
CHAPTER 2

LICENSEES AND FEES

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CHAPTER 2 LICENSEES AND FEES

2.1 LICENSEES

2.1.1 Application of Chapter 2

- (a) This Chapter applies to all *Licensees*. It describes the *Licensees* and the fees payable by *Licensees*.
- (b) A person who intends to carry on or who carries on the operations of a *Generator*, an *Electricity Retailer* on the BSI or a *Network Service Provider* in the *industry* or any other operation for which a *licence* is required pursuant to *regulations* must hold a *licence* issued in accordance with the *ESI Act* unless the person obtains an exemption pursuant to regulations under the *ESI Act*.
- (c) A *Licensee* is a person who has a *Licence* issued pursuant or in accordance with the *ESI Act*.
- (d) Each *Licensee* is required to pay to the *Regulator* the *Licence Fees* determined in accordance with the provisions of clause 2.4.

2.2 LIABILITY AFTER CESSATION OF LICENCE AND PRIOR TO THE ISSUE OF A LICENCE

- (a) The fact that a person has ceased to be licensed for any reason under the *ESI Act* does not affect any obligation or liability of that person under the *Code* which arose prior to the cessation of its *licence*.
- (b) A *Licensee* which is subject to a liability under the *Code* which arose during the period in which it was a *Licensee* remains subject to that liability after and despite ceasing to be a *Licensee* regardless of when the claim is made.

2.3 REGULATOR'S ACCOUNT

- (a) The *Regulator* must establish, or cause to be established, an account for recording revenue received, including *Licence Fees*, and expenditure incurred in undertaking its functions under the *ESI Act* and *Code*.

2.4 LICENCE FEES

2.4.1 Development of Licence fee structure

- (a) The *Regulator* must develop, review and *publish*, in consultation with *Licensees* and such other persons, including persons registered pursuant to section 49E of the *ESI Act*, as the *Regulator* thinks appropriate in accordance with the *Code consultation procedures*, the structure of *Licence Fees* for such periods as the *Regulator* considers appropriate.

- (b) The structure of *Licence Fees* should, to the extent practicable, be consistent with the following principles:
- (1) the structure of *Licence Fees* should be simple;
 - (2) *Licence Fees* should recover the budgeted revenue requirements for the *Regulator* determined under clause 2.4.3;
 - (3) the components of *Licence Fees* charged to each *Licensee* should be reflective of the extent to which the budgeted revenue requirements for the *Regulator* involve that *Licensee*; and
 - (4) *Licence Fees* should not unreasonably discriminate against *Licensees*.

Licence Fees may include adjustments, which may be appropriate in light of the matters described in clause 2.4.3(c)(2).

- (c) In undertaking the process described in clause 2.4.1(a), the *Regulator* must consider other fee structures in existence, which it thinks appropriate for comparison purposes.
- (d) The *Regulator* must *publish* and make available to such other persons as the *Regulator* thinks appropriate, including persons registered pursuant to section 49E of the *ESI Act*, the structure of *Licence Fees* determined, the methods used in determining the structure and an assessment of the extent to which the structure complies with the principles set out in clause 2.4.1(b), at least 3 months prior to the implementation of the structure.

2.4.2 Payment of Licence fees

- (a) The *Regulator* may charge a *Licensee* the relevant components of *Licence Fees* in accordance with the structure of *Licence Fees* by giving the *Licensee* a statement setting out the amount payable by that *Licensee* and the date for payment.
- (b) A *Licensee* must pay to the *Regulator* the net amount stated to be payable by that *Licensee* in a statement issued under clause 2.4.2(a) to meet the *Regulator's* budgeted revenue requirements by the date specified for payment, whether or not the *Licensee* disputes the net amount payable.

2.4.3 Budgeted revenue requirements

- (a) The *Regulator* must prepare and *publish* before the beginning of each *financial year* a preliminary budget of the revenue requirements for the *Regulator* for that *financial year* which shall include the *Regulator's* estimated expenditures for the current *financial year*, as can reasonably be determined at the time of preparation of the preliminary budget.
- (b) As soon as practicable after the beginning of each *financial year* the *Regulator* must *publish* the final budget of the revenue requirements for the *Regulator* for that *financial year* which shall include the *Regulator's* actual expenditures for the previous *financial year*.

- (c) The budget prepared by the *Regulator* under clauses 2.4.3(a) and 2.4.3(b) must take into account and separately identify projected revenue requirements in respect of:
- (1) the *Regulator's* expenditure requirements and operating costs; and
 - (2) any revenue shortfall or excess of the *Regulator's* expenditure requirements and operating costs from the previous *financial year*.
- (d) The budget prepared by the *Regulator* shall not include the revenue requirements for the *Regulator* to conduct declared electrical service pricing investigations under the Electricity Supply Industry (Price Control and Related Matters) Regulations ~~2012~~2013.