

Network Support Agreements

Powerlink actively engages with providers of non-network solutions to identify feasible services that may assist Powerlink to reduce, defer or replace the need for future transmission network investment, delivering better outcomes for our customers. A Network Support Agreement (**NSA**) is a contract Powerlink uses when it procures services from a third party to support the electricity network.

An NSA sets out what service will be provided, when it will be provided, how the service will operate, and what Powerlink and the Service Provider must do to make the arrangement work.

Scope of Framework

This Network Support Contracting Framework will apply to non-network solutions engaged as services provided to Powerlink, including NSAs for system security services.

Under clause 4.4A.2 of the National Electricity Rules (NER), to the extent procured by the Australian Energy Market Operator (AEMO) or Powerlink under an agreement for that service, each of the following is a 'system security service':

- a system strength service;
- an inertia network service;
- a Network Support and Control Ancillary Services (NSCAS); or
- a transitional service (as defined in the NER).

Under clause 4.4A.6 of the NER, AEMO is required to publish Security Enablement Procedures for the enablement of system security services. The Security Enablement Procedures include minimum or recommended requirements for NSAs for system security agreements. Where the Security Enablement Procedures apply to a NSA, these minimum contractual requirements will be included. Recommended contractual requirements in the Security Enablement Procedures may also be included in an NSA for system security services.

How NSAs generally operate

Although every NSA is tailored to the specific service being provided, most agreements follow a similar structure. They set out:

- what the service provider must deliver and what Powerlink must do in return;
- how performance will be measured;
- how payments work; and
- what happens if something goes wrong.

The sections below outline the key components that typically appear in an NSA.

No.	Subject	Description
1	Conditions Precedent	<p>These are requirements that must be met before the agreement fully takes effect. Examples include:</p> <ul style="list-style-type: none"> • approvals being obtained; • funding being confirmed; and • testing to show the service meets required standards. <p>Either or both parties may have conditions to satisfy and there will be impacts/consequences (e.g. termination rights) if the conditions precedent are not satisfied.</p>
2	Term	<p>This will generally specify:</p> <ul style="list-style-type: none"> • when the agreement starts and ends; and • whether the term can be extended.
3	Description of Services	<p>This part describes the service being provided and how it must operate. It may cover any exclusivity arrangements, the standard of services and the authorisations required to carry out the services.</p>
4	Operations and Maintenance	<p>Depending on the service, the agreement may include requirements relating to:</p> <ul style="list-style-type: none"> • the duration and consistency of operation of the plant providing the services; • requirements to comply with operational protocols; • metering and outage planning; and • Powerlink's rights to inspect the plant.
5	Warranties	<p>These are statements each party makes about its capability and authority to enter the agreement. The agreement also sets out what happens if a warranty is breached.</p>
6	Payments and GST	<p>This covers:</p> <ul style="list-style-type: none"> • types of payments to be made, payment structures and escalations; • how invoices are paid; • how disputed amounts are handled; and • GST considerations.

No.	Subject	Description
7	Force Majeure	This refers to what happens when a party to the agreement is unable to perform its obligations under the agreement because of an event beyond its control that is not reasonably preventable.
8	Liability and Indemnities	Liability provisions vary depending on the service, but typically include: <ul style="list-style-type: none"> • details of contractual liability and liability limits (if applicable); • indemnities; and • treatment of consequential loss (e.g., lost profits, lost revenue and lost business opportunities).
9	Insurance	The agreement specifies what insurance the service provider must maintain, based on the nature of the service.
10	Default and Termination	This section sets out what happens if a party breaches the agreement or cannot perform. It usually covers: <ul style="list-style-type: none"> • notice and rectification periods; and • consequences of non-performance (e.g., reduced charges, termination). <p>This section may also deal with the circumstances in which a party may terminate the agreement, including fault-based and/or no-fault termination.</p>
11	Dispute Resolution	A structured process for resolving disputes efficiently.
12	Confidentiality	Rules for how confidential information must be handled and when disclosure is permitted.
13	Ring-fencing Compliance	The parties must comply with all applicable Australian Energy Regulator ring-fencing obligations when procuring and entering into Network Support Agreements.
14	Media	A process for obtaining approval before making public statements or responding to media enquiries about the non-network solution.
15	Change in Law	A procedure for dealing with changes in laws or regulations that affect the agreement.

No.	Subject	Description
16	General Provisions	Standard contractual clauses such as assignment and transfers, how to notify parties, legal costs, governing law, amendments and waiver.
17	Defined Terms and Interpretation	A list of defined terms and rules for interpreting the agreement.
18	Technology-specific Conditions	Technical details of the plant and how it interfaces with the agreement.