



Mr Philippe Laspeyres
Senior Regulatory Analyst
NT Utilities Commission

Sent by email

Dear Philippe

Re: Response to PAWC Submission on Amendments to NT Retail Code

This is a submission by QEnergy to the NT Utilities Commission ('the Commission') in relation to the Commission's proposed amendments to the NT Retail Code. QEnergy is supportive of the Commission's draft amendments and considers that these will add to the integrity and openness of the NT electricity regulatory regime and the advent of true competition in this market.

QEnergy has read and considered the submission made by Power and Water Corporation (PAWC) in response to the proposed amendments. In QEnergy's view, the main contentions held by PAWC are that:

1. if the Code requires reduction of the credit support amount from the current 56 day maximum to a maximum of 28 days, this will trigger a cost of \$3-\$4 million for PAWC;
2. PAWC has an acceptable negotiation framework for dealing with prudential guarantees and this has already yielded a 'successful outcome' for one retailer, thus no changes to the Code are required;
3. If there is no maximum level for retailer requests for data per day, PAWC will incur a cost exceeding \$10 million;
4. If there is a requirement upon PAWC to provide responses to retailers within 3 business days, instead of 5 business days currently mandated, PAWC will incur a cost exceeding \$10 million (included in the above \$10 million figure).

These are addressed in turn in this submission.

The Northern Territory has experienced significant and positive changes with the advent of customer choice in the retail market. It benefits neither the further development of the market, nor the interests of customers generally, for any industry participant to argue against pro-competition change unless there is clear and demonstrable basis. For its part, QEnergy has consistently provided advice to the Commission that supports a long term workable market for all participants. It will continue to do so. On this basis, QEnergy suggests that the Commission review the submission made by PAWC carefully in relation to the identified cost implications, and if no compelling case can be made to support the claims, then they should be disregarded and should not hold back the balanced and fair progress made in the Commission's draft.

Each of the contentions put forward by PAWC is now considered.

If the Code requires reduction of the credit support amount from the current 56 day maximum to a maximum of 28 days, this will trigger a cost of between \$3-\$4 million for PAWC

QEnergy finds it difficult to understand how altering the maximum amount from 56 days to 28 days, which is itself far in excess of any reasonable amount required under the NEM, could invoke

any material costs. The Code is clear as to the method of calculation required and this is a reasonable straight forward exercise.

PAWC has an acceptable negotiation framework for dealing with prudential guarantees and this has already yielded a 'successful outcome' for one retailer, thus no changes to the Code are required

QEnergy has made clear in previous correspondence to the Commission its experiences in negotiating with PAWC and there is little need to expand upon these in a public submission, however suffice to say it is somewhat inconceivable that PAWC considers the current process has been a success. QEnergy remains hopeful that it will be able to construct a long term successful working relationship with PAWC following changes to the Code which will assist in providing it with greater ability to achieve outcomes which are practical and necessary for it to be able to run its business in the NT.

If there is no maximum level for retailer requests for data per day, PAWC will incur a cost exceeding \$10 million

In QEnergy's view, PAWC could not reasonably argue that there is any material burden in extracting metering data from a spreadsheet, attaching it to an email and sending it to a retailer or customer. Even if all of the customers in the entire market required data, which is a preposterous scenario, QEnergy is sure that retailers and customers would be reasonable about timeframes for response as PAWC worked through it. In any event, PAWC is well aware that the maximum it is likely to receive are well within its capabilities to respond. This is a standard process that exists all around Australia and indeed the world.

If there is a requirement upon PAWC to provide responses to retailers within 3 business days, instead of 5 business days currently mandated, PAWC will incur a cost exceeding \$10 Million (included in the above \$10 million figure)

QEnergy supports the Commission on its proposed stance on these issues and has communicated extensively with the Commission on this issue in the past.

In summary, QEnergy commends the Commission on the amendments proposed in the Code. While it would have been better for some of these amendments to favour competition more vigorously, the proposals will provide a good basis for QEnergy to continue its entry into the Northern Territory market. It is therefore a good balance.

I would be pleased to discuss these issues, and this submission, in greater detail should you wish.

Yours sincerely



Kate Farrar
Managing Director