



UTILITIES COMMISSION
OF THE NORTHERN TERRITORY

STRATEGIC PLAN 2019-2021



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Introduction

This document sets out the Utilities Commission's (the commission) strategy for 2019-2021, including its goals, how these goals relate to the commission's primary objective and indicators of success.

The purpose of this Strategic Plan is to communicate the commission's organisational goals and planned actions to achieve these goals to commission staff and stakeholders alike, and ensure the commission is accountable for achieving its goals.

We will regularly revisit our strategy to ensure it continues to be relevant and appropriate. This is particularly important given the dynamic environment in which we operate.

Context of our work in the Northern Territory

There have been significant changes in the regulatory environment in which the commission operates over the last five years. These changes include the structural separation of the Power and Water Corporation, the transfer of economic regulation of electricity networks to the Australian Energy Regulator and the 99-year lease for the Port of Darwin, which includes associated new legislation (the *Ports Management Act*) to provide for the control, management and operation of ports, and establishment of the commission as the regulator for part 11 of the Act (Port Access and Pricing).

Over the next three years, it is expected that changes to the regulatory environment in the Territory will continue as the Territory Government seeks to respond to innovative and disruptive technologies and implement various initiatives, including its commitment to achieve 50 per cent renewable energy by 2030 and associated Renewable Energy and Electricity Market Reform Implementation Plan, and the Northern Territory Economic Development Framework.

Notwithstanding the benefits renewable energy generation can bring, there are significant issues around how to incorporate greater levels of renewable energy into the Territory's electricity systems while maintaining secure and reliable electricity at least cost for consumers. The commission understands these issues will likely be addressed by the government through, among other things, changes to the Territory's regulatory frameworks and governance arrangements for the electricity industry.

Similarly, the Northern Territory Economic Development Framework, which is the Territory Government's plan to accelerate economic development and attract private sector investment, acknowledges the importance of ensuring regulation is effective through identifying effective regulation as a critical theme to promote growth in industries such as tourism (including cruise ships), energy and minerals, which rely on the Port of Darwin.

Further to the known government initiatives likely to impact industries regulated by the commission in some way, it is probable that new opportunities and challenges will emerge over the period covered by this Strategic Plan and beyond. Accordingly, the commission will continually assess the external environment and revise its Strategic Plan and associated priorities as necessary, to ensure it remains on track to deliver the best possible outcomes for Territory consumers.

Our primary objective

The Utilities Commission seeks to protect the long-term interests of Territory consumers of services provided by regulated industries with respect to price, reliability and quality.

Our values

In achieving the commission's primary objective, we are guided by our six corporate values:



Our functions

The Utilities Commission is a statutory authority established under the *Utilities Commission Act* (Act) as the independent economic regulator for the Northern Territory.

The Act (s. 5) provides that the commission is constituted by the Utilities Commissioner (chair of the commission) and by any person appointed as an Associate Commissioner.

The object of the Act (s. 2) is to create an economic regulatory framework for regulated industries that promotes and safeguards competition, and fair and efficient market conduct or, in the absence of a competitive market, promotes the simulation of competitive market conduct and the prevention of the misuse of monopoly power.

The Act (s. 6(1)) defines a general set of functions for the commission. However, the commission's specific roles in regulated industries are defined in industry-specific legislation. At present, the commission's regulatory roles encompass the electricity, water and sewerage, and ports industries in the Territory.

The Act (s. 6(2)) requires, in the conduct of its functions, the commission have regard to various factors, with particular emphasis on achieving economic efficiency and protecting consumers. The commission must also have regard to any relevant objectives in industry-specific legislation.

Electricity industry

In accordance with the *Electricity Reform Act*, the commission administers a licensing regime and industry codes for industry participants, regulates pricing orders made by the government, prepares annual reviews of the Territory's power system and electricity industry, and deals with complaints from industry participants.

Water and sewerage industry

In accordance with the *Water Supply and Sewerage Services Act*, the commission administers a licensing regime and pricing order.

Ports industry

In accordance with the *Ports Management Act*, the commission administers a pricing and access regime for prescribed services provided by a private port operator at a designated port (currently only the Port of Darwin).

Advisory

The commission is empowered to provide advice to the Minister on any matter as requested from time to time, and is obligated to undertake various reviews and provide reports to the relevant minister under acts such as the *Electricity Reform Act* and *Ports Management Act*.

Further, the commission may provide advice to the relevant minister at any time on the operation of the *Electricity Reform Act* (s.6(b)) and *Water Supply and Sewerage Services Act* (s.6(b)), and may publish reports and statements in accordance with the *Ports Management Act* (s120).

Our stakeholders

The commission's key stakeholders are the consumers of services provided by the regulated industries that the commission regulates. To meet our objectives, the commission fosters and maintains relationships with stakeholders including:

- relevant ministers and Territory Government departments across the areas of treasury, renewables and essential services, and infrastructure, planning and logistics
- regulated electricity, water and sewerage, and ports entities
- potential regulated industry entities
- users and potential users of services provided by regulated entities
- representatives of industry and consumer bodies
- Australian, state and territory regulatory bodies.

Our goals

Four goals guide us in meeting the commission's primary objective of protecting the long-term interests of Territory consumers of services provided by regulated industries with respect to price, reliability and quality.

GOAL 1

We will ensure regulated businesses are held accountable through licensing, monitoring and transparency of performance, including through public reporting and adopting a risk-based approach to compliance and enforcement.

We seek to ensure consumers benefit by enhancing the economic efficiency of regulated industries through promoting competition, fair and efficient market conduct, and effective independent regulation. In the absence of a competitive market, we seek to promote the simulation of competitive market conduct and prevent the misuse of monopoly power.

We do this through ensuring regulated entities have a clear understanding of their obligations, effective monitoring and compliance of regulated entities, developing and approving industry codes, public reporting on regulated businesses against performance indicators and reporting to the minister as required.

GOAL 2

We will build trust with stakeholders by engaging genuinely and being transparent to enable the best possible decisions, and build understanding of economic and regulatory issues, including in terms of the Territory's regulated industries.

We recognise the services we regulate impact the Territory community and economy. Consulting with and seeking input from our stakeholders is therefore important to us and we commit to genuine engagement.

We engage with our stakeholders using a variety of methods tailored to the work we undertake and conduct our work in a manner as open and transparent as possible.

We ensure our decisions are consistent with our objective, values and goals, and not unduly influenced by any party.

We acknowledge our decision-making processes must be sound, rigorous and in accordance with our legal obligations.

GOAL 3

We will continue to be engaged and provide impartial, credible and robust regulatory and economic advice to the Territory Government on issues that may impact consumers.

As an independent statutory authority charged with performing economic regulatory functions for the Territory, we can contribute to the Territory economy being strong and sustainable.

We will leverage our existing knowledge, experience and relationships to support the delivery of our overall regulatory program and provide advice to government and stakeholders.

In doing this, we will take a best practice regulation approach, showing leadership in regulatory matters and developing regulatory and advisory responses that meet the needs of our stakeholders, in the context of best practice, both nationally and internationally.

We will use robust engagement processes to obtain the widest range of views, evidence and information, and be responsive and agile to deliver in a timely manner.

GOAL 4

We will continue to build on our knowledge and experience as a regulator, and the commission's reputation as, among other things, an employer of choice.

To ensure the commission can undertake its regulatory functions to a high standard, we must be a high performing organisation. We will achieve this by ensuring the commission has access to the appropriate resources to address current and emerging issues, for learning and development opportunities to grow professionally, and to support succession planning.

Networking with other regulators, including at face-to-face forums, provides opportunities to connect and discuss related issues, grow our knowledge base of developments in other jurisdictions and overseas, and identify potential opportunities for secondments or permanent recruitment of experienced staff to the commission.

A workplace that is safe, supportive and professional will attract and retain talented staff to the commission.

GOAL 1: We will ensure regulated businesses are held accountable through licensing, monitoring and transparency of performance, including through public reporting and adopting a risk-based approach to compliance and enforcement.

PRIORITIES

- Our priorities in the next three years are to:
- monitor and undertake audits of licensees' compliance with regulatory obligations as appropriate
 - publicly report annually on licensees' compliance with associated regulatory obligations
 - review and update the format of the Power System Review, and publish annually to better inform stakeholders of current and future requirements and risks to the Territory's electricity industry
 - monitor the private port operator's compliance with its access policy
 - monitor pricing for prescribed services for the Port of Darwin, including publish an annual price monitoring report for the Port of Darwin
 - report to the minister and publish reports on the private port operator's compliance with the access policy and price determination
 - issue a new price determination for the Port of Darwin
 - review and update the Ring Fencing Code, Electricity Retail Supply Code and other commission regulatory instruments as appropriate
 - review and update the electricity licensing regime
 - review and update the licensing fact sheet, and introduce a licensing handbook
 - review and update (if necessary) the Compliance Framework and Reporting Guidelines.

INDICATORS OF SUCCESS

- Stakeholders are informed through ongoing public reporting.
- Increased compliance with regulatory obligations.
- Licensees are held to account for meeting their obligations in accordance with licence conditions and other relevant regulatory instruments.
- Private port operators at designated ports are held to account for compliance with the access and pricing regulatory regime.
- Commission's regulatory instruments are current and relevant.

GOAL 2: We will build trust with stakeholders by engaging genuinely and being transparent to enable the best possible decisions, and build understanding of economic and regulatory issues, including in terms of the Territory's regulated industries.

PRIORITIES

- Our priorities in the next three years are to:
- continue to build and maintain strong relationships with our stakeholders
 - improve engagement with residential and business customers
 - participate in regular meetings and site visits with stakeholders, including with those located outside Darwin
 - continue to review and improve our consultation methods to optimise well-informed decision-making
 - undertake a regular stakeholder survey
 - hold informal feedback sessions following delivery of major projects
 - design and launch a new website that is compliant with Web Content Accessibility Guidelines 2.0, more interactive and easier to navigate for users, including on mobile devices
 - ensure the new website provides relevant, up-to-date documents, including information on the commission's Engagement Policy.

INDICATORS OF SUCCESS

- Stakeholders are engaged through public consultation.
- Stakeholder survey undertaken at least once within a three-year period and outcomes considered and appropriately addressed.
- Lessons learnt from feedback sessions.
- Improved understanding of stakeholder issues.
- The commission is responsive to stakeholders.
- At least one commission meeting a year held in Katherine, Alice Springs or Tennant Creek, including associated stakeholder meetings or site visits.
- Increased 'traffic' on the commission website including downloading of significant publications such as the Power System Review, and Review of the Ports Access and Pricing Regime.

GOAL 3: We will continue to be engaged and provide impartial, credible and robust regulatory and economic advice to the Territory Government on issues that may impact consumers.

PRIORITIES

- Our priorities in the next three years are to:
- provide advice to the Territory Government through inquiries, reviews and advisory functions
 - support government to implement the recommendations of the 2018 Ports Access and Pricing Review
 - develop forecasts, undertake reviews, and provide advice and reports to the relevant ministers in accordance with legislated requirements, including the *Ports Management Act* and *Electricity Reform Act*
 - provide advice and assistance, where appropriate, to government to implement its Northern Territory Renewable Energy and Electricity Market Reform Implementation Plan in accordance with the principles of reliability, security and least cost
 - contribute to an improvement in the productivity of the Territory economy through the use of our knowledge and expertise.

INDICATORS OF SUCCESS

- Independent, timely and proactive advice provided to the Territory Government.
- Legislative review and reporting obligations met.
- Publishing of an electricity retail review report that will, among other things, provide targeted advice to government in relation to customer protections for Territory electricity consumers and retail competition.

GOAL 4: We will continue to build on our knowledge and experience as a regulator, and the commission's reputation as, among other things, an employer of choice.

PRIORITIES

- Our priorities in the next three years are to:
- provide development and networking opportunities for all staff, including attending meetings with stakeholders, commission meetings and forums, and completing relevant short courses and other professional development
 - provide opportunities for staff to perform higher duties in anticipation or succession planning
 - recruit appropriately skilled and experienced staff, and maintain approved staffing levels.

INDICATORS OF SUCCESS

- Staff, including junior staff, attend meetings with commission stakeholders relevant to their work.
- Staff sitting in on, and contributing to, commission meetings as appropriate.
- Staff completing ongoing training and professional development.
- Maintaining approved staffing levels.

