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30 September 2016

Ms Vanessa Sutcliffe
Director
Utilities Commission
GPO Box 915 Darwin NT 0801

Dear Ms Sutcliffe,

Application to Amend the Retail Electricity Supply Code

Jacana Energy appreciates the opportunity to provide a response to the consultation paper, "Application to Amend the Electricity Retail Supply Code", in response to the proposed Electricity Retail Supply Code changes submitted by Power and Water Corporation (PWC). Our response to the Application is set out in the attachment to this letter.

PWC's proposed Code amendments are primarily aimed at transferring provision of some functions and services from PWC to the Market Operator. Jacana Energy supports the objective of achieving harmonisation with national arrangements where the changes are 'fit for purpose' with the small Northern Territory market and adequately take into account resource and system constraints.

Jacana Energy considers the above application to amend the Code should be undertaken in conjunction with a broader review of the Code. Particularly Jacana Energy recommends that such a review include amendments to the provisions of Parts 5 and 7 to achieve closer alignment with National Electricity Market.

While Part 7 of the Code requires PWC to develop and implement a Standard Operating Procedure, there are currently limited obligations covering metrology procedures. Jacana Energy considers that this presents a significant opportunity for the enhancement of the NTEM and recommends the current Code review also include changes to Part 5 of Code to include development of metrology procedures that align more closely with the NEM.

Jacana Energy considers that a Commission led consultation on the Standard Operating Procedure and new metrology procedures (the latter would require appropriate Code amendments) would enable a process for phasing in key parts of the national electricity metering rules within a structured and timely framework.

Jacana Energy would appreciate the opportunity to meet with the Commission to expand upon our submission. Please contact me should you require further information or clarification with respect to Jacana Energy's submission.

Yours faithfully,

A handwritten signature in black ink, appearing to read "W. Oliver", written over a horizontal line.

William Oliver
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Jacana Energy

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Attachment:

Jacana Energy's response to PWC's Application to: Amend the Retail Electricity Supply Code.

Issue 1 – Transfer of Section 6, Market Data to the Market Operator

Jacana Energy considers that the solution to the question as to whether the Market Operator or Network Service Provider should be responsible for providing standing data to retailers should mirror arrangements in the national market wherever possible, unless there are good reasons for implementing alternative arrangements, such as the cost or lack of resources. Provision of standing data, or any other service for that matter, should be done by the party who can do so most efficiently and at least cost.

Another matter for consideration is that it is assumed that PWC has been allocated revenues in its revenue determination for providing this service to retailers. Given the impracticalities of reopening the regulatory cap mid-term, there appears to be a risk that retailers would have to pay for this service twice if provision of this service is allocated to the Market Operator (ie through both network charges and system control charges). If the Commission accepts PWC's proposal for shifting provision of this service to the Market Operator Jacana Energy requests that the changes be developed so as to avoid duplication of these charges. Any additional costs imposed on retailers could impact affordability for customers.

Issue 2 – Transfer of Section 8, Customer Transfers to the Market Operator

PWC proposes that the bulk of the accountabilities contained in Part 8 of the Code, which deals primarily with the customer transfer process, are transferred to the Market Operator (excepting clauses stipulating timeframes for completing any meter change service requests). While we do not have in-principle objection to this, in the absence of cost/benefit analysis it is difficult to gauge the merits of the proposal, nor is it clear how this can be readily accommodated in the charging arrangements.

For this reason we request that the Utilities Commission (the Commission) assess the benefits and costs of transferring these responsibilities to the Market Operator.

Issue 3 – Use of settlement statements for other major networks

PWC states it provides a service to some market participants (Jacana Energy understands primarily generators) to assist them in the settlement process. As it is a 'non-standard' service, Jacana Energy understands PWC currently charges this as a network Alternative Control Service (ACS). It proposes to transfer responsibility for this service to the Market Operator. . They note the Code does not specifically allow for the Market Operator to access customer meter data, so changes will need to be made.

Jacana Energy notes this ACS is currently provided to some participants and not others. The ACS framework allows PWC to charge for these service on a 'causer pays' basis. In contrast, if this service is to be provided by the Market Operator the costs will need to be recovered through general system control charges. Such charges are averaged across all participants in the market, which would mean some participants are paying for a service from which they have derived no benefits. We therefore consider the current approach is more consistent with economic efficiency, as it allocates costs to those who cause the need for the service.

Issue 4 – Jacana Energy as a 'local retailer' and its rights to sell to out of contract customers

PWC considers there is no equivalent to the deemed contractual arrangements in the NEM (which it refers to as the 'local retailer concept'). This means that under certain circumstances, such greenfields sites (ie where no retailer is assigned) or where customers move into and out of premises without contacting a retailer, it is not clear how rights and responsibilities in relation to supply and charging should be assigned.

Jacana Energy holds a different view. We note that the application of Part 6, 22 (b) of the Electricity Reform (Administration) Regulations in effect means that a standard contract, as provided for under section 91 and 92 of the Electricity Reform Act, applies to those customers who have not as yet negotiated a retail sales contract (e.g. a move-in customer who starts taking supply without contacting a retailer). In turn, this means such customers become liable for energy charges as soon as they start taking supply.

Further, the licence conditions of each retailer specify who the 'local retailer' is for the purposes of having an obligation to supply new customers under a standard contract. For the majority of areas in the Northern Territory this is Jacana Energy. This means that Jacana Energy has an obligation to supply new customers and a deemed relationship between Jacana Energy and a customer automatically applies at any new connection point, or in cases where a new customer has moved into an address without notifying a retailer.

In our view this means that Jacana Energy ought to be entitled to access meter data for any connection point for which an alternative retailer has not been assigned (since an automatic relationship exists between us and a customer at that site).

Issue 5.1 – PWC's role in advising retailers of greenfield sites

PWC has queried whether amendments should be made to the Code requiring the Market Operator to provide centralised information to all retailers about greenfields sites.

Jacana Energy has no objection to addressing this issue but notes that any proposed changes would need to be made in accordance with consumer protection and marketing principles and should be consistent with national frameworks.

Issue 5.2 - Clarity on the process for a non-Jacana Energy retailer signing up a greenfield site

PWC notes that there has been some confusion regarding the application of Part 8 of the Code to greenfield sites. In particular they consider that it is not clear whether a transfer request or any form of notification needs to be submitted if a retailer other than Jacana Energy signs a customer prior to that customer's connection to the network.

We disagree with this view. As we stated in relation to issue 4 above, we consider there to be a deemed contractual arrangement between the local retailer and a connection point. Consequently, where a customer is unassigned (for example at a greenfields site), any incoming retailer who is not the local retailer will need to submit a transfer request in relation to that customer. We agree with the Commission that the transfer procedures for retailers are clearly specified in Section 8 of the Code (and note they apply to all retailers not just Jacana Energy).

Issue 6 – Network Access to customer information

PWC states that PWC Networks intends to contract with customers either directly or via a standard form contract for the provision of connection services. To create a contract, PWC considers it requires customer information to facilitate historical data requests, outage notifications and guaranteed service level payments. PWC's application seeks amendment to the Code to add a requirement in Section 7 outlining retailer obligations to provide customer information to the network service provider.

Jacana Energy is in the process of negotiating a new Network Access and Coordination Agreement (NACA) with PWC. The NACA includes an obligation to exchange relevant information where necessary for each party to perform their respective functions.

The Commission notes in the consultation paper that there may be benefit in including in the Code a provision similar to Rule 94 of the National Energy Retail Rules related to Assistance and Cooperation

requiring all electricity entities (network, generator and retailers) to use their best endeavours to assist and provide information to each other to fulfill their obligations under the Code.

Jacana Energy would support such a provision and notes that it brings greater alignment between the Northern Territory rules and National Energy Customer Framework.

Issue 7 – Requirement of interval metering

PWC seeks to have the Code amended to ensure that a customer cannot be transferred to a new retailer unless that customer has a remotely communications-enabled interval meter installed. It further considers the costs associated with remote communications-enabling existing interval meters should be covered by the requesting retailer as they are above the standard control level of service. PWC considers these changes are necessary in order to be able to provide retail billing meter data or obtain the required interval data within the timeframes required for the Market Operator to perform settlement.

Jacana Energy agrees with PWC that the framework should support the roll out of interval meters. As more and more meters are read on a half hourly basis a larger sample can be used to derive the profile for remaining accumulation metered consumption, which means overall market settlement will be more accurate. The benefits of remotely read meters extend beyond more accurate settlement, and include:

- remote collection of data avoids meter readers having to physically attend premises and associated issues of not being able to access meters, a common problem in NT;
- more accurate and frequent billing (e.g. no need for estimated bills due to inability to access a property);
- better understanding of customer consumption patterns;
- ability to implement demand management solutions (including remote load control);
- improved network services, such as fault detection
- allowing more sophisticated tariff design;
- Support for Home Area Networks;

Jacana Energy considers PWC's proposal would provide strong impetus to the roll out of smart meters and associated technologies in the NT, consistent with proposals in other jurisdictions (such as the new and replacement smart meter policy in NSW). While we understand that some retailers may consider this type of policy would represent a barrier to new entry, we consider that this ignores the fact that any additional cost retailers might incur in installing smart meters would also deliver significant value to those retailers (as set out above) which makes the barrier to entry argument a difficult one to sustain from a competition policy perspective.

Issue 8 – NMI Allocation Procedure

PWC recommends the Code be amended to require the publication of the NMI on retail customer bills within three months of completion of the formal transition from unique meter identifiers to NMI's by the Market Operator.

Jacana Energy considers that this timeframe would need to take account of the technical implementation lead times of updating systems and processes. We consider that at least 6 months is likely to be required. We further agree with the Commission that it would be more appropriate for the System Control Technical Code to give authority to the detailed technical specifications of the NMI procedure and associated timeframes.

Issue 9 – Removal of requirement for the Commission's approval of charges

PWC requests clauses 6.3.7, 7.1.5 and 7.1.6 of the Code in relation to the Commission's approval of Alternative Control Service charges are removed from the Code as the inclusion of this requirement in the Code was a result of the UC's historical role in approving ACS charges under the Network Price

Determination.

Jacana Energy agrees with this proposal.

Issue 10 – Customer transfer notification timeframes

PWC has identified a concern of some retailers about the time it takes for customer transfers. PWC proposes the time frame is shortened from 10 business days for urban areas and 15 business days for non-urban areas to 5 business days for both categories.

Jacana Energy has no objection to this proposal. We consider that any risk of customers potentially being transferred within the cooling off period is addressed by 8.2.20 of the Code which states transfers cannot take place within the cooling off period.

