

Friday, 3 June 2022

Mr Jim Richards  
Acting Director Utilities Commission  
Utilities Commission of the Northern Territory  
Level 11, Charles Darwin Centre  
19 The Mall  
Darwin NT 0800

By email: [Utilities.Commission@nt.gov.au](mailto:Utilities.Commission@nt.gov.au)

Dear Jim,

**Subject: Submissions to Issues Paper: Review of the Northern Territory's Electricity Licensing Regime**

Rimfire Energy ("Rimfire") welcomes the opportunity to provide its comments to the Utilities Commission ("Commission") regarding the *Issues Paper: Review of the Northern Territory's Electricity Licensing Regime*.

**Comments on Issues Paper Questions:**

Topic: ***Objectives that licensing aims to address***

Question:

*4. How effective is the licensing regime at controlling market power, facilitating competition and promoting investment?*

Rimfire Comment:

As detailed in the 2020-21 Northern Territory Electricity Retail Review:

- 'Although full retail contestability in the Territory was achieved in 2010 and there were up to seven licensed electricity retailers able to operate in the Darwin-Katherine, Alice Springs and Tennant Creek power systems during 2020-21, excluding the Power and Water Corporation (PWC), there was (and remains) limited retail competition in the Territory in 2020-21 there was (and remains) limited retail competition in the Territory'.
- 'the market for large customers (consuming more than 750 MWh per annum) saw a reduction in the market share of retailers other than Jacana Energy. Figure 3 shows that in the past year, there was a decrease of 2.8 percentage points in the market share of retailers other than Jacana Energy for large customers, to about 22%. This follows a reduction of 3 percentage points in 2019-20 from a peak of about 28% in 2018-19.

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These persisting issues would indicate the licencing regime may not be effective in dealing with matters of controlling market power and facilitating competition in the NT electricity market.

Topic: ***Licence Duration***

Question:

*7. Do the benefits of the Commission's approach for the term of a licence appropriately balance any risks that may arise from no expiry date and costs associated with requiring regular renewal?*

Rimfire Comment:

Rimfire views the Commission's current approach for the term of a licence as appropriate.

Rimfire is supportive of the Commission adopting an approach that applied less reporting or auditing requirements for licencees who demonstrate good and consistent performance, to the extent that any such new approach did not include a renewal requirement that would unnecessarily increase costs for licencees or replace the compliance requirements that are already in-place for which licencees have adequate established plans and processes to deal with these compliance obligations.

In general, increasing licencing obligations or reporting is counter-productive in relation to those objects of the UC Act which seek to promote competition and promote economic efficiency.

Topic: ***Energy storage systems***

Question:

*8. Are there barriers to entry or other issues with classifying energy storage systems as generation for potential participants? If so, what are they?*

Rimfire Comment:

Similar to solar PV system classifications in the NT, where an energy storage system is below two (2) MVA, it should not be subject to the licencing requirements of a generator.

Question:

*9. Are there any benefits to prescribing energy storage systems as a separate operation in the electricity supply industry requiring a licence (or exemption)? If so, what are they?*

Rimfire Comment:

Yes, similar to the SSRE, the uptake of small scale energy storage systems would be greater where a suitable threshold were set to avoid licencing obligations for such small scale energy storage systems.

Topic: ***Alternative supply models***

Question:

*13. Are there barriers to entry or other issues the Territory's current licensing regime presents for new entrants offering alternative supply models?*

Rimfire Comment:

Rimfire views the Commission's current approach for licencing of alternative supply modes as appropriate for behind-the-meter (BTM) supply models.

Where export of electricity is envisaged for say more than 25% of generation capacity of a generating system, this would indicate that a key intended purpose of the alternative supply

model is to trade with market participants, and therefore should require compliance with the current licencing regime.

Question:

*14. What characteristics or activities of alternative supply models might mean a more 'light-handed' regulatory approach is needed? Why?*

Rimfire Comment:

To remain consistent with the SSRE, a threshold of 2MW generation capacity. As suggested above, an export threshold could be used to determine the intended operation of the alternative supply model whether it was BTM or export focused.

Topic: **SSRE operations exemption**

Question:

*23. If the 2 MW threshold of the SSRE operations exemption were lowered, what would be an appropriate revised threshold?*

Rimfire Comment:

Rimfire does not support lowering of the 2MW threshold of the SSRE operations exemption.

Question:

*24. What would be the costs and benefits of such a change?*

Rimfire Comment:

Lowering the SSRE threshold would dampen the investment of commercial-scale renewable energy systems in the NT.

Regards,

**Kim Howlett**

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