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Mr Andrew Reeves
Utilities Commissioner
Northern Territory Utilities Commission
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Dear Mr Reeves

Thank you for your letter of 31 May 2010 advising of the release of the Draft Report for the *Review of Options for Implementation of a Customer Service Incentive Scheme for Electricity Customers*.

The introduction and proposed design for a customer service incentive scheme, including the introduction of a Guaranteed Service Level (GSL) scheme and paper trial of a Financial Incentive Scheme is supported in principle.

In particular, I note that the report recommends funding the GSL scheme as an operating cost of Power and Water Corporation (PWC) Networks, and therefore through reduced profits, however this indicates that the Commission may consider including an allowance for GSL payments in assessing the regulated revenue requirement of PWC Networks for the 2014-15 to 2018-19 regulatory period.

This approach appears reasonable should the scheme be implemented prior to the expiry of the current network price determination on 30 June 2014. I request that Treasury be provided the opportunity to comment further on the appropriateness of standard thresholds and whether the costs of the scheme should be funded through higher network charges at that time.

I also note that the introduction of a GSL scheme in the Territory requires introduction of regulation, and that the Commission will seek legal advice on the scope of legislative change needed to support the introduction of a GSL scheme. As Treasury is responsible for administering this legislation, it would be appropriate to convey any legal advice received in this regard.

Yours sincerely

PAUL HENDERSON

~~26/10~~ 25/6/10



Northern Territory
Government