

**Drafting Note**—These Rules have been approved by the Ministerial Council on Energy and will be made by the South Australian Minister shortly before the application by the first participating jurisdiction of the Schedule to the National Energy Retail Law (South Australia) Act 2010. These Rules will commence on the same date and at the same time as the application of that Schedule in that jurisdiction.

## NATIONAL ELECTRICITY (RETAIL SUPPORT) AMENDMENT RULES 2010

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### 1. Citation

This Rule may be cited as the *National Electricity (Retail Support) Amendment Rule 2010*.

### 2. Rules amended

This Rule amends the *National Electricity Rules*.

### 3. Amendments to Chapter 6

#### (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 must:

- (i) exclude any amount recovered or recoverable from a *retailer* or a guarantor of a *retailer* under Chapter 6B; and
  - (ii) exclude any costs that are recoverable under a *RoLR cost recovery scheme distributor payment determination*; and
  - (iii) be taken to be a cost that can be passed through and not a revenue impact of the event.
- (m) The amount the *AER* determines should be passed through to *Distribution Network Users* in respect of a *retailer insolvency event* that is a *positive change event* must be taken to be a cost that can be passed through and not a revenue impact of the event.

#### **4. Insertion of Chapter 6B**

The following Chapter is inserted after Chapter 6A:

### **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 class* 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 class* 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 class* proposed by the *retailer*.
- (c) On receipt of the request, the *Distribution Network Service Provider* must decide whether the *tariff class* 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 class* or to assign a *tariff class* 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 class*, 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 *tariff classes*; 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**

*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:

$$\text{NCL} = \sum \text{NCL}_c$$

where  $\text{NCL}_c$  means the forecast daily *network charges* 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:

$$\text{MDO} = \text{FCCP}/2 + \text{RBP}/2 + \text{IPPL}$$

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**

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

$$\text{MCA} = \text{TARC} \times 25\%$$

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*.

### **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*, andthe 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.7.2).

##### **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****Credit support allowance percentages**

<b>Standard and Poor's / Fitch Rating</b>	<b>Moody's Rating</b>	<b>Dun and Bradstreet dynamic risk score</b>	<b>Credit allowance (% of Maximum)</b>
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.....

## **Amendment of Chapter 10 - Glossary**

### **[5.1] New definitions in Chapter 10**

Insert in alphabetical order the following new definitions:

#### **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.

#### **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.

#### **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.

**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.

**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 those charges in full under the terms of any *credit support* provided in respect of that *retailer*.

**shared customer**

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

**statement of charges**

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

**[5.2] 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.

**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 *pass through event* that is a *retailer insolvency event* that increases the costs of providing *direct control services*.

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