



STANDARD ELECTRICITY LICENCE CONDITIONS – VERSION FOR CONSULTATION

STANDARD ELECTRICITY LICENCE CONDITIONS FOR ELECTRICITY RETAIL

This document identifies the Standard Electricity Licence Conditions for Electricity Retail . These are conditions that a holder of an electricity retail licence must comply with in accordance with clause 8 of its licence.

These standard conditions were approved by the commission on [date]. Should it be necessary to update the standard licence conditions to which a licensee must comply, the licence will need to be varied in accordance with the process set out in section 29 of the Electricity Industry Act 2000.

PART A – INTERPRETATION

1. Definitions

1.1. Unless the contrary intention appears, a term has the meaning shown opposite it:

Act	the <i>Electricity Industry Act 2000</i> (Vic)
AEMO	the Australian Energy Market Operator Limited (ACN 072 010 327)
Business Day	a day other than a Saturday, Sunday or a public holiday in Victoria
Change of Control	occurs in relation to the Licensee if: (a) an entity that Controls the Licensee ceases to Control the Licensee; or (b) an entity that does not Control the Licensee starts to Control the Licensee; provided that no change of Control will be deemed to have occurred where the Ultimate Holding Company that Controls the Licensee remains the same or the change in Control results from the acquisition or cancellation of, or dealing in, securities which are traded on a recognised financial market
Code of Practice	means a Code of Practice applying under Part 6 of the ESC Act or relevant legislation
Commission	the Essential Services Commission established under the ESC Act
Control	in respect of an entity has the same meaning given in section 50AA of the Corporations Act
Customer	a person to whom electricity is sold for premises by a Retailer or who proposes to purchase electricity for premises from a Retailer.
Deemed Contract	a deemed contract for the supply and sale of electricity arising under section 39 of the Act.
Default Use of System Agreement	the most recent default Use of System agreement submitted by a Distributor and approved by the Commission under the Distributor's Distribution Licence
Distribution Licence	a licence to distribute or supply electricity granted under the Act
Distribution System	in relation to a Distributor, a system of electric lines (generally at nominal voltage levels of 66kV or below) which the Distributor uses to distribute or supply electricity

Distributor	a person who holds, or is exempt from holding, a Distribution Licence
Domestic or Small Business customer	has the same meaning as in section 3 of the Act
Electricity Bulk Hot Water	means water centrally heated by electricity and delivered to a number of Customer premises where the Customer's consumption of hot water is measured with a Meter and where an energy bill is issued by a Retailer
Energy Retail Code of Practice	means the code of practice of that name made by the Commission under Part 6 of the ESC Act.
ESC Act	the <i>Essential Services Commission Act 2001</i> (Vic)
Exempt Distributor	means a person who is exempt from holding a licence under section 16 of the Act to engage in certain activities as set out in clauses 6 and 7 of the Exemption Order (deemed exemption of distributors and exemption of registered distributors)
Exemption Order	the Order in Council made under section 17 of the Act which came into effect on 15 November 2017
Last Resort Event	in respect of a Retailer, means: <ul style="list-style-type: none"> (a) the Retailer's Retail Licence is suspended or revoked; or (b) the right of the Retailer to acquire electricity from the Wholesale Electricity Market is suspended or terminated, whichever first occurs
Licensee	any holder of a Retail Licence who is required to comply with the Standard Electricity Licence Conditions for Electricity Retail in accordance with clause 8 of its licence
Meter	in relation to a Customer, means: <ul style="list-style-type: none"> (a) the device that measures the quantity of energy passing through it or records the consumption of energy at the Customer's premises; and (b) for Electricity Bulk Hot Water, the device which measures and records the consumption of bulk hot water consumed at the Customer's premises
Minister	the person who is, from time to time, the Minister administering the Act
National Electricity Law	means the National Electricity (Victoria) Law as in force in Victoria under the <i>National Electricity (Victoria) Act 2005</i> (Vic).

National Electricity Rules	means the National Electricity Rules as in force from time to time under the National Electricity Law
NMI	means the unique identifier for each connection point within the National Electricity Market
Other Retailer	in respect of a Customer and a Last Resort Event, means the Retailer which, immediately prior to the occurrence of the Last Resort Event in respect of the Retailer, sold electricity to the Customer
Retailer	a person who holds or is exempt from holding a Retail Licence
Retail Licence	a licence, granted under the Act, authorising the holder thereof to sell electricity
Review	A systemic and independent process for obtaining evidence and evaluating it objectively to determine the extent to which particular criteria are fulfilled, this includes, but is not limited to, a regulatory audit undertaken in accordance with relevant guidelines issued by the commission.
Small Customer	<ul style="list-style-type: none"> (a) a Domestic or Small Business Customer under section 3 of the Act; and (b) a person to whom electricity is supplied by an Exempt Distributor: <ul style="list-style-type: none"> (i) principally for personal, household or domestic use; or (ii) whose aggregate consumption of electricity has not been, or is not likely to be, more than 40 megawatt hours in any calendar year
Supply Point	the point at which electricity supplied to a person last leaves a supply facility owned or operated by a Distributor before being supplied to that person, whether or not the electricity passes through facilities owned or operated by any other person after leaving that point before being so supplied
Ultimate Holding Company	means, in relation to an entity, an entity that: <ul style="list-style-type: none"> (a) is a holding company of the first-mentioned entity; and (b) is itself a subsidiary of no entity
Use of System Agreement	an agreement between a Retailer (or other person who has made an application for a Retail Licence) and a Distributor which is necessary to ensure that, subject to the Act, electricity is distributed or supplied by means of the Distributor's Distribution System to the extent necessary to enable the Retailer (or other person) to sell electricity to its Customers

Wholesale Electricity Market means the market for wholesale trading in electricity operated by AEMO under the National Electricity Rules

PART B – LICENCE CONDITIONS

2. Payment of fees

2.1. The Licensee must pay a licence fee as determined by the Minister in accordance with the provisions of section 22 of the Act.

3. Ongoing technical capacity

3.1. The Licensee must at all times maintain:

i. such technical capacity as is:

1. required to meet its obligations under its Licence, a Code of Practice and the Act; and
2. reasonably required to undertake the activities authorised by this Licence; and

ii. such additional technical capacity as is reasonably required to enable it to meet and utilise technological advances in the electricity industry.

3.2. In this Licence, 'activities authorised by this Licence' includes any activities undertaken by a contractor, subcontractor, agent or other third party engaged by the Licensee for the purpose of enabling the Licensee to undertake the activities authorised by its Licence; and

3.3. The Licensee must ensure that all relevant staff are provided with appropriate training in all Victorian specific obligations including the conditions of its Licence and the Energy Retail Code of Practice (if applicable to the activities authorised by this Licence).

4. Ongoing financial viability

4.1. The Licensee must at all times remain financially viable to undertake the activities authorised by this Licence.

5. Change of Control

5.1. The Licensee must give the Commission a notice in writing if any event occurs, any decision by the Licensee is made, or any other circumstance exists that will effect a Change of Control of the Licensee.

5.2. The notice required under clause 5.1 must set out particulars of the relevant event, decision or circumstance and be given to the Commission as soon as practicable and in any case not later than 3 Business Days after the Licensee becomes aware of the event or circumstances or makes the decision.

6. Compliance with regulatory instruments

- 6.1. The Licensee must comply with any procedure or guideline issued by the Commission from time to time that is expressed as being one with which the Licensee must comply, to the extent it is applicable to activities undertaken by the Licensee pursuant to its Licence.
- 6.2. The Licensee must have in place a system for monitoring its compliance with its Licence, any applicable Code of Practice and the Act.
- 6.3. The Licensee must comply with the requirements of the *Electricity Safety Act 1998* (Vic) and any regulations made under that legislation.
- 6.4. The Licensee must comply with the National Electricity Law and the National Electricity Rules.

7. Electricity purchase arrangements

- 7.1. The Licensee must have in place agreements or arrangements for the purchase of electricity through the Wholesale Electricity Market or otherwise and any necessary authorisations as are required to enable the Licensee to perform its obligations under any contracts for the sale of electricity to which it is a party.
- 7.2. The Licensee is deemed to comply with clause 7.1 if it is registered with AEMO as a 'customer' in accordance with the National Electricity Rules.

8. Use of System Agreements

- 8.1. Subject to clause 8.4, the Licensee must have a Use of System Agreement with each Distributor who is not an Exempt Distributor in whose distribution area the Supply Point of any Customer of the Licensee is located. Each Use of System Agreement must be in writing.
- 8.2. If a Distributor offers the Licensee a new form of Default Use of System Agreement under clause 4.8 of its Distribution Licence, the Licensee must not unreasonably refuse to accept such an offer.
- 8.3. A Use of System Agreement must not unreasonably discriminate, or have the effect of creating unreasonable discrimination, between Retailers or between Customers of any Retailer.
- 8.4. Clause 8.1 does not apply to the Licensee in respect of a Distributor until 60 Business Days after the date on which the Commission first approved a Default Use of System Agreement submitted to the Commission by the relevant Distributor under its Distribution Licence.

9. Information to customers that are not Small Customers

- 9.1. The Licensee must include at least the following information in a bill for the supply or sale of electricity issued to a Customer that is not a Small Customer:
 - i. the NMI assigned to the Customer's metering installation and the NMI checksum or, if there is no assigned NMI, the meter number or another unique identifying mark assigned to the metering installation;

- ii. the relevant tariff or tariffs applicable to the Customer;
 - iii. if the Licensee directly passes through network charges to the Customer, the separate amount of the network charge; and
 - iv. any information required by the Act, the ESC Act, or any Code of Practice or guideline issued by the commission.
- 9.2. If a variation is made to the tariff or to terms or conditions of a contract of a Customer that is not a Small Customer, the Licensee must provide such notice to the Customer that is not a Small Customer in the form of a statement setting out details of the variation at least 5 Business Days prior to any changes taking effect.
- 9.3. Unless clause 12 applies, the Licensee must give notice to a Customer, that is not a Small Customer, who is a party to a Deemed Contract with the Licensee on, or as soon as practicable after, becoming aware of the Deemed Contract. This notice must:
- i. inform the Customer that there is deemed to be a contract between the Customer and the Licensee for the supply and sale of electricity;
 - ii. set out the tariff and summarise other terms and conditions under the Deemed Contract;
 - iii. describe the methods by which the Deemed Contract may be terminated and related terms and conditions; and
 - iv. outline the options available to the Customer.
- 9.4. If the contract between a Customer, that is not a Small Customer, and a Retailer is a fixed term contract, prior to the expiry of the fixed term the Retailer must notify that Customer:
- i. that the contract is due to expire;
 - ii. when the expiry will occur;
 - iii. the tariff and terms and conditions that will apply to the Customer, that is not a Small Customer, beyond the expiry of the contract if that Customer does not exercise any other option, which the Retailer may determine at its discretion; and
 - iv. what other options are available to the Customer that is not a Small Customer.

The information must be given no sooner than 40 Business Days before, and no later than 20 Business Days before, the expiration of the fixed term (unless the fixed term is less than one month in which case the information must be given to the Customer that is not a Small Customer at the commencement of the term).

10. Separate accounts

10.1. If the Licensee holds more than one category of licence under Part 2 of the Act, the Licensee must prepare separate accounts for each part of its business in respect of which it has been granted a separate licence.

11. Payment methods

11.1. The Licensee must not implement a pre-payment Meter scheme without the prior approval of the Commission.

12. Retailer of last resort

12.1. On or before a date to be nominated by the Commission in a communication given to the Licensee, the Licensee must submit to the Commission proposed tariffs, terms and conditions upon which the Licensee would sell electricity in accordance with the requirement under clause 12.2.

12.2. Subject to clause 12.3, the Licensee must sell electricity to a Customer at tariffs and on terms and conditions approved or determined by the Commission under Division 8 of Part 2 of the Act.

12.3. The requirement under clause 12.2:

- i. applies only if the Licensee is so directed by the Commission in a notice given to the Licensee;
- ii. imposes an obligation on the Licensee to sell electricity to a Customer which:
 1. commences when a Last Resort Event occurs in respect of the Customer's Other Retailer; and
 2. ends:
 - i) after three months;
 - ii) when the Customer advises the Licensee in writing that the sale is no longer required;
 - iii) when the Customer transfers to another retailer; or
 - iv) when the Customer enters into a new contract for the sale of electricity with the Licensee,whichever occurs first.

12.4. As soon as practicable after being notified by the Commission or otherwise becoming aware of its obligation to a Customer under clause 12.2, the Licensee must give the Customer notice in writing:

- i. that a Last Resort Event has occurred in respect of the Other Retailer;
- ii. that, as a result, the Licensee and the Customer are deemed to have entered into a contract for the sale of electricity under section 49E(5) of the Act;
- iii. of the date the Deemed Contract commenced;

- iv. of the tariff and the terms and conditions of the Deemed Contract;
- v. that the Customer's Meter has been or will be read, or an estimate will be made, as at the date the Deemed Contract commenced so that it can be established what amount of electricity has been sold to the Customer by the Other Retailer prior to the occurrence of the Last Resort Event and what amount of electricity has been and will be sold to the Customer by the Licensee after the occurrence of the Last Resort Event;
- vi. of that Meter reading or estimated Meter reading. Notice of the Meter reading or estimated Meter reading may be given after notice of the other matters contemplated by this clause 12 is required to be given;
- vii. whether any debt owed by the Customer to the Other Retailer or by the Other Retailer to the Customer, as the case may be, will continue to be so owed and, if it will not, to whom and by whom it will be owed;
- viii. of alternatives available for the Customer to arrange a transfer to another Retailer or to obtain any different tariff, or different terms and conditions, from the Licensee including that the Customer may advise the Licensee in writing that the sale of electricity by the Licensee is no longer required; and
- ix. of how and where to obtain further information.

13. Provision of information

- 13.1. Except where expressly provided to the contrary in the Energy Retail Code of Practice, the Licensee must maintain comprehensive records regarding any activities undertaken pursuant to its Licence for a period of at least 7 years.
- 13.2. The Licensee must, as soon as reasonably practicable, provide AEMO with such information relating to any activities undertaken pursuant to its Licence as AEMO may properly request in connection with the performance of its functions or the exercise of its powers under the Act in the manner and form specified by AEMO.
- 13.3. The Licensee must, as soon as reasonably practicable, provide the Commission with information on its ongoing technical capacity or financial viability to undertake the activities authorised by this Licence, as the Commission may properly request in connection to the performance of its functions or the exercise of its powers under the Act, and in a manner and form specified by the Commission.

14. Review

- 14.1. Upon direction by the Commission, the Licensee must appoint an independent reviewer, to be approved by the Commission, to conduct Reviews of:
 - i. the Licensee's compliance with its obligations under its Licence, a Code of Practice or the Act; and
 - ii. the reliability and quality of information reported by the Licensee to the Commission and the consistency of that information with the Commission's specifications; and

- iii. any other matter as directed by the Commission.
- 14.2. Following a direction pursuant to clause 14.1, the Licensee must obtain the commission’s approval of the independent reviewer and the scope, timing and methodology of the Review.
- 14.3. The Licensee must ensure that the Commission is promptly provided with a copy of any reports produced by the independent reviewer pursuant to this clause.
- 14.4. The Licensee must comply, and must require the independent reviewer to comply, with any guidelines issued by the Commission dealing with Reviews.

15. Community service obligation agreements

- 15.1. If so directed by the relevant government agency, the Licensee must enter into an agreement with the State for the provision of community services on terms and conditions determined or agreed in accordance with section 47 of the Act.

Schedule 1 – Variations to the Standard Electricity Licence Conditions for Electricity Retail

Date	Variation
	These Standard Electricity Licence Conditions for Electricity Retail have not been varied.