a) Subject to clause 9.34.4(c), for the purpose of clause 2.3.1(e), a person satisfies the requirements of Queensland for classification of a *connection point* if that person is:
- (1) a customer (other than an excluded customer) in relation to that *connection point*; or
 - (2) a *retailer* who is authorised to sell electricity to the person *connected* at that *connection point*; or
 - (3) an exempt seller; or
 - (4) a person exempted under the National Energy Retail Law (Queensland), from the operation of section 88 of that Act.
- (b) For the purpose of clause 2.3.1(e), a person does not satisfy the requirements of Queensland for classification of its electricity purchased at a *connection point* in Queensland if the electricity is supplied through a *transmission system* which does not form part of the *national grid*.

Part F Jurisdictional derogations for Tasmania

[17] Rule 9.41A

Omit rule 9.41A in its entirety.

[18] Clause 9.42.1

- (1) In clause 9.42.1(b), omit the following definitions in column 1 and the corresponding meaning in column 2:

Interconnection Date

National Electricity Code

Old National Electricity Law

Price Control Regulations

Reliability and Network Planning Panel

Retail Licence

Tasmanian Determination on Power System Frequency Operating Standards

Tasmanian power system security and reliability standards

Third Tranche Commencement Date

[19] Rule 9.43

Omit rule 9.43 and substitute “[Deleted]”.

[20] Rule 9.44

Omit and substitute:

For the purposes of clause 2.3.1(e), and for the purposes of clause 2.4.2(b) in so far as it relates to *Customers*, a person satisfies the requirements of Tasmania for classification of a *connection point* of that person if that person is a *retailer* or is a contestable customer within the meaning of the *ESI Act* in respect of that *connection point*.

[21] Rule 9.45

Omit rule 9.45 in its entirety and substitute:

9.45 Tasmanian Region (clause 3.5)

Notwithstanding Chapter 2A, the State of Tasmania is, and must be, one *region* and that *region* must not include any areas which fall outside of the State of Tasmania.

[22] Rule 9.46

Omit rule 9.46 in its entirety.

[23] Rule 9.47

Omit clauses 9.47.2-9.47.4 in their entirety.

[24] Rule 9.48

- (1) Amend the heading by deleting “for Chapter 6”.
- (2) Omit clauses 9.48.1; 9.48.2; 9.48.3 and 9.48.4.
- (3) In clause 9.48.4A, subclause (2), omit “Issue No 3, May 2005” and substitute “Issue No 5, March 2011.”
- (4) In clause 9.48.4B, subclause ((b)), omit and substitute:
“(b) In this clause, small customer has the same meaning as under the *National Energy Retail Law (Tasmania) Regulations 2012*.”

[25] Rule 9.49

Omit rule 9.49 in its entirety.

Schedule 3 Amendments to Chapter 10 (Glossary) of the National Electricity Rules

(Clause 5)

[1] New definitions in Chapter 10 (Glossary)

Insert, (in alphabetical order) the following new definitions:

basic connection service

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1.

basic micro EG connection service

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1.

connection alteration

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1.

connection alteration charge

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1.

connection application

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1.

connection charge

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1.

connection charge guidelines

Has the meaning given in clause 5A.D.3.

connection charge principles

Has the meaning given in clause 5A.E.1.

connection contract

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1.

connection offer

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1.

connection policy

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1.

credit allowance

Has (in the context of Chapter 6B) the meaning given in clause 6B.B1.2.

customer connection service

Has (in the context of Chapter 6B) the meaning given in clause 6B.A1.2.

date of issue

Has (in the context of Chapter 6B) the meaning given in clause 6B.A1.2.

default rate

Has (in the context of Chapter 6B) the meaning given in clause 6B.A1.2.

due date for payment

Has (in the context of Chapter 6B) the meaning given in clause 6B.A1.2.

Electricity Procedures

Procedures made under these Rules including:

- (a) *Retail Market Procedures*; and
- (b) procedures governing the operation of the *National Electricity Market*; and
- (c) *RoLR procedures* for electricity; and
- (d) procedures dealing with any other subject on which these *Rules* empower the making of procedures.

energy laws

Has the meaning given in section 2(1) of the NERL

energy ombudsman

Has the same meaning as in the *NERL*.

enquiry

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1

insolvency official

A receiver, receiver and manager, administrator, provisional liquidator, liquidator, trustee in bankruptcy or person having a similar or analogous function.

maximum credit allowance

Has (in the context of Chapter 6B) the meaning given in clause 6B.B1.2.

micro EG connection

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1

micro embedded generator

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1

model standing offer

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1

National Energy Retail Law

Means the *National Energy Retail Law* set out in the Schedule to the *National Energy Retail Law (South Australia) Act 2012* of South Australia.

National Energy Retail Rules

Has the same meaning as in the *National Energy Retail Law*.

NERL

National Energy Retail Law.

NERR

National Energy Retail Rules.

network charges

Has (in the context of Chapter 6B) the meaning given in clause 6B.A1.2.

network charges liability (or NCL)

Has (in the context of Chapter 6B) the meaning given in clause 6B.B1.2.

new connection

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1

premises connection assets

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1

real estate developer

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1

real estate development

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1

required credit support amount

Has (in the context of Chapter 6B) the meaning given in clause 6B.B1.2.

retail billing period

Has (in the context of Chapter 6B) the meaning given in clause 6B.A1.2.

retail customer

Has the same meaning as in the *National Electricity Law*.

Retail Market Procedures

Procedures made under these *Rules* for or in connection with the sale and supply of electricity to *retail customers* or the operation of retail electricity markets including:

- (a) *B2B procedures*; and
- (b) the *Market Settlement and Transfer Solution* (MSATS) Procedures; and
- (c) the *metrology procedures*; and
- (d) other procedures dealing with, or incidental to, the retail sale or supply of electricity or related services.

retailer

Has the same meaning as in the *National Electricity Law*.

retailer insolvency event

The failure of a *retailer* during a *regulatory control period*, to pay a *Distribution Network Service Provider* an amount to which the service provider is entitled for the provision of *direct control services*, if:

- (a) an *insolvency official* has been appointed in respect of that *retailer*; and
- (b) the *Distribution Network Service Provider* is not entitled to payment of that amount in full under the terms of any *credit support* provided in respect of that *retailer*.

RoLR cost recovery scheme distributor payment determination

Has the same meaning as in the *National Energy Retail Law*.

RoLR Procedures

Has the same meaning as in the *National Energy Retail Law*.

RoLR

Has the same meaning as in the *National Energy Retail Law*.

shared customer

Has (in the context of Chapter 6B) the meaning given in clause 6B.A1.2.

standard connection service

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1.

statement of charges

Has (in the context of Chapter 6B) the meaning given in clause 6B.A1.2.

supply service

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1

[2] Modification of existing definitions in Chapter 10 (Glossary)

Omit the current corresponding definitions and substitute the following definitions:

credit support

For the purposes of Chapter 3—an obligation owed to *AEMO* by a third party supporting the obligations of a *Market Participant* and having the characteristics required by clause 3.3.2.

For the purposes of Chapter 6B—a security supporting the obligations of a *retailer* to a *Distribution Network Service Provider* under Chapter 6B.

Distribution Customer

A *Customer*, *Distribution Network Service Provider*, *Non-Registered Customer*, *franchise customer*, or *retail customer* having a *connection point* with a *distribution network*.

pass through event

Any of the following is a *pass through event*.

- (a) a *regulatory change event*;
- (b) a *service standard event*;
- (c) a *tax change event*;

- (d) a *terrorism event*;
- (e) for a *transmission determination*, an *insurance event*;
- (f) for a distribution determination:
 - (1) a *retailer insolvency event*;
 - (2) any other event nominated in the distribution determination as a *pass through event*.

positive change event

- (a) For a *Transmission Network Service Provider*, a *pass through event* that *materially* increases the costs of providing *prescribed transmission services*, but does not include a *contingent project* or an associated *trigger event*.
- (b) For a *Distribution Network Service Provider*, a *pass through event* that *materially* increases the costs of providing *direct control services*.
- (c) For a *Distribution Network Service Provider*, a *retailer insolvency event*.

tariff class

A class of *retail customers* for one or more *direct control services* who are subject to a particular tariff or particular tariffs.

[3] Addition of note to certain definitions

- (1) At the end of each definition listed below, insert a note in the following terms:

‘In the context of Chapter 5A, the above definition has been displaced by a definition specifically applicable to that Chapter. See clause 5A.A.1.’

connect, connected, connection

Connection Applicant

connection service

contestable

Embedded Generator

retail customer

[4] Deletion of existing definitions in Chapter 10 (Glossary)

Omit the following definition:

retailer of last resort

In relation to a jurisdiction, means a person or persons required under the retailer of last resort arrangements of that jurisdiction to assume the obligations under the *Rules* (including the obligation to pay *trading amounts* and other amounts due under the *Rules*) of a *Market Customer*

Schedule 4 Savings and Transitional Amendments to Chapter 11 of the National Electricity Rules

(Clause 6)

[1] Insertion of Part ZP in Chapter 11

The following Part is inserted in Chapter 11 after Part ZN (clause 11.45.3):

Part ZP Interim Connection Charging Rules

11.46 Rules consequential to the insertion of Chapter 5A by the National Electricity (National Energy Retail Law) Amendment Rule 2012

Division 1 Preliminary

11.46.1 Definitions

In this Part:

ACT distributor means ActewAGL Distribution, a partnership of ACTEW Distribution Ltd (ACN 073 025 224) and Jemena Networks (ACT) Pty Ltd (ACN 008 552 663).

established distributor means any of the following *Distribution Network Service Providers*:

- (a) an ACT distributor; or
- (b) a NSW distributor; or
- (c) a QLD distributor; or
- (d) a SA distributor; or
- (e) a Tasmanian distributor; or
- (f) a Victorian distributor.

NSW distributor means any of the following:

- (a) Essential Energy (established under the Energy Services Corporation Act 1995 (NSW));
- (b) Endeavour Energy (established under the Energy Services Corporation Act 1995 (NSW));
- (c) Ausgrid (established under the Energy Services Corporation Act 1995 (NSW));

interim connection charging rules (ICCR) means the rules prescribed in

this Part.

QLD distributor means either of the following:

- (a) Ergon Energy Corporation Limited (ACN 087 646 062);
- (b) Energex Ltd (ACN 078 849 055).

relevant provisions means Chapter 5A and Part DA of Chapter 6.

SA distributor means ETSA Utilities (ABN 13 332 330 749) a partnership of Spark Infrastructure (No. 1) Pty Ltd (ACN 091 142 380), Spark Infrastructure (No.2) Pty Ltd (ACN 091 143 038), Spark Infrastructure (No. 3) Pty Ltd (ACN 091 142 362), CKI Utilities Development Ltd (ARBN 090 718 880) and Pai Utilities Development Ltd (ARBN 090 718 951)

start date means the date when these interim connection charging rules come into operation.

Tasmanian distributor means Aurora Energy Pty Ltd (ACN 082 464 622).

transition date means for each distributor the date on which the transition period for that distributor ends.

transition period means:

- (a) for the ACT distributor – the period from the start date to the actual commencement date of the *regulatory control period* due to commence on 1 July 2014; and
- (b) for a NSW distributor – the period from the start date to the actual commencement date of the *regulatory control period* due to commence on 1 July 2014; and
- (c) for a QLD distributor – the period from the start date to the actual commencement date of the *regulatory control period* due to commence on 1 July 2015; and
- (d) for the SA distributor – the period from the start date to the actual commencement date of the *regulatory control period* due to commence on 1 July 2015; and
- (e) for the Tasmanian distributor – the period from the start date to the actual commencement date of the *regulatory control period* due to commence on 1 July 2017; and
- (f) for a Victorian distributor – the period from the start date to the actual commencement date of the *regulatory control period* due to commence on 1 January 2016.

Victorian distributor means any of the following:

- (a) United Energy Distribution Pty Ltd (ACN 064 651 029);
- (b) Jemena Electricity Networks (Vic) Ltd (ACN 064 651 083);
- (c) Citipower Pty (ACN 064 651 056);
- (d) Powercor Australia Ltd (ACN 064 651 109);
- (e) SPI Electricity Pty Ltd (ACN 064 651 118)

11.46.2 Extended meaning of some terms

During the transition period:

- (a) a *basic connection service* includes not only a *connection service* for which a *model standing offer* has been approved by the AER (see paragraph (c) of the definition in clause 5A.A.1) but also one for which the AER's approval of a *model standing offer* is not required; and
- (b) a *standard connection service* includes not only a *connection service* for which a *model standing offer* has been approved by the AER (see definition in clause 5A.A.1) but also one for which the AER's approval of a *model standing offer* is not required; and
- (c) a *model standing offer* includes a document prepared and published by an established distributor, without the AER's approval, as a *model standing offer* to have effect during the transition period (but not beyond the end of that period).

11.46.3 Transitional operation of relevant provisions

- (a) During the transition period, the relevant provisions operate subject to the exclusions, qualifications and modifications prescribed by this Part.
- (b) However, the relevant provisions operate without the exclusions, qualifications and modifications prescribed by this Part insofar as they relate to:
 - (1) a period beyond the transition period; or
 - (2) a person (such as a new entrant to the industry) that is not an established distributor.

Example

An established distributor who submits a regulatory proposal for the regulatory control period that follows on the distributor's transition period is bound by the relevant provisions (without exclusion, qualification or modification) in relation to the regulatory proposal even though the proposal is submitted during the transition period.

- (c) A transaction commenced by or with an established distributor during the transition period may be continued and completed after the transition period without regard to changes to the rules governing the transaction

that take effect at the end of the transition period.

Division 2 Jurisdictional differences

11.46.4 Exclusions, qualifications and modifications for ACT

During the transition period, the relevant provisions apply to, and in relation to, the ACT distributor subject to the following exclusions, qualifications and modifications:

Connection Policy

- (a) A document, prepared by the ACT distributor and *published* on the ACT distributor's website, will (although not approved by the AER) be taken to be the ACT distributor's *connection policy* for the purposes of the relevant provisions if:
 - (1) it sets out the circumstances in which *connection charges* are payable and the basis for determining the amount of such charges; and
 - (2) it applies and is consistent with:
 - (i) the *Electricity Network Capital Contributions Code* approved in 2007 by the ACT Independent Competition and Regulatory Commission under section 58 of the *Utilities Act 2000* (ACT); and
 - (ii) the AER's final decision on the distribution determination for the Australian Capital Territory for the regulatory years 2009-10 to 2013-14 dated 28 April 2009.

Model standing offers (basic connection services)

- (b) A document, prepared by the ACT distributor and *published* on the ACT distributor's website, will (although not approved by the AER) be regarded as a *model standing offer* to provide *basic connection services* during the *transition period* if it complies with the requirements of clause 5A.B.2(b) as to its terms and conditions.
- (c) If, during the transition period, the AER approves a *model standing offer* for the same *basic connection services*, the approved *model standing offer* supersedes the former *model standing offer* under this clause.
- (d) The ACT distributor's obligation to have a *model standing offer* to provide *basic connection services* (clause 5A.B.1) operates during the *transition period* but the AER's approval of the *model standing offer* is not required until the transition date.
- (e) The ACT distributor's obligation to submit for the AER's approval a proposed *model standing offer* to provide *basic connection services*

(Clause 5A.B.2(a)) does not arise until the ACT distributor is obliged to submit a *regulatory proposal* for the *regulatory control period* first commencing after the transition date.

Model standing offer (standard connection services)

- (f) A document, prepared by the ACT distributor and *published* on the ACT distributor's website, will (although not approved by the *AER*) be regarded as a *model standing offer* to provide *standard connection services* during the transition period if it complies with the requirements of clause 5A.B.4(c) as to its terms and conditions.
- (g) If, during the transition period, the *AER* approves a *model standing offer* for the same *standard connection services*, and the approved *model standing offer* is to take effect before the end of the transition period, the approved *model standing offer* supersedes the former *model standing offer*.
- (h) The ACT distributor may submit for the *AER*'s approval a *model standing offer* to provide *standard connection services* (clause 5A.B.4) during the transition period but the *AER*'s approval of the *standing offer* is not required until the transition date.

Amendment of standing offers

- (i) During the transition period, the ACT distributor may amend a *standing offer* to provide *basic connection services* or *standard connection services* during the transition period by publishing the amendments and the amended text on its website. (This paragraph applies during the transition period to the exclusion of clause 5A.B.6.)

11.46.5 Exclusions, qualifications and modifications for NSW

During the transition period, the relevant provisions apply to, and in relation to, NSW distributors subject to the following exclusions, qualifications and modifications:

Connection Policy

- (a) A document, prepared by a NSW distributor and *published* on the NSW distributor's website, will (although not approved by the *AER*) be taken to be the NSW distributor's *connection policy* for the purposes of the relevant provisions if:
 - (1) it sets out the circumstances in which *connection charges* are payable and the basis for determining the amount of such charges;
 - (2) it applies and is consistent with Determination No 1 of 2002 "Capital Contributions and Repayments for Connections to Electricity Distribution Networks in New South Wales" made by IPART under section 11(3) of the *Independent Pricing and*

Regulatory Tribunal Act 1992 (NSW).

Model standing offers (basic connection services)

- (b) A document, prepared by a NSW distributor and *published* on the NSW distributor's website, will (although not approved by the *AER*) be regarded as a *model standing offer* to provide *basic connection services* during the transition period if it complies with the requirements of clause 5A.B.2(b) as to its terms and conditions.
- (c) If, during the transition period, the *AER* approves a *model standing offer* for the same *basic connection services*, the approved *model standing offer* supersedes the former *model standing offer*.
- (d) A NSW distributor's obligation to have a *model standing offer* to provide *basic connection services* (clause 5A.B.1) operates during the *transition period* but the *AER's* approval of the *standing offer* is not required until the transition date.
- (e) A NSW distributor's obligation to submit for the *AER's* approval a proposed *model standing offer* to provide *basic connection services* (Clause 5A.B.2(a)) does not arise until the NSW distributor is obliged to submit a regulatory proposal for the *regulatory control period* first commencing after the transition date.

Model standing offer (standard connection services)

- (f) A document, prepared by a NSW distributor and *published* on the NSW distributor's website, will (although not approved by the *AER*) be regarded as a *model standing offer* to provide *standard connection services* during the transition period if it complies with the requirements of clause 5A.B.4(c) as to its terms and conditions.
- (g) If, during the transition period, the *AER* approves a *model standing offer* for the same *standard connection services*, the approved *model standing offer* supersedes the former *model standing offer*.
- (h) A NSW distributor may submit for the *AER's* approval a *model standing offer* to provide *standard connection services* (clause 5A.B.4) during the transition period but the *AER's* approval of the *standing offer* is not required until the transition date.

Amendment of standing offers

- (i) During the transition period, a NSW distributor may amend a *standing offer* to provide *basic connection services* or *standard connection services* during the transition period by publishing the amendments and the amended text on its website. (This paragraph applies during the transition period to the exclusion of clause 5A.B.6.)

11.46.6 Exclusions, qualifications and modifications for Queensland

During the transition period, the relevant provisions apply to, and in relation to, a QLD distributor subject to the following exclusions, qualifications and modifications:

Connection Policy

- (a) If a QLD distributor has a capital contributions policy published under clause 11.16.10, that policy is, during the transition period, taken to be the QLD distributor's *connection policy* (although not approved as a *connection policy* by the AER).

Model standing offer (basic connection services)

- (b) A document, prepared by a Queensland distributor and *published* on a Queensland distributor's website, will (although not approved by the AER) be regarded as a *model standing offer* to provide *basic connection services* during the transition period if it complies with the requirements of clause 5A.B.2(b) as to its terms and conditions.
- (c) The QLD distributor's obligation to submit for the AER's approval a proposed *model standing offer* to provide *basic connection services* (Clause 5A.B.2(a)) does not arise until the QLD distributor is obliged to submit a *regulatory proposal* for the *regulatory control period* first commencing after the transition date.

Model standing offer (standard connection services)

- (d) A document, prepared by a QLD distributor and *published* on the QLD distributor's website, will (although not approved by the AER) be regarded as a *model standing offer* to provide *standard connection services* during the transition period if it complies with the requirements of clause 5A.B.4(c) as to its terms and conditions.
- (e) If, during the transition period, the AER approves a *model standing offer* for the same *standard connection services*, the approved *model standing offer* supersedes the former *model standing offer*.
- (f) A QLD distributor may submit for the AER's approval a *model standing offer* to provide *standard connection services* (clause 5A.B.4) during the transition period but the AER's approval of the *standing offer* is not required until the transition date.

Amendment of standing offers

- (g) During the transition period, a QLD distributor may amend a *standing offer* to provide *basic connection services* or *standard connection services* by publishing the amendments and the amended text on its website. (This paragraph applies during the transition period to the exclusion of clause 5A.B.6.)

11.46.7 Exclusions, qualifications and modifications for SA

During the transition period, the relevant provisions apply to, and in relation to, the SA distributor subject to the following exclusions, qualifications and modifications:

Connection Policy

- (a) A document, prepared by the SA distributor and *published* on the SA distributor's website, will (although not approved by the *AER*) be taken to be the SA distributor's *connection policy* for the purposes of the relevant provisions if:
 - (1) it sets out the circumstances in which *connection charges* are payable, the basis for determining the amount of those charges, the time at which those charges may be required by the SA distributor and any rebate from the SA distributor to the customer; and
 - (2) it applies and is consistent with the distribution determination 2010-11 to 2014-15, made for the SA distributor by the *AER*.

Model standing offers (basic connection services)

- (b) The SA distributor's obligation to have a *model standing offer* to provide *basic connection services* (clause 5A.B.1) operates from the commencement of the transition period.
- (c) The SA distributor must therefore comply with its obligation to submit for the *AER*'s approval a proposed *model standing offer* to provide *basic connection services* (Clause 5A.B.2(a)).
- (d) The requirements as to the content of the *model standing offer* (clause 5A.B.2(b)) apply during (as well as after) the transition period.

Model standing offers (standard connection services)

- (e) The *relevant provisions* regarding *model standing offers* to provide *standard connection services* operate without modification during the transition period.

Amendment of standing offers

- (f) During the transition period, clause 5A.B.6 applies to the amendment of a *standing offer* to provide *basic connection services* or *standard connection services*.

11.46.8 Exclusions, qualifications and modifications for Tasmania

During the transition period, the relevant provisions apply to, and in relation to, the Tasmanian distributor subject to the following exclusions, qualifications and modifications:

Connection Policy

- (a) The document “Policy: Customer Capital Contributions” submitted by the Tasmanian distributor as part of its *regulatory proposal* for the regulatory years 1 July 2012 to 30 June 2017 is taken, during the transition period to be a *connection policy* approved by the *AER*.

Model standing offers (basic connection services)

- (b) A document, prepared by the Tasmanian distributor and *published* on the Tasmanian distributor’s website, will (although not approved by the *AER*) be regarded as a *model standing offer* to provide *basic connection services* during the transition period if it complies with the requirements of clause 5A.B.2(b) as to its terms and conditions.
- (c) If, during the transition period, the *AER* approves a *model standing offer* for the same *basic connection services*, the approved *model standing offer* supersedes the former *model standing offer*.
- (d) The Tasmanian distributor’s obligation to have a *model standing offer* to provide *basic connection services* (clause 5A.B.1) operates during the transition period but the *AER*’s approval of the *standing offer* is not required until the transition date.
- (e) The Tasmanian distributor’s obligation to submit for the *AER*’s approval a proposed *model standing offer* to provide *basic connection services* (Clause 5A.B.2(a)) does not arise until the Tasmanian distributor is obliged to submit a *regulatory proposal* for the *regulatory control period* first commencing after the transition date.

Model standing offer (standard connection services)

- (f) A document, prepared by the Tasmanian distributor and *published* on the Tasmanian distributor’s website, will (although not approved by the *AER*) be regarded as a *model standing offer* to provide *standard connection services* during the transition period if it complies with the requirements of clause 5A.B.4(c) as to its terms and conditions.
- (g) If, during the transition period, the *AER* approves a *model standing offer* for the same *standard connection services*, the approved *model standing offer* supersedes the former *model standing offer*.
- (h) The Tasmanian distributor may submit for the *AER*’s approval a proposed *model standing offer* to provide *standard connection services* (clause 5A.B.4) during the transition period but the *AER*’s approval of the *model standing offer* is not required until the *transition date*.

Amendment of standing offers

- (i) During the transition period, the Tasmanian distributor may amend a

standing offer to provide *basic connection services* or *standard connection services* by publishing the amendments and the amended text on its website. (This paragraph applies during the transition period to the exclusion of clause 5A.B.6.)

11.46.9 Exclusions, qualifications and modifications for Victoria

During the transition period, the relevant provisions apply to, and in relation to, Victorian distributors subject to the following exclusions, qualifications and modifications:

Connection Policy

- (a) A document, prepared by a Victorian distributor and published on the Victorian distributor's website, will (although not approved by the AER) be taken to be the Victorian distributor's *connection policy* if:
 - (1) it sets out the circumstances in which *connection charges* are payable and the basis for determining the amount of such charges; and
 - (2) it is consistent with:
 - (i) *connection policies* prepared and *published* by Victorian distributors in accordance with the relevant industry guideline (if applicable); and
 - (ii) the Electricity Determination (if applicable).
- (b) In this clause:

Electricity determination means the 2011-2015 distribution pricing determination (as amended or substituted from time to time).

relevant industry guideline means the Electricity Industry Guideline No. 14 (Provision of Services by Electricity Distributors):

- (a) as in force immediately before the start date; and
- (b) published by the Victorian Essential Services Commission and dated April 2004.

Model standing offer (basic connection services)

- (c) A document, prepared by a Victorian distributor and *published* on the Victorian distributor's website, will (although not approved by the AER) be regarded as a *model standing offer* to provide *basic connection services* until 1 July 2013 if it complies with the requirements of clause 5A.B.2(b) as to its terms and conditions.
- (d) If, before 1 July 2013, the AER approves a *model standing offer* for the same *basic connection services*, the approved *model standing*

offer supersedes the former *model standing offer*.

- (e) A Victorian distributor's obligation to have a *model standing offer* to provide *basic connection services* (clause 5A.B.1) operates during the transition period but the AER's approval of the *standing offer* is not required until 1 July 2013.

Model standing offer (standard connection services)

- (f) A document, prepared by a Victorian distributor and *published* on the Victorian distributor's website, will (although not approved by the AER) be regarded as a *model standing offer* to provide *standard connection services* until 1 July 2013 if it complies with the requirements of clause 5A.B.4(c) as to its terms and conditions.
- (g) If, before 1 July 2013, the AER approves a *model standing offer* for the same *standard connection services*, the approved *model standing offer* supersedes the former *model standing offer*.
- (h) A Victorian distributor may submit for the AER's approval a proposed *model standing offer* to provide *standard connection services* (clause 5A.B.4) before 1 July 2013 but the AER's approval of the *model standing offer* is not required until 1 July 2013.

Amendment of standing offers

- (i) Until 1 July 2013, a Victorian distributor may amend a *standing offer* to provide *basic connection services* or *standard connection services* by publishing the amendments and the amended text on its website. (This paragraph applies until 1 July 2013 to the exclusion of clause 5A.B.6.)

Division 3 General provisions

11.46.10 Connection charges

- (a) A *Distribution Network Service Provider* must comply with its *connection policy* and any other applicable *regulatory obligation or requirement* when calculating or imposing a *connection charge* for the transition period.
- (b) This clause operates to the exclusion of clauses 5A.E.1 and 5A.E.2 until the transition date.

11.46.11 References

A reference to any of the relevant provisions in a legislative or other instrument will be construed, during the transition period, as a reference to the provision as modified by this Part.

[2] Insertion of Part ZQ in Chapter 11

The following Part is inserted in Chapter 11 after Part ZP (clause 11.46.11):

Part ZQ NSW transitional retail support and credit support rules

11.47 Rules consequential on the insertion of Chapter 6B by the *National Electricity (National Energy Retail Law) Amendment Rule 2012*

Division 1 Preliminary

11.47.1 Definitions

In this Part:

applicable dispute resolution procedures means the dispute resolution regime contained in rule 8.2 unless the NSW DNSP and NSW Retailer have agreed under clause 11.47.2 that alternative dispute resolution procedures are to apply.

Bank bill rate in respect of any day means:

- (a) the Bank Bill Swap Reference Rate for 30 days on that day (or if not a *business day*, on the previous *business day*) published in the Australian Financial Review; or
- (b) if the rate in paragraph (a) is not available, the rate percent per annum agreed by the parties in good faith to be the appropriate rate having regard to comparable indices then available in the then current bill market.

bill receipt date means the date on which the bill is given (or taken to be given) to a NSW Retailer by a NSW DNSP in the same manner as the notices under rule 1.8 of these *Rules*.

default rate means the Bank bill rate plus 2% per annum.

disputed amount means an amount that satisfies all of the following:

- (a) the amount is specified in a bill issued by a NSW DNSP to a NSW Retailer in respect of network charges payable by the NSW Retailer; and
- (b) the NSW Retailer has provided a Notice of disputed amount in respect of that amount.

due date for payment means:

- (a) in the case of an amount specified in a bill in respect of network charges:

- (i) where a bill is given before 1 July 2002, the date specified in the bill (being a date not less than 20 *business days* from the giving of the bill to the NSW Retailer); or
- (ii) where a bill is given on or after 1 July 2002, the date specified in the bill (being a date not less than 16 *business days* from the giving of the bill to the NSW Retailer),

or

- (b) in the case of a disputed amount that is determined to be payable by a NSW Retailer in accordance with applicable dispute resolution procedures, 5 *business days* after the determination.

Notice of disputed amount means a notice given by a NSW Retailer to a NSW DNSP stating that:

- (a) that the NSW Retailer disputes payment of an amount specified in the bill; and
- (b) the grounds for dispute in respect of the amount disputed; and
- (c) that the NSW Retailer undertakes to the NSW DNSP that the dispute in respect of the particular disputed amount is a bona fide dispute.

Notice of intention to draw on credit support means a notice given to a NSW Retailer by a NSW DNSP stating:

- (a) the date of the notice;
- (b) that the NSW DNSP intends to draw on the credit support;
- (c) the date (not less than 5 *business days* from the date of the notice) on which the NSW DNSP will draw on the credit support.

Notice of request for credit support means a notice requesting credit support stating:

- (a) the required credit support amount;
- (b) the basis for calculation of the required credit support amount, and includes a notice where a required credit support is reviewed.

network charges has the same meaning as in the *NERL*.

NSW DNSP means any of the following:

- (a) Essential Energy (established under the *Energy Services Corporation Act 1995* (NSW));

- (b) Endeavour Energy (established under the *Energy Services Corporation Act 1995* (NSW); and
- (c) Ausgrid (established under the *Energy Services Corporation Act 1995* (NSW);

NSW Retailer means the *financially responsible Market Participant* for a *market connection point* located in NSW and for any *market connection point* on Essential Energy's *distribution network*.

outstanding amount means any amount specified in a bill for network charges (excluding any disputed amount) that is unpaid by the due date for payment

required credit support amount means an amount of credit support equal to 90 days of network charges reasonably estimated by the NSW DNSP to be incurred by the NSW Retailer during the period of 90 days following the request by the NSW DNSP for credit support.

shared customer has the same meaning as in the *NERL*.

small customer has the same meaning as in the *NERL*.

start date means the date when this rule 11.47 comes into operation.

transition period means the period from the start date to the actual commencement date of the *regulatory control period* due to commence on 1 July 2014.

11.47.2 Application

- (a) During the transition period, Chapter 6B of the *Rules* does not apply to a NSW DNSP and NSW Retailer in relation to *market connection points* located in NSW and any *market connection point* on Essential Energy's *distribution network*.
- (b) Nothing in this rule 11.47 prevents a NSW DNSP and a NSW Retailer from reaching agreement on any matters under this rule 11.47 or the *Rules*, provided that any such agreement:
 - (i) is expressed to incorporate the rights and obligations of the respective parties set out in clause 11.47.4, and to be subject to clause 11.47.4; and
 - (ii) is consistent with the rights and obligations of the parties as *Registered participants*.

11.47.3 Obligation to pay

- (a) A NSW retailer must pay to a NSW DNSP the network charges payable in respect of each shared customer in accordance with this rule 11.47 by the due date for payment.
- (b) A NSW DNSP must not specify a due date for payment which is less than 16 *business days* from the date on which the bill is given to the NSW Retailer.
- (c) Where a NSW Retailer disputes payment of all or any part of the bill, the NSW Retailer must give a Notice of disputed amount not less than 3 *business days* before the due date for payment.
- (d) A Notice of disputed amount given in accordance with paragraph (c) entitles the NSW Retailer to withhold payment on the due date for payment of the disputed amount but does not entitle non-payment of any other amounts contained in the bill.
- (e) A dispute between a NSW Retailer and a NSW DNSP in relation to this rule 11.47 must be resolved in accordance with the applicable dispute resolution procedures.

11.47.4 Charging and billing

- (a) For small customers, a NSW DNSP may only require payment of, and issue bills for, network charges from the small customer's retailer.
- (b) Where a customer (who is not a small customer or *Registered Customer*) and a NSW Retailer agree, the NSW DNSP may require payment of, and issue bills for, network charges in respect of that customer's *connection point*.

11.47.5 Interest on unpaid amounts

- (a) Where a NSW Retailer does not pay a NSW DNSP all network charges specified in the bill by the due date for payment, the NSW Retailer is liable to pay interest on any outstanding amount.
- (b) If a part of a disputed amount is determined to be payable by a NSW Retailer in accordance with the applicable dispute resolution procedures, the NSW Retailer is liable to pay interest on any unpaid amount from the due date for payment until the amount is paid.
- (c) Interest is to be calculated:

- (i) at the default rate applicable on the first *business day* of the month;
- (ii) on actual days elapsed;
- (iii) on a 365 day year,

and is to be capitalised on the first *business day* of each month.

- (d) Any interest accrued is to be included in the next bill issued by the NSW DNSP as a proper charge payable by the NSW Retailer.

11.47.6 Circumstances where NSW DNSP may request credit support

- (a) A NSW DNSP may require a NSW Retailer to provide credit support for payment of network charges in favour of the NSW DNSP, but only in accordance with this rule 11.47.
- (b) Credit support for payment of network charges may only be required if, at any time, a NSW Retailer does not have an unqualified credit rating of at least:
 - (i) BBB from Standard and Poor's (Australia) Pty Ltd;
 - (ii) Baa from Moody's Investor Service Pty Ltd; or
 - (iii) an equivalent credit rating as determined by the NSW DNSP.

11.47.7 Credit support

Credit support is an undertaking in writing from a person (the **Credit Support Provider**) which:

- (a) is a guarantee or bank letter of credit in a form acceptable to the NSW DNSP;
- (b) is duly executed by the Credit Support Provider and delivered unconditionally to the NSW DNSP;
- (c) constitutes valid and binding unsubordinated obligations of the Credit Support Provider to pay the DNSP amounts in accordance with the terms of the undertaking that relate to obligations of the NSW Retailer under this rule 11.[X]; and
- (d) permits drawings or claims by the NSW DNSP to the required credit support amount under this rule 11.47.

11.47.8 Credit support providers

- (a) The Credit Support Provider must meet the requirements set out in clause 3.3.3 of the *Rules*.
- (b) For the purposes of this rule 11.47, an acceptable credit rating for a Credit Support Provider is:
 - (i) AA from Standard and Poor's (Australia) Pty Ltd;
 - (ii) Aa from Moody's Investor Service Pty Ltd; or
 - (iii) an equivalent credit rating as determined by the NSW DNSP.

11.47.9 NSW DNSP to determine required credit support amount

- (a) In determining the required credit support amount in respect of a NSW Retailer, the NSW DNSP must consider the basis for calculation of network charges for the *market connection points* for which the NSW Retailer is the *financially responsible market participant* in the *distribution network* of the NSW DNSP.
- (b) The NSW DNSP must inform the NSW Retailer of the basis for calculation of the required credit support amount when giving a Notice of request for credit support.
- (c) A NSW DNSP may review a required credit support amount not less than 10 *business days* after the date of any previous Notice of request for credit support.
- (d) A NSW Retailer may request a NSW DNSP to review a required credit support amount not less than 10 *business days* after the date of any previous Notice of request for credit support.

11.47.10 NSW Retailer to ensure credit support available

- (a) A NSW Retailer must provide credit support in accordance with a Notice of request for credit support within 5 *business days* of the giving of the notice.
- (b) Without limiting paragraphs (c) and (d), the NSW Retailer must ensure that at all times the aggregate and undrawn amounts of the then current and valid credit support held by the NSW DNSP in respect of the NSW Retailer for network charges are not less than the current required credit support amount for that NSW Retailer.

- (c) A NSW Retailer must ensure in the case where any current credit support is due to expire or terminate that:
 - (i) the NSW DNSP is notified at least 10 *business days* prior to such expiry or termination; and
 - (ii) replacement credit support that complies with this rule 11.47 is in place and effective from the date of expiry or termination.
- (d) Where as a result of the NSW DNSP exercising its rights under a credit support provided by the NSW Retailer, the total remaining credit support is less than the required credit support amount, the NSW Retailer must, within 24 hours of receiving a request for replacement credit support from the NSW DNSP, procure the replacement amount to restore the required credit support amount.

11.47.11 Drawing on credit support

- (a) A NSW DNSP may only draw on credit support in respect of an outstanding amount where all of the following circumstances apply:
 - (i) the NSW DNSP is entitled to require credit support and has given Notice of request for credit support in accordance with this rule 11.47;
 - (ii) 5 *business days* have elapsed since the NSW DNSP gave Notice of intention to draw on credit support; and
 - (iii) the outstanding amount remains unpaid on the date on which the NSW DNSP draws on the credit support
- (b) Where a disputed amount is determined to be payable by a NSW Retailer in accordance with applicable dispute resolution procedures, a DNSP may draw on credit support in respect of amounts payable in accordance with this clause.

11.47.12 Specific transitional arrangements

Any action taken under Market Operation Rule (Network Use of System Agreements) No. 2 of 2001 (made under section 63C of the Electricity Supply Act 1995 (NSW)) as in force immediately before the start date is taken to be the equivalent action under this rule 11.47.

[3] Insertion of Part ZR in Chapter 11

The following Part is inserted in Chapter 11 after Part ZQ (clause 11.47.12):

Part ZR Miscellaneous transitional rules—NERL

11.48 Rules consequential on the making of the *National Electricity (National Energy Retail Law) Amendment Rule 2012*

11.48.1 Extension of time period for AER to consider certain pass through applications

- (a) This clause applies to an application from a *Distribution Network Service Provider* for pass through of costs under clause 6.6.1 or clause 6.6.1 of Appendix 1, arising from the commencement of the *National Energy Retail Law*, the *National Energy Retail Rules*, the National Energy Retail Regulations and associated amendments to the *energy laws* as they apply in the State or Territory in which that *Distribution Network Service Provider* operates.
- (b) The time limit for the making of a determination by the *AER* in subclause 6.6.1(e) and subclause 6.6.1(e) of Appendix 1, is 100 *business days*.

Schedule 5 Amendment of Appendix 1
(Form in which Chapter 6 applies to New South Wales and
the Australian Capital Territory for the Regulatory Control
Period 2009-2014)

(Clause 7)

[1] Clause 6.6.1

In clause 6.6.1, insert in paragraph(c)(6) after subparagraph (ii):

- (iii) in relation to a *retailer insolvency event*, of :
 - (A) the amount to which the *Distribution Network Service Provider* is entitled under any relevant *credit support*; and
 - (B) the maximum amount of *credit support* (if any) that the *Distribution Network Service Provider* was entitled to request the *retailer* to provide under the *credit support rules*; and
 - (C) any amount that the *Distribution Network Service Provider* is likely to receive on a winding-up of the *retailer*.

[2] Clause 6.6.1

In clause 6.6.1, insert after paragraph (k):

retailer insolvency event

- (l) For the purposes of calculating the *eligible pass through amount* in relation to a *positive change event* which is a *retailer insolvency event*, the increase in costs is the retailer insolvency costs excluding:
 - (i) any amount recovered or recoverable from a *retailer* or a guarantor of a *retailer* under any relevant *credit support*; and
 - (ii) amounts that the *Distribution Network Service Provider* is likely to receive on a winding-up of the *retailer*; and
 - (iii) any costs that are recoverable under a *RoLR cost recovery scheme distributor payment determination*.
- (m) The amount the *AER* determines should be passed through to *Distribution Network Users* in respect of a *retailer insolvency event*

must be taken to be a cost that can be passed through and not a revenue impact of the event.

[END OF RULE]
