

PROPOSED AMENDMENTS TO ELECTRICITY RETAIL SUPPLY CODE

STATEMENT OF REASONS

21 June 2019

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Purpose and structure of this paper

The purpose of this paper is to set out the Utilities Commission of the Northern Territory's (the commission) proposed amendments to the Electricity Retail Supply Code (the Code), following consideration of submissions to its April 2018 Statement of Reasons, and to invite final submissions on the proposed Code amendments.

In light of feedback received through stakeholders' submissions, and the extended period of time between the commission's 2017 Position Paper and the Statement of Reasons in April 2018, this paper also discusses the exclusion of certain amendments previously proposed in the April 2018 Statement of Reasons.

Inquiries and submissions

Any questions or submissions in relation to this Statement of Reasons should be directed to the Utilities Commission by 2 August 2019, preferably electronically by email.

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Confidentiality

In the interests of transparency and to promote informed discussion, the commission will generally make submissions publicly available.

Persons wishing to submit confidential information should:

- clearly identify the relevant sections of the submission that are confidential
- provide a copy of the submission suitable for publication with any confidential material removed.

Confidential information is defined in section 26 of the *Utilities Commission Act* as information that could affect the competitive position of a licensed entity or other person, or is commercially sensitive for some other reason.

Timetable

The expected timeframe for publishing the Code is outlined below.

Table 1: Timetable

Action	Timeframe
Release of proposed revised Code and Statement of Reasons	21 June 2019
Consultation period ends/submissions due	2 August 2019
Final decision to amend Code, including Notice of Variation in Gazette	2 Sept 2019
Amended Code commences	30 Sept 2019

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REVIEW OF THE CODE

Legislative requirements and review process

The commission is an independent statutory body established by the *Utilities Commission Act 2000* (the Act). It is responsible for the economic regulation of the electricity supply industry, among others, which is governed by the Act, the *Electricity Reform Act 2000*, the *Electricity Networks (Third Party Access) Act 2000* (until 1 July 2019) and the *National Electricity (Northern Territory) (National Uniform Legislation) Act 2015*.

Under section 24 of the Act, the commission has the power to make codes and rules if authorised to do so under a relevant industry Act, regulation or by regulations under the Act. It prescribes a code making process for the creation, variation and revocation of industry codes, which requires the commission to (among other things):

- consult with the Minister (the Treasurer),¹ representative bodies and participants in the regulated industry;
- give notice of the making, variation or revocation of a code to the Minister and to each licensed entity to which the code applies; and
- ensure copies of the code are made available for inspection by the public.

Regulation 2A of the Utilities Commission Regulations 2001 provides that the commission is authorised to make a code relating to retail supply in the electricity supply industry. Clause 1.1.2 of the Electricity Retail Supply Code (the Code) reaffirms this.

Furthermore, clause 1.2.1 of the Code provides that, without limiting clause 1.1.2, the Code may deal with any one or more of the following:

- transfer of customers between retailers
- credit support arrangements
- billing
- metrology
- service order arrangements
- Retailer of Last Resort (RoLR) arrangements
- dispute resolution.

Through this document, the commission seeks to engage the public and stakeholders to advise them of the commission's draft decision in relation to each proposed amendment and to invite submissions that should be considered in making the final amended Code.

As required by section 24 of the Act, the commission will give notice of any variation of the Code to the responsible Minister and each licensed entity to which the Code applies. A notice advising of variations to the Code will be published in the Northern Territory Government Gazette. The commission will also publish a copy of the revised Code on its website.

¹ Administrative Arrangements Order as at 27 February 2019.

Background

In 2011, in accordance with section 24 of the Act, the commission issued the Code. The Code was last amended on 18 January 2016, following consultation with the Minister and stakeholders, to clarify that the Retailer of Last Resort is Jacana Energy.

In April 2016, Power and Water Corporation (PWC) made an application for amendments to the Code.² PWC stated the request was in light of substantial reform to the Northern Territory electricity sector, including the introduction of a wholesale market, structural separation of PWC and the entrance of new retailers.

In July 2016, the commission published a consultation paper in response to PWC's application for amendments to the Code, seeking submissions from interested stakeholders. It received submissions from PWC, Rimfire Energy and Jacana Energy.

Following consideration of submissions, the commission released a Positions Paper in May 2017 on proposed amendments to the Code. The commission again undertook extensive consultation with interested stakeholders. Written submissions were received from PWC and Jacana Energy.

Subsequently, on 23 April 2018 the commission published a proposed amended Code and Statement of Reasons, inviting submissions from interested parties by 1 June 2018. Submissions were received from the following stakeholders:

- Department of Treasury and Finance (DTF)
- EDL NGD (NT) Pty Ltd
- Jacana Energy
- PWC
- QEnergy Limited (QEnergy)

The commission has considered the most recent and previous submissions from stakeholders in drafting this Statement of Reasons document and associated draft amended Code.

The commission notes that it is likely that stakeholders may wish to propose further amendments to the Code in light of progress in the Territory Government's electricity reform program over the last 12 months.

However, given the need to finalise amendments to the Code, including to provide for Life Support Equipment obligations as requested by the Treasurer, the commission will prioritise consideration of submissions on the clauses for Life Support Equipment, and other amendments proposed in this consultation paper, and will consider submissions for any further amendments at a later date.

² An electricity entity may make a request for the commission to vary or revoke parts of the Code under clause 2.2.1 of the Code.

SUMMARY OF PROPOSED AMENDMENTS

This chapter provides a summary of proposed amendments to the current Code. These include amendments previously proposed and discussed in earlier consultation papers, and new or revised proposed amendments.

Further information and discussion on each proposed amendment (that is material) is provided in the next chapter of this Statement of Reasons document (*Proposed amendments and Considerations*).

Table 2: Summary of proposed amendments

Issue	Proposed amendment
<i>Introduction</i>	
1	Amendment to, and moving of, the Interpretation clause (new clause 1.7)
2	Amendment to Application clause (new clause 1.4.2)
3	Removal of Objectives clause
4	Addition of a Directions clause (new clause 1.6)
5	Addition of a Preservation of other obligations clause (new clause 1.8)
6	Addition of an Assistance and cooperation clause (new clause 1.9)
<i>Adding to or amending this Code</i>	
7	Amendment to clause 2.2.1
8	Amendment to clause 2.3.1
<i>Credit support requirements</i>	
9	Only minor changes have been proposed to this section, with exclusion of previously proposed amendments (explanation provided in the <i>Excluded Amendments</i> chapter of this Statement of Reasons).
<i>Network access</i>	
10	Addition of new clause 4.1.2
11	Addition of new clause 4.1.3
12	Addition of new clause 4.1.6
<i>Metrology</i>	
13	Only minor changes have been proposed to this section, with exclusion of previously proposed amendment (explanation provided in the <i>Excluded Amendments</i> chapter of this Statement of Reasons document).
<i>Market data and Billing</i>	
14	Addition of new clauses 6.2.4 and 6.2.5
15	Amendment to clause 6.3.1

16	Removal of clauses 6.2.8, 6.2.13, 6.2.14, 6.3.8 and 6.3.9
17	Removal of clause 6.4.4
18	Addition of new Third Party Assistance clause (new clause 6.5)
19	Addition of new Billing clause (new clause 6.6)
<i>Business-to-business arrangements</i>	
20	Addition of new clauses 7.1.3, and 7.1.4
21	Addition of clauses 7.1.5, 7.1.6 and 7.1.7
<i>Customer transfers</i>	
22	Amendment of clause 8.2.9
23	Amendment of clause 8.2.14
24	Amendment of clause 8.2.18
25	Addition of Responsible retailers for greenfield and other exit points clause (new clause 8.3)
26	Addition of Third Party Assistance clause (new clause 8.4)
<i>Retailer of Last Resort (no amendments proposed)</i>	
<i>Life Support Equipment</i>	
27	Insertion of new section on life support equipment, largely based on the National Energy Retail Rules (NERR), but modified to take into account the Territory's unique circumstances (new clause 10)
<i>Dispute procedures</i>	
28	Only minor changes have been proposed to this section

PROPOSED AMENDMENTS AND CONSIDERATIONS

This chapter provides information and discussion on each proposed amendment (that is material), including feedback from stakeholders and the commission's associated draft decision.

Table 3: 2018 consultation feedback and proposed amendments to Code

Introduction

Issue	Proposed amendments and 2018 consultation feedback	Commission's draft decision
1	<p><u>Amendment to, and moving of, the Interpretation clause (new clause 1.7)</u></p> <p>No feedback received.</p>	Proceed with proposed amendment.
2	<p><u>Amendment to Application clause (new clause 1.4.2)</u> - to clarify that the Code applies to systems Territory wide regardless of whether the associated network is regulated by network access legislation.</p> <p>This is a new proposed clause, not previously consulted on, in response to PWC's feedback that clarification be made within the Code on whether it applies to only regulated networks or rather Territory wide including regional non-regulated networks.</p>	<p>The commission agrees with PWC's recommendation to add clarity to the Code.</p> <p>The commission's view is that the Code should apply in both regional non-regulated networks and the regulated networks of Darwin-Katherine, Alice Springs and Tennant Creek, as appropriate.</p> <p>While the intent is for the obligations to be in effect across the Territory, some will simply not apply in regional non-regulated networks. For example, clauses relating to the transfer of customers between retailers are not relevant where there is no choice of retailer.</p> <p>For the avoidance of doubt, the commission considers that the proposed new Life Support Equipment obligations should apply in both regional non-regulated networks and the regulated networks.</p>
3	<p><u>Removal of Objectives clause</u></p> <p>No feedback received.</p>	Proceed with proposed amendment.
4	<p><u>Addition of a Directions clause (new clause 1.6)</u></p> <p>PWC's submission supports the amendments that authorise the commission to issue directions to electricity entities where required. No other feedback was received.</p>	Proceed with proposed amendment.

5	<u><i>Addition of a Preservation of other obligations clause (new clause 1.8)</i></u> No feedback received.	Proceed with proposed amendment.
6	<u><i>Addition of an Assistance and cooperation clause (new clause 1.9)</i></u> No feedback received.	Proceed with proposed amendment.

Adding to or Amending this Code

Issue	Proposed amendments and 2018 consultation feedback	Commission's draft decision
7	<u><i>Amendment to clause 2.2.1</i></u> - to expand who can request the commission to amend the Code. PWC's submission supports the proposed amendments to enable any stakeholder to request the commission to vary or revoke the Code. No other feedback was received.	Proceed with proposed amendment.
8	<u><i>Amendment to clause 2.3.1</i></u> - to take into account the removal of the Objectives clause No feedback received.	Proceed with proposed amendment.

Credit support requirements – only minor amendments have been proposed for this section.

Issue 9: The amendments proposed by Territory Generation (TGen), to ensure retailers that are late on payments be obliged to provide credit support to generators regardless of credit rating, have been excluded. An explanation of this draft decision is provided in the *Excluded Amendments* chapter of this Statement of Reasons document.

Network access

Issue	Proposed amendments and 2018 consultation feedback	Commission's draft decision
10	<u><i>Addition of new clause 4.1.2</i></u> - to ensure that a retailer is registered with the market operator prior to participating in the Northern Territory electricity market, and is a party to a Network Access Agreement (NAA) with the network provider. PWC's submission supports the proposed amendment that requires the NAA to be a condition for market registration with the	Proceed with proposed amendment.

	market operator to participate in the Northern Territory wholesale electricity market. No other feedback was received.	
11	<u>Addition of new clause 4.1.3</u> - to ensure the network provider notifies the market operator once negotiations for a NAA have commenced and provide the market operator with a copy of the NAA as soon as practicable. No feedback received.	Proceed with proposed amendment.
12	<u>Addition of new clause 4.1.6</u> - to ensure the terms of a NAA require the retailer and network provider to comply with the new Life Support Equipment obligations in section 10. No feedback received.	Proceed with proposed amendment.

Metrology – only minor amendments have been proposed for this section.

Issue 13: Previously proposed clause 5.1.2, which stated that clause 5.1.1 (a retailer must not initiate a transfer unless the customer's exit point has an interval meter installed) would not apply after 30 June 2019, has been excluded from this proposed Code. An explanation of the commission's draft decision to exclude clause 5.1.2 is provided in the *Excluded Amendments* chapter of the Statement of Reasons document.

Market Data and Billing

Issue	Proposed amendments and 2018 consultation feedback	Commission's draft decision
14	<u>Addition of new clauses 6.2.4 and 6.2.5</u> - to provide the responsible retailer an ability to request historical consumption data to enable greenfield site customers to be billed for energy used for which the responsible retailer is liable. PWC's submission supports the amendments, which do not require verifiable consent to be obtained from the customer in relation to a greenfield exit point. No other feedback was received.	Proceed with proposed amendment.
15	<u>Amendment to clause 6.3.1</u> - to enable an authorised agent, or representative of the customer, to submit a request for historical consumption data. No feedback received.	Proceed with proposed amendment.

16	<p><u>Removal of clauses 6.2.8, 6.2.13, 6.2.14, 6.3.8 and 6.3.9</u> - to reflect improved systems for handling data requests.</p> <p>PWC's submission states that it currently endeavours to perform all daily requests regardless of the minimum limit set by the Code. However, PWC states that there are real physical limitations of utilising the current manual processes.</p> <p>On this basis, PWC conditionally supports the removal of the current daily minimum limit on historical and standing data requests performed by the network provider. PWC notes that this will only be achievable with the introduction of a new B2B system, which it proposed in its 2019-24 regulatory proposal to the AER.</p> <p>No other feedback was received.</p>	<p>Proceed with proposed amendments subject to further feedback from stakeholders, including an update from PWC on the introduction of its new Business to Business (B2B) system given the Australian Energy Regulator (AER) has made its final determination in relation to PWC's 2019-24 regulatory proposal.</p>
17	<p><u>Removal of clause 6.4.4</u> - this clause required any multi-party agreement be directed towards achieving the objectives of the Ring-fencing Code.</p> <p>No feedback received.</p>	<p>Proceed with proposed amendment.</p>
18	<p><u>Addition of a Third Party Assistance clause (new clause 6.5)</u> - to grant data access to a third party (such as the market operator which operates under the System Control Licence) for the purpose of assisting the network provider to perform functions under section 6.</p> <p>PWC's submission supports the amendments allowing third party access to customer data to assist the network provider to perform its functions under section 6.</p> <p>No other feedback was received.</p>	<p>Proceed with proposed amendment.</p>
19	<p><u>Addition of a Billing clause (new clause 6.6)</u> - to require National Meter Identifiers in all bills.</p> <p>No feedback received.</p>	<p>Proceed with proposed amendment.</p>

Business-to-business arrangements

Issue	Proposed amendments and 2018 consultation feedback	Commission's draft decision
20	<p><u>Addition of new clauses 7.1.3 and 7.1.4</u> - to enable the network provider to submit a request to the commission to consider amendments it has proposed to the Service Order Procedures (SOP), and for the commission to be able to approve those amendments.</p> <p>PWC's submission supports the new SOP requirements and states that PWC may request the commission to vary or revoke SOPs.</p> <p>No other feedback was received.</p>	Proceed with proposed amendment.
21	<p><u>Addition of clauses 7.1.5, 7.1.6 and 7.1.7 and subheadings to distinguish obligations for 'Making' and 'Amending' SOPs</u> – the additional clauses provide for processes for amending existing SOPs.</p> <p>See above.</p>	Proceed with proposed amendment.

Customer transfers

Issue	Proposed amendments and 2018 consultation feedback	Commission's draft decision
22	<p><u>Amendment of clause 8.2.9</u> - to revise the timeframes for customer transfers, whereby the nominated transfer date is more than three business days from the date the customer transfer request form is submitted and:</p> <ul style="list-style-type: none"> • for new or modified meter installations, up to 65 business days from the date that the new or modified meter installation is or is likely to be, ready for service; or • for an existing meter installation, up to 65 days from the day the request is submitted. <p>PWC's submission supports the principle of reducing timeframes for customer transfers from 10 business days for urban areas and 15 days for non-urban areas, down to five business days prior to 1 July 2019.</p>	<p>Previously, the commission proposed to reduce timeframes for nominated transfer dates in a staged approach, with certain provisions to have effect only until 1 July 2019, and other provisions to have effect from 1 July 2019.</p> <p>Given commencement of the final revised Code (following this current consultation process) will be after 1 July 2019, and this clause is in relation to matters relevant to the AER 2019-24 network price determination, including PWC's new and replacement smart meter program, the commission proposes a revised clause 8.2.9.</p> <p>The Commission notes that PWC did not provide specific feedback on the 'more than three business days' timeframe that was proposed to take effect from 1 July 2019. Accordingly, the Commission seeks feedback on the feasibility of this timeframe.</p>

	<p>PWC states that it has confidence that it can be successfully implemented by the required timeframe (1 July 2019 as per the previous proposed Code) if the requirement for a smart meter to churn remains in place.</p>	<p>However, in relation to PWC's feedback in relation to retaining the requirement for a smart meter to churn, the commission would like to highlight that clause 5.1.1 of the Code requires the customer's exit point have an interval meter installed, not a smart meter, to transfer to another retailer.</p>
23	<p><u>Amendment of clause 8.2.14</u> - to require the network provider to notify the commission when they are unable to complete a transfer in accordance with the commission's Compliance Framework and Reporting Guidelines.</p> <p>No feedback received.</p>	<p>Proceed with proposed amendment.</p>
24	<p><u>Amendment of clause 8.2.18</u> - to ensure retailers keep copies of verifiable consent for at least two years, regardless of erroneous transfers or retailer of last resort events.</p> <p>No feedback received.</p>	<p>Proceed with proposed amendment.</p>
25	<p><u>Addition of Responsible retailers for greenfield and other exit points clause (new clause 8.3)</u></p> <p>PWC's submission supports these amendments, which seek to address the issues that arise when customers consume electricity at a greenfield site.</p> <p>No other feedback was received.</p>	<p>Proceed with proposed amendment.</p>
26	<p><u>Addition of Third Party Assistance clause (new clause 8.4)</u> - to allow an appropriate third party to access data, including customer data for the purpose of assisting the network provider in performing functions under this section.</p> <p>No feedback received.</p>	<p>Proceed with proposed amendment.</p>

Retailer of Last Resort

No amendments have been proposed to this section.

Life Support Equipment

Issue	Proposed amendments and 2018 consultation feedback	Commission's draft decision
27	<p><u>Insertion of new section on life support equipment, largely based on the NERR, but modified to take into account the Territory's unique circumstances (new clause 10).</u></p> <p>The amendments proposed in April 2018 regarding life support equipment obligations required each retailer and network provider to comply with sections of the National Energy Retail Law (NERL) and NERR that relate to life support equipment as if the retailer or network provider was subject to the NERL or NERR.</p> <p>Stakeholder feedback received is discussed below:</p> <p><u>Jacana Energy</u></p> <p>Jacana Energy's submission states the new proposed life support obligations, which require that the NERR for life support apply within the Northern Territory, raise some concerns. It states that it has expended considerable time and effort negotiating life support obligations under its Network Access and Coordination Agreement (NACA).</p> <p>Jacana Energy suggests that to avoid obligations being imposed on parties through different regulatory instruments, the commission directly draft life support provisions in the Code. This would mean that any amendments to these obligations would require consultation with Northern Territory stakeholders before being implemented, and would avoid the need to re-open the NACAs before the next review.</p> <p><u>Power and Water Corporation</u></p> <p>PWC's submission supports the introduction of life support obligations for network providers and retailers and states that the introduction of a formal requirement will provide more clarity and protection for life support customers.</p> <p>However, PWC notes that there are some instances that require further consideration,</p>	<p>The commission has considered stakeholder feedback and agrees that a better approach is to include life support equipment obligations that align with the NERL and NERR, but are amended to be fit-for-purpose for the Territory, directly in the Code.</p> <p>The commission notes Jacana Energy's feedback in relation to life support provisions in the NACA and understands that the life support equipment obligations in this revised draft Code are not largely inconsistent with that in the NACA between Jacana Energy and PWC. However, the commission seeks feedback if this is not the case.</p> <p>Proposed clause 10.6 has been drafted to address PWC's feedback further consideration may be necessary to address life support customers moving into a premises with an existing prepayment meter (or when a customer requests a prepayment meter and a person at the premises requires life support equipment).</p> <p>PWC's feedback that further consideration may be needed in relation to life support equipment obligations for customers that live in non-urban isolated areas has been addressed at proposed clause 1.4.2 as discussed earlier in this document.</p> <p>The commission notes that Jacana Energy (the dominant retailer in the Territory) and PWC currently have agreed arrangements in place to protect customers requiring life support equipment at their premises, even though there is no legislative obligation to. Nonetheless, the proposed Code obligations may require some changes to Jacana Energy's and PWC's systems and processes. Further, other retailers may also need to implement or amend their current processes.</p> <p>Accordingly, the commission seeks feedback on whether immediate commencement of life support obligations (from 30 September 2019 for all amendments to the Code) will be problematic.</p>

	<p>such as life support customers moving into a premises with an existing prepayment meter or customers that live in non-urban isolated areas.</p> <p><u>Department of Treasury and Finance</u></p> <p>DTF strongly supports the introduction of formal requirements to protect customers requiring life support equipment at their premises. However, DTF does not agree with the proposed approach whereby retailers and network providers would need to comply with the NERL and NERR as drafted.</p> <p>DTF acknowledges that there may be merit in aligning the Code with national legislation and states that a preferable approach would be to develop obligations that are fit-for-purpose and legally workable for the Territory within the Code. This would ensure any proposed Code amendments undergo Territory consultation.</p>	
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Dispute Resolution Procedures

Issue 28: Only minor changes have been proposed to this section.

EXCLUDED AMENDMENTS

Credit support requirements

Background

In September 2017, TGen proposed amendments to the existing credit support provisions in the Code that would require retailers that are late on payments to be obliged to provide credit support to the relevant generator, regardless of the retailer's credit rating.

The primary purpose of the proposed amendments, which were included in the commission's draft proposed Code for consultation in April 2018, was to provide retailers with an incentive to ensure timely payment of statements of charges, especially to retailers with a history of late payment.

As TGen's proposal was a new issue, the commission's April 2018 Statement of Reasons encouraged retailers and other interested stakeholders to provide feedback.

Consultation feedback

The commission received submissions from PWC, Jacana Energy and QEnergy in relation to the proposed new credit support requirements for retailers, which are summarised below.

Power and Water Corporation

PWC supports the proposed new credit support obligations for retailers, but for consistency suggests that the proposed obligations relating to generators align with those relating to the network provider.

Jacana Energy

Jacana Energy expressed concerns in relation to the proposed new credit support obligations for retailers. Specifically, Jacana is concerned that the 15 business day payment period specified is too short, and may result in the requirement for a retailer to provide credit support due to an administrative error or oversight. Accordingly, Jacana Energy proposes that this limit be set at 20 business days.

QEnergy

QEnergy expressed concerns with the changes proposed by TGen and believes that the credit risks to which a generator is exposed can be managed through the current Code structure. Specifically, QEnergy states:

- the current Code takes into account the objective creditworthiness of the retailer in question through the use of finance industry standard credit ratings
- the current regulatory framework was put in place to stimulate competition in a fledgling market dominated by a monopoly generator, the proposed changes will lessen competition by increasing the barriers to entry and cost of operating in the market and varying existing regulatory parameters creates significant uncertainty for small retailers
- there are a number of areas where retailers assume total credit risk in the electricity supply chain. However, there is no corresponding regulatory support for retailers and retailers therefore must look to the market for products such as credit risk insurance.

Accordingly, QEnergy queries why another participant in a deregulated market should be protected above and beyond the current framework.

Commission's comment

The commission has considered feedback from stakeholders and considered TGen's proposal further. In particular, the commission notes that the proposed amendments are not consistent with that in the national electricity framework, and considers that a generator can address the risk of late payment from a retailer through their private contract arrangements.

Given the issues raised in consultation, that there is a new licensed retailer that may wish to comment on this proposal and that the issue TGen is seeking to address could be managed between the relevant parties outside the Code, the commission has removed the previously proposed amendments on credit support requirements from the Code (notwithstanding other minor amendments), pending feedback.

Metrology

Background

Clause 5.1.1 of the Code states that a retailer must not initiate a transfer (to another retailer) unless the customer's exit point has an interval meter installed.

The commission's 2017 Statement of Reasons proposed that clause 5.1.1 not apply after 30 June 2019 (to be achieved through new clause 5.1.2) on the basis that Jacana has remained the dominant retailer despite progressive government electricity reforms due to, at least in part, the high cost of switching meters and the low perceived benefits.

Comprehensive feedback was received on this proposed amendment.

Consultation feedback

The commission received submissions from PWC, Jacana Energy and DTF, which are summarised below.

Power and Water Corporation

PWC provided a detailed submission which states that it agrees with the intent of the proposed changes and supports the removal of barriers to retail competition. However, PWC expressed concerns that the proposed change would trigger the requirement for a more complex settlement system that would be significantly more expensive than the current solution.

PWC states that implementation of this system would provide little benefit to customers in the Territory, if any, and that it does not agree that the cost of installing a smart meter is restricting customer choice. PWC supports its view through an observation that it had increased the number of smart meters by 3950 (from 1550 to 5500) for predominately small customers of which not one customer had transferred to an alternative retailer. In contrast, it states that over the same period, third party retailers had initiated 277 customer transfers.

PWC states that by 1 July 2019 it will have installed smart meters on all sites that consume greater than 40 MWh per annum, which is the customer category most likely to transfer to an alternative retailer and consequently removes any barrier to competition a smart meter may represent. Further, PWC states that it expects to continue its smart meter roll out program, which would seek to install approximately 40,000 smart meters by 2024.

Accordingly, PWC recommends that the requirement for an interval meter to churn remain in place, noting that any barriers to competition are being eroded by its proposed new and replacement smart meter program.

Jacana Energy

Jacana Energy, consistent with its view in previous submissions, states that allowing customer transfers on accumulation meters (ie not requiring an interval or smart meter) is not in the long term customer interest because it will slow the roll out of smart meters in the Northern Territory, reducing opportunities for customer choice and control over their energy consumption.

Department of Treasury and Finance

DTF's submission acknowledges that clause 5.1.1 may be a barrier to retail competition, given customers (or their retailers) wishing to change retailer bear the cost of a meter upgrade if required. However, DTF advises that the removal of this requirement will also have implications for market settlement in the Territory.

Consistent with feedback from PWC, DTF states that removing the requirement for an interval meter would likely mean that PWC would need to develop a Territory-specific system, of which the costs would likely flow to Territory electricity consumers. Accordingly, DTF recommends that the Commission fully consider the potential impacts of removing the requirement for an interval meter to switch retailer on PWC, retailers and ultimately the cost of electricity supply.

Commission's comment

The commission has considered stakeholders' feedback and undertaken further consultation with PWC to better understand the technical and financial implications of removing the requirement for an interval meter to churn.

Further, the commission notes the AER's final determination³ for PWC's 2019-24 regulatory control period, which approves PWC's proposed new and replacement smart meter roll-out from 1 July 2019, with supporting information and communications technology.

On the basis of feedback which indicates that the interval meter requirement to churn does not appear to be a significant barrier to competition, that PWC is implementing a new and replacement smart meter program that will progressively reduce any barrier that does exist with this obligation and that it is not clear that there would be a net benefit to Territory electricity consumers, the proposed amendment has been removed, pending feedback.

³ Power and Water Corporation – Determination 2019-24, <https://www.aer.gov.au/system/files/PWC%20-01.2%20-%20Revised%20Regulatory%20Proposal%20-%2029%20November%202018.pdf>

OTHER MINOR AMENDMENTS

The proposed draft amended Code includes other minor amendments, including grammatical changes, changes to references to legislation, and changes to terminology to reflect the ongoing reforms and adoption of the National Electricity Law and Rules.

Other minor proposed amendments include the renaming of Appendix A to Annexure 5 and associated renumbering, and amendments to Table 1.1 within Annexure 5, to make it consistent with the commission's 'Electricity Retail Supply Code Credit Support Guidelines'.