GENERATION LICENCE

issued to

YALLOURN ENERGY LTD
ACN 065 325 224

Office of the Regulator-General
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1. **DEFINITIONS** .......................................................................................... 5

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1. DEFINITIONS AND INTERPRETATION
1.1 In this licence, words and phrases appearing in Italics have the meaning ascribed to them in part 1 of the schedule.
1.2 This licence must be interpreted in accordance with the rules set out in part 2 of the schedule.

2. GRANT OF LICENCE
The Office, in exercise of the powers conferred by section 162 and section 168 of the Act, licenses the Licensee to:
(a) generate electricity for supply and sale at; and
(b) supply and sell electricity generated at,
the licensed power station subject to the conditions set out in this licence.

3. TERM
3.1 This licence takes effect on and from the date on which the first allocation statement prepared in accordance with section 153 B of the Act becomes effective (31 January 1995).
3.2 The Office may at any time agree with the Licensee that this licence should be revoked, in which case the term of this licence ends on the day agreed.
3.3 The Office may at any time give at least 20 business days notice of revocation to the Licensee if the Licensee does not comply with an enforcement order or an undertaking, and the Office decides that it is necessary or desirable to revoke this licence in order to achieve the policy objectives, in which case the term of this licence ends, subject to clause 3.4, on the expiration of the period of the notice.
3.4 The term of this licence does not end at the expiration of the period of a notice of revocation given under clause 3.3 if, before the expiration, the Licensee complies with the enforcement order or the undertaking (as the case may be).

4. Clause 4 has been revoked.

5. COMPLIANCE WITH CODES AND RULES
5.1 The Licensee must comply with applicable provisions of the Wholesale Metering Code (until revoked), the System Code, the Distribution Code and the Pool Rules (until revoked).
5.2 Subject to any limitation on the Licensee's ability to do so under any of the codes or rules referred to in clause 5.1, if the Licensee becomes aware of a material breach of any of the codes or rules by the Licensee, the Licensee must notify the Office of the material breach in accordance with any guidelines issued by the Office or, in the absence of such guidelines, as soon as practicable.
5.3 The Office may, on application of the Licensee, make a determination that the provisions of any of the codes or rules referred to in clause 5.1 are to apply in relation to the Licensee, either generally or in a particular case or class of cases, as if a specified provision or provisions were omitted or were modified or varied in a specified manner and, subject to section 27 of the Office of the Regulator-General Act 1994, when such a determination is made, the relevant code or rule applies accordingly.
5.4 An application by the Licensee under clause 5.3 must set out a draft of the determination the Licensee seeks.
5.5 If:
(a) the Office has received an application from the Licensee for a determination under clause 5.3 and Victorian Power Exchange has received a copy of the application; and
(b) at the end of 20 business days after the day on which the later of those two events occurred the Office has not:

(1) made a determination; or

(2) advised the Licensee that a determination will not be made,

then the Office will be deemed to have made a determination in the form of the draft determination set out in the application.

6. Clause 6 has been revoked.

7. Standards and Procedures

7.1 At the written request of the Office, the Licensee must participate to the extent specified by the Office in the development, issue and review of any standards and procedures specified by the Office.

7.2 The Licensee must in accordance with guidelines published by the Office under the Office of the Regulator-General Act 1994, or as directed by the Office, report to the Office on its performance against applicable standards and procedures.

7.3 If the Office considers that:

(a) the Licensee has failed to comply with clause 7.1; or

(b) standards and procedures applicable to the Licensee have been shown to be insufficient to prevent abuses by the Licensee of any monopoly power it enjoys,

the Office may issue standards and procedures applicable to the Licensee and with which the Licensee must comply.

8. Accounts

The Licensee must ensure that its accounts are prepared in accordance with any guidelines prepared and issued by the Office, and must maintain its accounting records accordingly.

9. Provision of Information to Victorian Power Exchange

9.1 Following a request in writing from Victorian Power Exchange, the Licensee must provide to Victorian Power Exchange such documents or information as Victorian Power Exchange may reasonably require to perform its functions and exercise its powers under the Act.

9.2 A question as to the reasonableness of a requirement by Victorian Power Exchange for documents or information as contemplated by clause 9.1 shall be decided by the Office on the basis of the Office's opinion of the reasonableness of the requirement.

9.3 If a document or information is provided to Victorian Power Exchange following a request under clause 9.1, Victorian Power Exchange must only use the document or information for the purpose for which it was provided and must not disclose the document or information to any other person except to the Office under Victorian Power Exchange’s Transmission Licence, or as required by a law or the lawful requirement of a government or government authority or with the agreement of the Licensee. If Victorian Power Exchange is required to disclose a document or information provided to Victorian Power Exchange following a request under clause 9.1 to the Office or by law or the lawful requirement of a government or government authority, then Victorian Power Exchange must notify the Licensee before so disclosing the document or information.

9.4 To avoid doubt, the Licensee must make available to Victorian Power Exchange information relating to vested hedging contract quantities on a half-hourly basis, to enable Victorian Power Exchange to effect the distribution of settlements residues received by it from NEMMCO pursuant to clause 3.6.5(a) of the National Electricity Code.
10. **PROVISION OF INFORMATION TO THE OFFICE**

The Licensee must provide to the Office, in the manner and form decided by the Office, such information as the Office may from time to time require.

11. **PAYMENT OF LICENCE FEES**

11.1 The Licensee must pay the fees and charges in respect of this licence determined by the Minister under section 163(4) of the Act.

11.2 In so far as a fee or charge determined by the Minister under section 163(4) of the Act in respect of this licence is an annual fee or charge, and must be paid either in four equal instalments on the last days of September, December, March and June in each year or paid in one payment on or before the last day of September in each year and in the manner notified to the Licensee by the Office.

11.3 A fee or charge determined by the Minister under section 163(4) of the Act in respect of this licence (other than the licence fee referred to in clause 11.2) must be paid at the times and in the manner notified to the Licensee by the Office.

12. **ADMINISTRATOR**

12.1 If an administrator is appointed to the Licensee's business under section 166 of the Act, the administrator must exercise its functions and powers in such a manner as may be specified by the Office in the instrument of appointment.

12.2 The Licensee is responsible for the acts and defaults of the administrator.

13. **COMPLIANCE WITH LAWS**

The Licensee must comply with all applicable laws including but not limited to the Tariff Order.

14. **VARIATION**

14.1 This licence may be varied in accordance with:

(a) the procedures specified in section 164 of the Act; or
(b) section 167(8) of the Act; or
(c) clause 14.2.

14.2 The Office may, if it considers it expedient, vary this licence to provide for arbitration of disputes between the Licensee and other persons regarding the terms and conditions of access to any essential facilities in the Victorian electricity supply industry.

15. **TRANSFER OF LICENCE**

This licence may be transferred in accordance with section 167 of the Act.

16. **COMMUNICATIONS**

16.1 Unless the context otherwise requires, a communication must be in writing.

16.2 A communication is to be regarded as having been given by the sender and received by the addressee:

(a) when delivered in person to the addressee;
(b) 3 business days after the date of posting, if the communication is posted within Australia;
(c) 7 business days after the date of posting, if the communication is posted outside Australia; or
(d) when, according to the sender's transmission report, received by facsimile transmission by the addressee.
THE COMMON SEAL of THE OFFICE OF THE REGULATOR-GENERAL was affixed pursuant to the authority of the Office on 31 January 1995

ROBIN C. DAVEY
Regulator-General

This licence which was originally issued on 31 January 1995 has been varied by the following:

The Office 30 April 1999

This is the licence as varied on 30 April 1999.

THE COMMON SEAL of THE OFFICE OF THE REGULATOR-GENERAL was affixed pursuant to the authority of the Office on 30 April 1999

John Tamblyn
Regulator-General
SCHEDULE: DEFINITIONS AND INTERPRETATION

1. DEFINITIONS

In this licence:

"Act" means the Electricity Industry Act 1993;

"administrator" means an administrator appointed by the Office under section 166 of the Act in respect of the business carried on by the Licensee under this licence;

"business day" means a day on which banks are open for general banking business in Melbourne, excluding a Saturday or Sunday;

"communication" means any notice, agreement, consent, direction, representation, advice, statement or other communication required or given pursuant to or in connection with this licence;

"customer" means a person, other than a retailer, who buys or wishes to buy electricity directly through the Pool (for the period up to NEM commencement date) or the NEM (for the period from NEM commencement date), or from a retailer;

"distribute", in relation to electricity, means to distribute electricity using a distribution system;

"Distribution Code" means the code of that name certified by the Office;

"distribution licence" means a licence to distribute and supply electricity granted under section 162 of the Act;

"distribution system" means in relation to a distributor a system of electric lines (generally at nominal voltage levels of 66 kV or below) which that distributor is licensed to use to distribute electricity for supply under its distribution licence;

"distributor" means a holder of a distribution licence or a person who has been exempted from the requirement to obtain a distribution licence under section 160 of the Act;

"electrical installation" means any electrical equipment at a customer site that is not part of a distributor’s electrical system;

"electricity transmission system" means a transmission system in Victoria (generally at nominal voltage levels of 66kV or above), which the holder of a transmission licence may use to transmit electricity;

"enforcement order" means a provisional or final order made and served by the Office under section 35 of the Office of the Regulator-General Act 1994;

"generation licence" means a licence to generate electricity for supply or sale granted under section 162 of the Act;

"generator" means a holder of a generation licence or a person who has been exempted from the requirement to obtain a generation licence under section 160 of the Act;

"licensed power station" means Yallourn Power station W;

"Licensee" means Yallourn Energy Ltd ACN 065 325 224;

"Minister" means the person who is the Minister for the purposes of section 163(4) of the Act;

“National Electricity Code” means the Code approved in accordance with section 6(1) of the National Electricity Law as amended from time to time;

“National Electricity Law” means the National Electricity (Victoria) Law which applies in Victoria as a result of the operation of section 6 of the National Electricity (Victoria) Act 1997 (as amended from time to time);

“NEM” means the market for wholesale trading in electricity operated by NEMMCO under the National Electricity Code;
“NEM commencement date” means the date upon which the market for wholesale trading in electricity operated by NEMMCO under the National Electricity Code commenced, being 00:00 hours on 13 December 1998;

“NEMMCO” means National Electricity Market Management Company Limited ACN 072 010 327;

"Office" means the Office of the Regulator-General under the Office of the Regulator-General Act 1994;

"policy objectives" means the objectives specified in section 157 of the Act and section 7 of the Office of the Regulator-General Act 1994 and, to the extent the context requires, in a statement of government policy under section 10 of the Office of the Regulator-General Act 1994;

"Pool" means the market for wholesale trading in electricity operated and administered by Victorian Power Exchange until NEM commencement date;

"Pool Rules" means rules prepared by Victorian Power Exchange and certified by the Office relating to the market for the wholesale trading in electricity which was operated and administered by Victorian Power Exchange prior to the NEM commencement date, as amended from time to time;

"retailer" means a holder of a retail licence or a person who has been exempted from the requirement to obtain a retail licence under section 160 of the Act;

"retail licence" means a licence granted under section 162 of the Act to sell electricity otherwise than through the Pool (for the period up to NEM commencement date) or the NEM (for the period from NEM commencement date);

"standards and procedures" means overall performance standards which are issued by the Licensee under clause 7.1 or by the Office under clause 7.3;

"supply", in relation to electricity, means the delivery of electricity;

"System Code" means the code of that name certified by the Office;

"Tariff Order" means the Victorian Electricity Supply Industry Tariff Order made under section 158A of the Act;

"transmission licence" means a licence to transmit electricity granted under section 162 of the Act;

"transmit", in relation to electricity, means to transfer electricity in bulk;

“Victorian Power Exchange” means the Victorian Power Exchange Pty Ltd ACN 080 200 371;

"undertaking" means an undertaking given by the Licensee under section 35(5)(a) of the Office of the Regulator-General Act 1994;

"Wholesale Metering Code" means the code of that name certified by the Office; and

"writing" includes any mode of representing or reproducing words, figures, drawings or symbols in a visible form.
2. **INTERPRETATION**

In this licence, unless the context otherwise requires:

(a) headings are for convenience only and do not affect the interpretation of this licence;

(b) words importing the singular include the plural and vice versa;

(c) words importing a gender include any gender;

(d) an expression importing a natural person includes any company, partnership, trust, joint venture, association, corporation or other body corporate and any governmental agency;

(e) a reference to a condition, clause, schedule or part is to a condition, clause, schedule or part of this licence;

(f) a reference to terms of an offer or agreement is to terms, conditions or provisions thereof;

(g) a reference to any statute, regulation, proclamation, order in council, ordinance or by-law includes all statutes, regulations, proclamations, orders in council, ordinances or by-laws varying, consolidating, re-enacting, extending or replacing them and a reference to a statute includes all regulations, proclamations, orders in council, ordinances, by-laws and determinations issued under that statute;

(h) a reference to a document or a provision of a document includes an amendment or supplement to, or replacement or novation of, that document or that provision of that document;

(i) a reference to a person includes that person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and permitted assigns;

(j) when italicised, other parts of speech and grammatical forms of a word or phrase defined in this licence have a corresponding meaning;

(k) a period of time:

1. which dates from a given day or the day of an act or event is to be calculated exclusive of that day; or

2. which commences on a given day or the day of an act or event is to be calculated inclusive of that day; and

(l) an event which is required under this licence to occur on or by a stipulated day which is not a *business day* may occur on or by the next *business day*. 