

Lyndon Rowe
Utilities Commissioner
Utilities Commission NT
GPO Box 915 DARWIN NT 0801

Dear Mr Rowe

Re: Alcan Gove Pty Ltd Licence Exemption – 2023 Review – Consultation Paper

We refer to your correspondence of 25 September 2023 and thank you for the opportunity to comment on issues raised by the Utility Commissioner in relation to the conditions of the Exemption document held by RTA Gove Pty Ltd ('Gove Operations') granted under section 87 of the Electricity Reform Act 1987 (NT).

As an initial comment, and per previous submissions by Gove Operations, it is noted the network and customer base of the Gove Operations network is considerably smaller than other distribution networks or retailers in the Northern Territory, who operate under the Electricity Industry Performance Code or the Electricity Retail Supply Code. In this regard, Gove Operations presently has approximately 1500 customers. From a retailing perspective, 452 of these customers are employees or contractors of the mining operations who are provided electricity without charge. Gove Operations provides power at a loss to retail customers. Despite recently announcing that charges would mirror the Commission's regulated rates, due to the cost of generation, Gove Operations will effectively continue to heavily subsidise customers in the network.

From an administrative perspective, the management of electricity accounts is managed by Nhulunbuy Corporation Limited (NCL) on behalf of Gove Operations who provide local government functions for the Nhulunbuy community. Unlike major Australian distribution networks or energy retailers, NCL does not have dedicated 24-hour energy customer call centres but instead a small administrative staff who service the community for a wide variety of administrative and financial matters (such as rate queries and pet registration). With mining scheduled to cease before the end of the decade, Gove Operations is working with stakeholders to determine appropriate structures for the management of assets and provision of electricity to the community in future. In the interim, Gove Operations continues to invest in the network, including alternative energy, to ensure that the network and generation is able to support Nhulunbuy's continuation as the primary service hub for North East Arnhem land.

Please find following Gove Operations' responses to the questions outlined in the Consultation paper.

Question 1

References to Alcan Gove Pty Ltd should be updated to RTA Gove Pty Ltd. Further, SML214 is held solely by SAAL now – the reference to Gove Alumina Limited should be removed from the Recital.

Question 2

The geographical description of the network and customer base remains accurate. It is noted that the generation facilities currently operated to supply electricity are located at the mining site proximate to Nhulunbuy (not strictly within Nhulunbuy itself). For clarity, we would suggest including wording in the first dot point of Schedule 1 to reflect that generation may be undertaken within the limits of the network.

Question 3

We do not believe there is a need to vary Clause 2.i. from its current wording.

Question 4

As Gove Operations' life support equipment procedure was recently approved by the Commission, we believe the document remains fit for its intended purpose.

Questions 5 & 6

We have no objection to the Commission escalating GSL payments for Gove Operations in line with similar sized remote isolated networks. We would like to note that Gove Operations is not further incentivised to deliver reliable power by the existence of these payments. We are motivated by maintaining and improving external stakeholder relationships, our commitment to the wellbeing and health of our Traditional Owners and to a lesser degree, to the financial disruption caused from electrical outages to our mining operations. In this regard, in the past 12-month reporting period, there have only been 3 events that have given rise to a GSL payment.

Questions 7, 8 & 9

In relation to questions 7 and 8, we refer to our answer above. In terms of question 9, as noted by the Commission, the regulatory burden associated with full compliance with GSL related reporting requirements contained in Schedule 3 (Network Services Performance Indicators) is typically associated with large scale utilities providers. Additional reporting requirements placed upon a provider who cannot achieve sufficient scale to defray the costs of compliance, should be avoided wherever practicable unless there were compelling reasons for their introduction.

Question 10

Gove Operations is not aware of any need to vary this condition

Question 11

Gove Operations is not aware of any need to vary this condition

Question 12

With mining scheduled to cease before the end of the decade, Gove Operations is working with stakeholders on the long-term vision for the management of infrastructure and provision of services to the Nhulunbuy community (and surrounds). It is anticipated these discussions will become more focussed over the next three-year period. It may be more appropriate for the Commission to be kept informed of any agreed vision regarding service provision. On that basis, a review period of 5 years would seem more appropriate (to make it consistent with the proximate end of life of the mine) to allow these discussions to continue.

Question 13

As noted above and in previous comments, Gove Operations is a small, isolated network with a small customer base (a significant portion of which are employees) and limited support staff. Per our previous feedback to the Commission, the number of complaints received per annum is small (averaging around 5 per year in the last three years). Given these numbers, Gove Operations does not see there is any merit in developing a particular complaint handling process that differs from arrangements already in place.

Question 14

Gove Operations has not disconnected any customers for non-payment in the past three-year reporting period. As noted, a significant amount of the customer base does not pay for electricity consumed. Accordingly, Gove Operations is not clear what benefits would flow from imposing additional obligations in the license relating to customer hardship.

Question 15

Gove Operations is open to discussing how protections relating to family violence matters could be appropriately incorporated into customer policies for networks such as Gove Operations.

Question 16

RTA Gove notes the Commission's acknowledgement that the imposition of additional network reporting requirements may accrue additional costs to RTA Gove. This is particularly relevant in circumstances where our retail customers have been and will continue to be, provided with power at a price well below the cost of generation. The cost and complexity of delivering power in remote North East Arnhem land is such that care must be given in suggesting to customers that it is possible for any provider (including government) to provide the same reliability and consistency which might be experienced in Darwin or other major network provider, and to a degree which exceeds that which would be applied through any reasonable cost-benefit consideration.

On that basis, Gove Operations does not consider that a requirement to comply with network performance reporting obligations in the EIP Code outweigh the associated costs and benefit to consumers.

Question 17

As previously noted, the Nhulunbuy Corporation Limited acts as the electricity account manager on behalf of Gove Operations. It does not have sufficient scale to operate a call centre or associated technologies which are specifically designed to generate the data contained within the *Northern Territory Electricity Retail Review*. It is likely that requiring Gove Operations to comply in full would introduce both cost and complexity, requiring dedicated phone lines, employees, systems and processes to be developed. We are uncertain as to how this could be commissioned in any reasonable timeframe, noting the cessation of mining activities at the end of the decade. On that basis, we believe it is not feasible for Gove Operations to comply with the retail performance reporting obligations in the EIP code.

Question 18

Gove Operations notes that the Rio Tinto Group Standard for Electrical Safety governs practices in other operations which provide retail electricity services, including elsewhere in Australia. We recognise the importance of ensuring the safety of the public, employees and contractors around electrical infrastructure, however we believe that existing Rio Tinto standards employed by Gove Operations, enable us to meet this obligation. In reviewing Territory Generation's Safety Management & Mitigation Plan, we are confident that the obligations within it are matched by our own existing standards and associated procedures.

On that basis we do not believe there is sufficient benefit in obliging Gove Operations to comply with SMMP requirements in the ES Act, given equivalent standards and procedures already exist.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'James Low', written in a cursive style.

James Low

General Manager

Rio Tinto Gove Closure