



STANDARD GAS LICENCE CONDITIONS – VERSION FOR CONSULTATION

STANDARD GAS LICENCE CONDITIONS FOR GAS RETAIL

This document identifies the Standard Gas Licence Conditions for Gas Retail. These are conditions that a holder of a gas 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 38 of the Gas Industry Act 2001.

PART A – INTERPRETATION

1. Definitions

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

Act	the <i>Gas Industry Act 2001</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 <i>Corporations Act 2001</i> (Cth)
Customer	a person to whom gas is sold for premises by a Retailer or who proposes to purchase gas for premises from a Retailer
Deemed Contract	a deemed contract for the supply and sale of gas arising under section 46 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 gas granted under the Act
Distribution System	in relation to a distributor, a distribution pipeline or system of distribution pipelines, which the distributor uses to distribute or supply gas

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
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)
Gas Bulk Hot Water	means water centrally heated by gas 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
Hot water metering installation	a metering installation and associated equipment at a Supply Point which measures and records the flows of gas and hot water, consisting at a minimum of a gas metering installation, two or more hot water meters and a master cold water meter
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 gas from the wholesale gas market is suspended or terminated, whichever first occurs
Licensee	any holder of a gas retail licence who is required to comply with the Standard Gas Licence Conditions for Gas 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 Gas 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
MIRN	the unique identifier for a gas metering installation allocated and registered under the Retail Market Procedures within the meaning of the National Gas (Victoria) Law

National Gas Law	means the National Gas (Victoria) Law as in force in Victoria under the <i>National Gas (Victoria) Act 2008</i> ;
National Gas Rules	means the National Gas Rules as in force from time to time under Chapter 9 of the National Gas Law
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 gas to the Customer
Retail Licence	a licence, granted under the Act, authorising the holder thereof to sell gas
Retail Market Procedures	means the Retail Market Procedures within the meaning of the National Gas Law and made under the National Gas Rules
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 gas
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	a Domestic or Small Business Customer under section 3 of the Act.
Supply Point	a point on a Distribution System at which gas is withdrawn from the Distribution System for delivery to a Customer which is normally located at: <ul style="list-style-type: none"> (a) the inlet of a natural gas installation of a customer; or (b) the outlet of a Meter; or (c) the end of a main
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, gas 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 gas to its Customers

Wholesale gas market

means a market for wholesale trading in gas operated by AEMO under the National Gas 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 30 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 gas 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.

- 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. Reliability of supply

- 5.1. If the Licensee is notified by a Distributor of any interruption or curtailment of delivery of gas at a distribution delivery point, the Licensee must use reasonable endeavours to ensure that its Customers comply with any reasonable requirement set out in the notice.

6. Change of Control

- 6.1. 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.

- 6.2. The notice required under clause 6.1 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.

7. Compliance with regulatory instruments

- 7.1. 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.
- 7.2. The Licensee must have in place a system for monitoring its compliance with its Licence, any applicable Code of Practice and the Act.
- 7.3. The Licensee must comply with the National Gas Law and the National Gas Rules.

8. Gas purchase arrangements

- 8.1. The Licensee must have in place agreements or arrangements for the purchase of gas through the wholesale gas 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 gas to which it is a party.
- 8.2. The Licensee is deemed to comply with clause 8.1 if it is registered with AEMO as a 'customer' in accordance with the National Gas Rules.

9. Use of System Agreements

- 9.1. Subject to clause 9.4, the Licensee must have a Use of System Agreement with each Distributor who is not exempt from holding a Distribution Licence in whose distribution area the Supply Point of any Customer of the Licensee is located. Each Use of System Agreement must be in writing.
- 9.2. 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.
- 9.3. 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.
- 9.4. Clause 9.1 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.

10. Information to customers that are not Small Customers

- 10.1. The Licensee must include at least the following information in a bill for the supply or sale of gas issued to a Customer that is not a Small Customer:
 - i. the Metering Installation Reference Number (MIRN) assigned to the Customer's metering installation and the NMI checksum or, if there is no assigned MIRN,

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.

10.2. 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.

10.3. Unless clause 14 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 gas;
- 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.

10.4. 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).

11. Hot water metering

- 11.1. The Licensee must, for a customer for whom it is providing services associated with bulk hot water, ensure that each hot water metering installation is provided, replaced, installed, repaired and maintained in accordance with all applicable laws and any applicable guideline.
- 11.2. Without limiting clause 11.1, within 20 Business Days after receiving a request for the provision, replacement, installation, repair or maintenance of a hot water metering installation which is not functioning in accordance with all applicable laws and any applicable guideline, the Licensee must offer to provide the service requested on terms which are fair and reasonable and which are not inconsistent in the opinion of the Commission with any applicable guideline.
- 11.3. If a customer replaces the Licensee with another retailer as the supplier of bulk hot water services for a multi-unit dwelling, the Licensee must, if it is the owner of the relevant hot water metering installation, on request offer to sell that hot water metering installation to the other retailer on fair and reasonable terms and conditions.
- 11.4. Any question as to the fairness and reasonableness of the terms and conditions of an offer made under clause 11.3 shall be decided by the Commission on the basis of the Commission's opinion on the fairness and reasonableness of the terms and conditions.

12. Separate accounts

- 12.1. If the Licensee holds more than one category of licence under Part 3 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.

13. Payment methods

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

14. Retailer of last resort

- 14.1. 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 gas in accordance with the requirement under clause 14.2.
- 14.2. Subject to clause 14.3, the Licensee must sell gas to a Customer at tariffs and on terms and conditions approved or determined by the Commission under Division 6 of Part 3 of the Act.
- 14.3. The requirement under clause 14.2:
 - 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 gas 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 gas with the Licensee,

whichever occurs first.

14.4. As soon as practicable after being notified by the Commission or otherwise becoming aware of its obligation to a Customer under clause 14.2, 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 gas under section 51E(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 gas has been sold to the Customer by the Other Retailer prior to the occurrence of the Last Resort Event and what amount of gas 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 14 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 gas by the Licensee is no longer required; and
- ix. of how and where to obtain further information.

15. Provision of information

15.1. 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.

15.2. 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.

15.3. 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.

16. Review

16.1. 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.

16.2. Following a direction pursuant to clause 16.1, the Licensee must obtain the commission's approval of the independent reviewer and the scope, timing and methodology of the Review.

16.3. 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.

16.4. The Licensee must comply, and must require the independent reviewer to comply, with any guidelines issued by the Commission dealing with Reviews.

17. Community service obligation agreements

17.1. 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 49 of the Act.

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

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