

**GENERATION  
LICENCE**

**issued to**

**YALLOURN ENERGY LTD  
ACN 065 325 224**

**Office of the Regulator-General**

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## GENERATION LICENCE

### 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 Clause 4 has been revoked.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**.