

File No:


Executive Officer
Utilities Commission
GPO Box 915
DARWIN NT 0801

Re: PALADIN TORRIX ENERGY CORPORATION LICENCE APPLICATION

Power and Water Corporation acknowledges the legal and regulatory implications of the entry of a new Retailer into the Northern Territory Electricity Market.

The Corporation supports the entry of new Retailers into the Northern Territory market, but feels compelled to raise the following matters regarding Paladin Torrix Energy Corporation's (PTEC) application for a Retail licence.

Financial Backing

PTEC has indicated that the "exact financial backing of PTEC is confidential information". The Corporation has two main concerns: firstly with regard to the impact on customers should the company get into financial difficulties and secondly with regard to financial security for any credit facilities that may be extended by Power and Water (or other Generators) to PTEC.

The first concern is likely to have an impact on customers who may not be fully aware of the impact of their Retailer exiting the market. Under these circumstances the Corporation is under no obligation to continue to supply these customers under the same terms and conditions that were negotiated with PTEC. Customers would need to either negotiate another electricity supply contract or be supplied under default conditions.

The second concern can be addressed during commercial negotiation and Power and Water would factor the credit rating and availability of prudential security arrangements into prices offered for Corporation services.

Human Resources

Whilst the Corporation appreciates that PTEC has limited human resources to start with, it is anticipated that any key staff members employed by PTEC in the future would be notified to the Commission as required of the Corporation in its licence. In this way the Commission can satisfy itself that the officers meet the required standards.

Service Standards

The Corporation notes that the Utilities Commission has indicated that it will soon be publishing service standards, which may affect all Retailers, including PTEC.

Contestable Customer Code

The Utilities Commission circulated a Draft Contestable Customer Code some 2 years ago. This Code included minimum behavioural and ethical standards with regard to Retailing in the Northern Territory Contestable Electricity Market. Any such Code should apply to all Retailers, including PTEC.

In the absence of a Contestable Customer Code, it is anticipated that the Utilities Commission would address the market conduct issues contained in the draft Code in the licence issued to PTEC.

Yours sincerely



Kim Wood
Managing Director

3 August 2004