

Under Treasurer
Level 14 Charles Darwin Centre
19 The Mall
Darwin NT 0800

Postal Address
GPO Box 1974
Darwin NT 0801

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Mr Lyndon Rowe
Utilities Commissioner
Utilities Commission of the Northern Territory
GPO Box 915
DARWIN NT 0801

Dear Mr Rowe

Re: Submission on proposed amendments to the Electricity Retail Supply Code

The Department of Treasury and Finance (DTF) is pleased to make a submission on the Utilities Commission's (the Commission) proposed amendments to the Electricity Retail Supply Code (the ERSC).

DTF is providing policy analysis and advice to the Territory Government as part of substantive reforms of the Territory's electricity supply industry to enhance the efficiency, reliability and security of the sector and to support Government's renewable energy objectives. As the ongoing reform program relates to all components of the Territory's electricity supply industry there are interrelationships with the ERSC.

Accordingly, DTF has prepared a response at Attachment A to some of the Commission's proposals with a focus on those that materially relate to, or could impact on, Government reforms and initiatives.

I note that DTF officials have also engaged with Commission officials on a range of other less substantive matters, including through provision of informal feedback. These matters include definitions and other minor drafting issues, interaction with the National Electricity Rules as applied in the Territory, and clarification of the reasons for proposed amendments. I understand that Commission officials have indicated a willingness to consider these less substantive matters without requiring their inclusion in a formal submission.

I appreciate your consideration of DTF's submission. Should you wish to discuss any aspect of this submission or would like further detail on Government's electricity reform program, please contact Samantha Byrne, Senior Director Utilities Reform, on (08) 8999 7487 or samantha.byrne@nt.gov.au.

Yours sincerely


CRAIG GRAHAM
Under Treasurer

20 August 2019

Submission to the Utilities Commission on proposed amendments to the Electricity Retail Supply Code (ERSC)

Issue 2 and 27 (clauses 1.4.1, 1.4.2 and 10) – Scope of application of the ERSC, particularly in respect to life support customer protections

The Department of Treasury and Finance (DTF) supports the Commission's proposed amendment to clarify that the ERSC applies to all electricity networks (not just the networks where network access legislation applies), particularly in the context of the inclusion of the proposed life support equipment customer protections.

In a letter to the Commission in May 2017, the Northern Territory Treasurer, the Hon Nicole Manison MLA, identified the need to implement formal protections for life support customers as a high priority and requested that the Commission consider including such protections in the ERSC or in another suitable instrument.

Notwithstanding the Utilities Commission's proposed ERSC amendments, DTF notes that there will continue to be gaps in the application of the life support equipment customer protections where some electricity customers in the Territory will not have access to formal life protections because the ERSC does not apply to unlicensed electricity entities.

These customers may include those electricity customers in Nhulunbuy, for which Alcan-Gove Pty Ltd holds a licence exemption to generate, supply and sell electricity for the town, and for electricity customers on embedded networks.

Consistent with the Territory Government's identified priority status, DTF considers that formal life support equipment customer protections should be extended to the greatest number of electricity customers practicable. To the extent it is legally and practically able, the Commission should consider the ability for the ERSC life support equipment customer protections to be made available to customers who are serviced by entities exempt from being licenced or receive electricity from embedded networks. In doing so there may also be value in considering whether life support obligations should vary to be fit-for-purpose for the characteristics of each type of network (for example, in terms of the service delivery model used and whether network access legislation applies) so long as such protections ensure customers throughout the Territory are protected.

More generally, it is noted that some parts of the ERSC will not have practical application in some electricity networks (for example, because network access legislation does not apply and there is no retail competition) unless circumstances change. This approach is supported given arrangements in the ERSC would serve no purpose in some networks and be unnecessarily onerous. Before finalisation of the ERSC, it may be prudent to review all clauses to ensure their application (or lack thereof) is appropriate for each network. DTF would like to highlight clauses 4.1, 5.1 and 8.3 in particular as warranting review for this purpose.

Issues 10 and 11 (clauses 4.1.2 and 4.1.3) – Proposed obligations on retailers and network providers to facilitate registration in the Interim Northern Territory Electricity Market

Regulatory obligations associated with the Interim Northern Territory Electricity Market (I-NTEM) in the Darwin-Katherine electricity system are contained in the System Control Technical Code (SCTC) pursuant to Regulation 5A of the Electricity Reform (Administration) Regulations. Under the current Territory legislative framework, the SCTC is the most appropriate instrument for wholesale market related regulatory arrangements. Accordingly, DTF considers that the proposed clauses 4.1.2 and 4.1.3 are inappropriate.

Further, the SCTC already provides for the System Controller (in performing its market operator function) to administer a process to register market participants, including retailers

that participate in the I-NTEM. The System Controller (and any licenced participant) has the ability to propose amendments to the registration regulatory arrangements in the SCTC if they consider that changes are warranted. Notifications regarding the provision of network access agreements may also be appropriately dealt with procedurally (for example, through the registration application form which is published on PWC's website).

Notwithstanding the views expressed above, if the Commission does proceed with the proposed clauses 4.1.2 and 4.1.3, they should be amended to clarify that they relate only to the Darwin-Katherine electricity system where the I-NTEM operates and the proposed NTEM will operate.

Issues 18 and 26 (clauses 6.5 and 8.4) – Third party access to data to assist in performance of market data and billing and customer transfer functions

It is understood that the proposed clauses 6.5 and 8.4 originate from PWC's proposal to transfer functions under section 6 and 8 of the ERSC to the market operator function performed by the System Controller. DTF supports the Commission's decision not to transfer these functions as it would be inconsistent with the role envisaged for the market operation function under the I-NTEM and pre-empt the Territory Government's ongoing electricity reform program.

DTF is comfortable with the UC's proposal to specify that third parties may access data to assist the network provider in performing certain functions. However, the specification 'including the System Controller' is unnecessary to achieve this intent. Further, the inclusion of this specification may be perceived as leading (for instance, suggesting that the System Controller is the most appropriate third party to assist) or as limiting the type of third parties that are able to access data.

Issue 25 (clause 8.3) – Responsible retailers for greenfield and other exit points and associated reporting

It is understood that the intent of the proposed new requirements is to mitigate issues associated with consumption of electricity at connection points for which there is no network access agreement and/or contract with a retailer in place (unauthorised consumption). DTF supports the overarching intent of the proposed requirements.

DTF understands that the Commission intends to use information gathered through the proposed new reporting requirements at clause 8.3.8 to monitor whether occurrences of unauthorised consumption are addressed by the network provider and retailers in a timely manner. However, based on the available information, it is unclear whether there is likely to be a net benefit to this reporting being undertaken quarterly, or whether an alternative frequency may be more appropriate.