Northern Territory Electricity Retail Review

2020-21

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Disclaimer

The Northern Territory Electricity Retail Review (NTERR) is prepared using information sourced from Territory electricity supply industry participants, Northern Territory Government agencies, consultant reports and publicly available information. The NTERR covers the financial year ending 30 June 2021. The Utilities Commission understands the information received to be current as at February 2022.

This NTERR contains analysis and statements based on the Commission's interpretation of data provided by Territory electricity industry participants. To enable comparison with other jurisdictions, the Commission has sought to align the data reporting with the other Australian jurisdictions, where possible. However, there are some differences so any comparisons should be considered indicative only.

Any person using the information in the NTERR should independently verify the accuracy, completeness, reliability and suitability of the information and source data. The Commission accepts no liability (including liability to any person by reason of negligence) for any use of or reliance on the information in the NTERR or for any loss, damage, cost or expense incurred or arising by reason of any error, negligent act, omission or misrepresentation in the information in the NTERR or otherwise.

Any questions regarding the NTERR should be directed to the Utilities Commission utilities.commission@nt.gov.au or by phone 08 8999 5480.

About this review

Since 2018, the Utilities Commission of the Northern Territory (Commission) has published an annual Northern Territory Electricity Retail Review (NTERR), which focuses on retail performance and quality of services provided to small customers, defined as consuming less than 160 megawatt hours (MWh) per annum by the Electricity Industry Performance Code (EIP Code)[1]. The NTERR does include some observations in relation to larger customers, such as those related to market share and competition, but is primarily focussed on small customers.

The 2020-21 NTERR is prepared by the Commission in accordance with section 45 of the *Electricity Reform Act 2000* (ER Act)[2]. The NTERR's main purpose is to inform the responsible minister, government, licence holders and stakeholders of the 2020-21 retail performance in the Darwin-Katherine, Alice Springs and Tennant Creek power systems.

The NTERR compliments the Commission's Northern Territory Power System Performance Review[3] and Northern Territory Electricity Outlook Report[4] to meet the Commission's reporting obligations, previously fulfilled by the Commission's annual Power System Review (from 2001 to 2017). It is the Commission's view that a standalone NTERR, which focuses solely on Northern Territory retail performance, highlights achievement and potential issues in a way not previously realised with a broader Power System Review.

Regular reporting on the electricity industry should help increase understanding and transparency of issues, and consequently, improve planning, investment, understanding of value for money (price compared with level of service) and general performance by holding electricity businesses accountable for their performance and impacts on customers.

This is the fourth NTERR the Commission has published. While the Commission's ability to make comparisons with past retail performance is limited, this is improving with each NTERR published, and the Commission intends to continue developing the NTERR over the coming years as more data is received.

This review makes comparisons with jurisdictions or regions covered by the National Energy Customer Framework (NECF). NECF applies in the Australian Capital Territory, New South Wales, Queensland, South Australia and Tasmania, but not Victoria, Western Australia or the Northern Territory. When this review refers to NECF jurisdictions or regions it has the meaning of jurisdictions covered by NECF, unless explicitly stated otherwise.

Inputs to this review were primarily provided by electricity retailers, as required under the EIP Code. Relevantly, electricity retailers and other licensees were required to conduct an independent audit of their compliance with various EIP Code reporting obligations and report the audit outcomes to the Commission by 28 February 2021. The issues identified by these audits have informed retailers' EIP Code reporting in the current reporting period and appear to have resulted in improvements in the quality of data reported to the Commission. The Commission intends to continue working with retailers to identify potential improvements in EIP Code data reporting, including through the current EIP Code review[5].

1 Electricity Industry Performance Code: https://utilicom.nt.gov.au/publications/codes-and-guidelines/electricity-industry-performance-code2.
2 *Electricity Reform Act 2000*: https://legislation.nt.gov.au/en/Legislation/ELECTRICITY-REFORM-ACT-2000.
3 Northern Territory Power System Performance Review: https://utilicom.nt.gov.au/electricity/reporting/power-system-performance-review.
4 Northern Territory Electricity Outlook Report: https://utilicom.nt.gov.au/electricity/reporting/electricity-outlook-report.
5 Electricity Industry Performance Code Review: https://utilicom.nt.gov.au/projects/projects/electricity-industry-performance-code-review.

Key findings and recommendations

This year's review found retail competition in the Territory continued to be limited in 2020-21 and mixed results across the retail performance indicators. These matters are discussed in detail later in the review, including the Commission's associated recommendations. However, there are two matters that warrant particular attention: the impacts of the COVID-19 pandemic on customers and retailers in 2020-21 and likely beyond; and observations regarding prepayment meter disconnections.

COVID-19

Despite the Territory avoiding significant lockdowns and associated economic impacts observed in some states and territories during 2020-21, like elsewhere in Australia, COVID-19 had a major impact on some electricity customers and retailers in the Territory.

The Commission considers it positive that Jacana Energy, which has the majority share of small customers in the Territory, took proactive steps to manage the effects of COVID-19 on its customers during 2020-21 through, among other things, its general alignment with the Australian Energy Regulator's (AER) Statement of expectations for energy businesses: Protecting customers and the energy market during COVID-19[6] (AER Expectations) despite no obligation to do so.

The associated temporary hardship support measures provided by Jacana Energy, including the provision of hardship arrangements to a broader range of customers, a freeze on customer disconnections for non-payment, and deferral of certain debt recovery actions saw the number of residential and small business customer disconnections for non-payment (figures 10 and 11) during 2020-21 reduce to almost zero.

While these support measures are positive, particularly the reduction in customer disconnections for non-payment, the 2020-21 data reported by retailers shows an increasing number of residential customers in debt and greater average levels of debt compared with the previous year. The Commission considers the accumulation of residential customer debt due to, at least in part, Jacana Energy's adoption of policies and processes to assist customers through COVID-19 concerning, noting there is a risk this may ultimately lead to higher disconnections if payment difficulty issues are not carefully managed by Jacana Energy.

The Commission notes the disconnection restrictions in the AER Expectations are no longer in place and understands Jacana Energy is taking active measures to manage the high levels of residential customer debt moving forward. Importantly, the Commission will be monitoring debt levels and disconnection rates closely, and reporting the results in next year's NTERR.

6 Statement of expectations of energy businesses: Protecting customers and the energy market during COVID-19: https://www.aer.gov.au/publications/corporate-documents/statement-of-expectations-of-energy-businesses-protecting-customers-and-the-energy-market-during-covid-19.

Prepayment meter disconnections

The Commission first reported prepayment meter data for the Territory in its 2019-20 NTERR, noting in isolation with no comparison to historical data or benchmarks, the number of prepayment disconnection events, including on a per-prepayment-meter basis, and the average duration of disconnection events appeared very high. Subsequently, the data reported to the Commission for 2020-21 shows increases for these prepayment meter indicators compared with 2019-20. This deterioration is concerning.

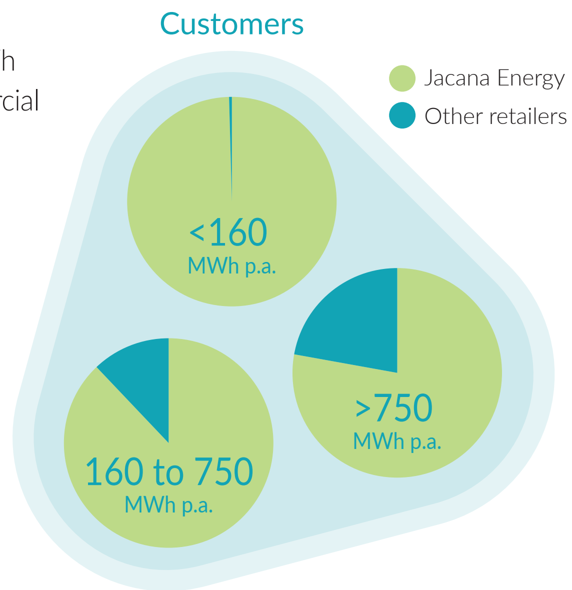
The Commission discussed the results with Jacana Energy and understands there are a range of complex factors that contribute to the concerning prepayment meter results. Relevantly, a number of stakeholders recently made contact with the Commission, in response to the Commission's Electricity Retail Supply (ERS) Code review[7], to provide their research, views and recommendations on prepayment meter and energy insecurity matters. Given the data and the matters raised by stakeholders in submissions, which are publicly available on the Commission's website, the Commission recommends the Territory Government consider putting in place consumer protections for prepayment meter customers that are suitable for the Territory's circumstances.

In the interim, and in the absence of government completing work to put in place a fulsome energy customer protection framework suitable for the Territory, the Commission as part of the ERS Code review, will continue consulting with stakeholders, including Jacana Energy and other retailers, to examine options for increased protections for prepayment meter customers.

The following summarises the specific findings of the 2020-21 NTERR by category.

Retail market overview

- Retail competition in the Territory continued to be limited in 2020-21, with Jacana Energy remaining the dominant retailer, particularly for residential and small business customers consuming less than 160 MWh per annum. There is no indication of increased competition eventuating under current market conditions.
- Competition remains most evident for the largest customers consuming more than 750 MWh per annum, however the level of competition in this sector of the market has decreased since 2018-19. The Territory Government's regulated electricity tariffs do not apply to these customers.
- Regulating prices for customers up to 750 MWh per annum results in a number of large commercial customers receiving taxpayer subsidised and below-cost reflective prices.
- The Territory Government's community service obligation (CSO) payment to retailers decreased to an average subsidy of $936 per customer in 2020-21, a reduction of 6.4% relative to 2019-20 levels. The CSO continues to lack transparency for customers and industry, and this lack of transparency may be a barrier to competition.



7 Electricity Retail Supply Code Review: https://utilicom.nt.gov.au/projects/projects/electricity-retail-supply-code-review2

Retail performance

- There was a slight improvement in Jacana Energy's telephone responsiveness in 2020-21 and a significant reduction in the number of inbound calls received. The Commission considers that Jacana Energy's proactive approach to contacting relevant customers and providing additional support to those customers experiencing payment difficulties in light of COVID-19 has contributed to this positive outcome.
- Customer complaints to retailers decreased in 2020-21, relative to 2019-20 levels, returning to levels seen in 2016-17 and 2017-18. This is an excellent result and compares favourably to the average reported by NECF jurisdictions.
- Approaches to the Ombudsman NT as a percentage of customer complaints to Jacana Energy increased in 2020-21, with the majority of these approaches relating to some aspect of solar power, particularly the removal of the premium solar feed-in tariff following a government policy change in April 2020.
- Consistent with previous reviews, the Commission considers that imposing obligations on all retailers to have appropriate internal dispute resolution procedures will ensure disputes between customers and their retailer are resolved in line with electricity industry best practice. In the absence of government putting in place a fulsome energy customer protection framework suitable for the Territory, the Commission is considering amending the ERS Code to include such obligations.
- There continues to be a gap whereby there are no external dispute resolution services available to customers of privately owned electricity retailers. The Commission continues to recommend that the Territory Government explore options to strengthen the external dispute resolution framework.

Jacana Energy calls taken within 30 seconds
66.3%
↑ 2.2 percentage points

Jacana Energy calls abandoned before being answered
3.7%
↓ 0.7 percentage points

Percentage of customers making complaints
0.5%
↓ 0.4 percentage points

Approaches to Ombudsman as a percentage of Jacana Energy complaints
29.1%
↑ 9.8 percentage points

Payment difficulties and hardship

- There was a large increase in the percentage of residential customers with energy bill debt in the Territory during 2020-21. The average amount of energy bill debt also increased substantially, but at a lower rate relative to 2019-20. While the average amount of residential customer debt remains lower than the average of NECF jurisdictions, the percentage of residential customers with energy bill debt in the Territory was slightly higher than the NECF average.
- The percentage of small business customers with energy bill debt in the Territory decreased substantially during 2020-21, with the associated average energy bill debt also decreasing. These results were both lower than the average of NECF jurisdictions and likely follow from the provision of COVID-19-related business support measures including the Territory Government's Business Hardship Package[8].
- Consistent with the previous NTERR, the percentage of residential customers on a payment plan in the Territory is higher than NECF jurisdictions. This may indicate that Territory retailers, particularly Jacana Energy, are identifying customers with less serious payment difficulties early and working with those customers in terms of offering assistance. COVID-19 does not appear to have had a sustained effect on the number of customers on a payment plan in the Territory.
- The percentage of residential customers on a hardship program in the Territory increased in 2020-21 and was similar to the average of NECF jurisdictions. Jacana Energy appears to be offering hardship support to customers sooner than in previous years, noting a large increase in the percentage of customers entering a hardship program with less than $500 debt compared with 2019-20.
- The percentage of both residential and small business customers in the Territory that were disconnected for non-payment reduced to effectively zero in 2020-21, due to Jacana Energy's alignment with the AER Expectations.
- The duration and frequency of self-disconnection events for prepayment meter customers in the Territory increased in 2020-21 relative to 2019-20 levels and continues to appear very high, noting there are limited benchmarks. Accordingly, the Commission has made a recommendation in the NTERR regarding consumer protections for prepayment meter customers that are suitable for the Territory's circumstances.
- The Commission continues to recommend fit-for-purpose obligations on retailers to have in place an approved hardship policy for their small customers. In the absence of the government completing work to implement a fulsome energy customer protection framework suitable for the Territory, the Commission is considering amending the ERS Code, through its associated review, to include such an obligation.

8 Business Hardship Register: https://nt.gov.au/industry/business-grants-funding/business-hardship-register.

Residential customers with debt	Average residential customer debt	Residential customers on a payment plan
2.0%	$971	2.2%
↑ 0.8 percentage points	↑ $227 (30.5%)	↓ 0.4 percentage points

Residential customers on a hardship program	Residential customers disconnected for non-payment
1.0%	0.01%
↑ 0.3 percentage points	↓ 1.7 percentage points

Small business customers with debt	Average small business customer debt	Small business customers disconnected for non-payment
2.5%	$1,764	0.0%
↓ 1.2 percentage points	↓ $205 (10.4%)	↓ 1.0 percentage points

Review of progress on previous recommendations

Consistent with the 2019-20 NTERR, the Commission considers there has been little to no progress on implementing previous recommendations, noting the recommendations are primarily for Territory Government consideration and not enforceable.

The Commission notes its recommendations have been acknowledged by the Territory Government. The most recent advice from the relevant minister was in May 2021, with a letter advising that due to reprioritisation of reform priorities, a review of customer protections would not be able to be commenced prior to mid-2021 at the earliest. The Commission understands the work is still on the Office of Sustainable Energy's work plan, but is unaware of any significant progress against this task to date, noting a review of customer protections has not been identified as one of the government's priority electricity market reforms.

However, the Commission understands through the minister that government continues to work directly with Jacana Energy to improve retail services and customer protections available to small customers, and the minister has engaged with the Chair of Jacana Energy regarding the Commission's findings and recommendations. This may be one reason why Jacana Energy is proactively working towards adopting best practice, including aligning customer hardship support processes with the AER Expectations, despite no formal obligation to do so.

While the Commission still considers its recommendations are best addressed by government through a fulsome energy customer protection framework suitable for the Territory, given the current gaps the Commission is considering introducing relevant provisions in consultation with stakeholders through its ERS Code and EIP Code reviews.

Table i presents the Commission's recommendations from the 2019-20 NTERR and its assessment of progress against these recommendations.

Table i: Recommendations from 2019-20 NTERR

		Page	Comments on observed progress	Overall assessment
1	Internal dispute resolution procedures Obligations on all retailers to have internal dispute resolution procedures in line with Australian standards and electricity industry best practice.	17	The Commission made the same recommendation in each NTERR since 2017-18. The Commission previously advised it would consider updating its ERS Code to include associated obligations appropriate for the Territory's circumstances, noting it may be more appropriate for the Territory Government to implement such obligations on retailers through other legislative instruments. The ERS Code Review Issues Paper [9] was published on 9 June 2021. Question 15 of the Issues Paper asked stakeholders to consider whether the ERS Code should be amended to include internal dispute resolution obligations on retailers and network providers similar to that in the National Energy Retail Law (NERL), amended for the Territory's circumstances. The Commission received five stakeholder submissions in relation to question 15. All five were supportive of including internal dispute resolution obligations on retailers in the ERS Code.	Not started The Commission notes Jacana Energy has made changes and potential improvements in the absence of formal obligations.
2	External dispute resolution services Appropriate external dispute resolution services should be available to electricity customers, regardless of which retailer a household or business chooses.	17	The Commission made the same recommendation in each NTERR since 2017-18. The Commission notes that customers are able to escalate disputes involving Jacana Energy to the Ombudsman NT, however there is no equivalent body available to deal with private retailers' customer disputes.	Not started
3	Hardship policy Fit-for-purpose obligations on retailers to have an approved hardship policy in place for small customers that is appropriate for the Territory's circumstances, in line with electricity industry best practice.	33	The Commission made the same recommendation in each NTERR since 2017-18. As indicated in the 2019-20 NTERR, the Commission is considering this recommendation in the ERS Code Review, with question 16 of the ERS Code Review Issues Paper asking stakeholders to comment on whether the ERS Code should be amended to include an obligation on retailers to have an approved hardship policy for small customers. Of the six responses to the ERS Code Review Issues Paper that addressed this question, all were supportive of incorporating an obligation on retailers to have an approved hardship policy in the ERS Code.	Not started The Commission notes Jacana Energy has made changes and potential improvements in the absence of formal obligations.

9 Electricity Retail Supply Code Review Issues Paper: https://utilicom.nt.gov.au/__data/assets/pdf_file/0019/1011655/Issues-Paper-Electricity-Retail-Supply-Code-Review.pdf.

Contents

1| Retail market overview

This chapter provides an overview of the Northern Territory electricity retail industry and considers:

- entities licensed in the Territory to sell and retail electricity to customers
- competition within the electricity retail industry by assessing market share.

This chapter also includes high level discussion on issues that impact electricity costs for electricity customers and Territory taxpayers.

Retailers

Electricity retailers are the interface between customers and the rest of the electricity industry as they purchase electricity in bulk from generators and sell it to households and businesses. Retailers are the first point of contact for customers and potential customers to connect to the electricity network and accordingly, facilitate connections, undertake billing services and provide customer service, generally through a call centre.

The ER Act requires entities conducting certain operations in the electricity supply industry in the Territory to be licensed by the Commission. This includes entities selling electricity.

Table 1 below lists the licensed electricity retailers in the Territory at 30 June 2021.

Table 1: Licensed electricity retailers in the Territory[10] at 30 June 2021

Retailer	Licence issued
Department of Defence[1]	27 July 2020
EDL NGD (NT) Pty Ltd	30 June 2016
Jacana Energy	31 March 2005
Next Business Energy Pty Ltd	29 June 2018
Power and Water Corporation[2]	31 March 2005
QEnergy Limited	4 February 2011
Rimfire Energy	11 August 2014
Territory Generation[3]	29 November 2019

1 The Department of Defence's retail licence only allows the sale of electricity generated from within the Royal Australian Air Force Base Darwin (Winnellie) and Robertson Barracks (Holtze).
2 PWC's retail licence does not include the sale of electricity in the Darwin-Katherine, Alice Springs and Tennant Creek power systems.
3 Territory Generation's retail licence only allows the sale of electricity to the Department of Defence at the Joint Defence Facility Pine Gap near Alice Springs.

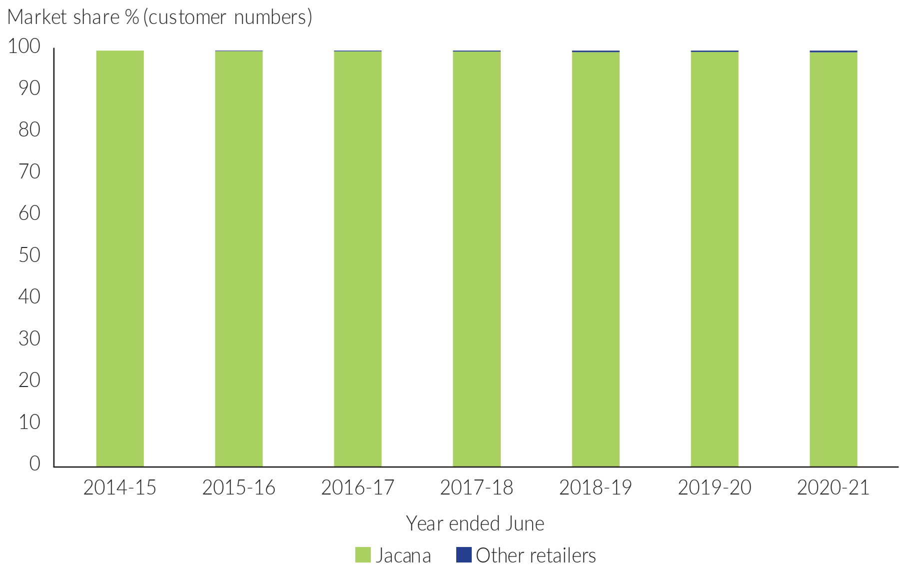
At the close of the 2020-21 financial year, the number of licensed electricity retailers in the Territory had increased from seven to eight, following the issue of a retail licence to the Department of Defence on 27 July 2020.

10 Register of electricity licences and exemptions: https://utilicom.nt.gov.au/electricity/licences/register-of-electricity-licences-and-exemptions.

Retail competition

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. This is particularly evident in the small customer segment of the market, where market share is dominated by Jacana Energy, the government owned retailer (Figure 1).

Figure 1: Market share of retailers by customer numbers for customers consuming < 160 MWh per annum



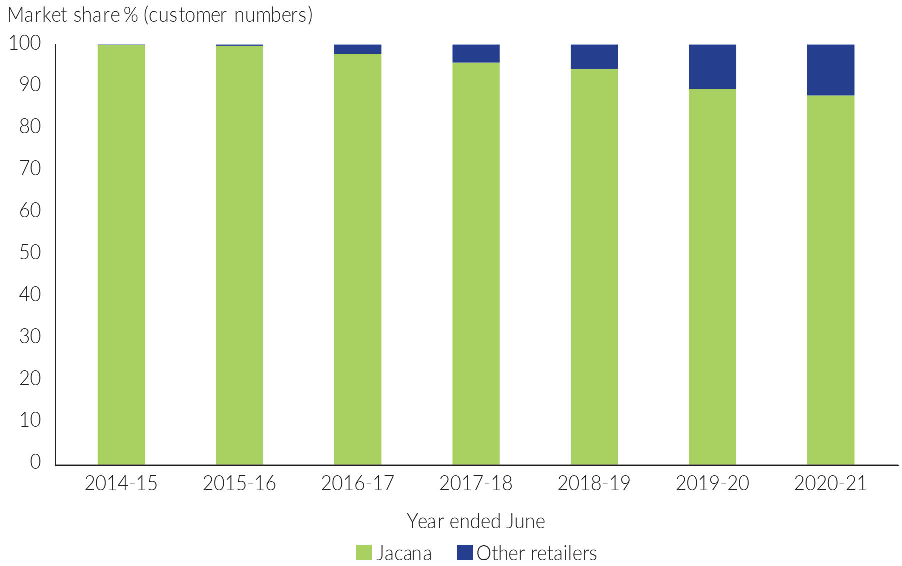
The Commission has observed some improvement in retail competition for small customers in the Territory over the period between 2014-15 and 2020-21, with the 2020-21 market share of other retailers increasing to its highest level in the past six years. Despite this and as visually demonstrated in Figure 1, the dominance of Jacana Energy in the market for small customers continues.

Previous NTERRs have discussed the transition of Rimfire Energy, the most active alternative electricity retailer to Jacana Energy, from explicitly stating on its website in 2017-18 that it was only selling to customers consuming more than 750 MWh per annum and a select group of small customers, to actively competing for small customers. This is done through targeted advertising, an updated website and competitive pricing including a 'pay-on-time discount' on the regulated Electricity Pricing Order tariffs, a higher standard solar feed-in tariff than that of Jacana Energy and (in certain circumstances) a 'premium' solar feed-in tariff. These competitive offerings have likely provided an incentive for more customers to contract with other retailers for their electricity supply in 2020-21.

The market share of other retailers for customers consuming between 160 and 750 MWh per annum also increased in 2020-21. Specifically, a 1.6 percentage point increase to about 12% (Figure 2), which continued a trend of year-on-year growth from 2014-15[11].

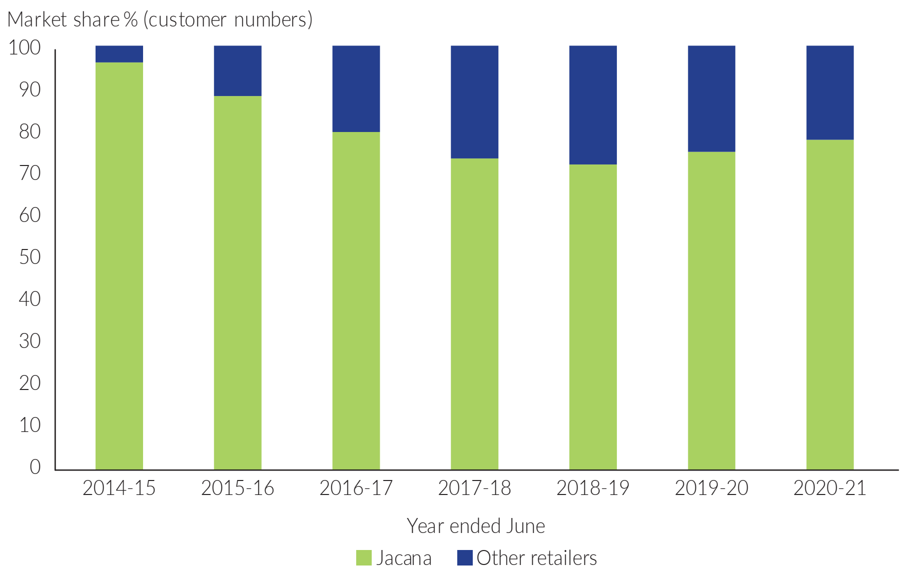
11 Revised customer number data provided by retailers has altered the Commission's calculation of market share in the 160 to 750 MWh per annum category relative to the previous NTERR. This includes some customers that were previously in the 160 to 750 MWh category now being counted in the >750 MWh category and vice versa.

Figure 2: Market share of retailers by customer numbers for customers consuming 160 to 750 MWh per annum



In contrast with the markets for small customers and customers consuming between 160 and 750 MWh per annum, 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%[12]. This follows a reduction of 3 percentage points in 2019-20 from a peak of about 28% in 2018-19. Despite this reduction, the market for large customers remains the market with the greatest level of competition in the Territory.

Figure 3: Market share of retailers by customer numbers for customers consuming > 750 MWh per annum



12 Revised customer number data provided by retailers has altered the Commission's calculation of market share in the > 750 MWh per annum category relative to the previous NTERR.

As discussed in previous reviews published by the Commission, there are a number of potential barriers to retail competition in the small customer market that have historically contributed to private retailers' lack of interest in actively targeting small customers. These include the requirement for customers to have an interval meter to change retailers[13] and the Territory Government's uniform tariff policy that regulates the maximum tariff retailers can charge relevant customers.

In relation to interval meters, if a customer has an accumulation meter, the cost of replacing it with an interval meter (often referred to as a smart meter) is about $600[14]. The Commission agrees this is a barrier to retail competition and is considering whether the ERS Code should be amended to remove the interval meter requirement in order to switch retailers.

Through its current review of the ERS Code, the Commission has received stakeholder feedback[15] acknowledging that requiring a customer to have an interval meter as a pre-requisite to change electricity retailer may present a barrier to retail competition. However, most stakeholders understand the reason for the interval meter requirement to switch retailers, being PWC's advice that it cannot accommodate the transfer of customers with accumulation meters without implementing a complex and expensive settlement system.

The Commission understands the majority of residential customers that have switched to an interval (or smart) meter to date have done so in order to connect a rooftop solar photovoltaic (PV) system to the network, rather than to change retailer. While these customers could switch retailer at any time, it is likely they are receiving Jacana Energy's 'premium' one-for-one feed-in tariff, so would not be inclined to switch. However, for customers installing new rooftop solar PV systems or moving into a property with an existing system, this may change given Jacana Energy is no longer offering the premium feed-in tariff and, as noted above, Rimfire Energy is offering a higher standard feed-in tariff.

The Commission notes the Northern Territory Government's Home and Business Battery Scheme[16] continues to provide some incentive for consumers to install rooftop solar PV systems even despite the removal of previous solar uptake incentives, which may continue to encourage small customers to install solar PV infrastructure and consequently switch to an interval meter. These customers will then be able to switch retailers as they consider appropriate for their needs without additional cost.

Further, moving forward there will be a steady increase in the number of customers with interval (or smart) meters, installed under PWC's new and replacement smart meter program[17], who are not disincentivised from switching retailer as they will not have to incur the cost of having to upgrade their meter.

13 As required by clause 5 of the Northern Territory Electricity Retail Supply Code.

14 PWC 2020-21 Approved Alternative Control Service Fee Based and Quoted Services: https://www.powerwater.com.au/__data/assets/pdf_file/0024/46293/Power-and-Water-Corporation-Alternative-Control-Service-Fee-Based-and-Quoted-services-2020-21.pdf.

15 Electricity Retail Supply Code Review: https://utilicom.nt.gov.au/projects/projects/electricity-retail-supply-code-review2.

16 Home and Business Battery Scheme: https://nt.gov.au/industry/business-grants-funding/home-and-business-battery-scheme.

17 Approved by the AER as part of its approval of PWC's 2019-24 Distribution Determination: https://www.aer.gov.au/system/files/AER%20-%20Power%20%26%20Water%20Corporation%202019-24%20-%20Distribution%20determination%20-%20Final%20decision%20-%20Overview%20-%20April%202019.pdf.

In relation to the uniform tariff policy and consistent with previous governments, the Territory Government has a policy whereby all residential and small to medium-sized business electricity customers (customers consuming less than 750 MWh per annum) pay the same maximum electricity prices regardless of where they live in the Territory. The uniform tariff policy is implemented through an Electricity Pricing Order[18] made by the Treasurer pursuant to section 44 of the ER Act.

In the Darwin-Katherine, Alice Springs and Tennant Creek power systems, only 0.2% of customers consume more than 750 MWh of electricity per annum and therefore are not covered by the Electricity Pricing Order. As discussed in previous NTERRs, the Territory's regulated electricity price appears to be below the cost of supply across the Territory. This presents a barrier to retail competition, which the Commission acknowledges the Territory Government has addressed to a degree by making an associated CSO payment available to all retailers, rather than just Jacana Energy, from 1 January 2016. Access to the CSO payment has enabled increased competition for larger regulated customers (and created a broader base to support competition for non-regulated customers) but to date has resulted in little improvement in competition for small customers.

The Commission noted in the previous NTERR that while the government is seeking to insulate consumers from having to pay for the high cost of supplying electricity in the Territory, regulating electricity prices through the Electricity Pricing Order may be negating efficient market outcomes by distorting price signals, discouraging energy efficiency and contributing to higher overall costs. Furthermore, the Territory's electricity price regulation, with its application to customers consuming up to 750 MWh per annum, is out of step with all other Australian jurisdictions.

Regulating prices for customers up to 750 MWh per annum appears to result in a number of large commercial customers receiving subsidised and below-cost reflective prices. Specifically, in 2020-21 there were about 730 customers that consumed between 160 and 750 MWh per annum that received a regulated taxpayer subsidised tariff. These customers consumed about one-sixth of total electricity sold by retailers in the Darwin-Katherine, Alice Springs and Tennant Creek power systems. As noted in the previous NTERR, Queensland is the only other jurisdiction that regulates prices for customers with consumption greater than 160 MWh, whereby certain large business customers (with consumption greater than 100 MWh) in regional communities outside south-east Queensland are able to access regulated electricity tariffs under legacy arrangements provided they are and remain customers of Ergon Energy[19]. Customers in south-east Queensland pay cost-reflective tariffs.

18 2021-22 Electricity Pricing Order: https://utilicom.nt.gov.au/__data/assets/pdf_file/0012/1020027/Electricity-Pricing-Order-1-July-2021-30-June-2022.pdf.

19 Business Queensland – Electricity Prices: https://www.business.qld.gov.au/running-business/energy-business/energy-pricing/electricity-prices.

The Territory Government budgeted $79.58 million for CSO funding to electricity retailers in 2020-21, which equated to about 1.1% of the Territory's budgeted 2020-21 general government sector operating expenses ($7,389 million).[20] This CSO funding was provided to address the shortfall between the cost of supply and the regulated electricity tariffs for residential and business customers consuming below 750 MWh per annum in the Darwin-Katherine, Alice Springs and Tennant Creek power systems, and seven small regional power systems. In simplistic terms, this translates to an average subsidy from the Territory Government of over $935 per customer in those power systems – a decrease of about $64 per customer relative to the previous year. In remote areas, the shortfall between costs and regulated tariffs is funded separately through the Indigenous Essential Services grant[21]. A further subsidy on electricity is also available to pensioners and carers under the Northern Territory Concession Scheme, which provided $10.2 million to Jacana Energy in 2020-21. An additional CSO of $6.78 million funded business hardship relief measures in 2020-21 associated with COVID-19.

As the Commission has previously stated, the Territory's budget papers only provide high level details about the Territory Government's CSO payment to electricity retailers associated with the provision of regulated electricity retail tariffs. The uniform tariff CSO lacks transparency for customers who are unaware of the level of subsidy they are receiving for electricity supply and for potential participants in the Territory's electricity supply industry who are unaware of how government calculates and makes available the payment to retailers.

As maximum retail electricity tariffs are fixed by the Electricity Pricing Order at below-cost levels, provision of CSO payments is necessary to enable the commercial viability of electricity retail operations in the Territory and therefore the calculation of the uniform tariff CSO has direct implications for the ability of new retailers to enter the market. Accordingly, the Commission considers this may be a barrier to entry, reducing the prospect of competition for customers on regulated tariffs.

Retailers operating in the Territory have indicated to the Commission that the regulated tariffs set under the Electricity Pricing Order make it difficult to compete in the small customer market. While retailers are able to engage in non-price-related product differentiation, as regulated tariffs are set below the cost of electricity supply in the Territory, retailers are unable to economically provide a standard product to regulated customers that is below the pricing order rates (and therefore attractive to customers relative to other retailers' offers).

Should the Territory Government want to increase retail competition, it appears further work may be needed to encourage the entry of retailers interested in servicing the small to medium electricity customer market. The benefit to customers of facilitating competition is to provide choice in retailers and the potential for a more responsive, innovative and focussed retail market.

Consistent with previous years' NTERRs, the Commission notes an assessment of retail competition based on market share by customer numbers alone is limited in its ability to effectively analyse competition. The Commission will continue to seek to identify further indicators for use in future reviews. This may include a comparison of prices and additional services retailers are offering customers, as well as service standards.

20 Northern Territory Government, Agency Budget Statements, 2021-22 Budget Paper No. 3, page 204: https://budget.nt.gov.au/__data/assets/pdf_file/0008/1000115/2021-22-BP3-book.pdf and Budget Strategy Outlook 2021-22, Budget Paper No. 2, page 115: https://budget.nt.gov.au/__data/assets/pdf_file/0011/1000172/2021-22-BP2-book.pdf.

21 $80.3 million in 2020-21 for the provision of electricity, water and sewerage in 27 remote Aboriginal communities.

2| Retail performance

This chapter considers the performance of retailers providing services to small electricity customers (customers consuming less than 160 MWh per annum) and focuses on:

- telephone responsiveness
- complaints by type and retailer.

Further, at a high level, this chapter discusses the Commission's views in relation to potential gaps in dispute resolution obligations for retailers.

It should be noted that retailers are only required by the EIP Code to report to the Commission on customers consuming less than 160 MWh per annum. Accordingly, information on performance for large customers is not included in this review.

Customer service

A retailer's role is to look after its customers' electricity needs and act as the first point of contact for any electricity matters. An electricity customer may need to contact their retailer for a number of reasons such as to query a bill, change payment arrangements or make a complaint.

Customer service provided by retailers is important as it is the main interaction between customers and the market. One indication of customer service is a retailer's telephone responsiveness (Table 2), measured through total calls received, calls taken within 30 seconds and calls abandoned before being answered.

Table 2: Retailers' telephone responsiveness

Retailer	2016-17	2017-18	2018-19	2019-20	2020-21
Total calls					
Jacana Energy	151 000	153 172	182 014	168 220	137 794
Change[1]	+ 5 889	+ 2 172	+ 28 842	- 13 794	- 30 426
Change (%)[2]	+ 4.1	+ 1.4	+ 18.8	- 7.6	- 18.1
Rimfire Energy	0	3	17	156	438
Change[1]	n/a	+ 3	+ 14	+ 139	+ 282
Change (%)[2]			+ 466.7	+ 817.6	+ 180.8
Calls forwarded to an operator within 30 seconds					
Jacana Energy (%)	69.3	63.9	66.7	64.1	66.3
Rimfire Energy (%)[3]	n/a	n/a	n/a	n/a	70.5
Calls abandoned before being answered by an operator					
Jacana Energy (%)	4.2	4.7	4.1	4.4	3.7
Rimfire Energy (%)[3]	n/a	n/a	n/a	n/a	14.6

1 Change in number of calls from previous year.
2 Percentage change in number of calls from previous year.
3 Rimfire Energy informed the Commission that prior to 2020-21 it did not have a call centre or integrated voice response telephone system and therefore was unable to track and report against 'calls taken within 30 seconds' and 'calls abandoned before being answered' performance indicators, as required under the EIP Code. Rimfire Energy has informed the Commission the appropriate systems have now been acquired and these performance indicators were reported for 2020-21.

In 2020-21 the total number of customer calls received by Jacana Energy decreased by 30,426 calls, a reduction of about 18%. In contrast, Rimfire Energy had a 181% increase.

The Commission considers peaks and troughs in the total number of calls received by retailers may provide an indication of customer satisfaction with the retailer. While customers will need to contact retailers for routine matters, such as arranging a new connection or paying a bill, customers experiencing issues will need to contact retailers beyond the extent that is routine in an attempt to have these issues resolved. However, it is noted the level of customer satisfaction can be influenced by factors beyond a retailer's control, such as heat waves and viral epidemics. Nonetheless, retailers can be proactive and attempt to manage customer dissatisfaction that may stem from these external factors.

The Commission noted in the 2019-20 NTERR that Jacana Energy had implemented a strategy of proactively contacting customers in the fourth quarter of 2019-20 regarding COVID-19 matters and solar PV initiatives, and this had likely contributed to the significant drop in the number of inbound calls observed in that quarter. Jacana Energy has indicated to the Commission it continued its strategy during 2020-21, also offering flexible payment arrangements, hardship support and additional accessibility options via Jacana Energy's website, email and social media. Jacana Energy's continuation of this strategy throughout 2020-21 is likely a driver of the further reduction in the number of inbound calls observed in 2020-21. Jacana Energy has advised that total interaction volumes (inbound and outbound across all channels) were similar to previous years.

A potential further driver in the reduction in the number of inbound calls received was Jacana Energy's implementation of additional customer support measures, in line with the AER Expectations. These measures included a freeze on customer disconnections until June 2021 (Jacana Energy has advised that no customer disconnections for non-payment were undertaken in the first three quarters of 2020-21), the provision of payment plans and hardship arrangements to all residential and small business customers who indicated they may be in financial stress, and a freeze on certain debt collection activities until 30 June 2021.

In relation to Rimfire Energy, in previous years it did not have the systems in place to provide data to the Commission in relation to the customer service performance indicators (other than total number of calls to an operator). However, through implementing system upgrades, Rimfire Energy was able to report against all customer service performance indicators for 2020-21.

The Commission notes the total number of inbound calls received by Rimfire Energy has sharply increased year-on-year since 2017-18. The increases may be a consequence of Rimfire Energy's growing market share, however it is noted the rate of growth in the number of inbound calls is higher than the rate of growth of Rimfire Energy's market share. The Commission notes the total number of calls received by Rimfire Energy in all years has been relatively small, meaning any increases can result in large percentage changes. Further, when questioned about the increase, Rimfire Energy advised the Commission it is directly related to increased interest from potential new customers following marketing campaigns relating to its higher solar feed-in tariffs.

The percentage of calls forwarded to an operator within 30 seconds and the percentage of calls abandoned before being answered by an operator provide an indication of how long a customer has to wait to speak to their retailer and whether this wait is considered reasonable by a customer. While the Commission considers it is not always reasonable for a customer to expect to speak to an operator within 30 seconds, especially during spikes in the volume of calls, it is reasonable to expect a customer's call to be answered before the point where a customer feels the need to abandon their attempt to speak to the retailer, potentially leading to issues going unresolved and causing distress for customers. Accordingly, the Commission is particularly concerned with any deterioration in performance regarding the percentage of calls being abandoned before being answered by an operator.

The Australian Energy Regulator (AER) uses a traffic light system in its 2020-21 Annual Retail Markets Report[22] (Retail Report) to provide an at-a-glance overview of retailer performance, with the highest 'green' category assigned to a retailer with 80% or more calls taken within 30 seconds and 5% or less of calls being abandoned before being answered. In 2020-21 retailers in NECF jurisdictions on average achieved an 'amber' rating against both customer service performance indicators, with NECF retailers on average answering 64% of calls within 30 seconds, an improvement of one percentage point relative to 2019-20, while the percentage of calls abandoned remained stable at 6%.

Jacana Energy's performance in terms of the percentage of calls forwarded to an operator within 30 seconds and calls abandoned before being answered by an operator both improved in 2020-21. Jacana Energy achieved an amber rating against the calls taken within 30 seconds indicator, with 66.3% of total calls answered within 30 seconds, an increase of 2.2 percentage points relative to 2019-20. A green rating was achieved for the calls abandoned indicator, with 3.7% of calls abandoned before being answered by an operator, a decrease of 0.7 percentage points relative to 2019-20. Jacana Energy's improvement against these measures is likely to be a flow-on effect of the reduction in the total number of inbound calls received.

As discussed above, the percentage of calls abandoned before being answered by an operator is a particularly important performance measure. The Commission finds it encouraging to see Jacana Energy's improvement against this measure and notes the number of calls abandoned before being answered by an operator is the lowest reported figure since 2014-15.

For the first time since having to report against performance indicators under the EIP Code, Rimfire Energy has provided data to the Commission in relation to the percentage of calls forwarded to an operator within 30 seconds and calls abandoned before being answered, enabled by system upgrades as mentioned above. Based on data reported for 2020-21, Rimfire Energy achieved an amber level of performance against the calls answered within 30 seconds indicator, with 70.5% of total inbound calls received by Rimfire Energy answered within this timeframe.

22 AER 2020-21 Annual Retail Markets Report: https://www.aer.gov.au/retail-markets/performance-reporting/annual-retail-markets-report-2020%E2%80%9321.

Rimfire Energy's performance against the calls abandoned indicator was relatively poor, with 14.7% of total calls received by Rimfire Energy abandoned before being answered by an operator. This equates to a 'red' level of performance against the AER's traffic lights system. The Commission notes the relatively high percentage of calls abandoned is impacted by the relatively low number of total calls received by Rimfire Energy, whereby small movements in the total number of calls abandoned can equate to relatively large percentage movements. This is supported by commentary provided by Rimfire Energy. As the Commission does not have historical data for Rimfire Energy's customer service performance indicators, it is difficult to make observations relating to trends in customer satisfaction for Rimfire Energy based on inbound calls data.

The Commission acknowledges it is not appropriate to rely on telephone responsiveness alone in assessing the level of a retailer's customer service, however is limited by the data it receives in accordance with the reporting requirements of the EIP Code.

The Commission is aware Jacana Energy collects additional data for purposes other than EIP Code reporting, such as customer feedback through its Customer Survey program, which could possibly be made available to the Commission in the future. Further, the Commission notes Jacana Energy reports against key performance indicators in its annual Statement of Corporate Intent[23], including grade of service, customer satisfaction and employee engagement. Accordingly, the Commission will consider the benefits and costs of expanding the data retailers are required to report in relation to customer service performance indicators in its review of the EIP Code[24]. This will be undertaken in consultation with retailers and other stakeholders.

Complaints

In accordance with the EIP Code, complaints are recorded and categorised by retailers as billing, marketing, transfers, hardship and other. These categories and associated definitions are largely consistent with those adopted by the AER[25] for the following:

- billing – includes complaints about prices, billing errors, payment arrangements, debt recovery practices and disconnections
- marketing – includes complaints about sales practices, advertising, contract terms and misleading conduct
- transfers – includes complaints about timeliness of transfer, disruption of supply due to transfer and billing problems directly associated with a transfer
- other – includes complaints about customer service, privacy issues, failure to respond to complaints, and health and safety issues.

The remaining category, hardship, is a Territory-specific reporting category included in the EIP Code and refers to complaints associated with customer hardship measures.

23 Jacana Energy 2020-21 Statement of Corporate Intent: https://www.jacanaenergy.com.au/news_and_publications/reports/sci/2020-21-SCI-Public-Version_Final.pdf.

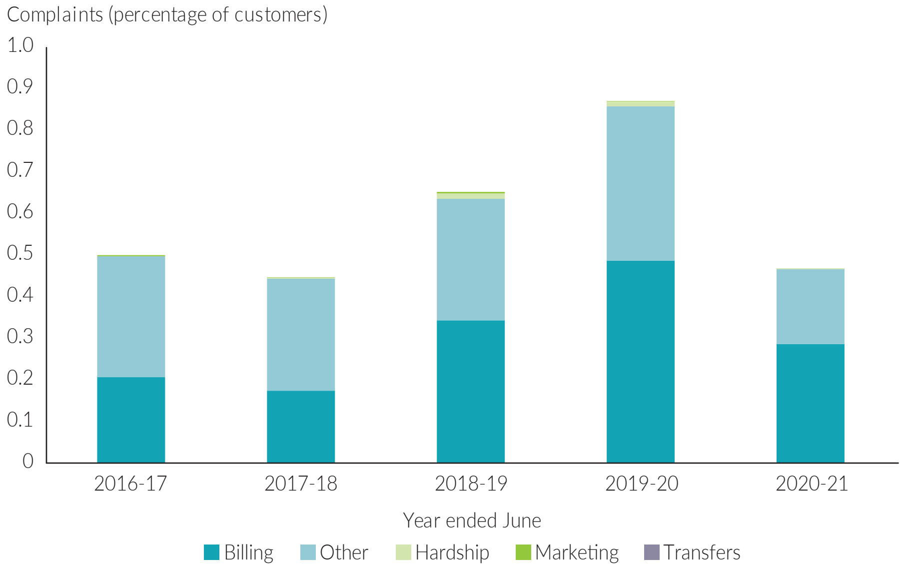
24 EIP Code Review Issues Paper: https://utilicom.nt.gov.au/publications/approvals-decisions-and-determinations/issues-paper-electricity-industry-performance-code-review.

25 AER (Retail Law) Performance Reporting Procedures and Guidelines: https://www.aer.gov.au/retail-markets/guidelines-reviews/aer-retail-law-performance-reporting-procedures-and-guidelines.

The AER introduced a number of new categories in 2018-19 for complaints related specifically to smart meters, which includes complaints regarding installation, installation delay, cost, data, privacy and de-energisation. These categories have not been adopted in the Territory, however the adoption of these categories is discussed in the EIP Code Review Issues Paper, with feedback received under consideration.

Customer complaints as a percentage of total customers for all retailers supplying small customers in the Territory for the five years to 2020-21 are shown in Figure 4, segmented by complaint category.

Figure 4: Customer complaints as a percentage of total small customers, further segmented by category



The Commission previously reported in the 2019-20 NTERR that while customer complaints as a percentage of total customers is relatively low in the Territory when compared with NECF jurisdictions, the level has continued to increase, with the 2019-20 rate of 0.9% being the highest across the five years to 2020-21. Encouragingly, in 2020-21, customer complaints as a percentage of total customers decreased to below 2018-19 levels to 0.5% of total customers. This decrease has been driven by decreases across all complaint categories, with billing and other complaints reducing from 0.5% to 0.3% and 0.4% to 0.2%, respectively, of total customers in 2020-21.

The number of complaints received in 2020-21 is relatively low in all complaint categories. Although not shown in Figure 4, the other complaints category decreased to its lowest quarterly level over the last three years in the fourth quarter of 2020-21 and total complaints (across all categories) also reached its lowest quarterly level over the last three years in the fourth quarter.

The Commission considers it positive that the higher level of complaints seen in 2019-20 has not continued in 2020-21, and the level of complaints at the quarterly level has remained relatively low compared with quarterly levels across the previous three years. This is particularly encouraging, given the COVID-19 lockdown restrictions in place in the Territory during the fourth quarter of 2020-21, which may have been a challenging time for many electricity customers in the Territory and could potentially have exacerbated any existing customer issues.

As discussed in previous years, it may be useful to broaden the definition of the existing complaint categories or include additional categories to provide more granular detail on the types of complaints made to retailers. The Commission is considering retail service performance indicators as part of its review of the EIP Code, noting Jacana Energy indicated in its initial response to the EIP Code Review Issues Paper that the other complaints category is too broad to provide a reliable indicator and Jacana Energy is open to engaging with the Commission on alternatives.

Hardship complaints generally make up a relatively low percentage of total complaints, however there was a large increase reported in 2018-19, with only a slight decrease in 2019-20. Reassuringly, the number of hardship complaints reduced in 2020-21, which may be a result of Jacana Energy's focus on improvements to its hardship policy in 2019-20, as well as adoption of policies aligning with the AER Expectations.

No complaints have been reported over the last five years for the transfers category, noting this is not unexpected considering the low number of small customers in the Territory transferring to a retailer other than Jacana Energy.

When comparing the Territory to NECF jurisdictions in 2020-21, the percentage of customers complaining remains low, with the Territory performing relatively better than all of the NECF jurisdictions. The Australian Capital Territory had the best performance of the NECF jurisdictions with 0.8% of customers complaining, while Tasmania was the worst performing jurisdiction with 3.6% of customers complaining. On average, across the NECF jurisdictions 1.5% of customers complained to a retailer, which is about three times the level in the Territory.[26] It should be noted that customer complaints in the NECF jurisdictions include complaints related to gas as well as electricity, however the Commission considers the benchmark fair and indicative of trends.

The decrease in customer complaints as a percentage of total small customers in 2020-21 is a good result for the Territory, both compared with the previous year and NECF jurisdictions. The Commission consider this positive, given the upward trend in customer complaints as a percentage of total small customers in the three previous years.

The total number of small customer complaints by retailer and approaches to the Ombudsman NT are shown in Table 3. As the Ombudsman NT can only deal with complaints regarding government entities, including government owned electricity retailers, data is only reported for Jacana Energy in relation to this indicator.

26 AER Retail energy market performance update for Quarter 4, 2020-21: https://www.aer.gov.au/retail-markets/performance-reporting/retail-energy-market-performance-update-for-q4-2020%E2%80%9321.

Table 3: Total small customer complaints to retailers and approaches to Ombudsman NT[27]

	2016-17	2017-18	2018-19	2019-20	2020-21
Complaints to retailer as a percentage of customers					
Jacana Energy (%)	0.5	0.5	0.7	0.9	0.5
Change (%)[1]	+ 31.4	- 5.5	+ 42.1	+ 35.2	- 45.9
Rimfire Energy (%)	0.0	0.0	0.0	0.0	0.0
Change (%)[1]	0.0	0.0	0.0	0.0	0.0
Approaches to the Ombudsman NT					
Jacana Energy	83	134	181	141	115
Change[2]	- 2	+ 51	+ 47	- 40	- 26
Change (%)[1]	- 2.4	+ 61.4	+ 35.1	- 22.1	- 18.4
Approaches to the Ombudsman NT as a percentage of retail complaints					
Jacana Energy (%)	20.6	35.3	33.5	19.3	29.1
Change (ppt)[3]	- 7.1	+ 14.6	- 1.7	- 14.2	+ 9.8

1 Percentage change in total number of complaints to retailer from previous year.
2 Change in number of Ombudsman NT approaches from previous year.
3 Percentage point change from previous year.

When considering complaints by retailer, it is evident the results shown in Figure 4 for the Territory overall are largely influenced by Jacana Energy's performance due to its majority share of small customers, as discussed in the previous chapter, and Rimfire Energy reporting no complaints, noting it has relatively few small customers.

As shown in Table 3, the rate of complaints to Jacana Energy decreased substantially in 2020-21 compared with a peak in 2019-20, returning to similar levels seen in 2016-17 and 2017-18. This is an excellent result, noting the rate of complaints to retailers in 2020-21 is well below the 1.5% average reported by NECF jurisdictions and below the NECF average in all previous years.

Jacana Energy has indicated to the Commission that the decrease in the number of complaints received in 2020-21 is likely due to its improved billing exception management and complaints management processes, including complaints evaluation and root cause and trend analysis. Jacana Energy's alignment with the AER Expectations (which included no disconnections for non-payment and additional hardship support measures in response to COVID-19) is also a likely driver of the decrease in complaints in 2020-21, as billing complaints are typically the largest category of complaint received. The Commission notes that while the decrease is large, moving at least twice as many percentage points as previous years, this is also likely a consequence of an elevated number of complaints received in both 2018-19 and 2019-20 due to delayed billing. This was a result of system modifications needed to accommodate changes to PWC network charges in July 2019 and a lower standard solar PV feed-in tariff introduced from 5 April 2020.

27 Ombudsman NT 2020-21 Ombudsman Annual Report: https://www.ombudsman.nt.gov.au/publications.

While the number of approaches to the Ombudsman NT decreased in 2020-21, as a percentage of Jacana Energy complaints, there was a substantial increase, to 29.1% compared with 19.3% in 2019-20. Previously the Commission has compared approaches to the Ombudsman NT as a percentage of total complaints to retailers at the jurisdictional level, based on data published in the AER's Retail Report, however due to changes to this report since 2019-20, it is no longer possible. Therefore, to enable some comparison for benchmarking purposes, the 2020-21 NTERR compares approaches to the Ombudsman NT as a percentage of total complaints against the average of retailers in NECF jurisdictions. The Commission notes the complaint-counting methodology may vary by ombudsman, which can lead to variances based on the jurisdiction in which the customer base is located. However the Commission considers this method still provides a fair indication of retailer performance.

Jacana Energy's 2020-21 result for approaches to the Ombudsman NT as a percentage of Jacana Energy complaints does not compare favourably with the NECF average of 17% of total complaints to all retailers resulting in an approach to an ombudsman (jurisdictional equivalent)[28]. Further, it does not compare favourably with the six major NECF retailers, with Jacana Energy's performance being consistent with AGL, the worst performing major NECF retailer. By way of comparison, the best performing major retailer was Aurora Energy, with only 1% of total complaints to the retailer resulting in an approach to an ombudsman.

The AER states that a high proportion of escalations to an ombudsman suggests a retailer may not be resolving complaints effectively while, conversely, a low proportion of complaints escalated to an ombudsman suggests a retailer may have a successful internal dispute resolution process. Consequently, the increase in the proportion of complaints to Jacana Energy that resulted in an approach to the Ombudsman NT (from 19.3% to 29.1%) may reflect a deterioration in Jacana Energy's internal complaints resolution processes. However, it is noted there were decreases in the total number of complaints to Jacana Energy in 2020-21 and approaches to the Ombudsman NT in 2020-21 relative to 2019-20 and 2018-19.

It is also noted that while the total number of approaches to the Ombudsman NT relating to Jacana Energy in 2020-21 was 115, many of these approaches occurred without the customer having first made direct contact with Jacana Energy. The Commission understands that when this occurs, the Ombudsman NT will typically encourage the customer to make direct contact with Jacana Energy, with the option to recontact the Ombudsman NT if they remain dissatisfied with the response. The Ombudsman NT's 2020-21 Annual Report notes many approaches about less complex matters were able to be resolved by Jacana Energy without further engagement with the Ombudsman NT, and Jacana Energy has advised the Commission that of the 115 approaches to the Ombudsman NT in 2020-21, only 11 of these (2.8% of total complaints) resulted in formal referrals from the Ombudsman NT to Jacana Energy.

28 AER 2020-21 Retail Report: https://www.aer.gov.au/retail-markets/performance-reporting/annual-retail-markets-report-2020%E2%80%9321.

The Ombudsman NT's 2020-21 Annual Report states the largest number of approaches relating to Jacana Energy involved some aspect of solar power, particularly the transition to the lower feed-in tariff rate[29]. The Commission notes the transition to the lower feed-in tariff rate is a matter of Territory Government policy and largely outside of Jacana Energy's control. Consultation with Ombudsman NT staff indicated that many complaints related to billing, including issues such as a bill not being received, multiple bills being received at the same time, bills being sent to the wrong address and delays in bills being sent. Complaints relating to credit listing and excessive charges were also indicated to be common occurrences.

The Commission previously reported in the 2018-19 NTERR that Jacana Energy had reviewed its complaints management policy, procedures and practices, including how complaints are handled at the first point of contact and then escalated for internal review or investigation where frontline customer care agents are unable to resolve the issue to the satisfaction of the customer. Jacana Energy stated that one of the intended outcomes of the review was to improve employee and customer awareness and understanding of Jacana Energy's complaints management practices. This was specifically aimed at reducing the level of complaints made to the Ombudsman NT without having first been through Jacana Energy's internal dispute resolution processes.

The Commission reported in the 2019-20 NTERR that the level of performance in 2019-20, including a reduction in both the number of approaches to the Ombudsman NT relating to Jacana Energy and proportion of complaints escalated to the Ombudsman, may indicate Jacana Energy's review and update of its Complaints Policy had been successful. However, the increased proportion of complaints escalated to the Ombudsman NT in 2020-21 appears to contradict this, noting the Ombudsman indicated a large number of approaches related to the premium solar feed-in tariff being removed following a government policy change, and therefore implementing the policy change was outside of Jacana Energy's control. The Commission will continue to monitor this indicator in future NTERRs.

The Ombudsman NT stated in its 2020-21 Annual Report that following the structural division of PWC into separate government owned corporations, it can be difficult for both customers and oversight bodies to accurately identify which agency is best placed to address the issues at the core of a complaint. There are also frequent occasions when a consumer must rely on both government entities (Jacana Energy and PWC) to work together to resolve a problem. For example, Jacana Energy may rely on PWC to check whether an electricity meter is working properly to confirm a high consumption reading, or there may be a complaint of an unfair Jacana Energy bill because of a delay or faulty work or equipment on the part of PWC.

With this in mind, the Commission considers approaches to the Ombudsman NT related to Jacana Energy may be impacted by the performance of the network provider and therefore may not be an accurate representation of Jacana Energy's performance.

29 The Northern Territory Government announced changes to the solar feed-in tariff on 5 April 2020: https://www.jacanaenergy.com.au/energy_savings/save/photovoltaic_pv_solar_systems#:~:text=You%20will%20receive%20the%20standard%208.3%20cent%20per%20kilo%2Dwatt,in%20tariff%20rate%20moving%20forward.

As reported in the 2019-20 NTERR, Jacana Energy touched on this issue in its submission to the Commission in relation to the EIP Code review[30]. Specifically, Jacana Energy expressed concern with the absence of standardised industry procedures and performance metrics around meter and customer data provision between the network provider and retailers within the Territory, with significant gaps in the short to medium term. Further, without additional regulation around reporting and performance of these services, Jacana Energy suggests it can do very little to improve the customer experience.

The Ombudsman NT indicated in its 2020-21 Annual Report that it has discussed with both government owned corporations the need to work together on more complex complaints, and it is essential for both government owned corporations to make improvements to their information-sharing processes, management of complex complaints and publicly available information in order to provide a more streamlined, consumer-focussed experience for their customers. Further, it is important both government owned corporations' intent to move in this direction is supported with timely action.

As noted by the Commission in previous editions of the NTERR, Jacana Energy's Complaints Policy[31], which includes information concerning how customers can submit a complaint, is published on its website. This is not mandatory in the Territory but is a requirement in NECF jurisdictions. The Commission considers it positive that Jacana Energy is taking steps to align itself with electricity industry best practice despite no formal obligation to do so.

Consultation with Ombudsman NT staff indicated they rarely receive calls about private sector electricity retailers, noting complaints relating to these retailers are outside the Ombudsman's jurisdiction. Ombudsman NT staff indicated one such enquiry was seeking information on how and where to complain about the retailer's service. As noted in the previous NTERR, the Commission considers it positive that Rimfire Energy, being the most active alternative electricity retailer to Jacana Energy in the Territory, has developed a section on its website regarding lodging feedback and complaints[32].

Dispute resolution

Through existing retail licence conditions, retail licensees must fix standard terms and conditions for the sale of electricity to their customers, which can include a dispute resolution process. However, there is no legislated obligation on retailers to have in place an internal or external dispute resolution process. Therefore, retailers are left to determine what is appropriate regarding handling disputes, which may not always be in the best interests of customers.

30 Jacana Energy submission to the EIP Code Review: https://utilicom.nt.gov.au/__data/assets/pdf_file/0011/955811/Jacana-Energy-EIP-Code-Review-submission.pdf.

31 Jacana Energy Complaints Policy: https://www.jacanaenergy.com.au/about_jacana_energy/complaints#:~:text=If%20you%20have%20an%20enquiry,to%206pm%2C%20Monday%20to%20Friday.&text=Complaints%20made%20in%20writing%20will%20be%20acknowledged%20within%202%20business%20days.

32 Rimfire Energy Feedback and Complaints: https://rimfireenergy.com.au/feedback-complaints-and-emergencies#:~:text=To%20discuss%20your%20feedback%20or,with%20our%20Complaints%20Handling%20Officer.

Under the *Utilities Commission Act 2000*, the Commission has the function to investigate and help resolve complaints relating to the conduct or operations of licensed entities under relevant industry legislation. Generally, the Commission receives and investigates complaints from large customers and refers small customer complaints to the Ombudsman NT who can deal with complaints relating to Jacana Energy and PWC as they are government owned corporations. However, there is a gap whereby no external dispute resolution services are available to customers of privately owned electricity retailers. Further, the Ombudsman NT deals with complaints relating to all government entities and does not have a dedicated electricity industry team, although staff members have some expertise due to the large volume of electricity complaints.

In the Territory, Australian Consumer Law provides non-electricity industry-specific protections regarding safe goods, fair contracts and sound sales practices. This is administered by NT Consumer Affairs, an independent office within the Department of the Attorney-General and Justice.

Nationally, all state and territory jurisdictions except the Northern Territory place requirements on retailers to have internal and external dispute resolution processes. In New South Wales, Queensland, Tasmania, Australian Capital Territory and South Australia, this is managed through the NECF. Victoria has largely harmonised the Victorian Energy Retail Code with the NECF. Western Australia manages customer protections within the Code of Conduct for the Supply of Electricity to Small Use Customers.

Retailers in these jurisdictions are generally required to develop, publish (via a website) and comply with a set of procedures consistent with Australian standards for handling residential and small business customer complaints and disputes. These procedures must be regularly reviewed and updated where necessary.

In jurisdictions other than the Territory, small customers have access to an external dispute resolution scheme, regardless of the ownership of the retailer, which ensures a customer has an independent means of escalating a complaint. This is provided through either a dedicated energy ombudsman, such as the Energy and Water Ombudsman of South Australia and the Energy and Water Ombudsman of Victoria, or in the case of Western Australia and Tasmania, a broader ombudsman scheme (compared with Ombudsman NT) that enables the provision of associated services to customers of all electricity retailers, regardless of ownership.

As discussed in previous reviews, the Commission considers that putting in place obligations on all retailers to have internal dispute resolution procedures in line with Australian standards and electricity industry best practice will ensure customer interests are protected in the dispute resolution process. Accordingly, and in the absence of the government completing work to put in place a fulsome energy customer protection framework suitable for the Territory, the Commission is considering amending the ERS Code to include internal dispute resolution obligations, through its current review of the ERS Code.[33]

33 The Commission completed a review of the ERS Code in late 2019 to address priority issues, as informed by stakeholders, however acknowledged that the final amended ERS Code does not address all potential issues or gaps and a full review of the ERS Code from a first principles approach is needed given the evolving electricity supply industry in the Territory. The Commission commenced the stage 2 ERS Code Review in June 2021 and sought submissions from stakeholders in relation to the review to 30 August 2021.

During 2020-21, through its ERS Code Review Issues Paper, the Commission sought stakeholder feedback on whether the ERS Code should be amended to include internal dispute resolution obligations on retailers that are aligned with the requirements in the NERL. Jacana Energy advised it has already aligned its dispute resolution processes with the NERL requirements (that is, ISO 10002-2006) and, in its view, it would be beneficial for customers in the Territory if the same dispute resolution requirements applied to all retailers and consequently all small customers. Other retailers, including EDL NGD (NT) Pty Ltd and QEnergy Limited, also indicated they are in favour of internal dispute resolution obligations for retailers in line with other Australian jurisdictions in the ERS Code.

Regarding establishing a dedicated electricity ombudsman or expanding the Ombudsman NT's remit to deal with customers of a private retailer, the Commission acknowledges this would lead to increased costs, which would need to be funded by government (that is, taxpayers), the Territory electricity industry or both, and as there is currently only a small number of customers supplied by private retailers, the costs may outweigh the benefits.

Nonetheless, it is important that appropriate external dispute resolution services are available to electricity customers, regardless of which retailer a household or business chooses. Accordingly, the Commission will continue to encourage the Territory Government to explore options to strengthen the external dispute resolution framework.

3| Payment difficulties and hardship

This chapter considers how retailers manage customers experiencing payment difficulties and financial hardship, and focuses on:

- debt level of customers
- customers on payment plans
- customers on a hardship program
- disconnections for non-payment
- prepayment meters.

This chapter also discusses the Commission's high level views in relation to potential gaps in hardship policy obligations for retailers.

Retailers are only required by the EIP Code to report to the Commission on customers consuming less than 160 MWh per annum. Accordingly, information on payment difficulties for large customers is not included in this review.

Debt

Energy bill debt is an indicator of the affordability of electricity and how effectively retailers are dealing with customers experiencing payment difficulties. Increasing or prolonged energy bill debt should be an indicator to a retailer that a customer may require assistance, such as being placed onto a payment plan or in more serious cases, a hardship program.

Under the EIP Code, retailers in the Territory are required to report on the number of residential and small business customers with energy bill debt and the average energy bill debt of customers, with both indicators excluding hardship customers, which are reported separately. For the purpose of reporting against these performance indicators, energy bill debt is defined as debt that has been outstanding for 90 days or longer from the date a bill is due, consistent with the AER's reporting requirements.

Jacana Energy has previously advised the Commission that it is aware of some retailers in other jurisdictions calculating energy bill debt from the invoice issue date, which is inconsistent with the AER's reporting requirements. Following discussions with the AER, the Commission understands this may be the case.

The AER updated its energy bill debt methodology in its 2018-19 Retail Report to combine electricity and gas bill debt into a single energy bill debt. This is different to the Territory where energy debt is limited to electricity.

While the differences in approach to reporting energy bill debt by the AER discussed above have the potential to impact accurate comparisons between retailers and jurisdictions, the comparisons are still considered fair and indicative of trends.

The AER's 2020-21 Retail Report uses data from the fourth quarter to show and compare performance, which may not allow meaningful or equitable comparisons to be made between jurisdictions due to seasonal variation. Therefore, the Commission has used the average across all four quarters for both the Territory and NECF jurisdictions to improve comparisons.

The percentage of residential customers with energy bill debt and the average of that debt, excluding hardship customers, is shown in Table 4.

Table 4: Level of residential customer debt in the Northern Territory (90 days or greater)

	2018-19	2019-20	2020-21
Residential customers with debt (%)	0.9	1.2	2.0
Change (%)[1]	- 47.4	+ 33.0	+ 69.9
Average residential customer debt	$367.70	$743.21	$970.52
Change[2]	+ $16.48	+ $375.51	+ $227.31
Change (%)[3]	+ 4.7	+ 102.1	+ 30.6

1 Percentage change in number of residential customers with energy bill debt from previous year.
2 Dollar change in average residential customer debt from previous year.
3 Percentage change in average residential customer debt from previous year.

There was a large increase in the percentage of residential customers with energy bill debt in the Territory from 1.2% in 2019-20 to 2% in 2020-21. The 0.8 percentage point growth in 2020-21 is the largest movement in the percentage of residential customers with debt in the last three years, noting data for this performance indicator prior to 2017-18 is unavailable.

The 2% reported for the Territory in 2020-21 is slightly higher than 1.9% reported by the AER for NECF jurisdictions overall, with only South Australia and Tasmania reporting higher percentages of 2.2% and 3.3%, respectively. The NECF jurisdiction with the lowest percentage of residential customers with debt was Queensland with 1.7%[34].

The average amount of residential customer energy bill debt in the Territory increased by $227.31 (30.6%) in 2020-21 to $970.52, which is much larger than previous years and more than double the 2018-19 figure of $367.70. The increase in the average amount of residential customer energy bill debt in 2020-21 continues a trend of growing average residential customer energy bill debt since 2017-18. Even so, the Commission considers it encouraging to see that while the average residential customer energy bill debt increased substantially in 2020-21, the rate of growth in the average residential customer energy bill debt in 2020-21, at 30.6%, reduced from that of 2019-20, which saw the average residential customer energy bill debt more than double (102.1%) from 2018-19 levels.

The 2020-21 result for average residential customer energy bill debt in the Territory is close to the average reported for the NECF jurisdictions overall ($1,005.08)[34], however remains below this figure, consistent with previous years. When considering NECF jurisdictions individually, only two jurisdictions reported a lower average energy bill debt, the Australian Capital Territory and Queensland, with average energy bill debts of $750.29 and $792.68, respectively. The NECF jurisdiction with the highest average energy bill debt was South Australia with $1,262.80[34].

While it is concerning to see the percentage of residential customers with energy bill debt in the Territory is higher than the NECF jurisdictions on average, the lower average energy bill debt of residential customers represents a positive result for the Territory when compared with NECF jurisdictions.

34 Calculated from AER Retail energy market performance update for quarter 4, 2020-21: https://www.aer.gov.au/retail-markets/performance-reporting/retail-energy-market-performance-update-for-q4-2020%E2%80%9321.

As noted in the 2019-20 NTERR, using the average of the four quarters to show performance, as in Table 4, does not provide enough detail to show the potential impacts of COVID-19 on the 2019-20 and 2020-21 data. The annual figures also potentially mask the effect of changes to Jacana Energy's policies, including Jacana Energy's Hardship Policy (updated in the fourth quarter of 2018-19), which Jacana Energy has previously advised resulted in a number of customers previously on payment plans being moved into Jacana Energy's hardship program.

In order to assess the potential impact of COVID-19 and changes to Jacana Energy's policies for providing support to customers experiencing payment difficulties, Figure 5 shows the percentage of non-hardship customers with energy bill debt and their average debt on a quarterly basis for the last three years, with the update of Jacana Energy's hardship policy[35], the introduction of Territory border restrictions[36], Jacana Energy's alignment with the AER Expectations[37] and the Territory's first snap lockdown highlighted.

Figure 5: Level of residential customer debt in the Northern Territory (90 days or greater), quarterly

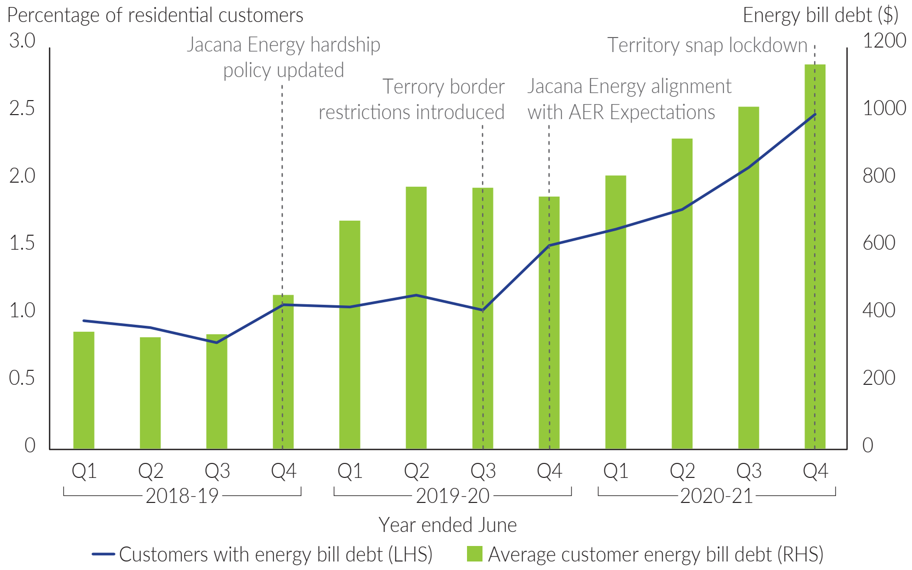


Figure 5 shows the percentage of residential customers with energy bill debt increased in each quarter of 2020-21. This is likely due to COVID-19 affecting some customers' ability to pay, as well as Jacana Energy's more lenient approach toward debt collections in light of the pandemic.

35 Jacana Energy published an updated hardship on its website dated 14 June 2019: https://www.jacanaenergy.com.au/residential/payment_options/Jacana-Energy-Hardship-Policy.pdf.

36 The Territory Government introduced border restrictions from Tuesday 24 March 2020: https://coronavirus.nt.gov.au/updates.

37 Statement of expectations of energy businesses: Protecting customers and the energy market during COVID-19: https://www.aer.gov.au/publications/corporate-documents/statement-of-expectations-of-energy-businesses-protecting-customers-and-the-energy-market-during-covid-19.

Generally the fourth quarter of each financial year has a higher percentage of customers with energy bill debt than the preceding quarters in the corresponding year. This is due to seasonal variation and a consequence of increased power consumption during the Territory's wet season, which is typically hotter and more humid than other times of the year. It is therefore not surprising the percentage of customers with energy bill debt in the fourth quarter of 2020-21 is higher than preceding quarters. However the elevated number of customers with energy bill debt in each quarter of 2020-21 is likely a consequence of COVID-19.

Due to billing being on a quarterly cycle, any impact on customers' bills from an event may lag by up to three months and therefore it is possible the increase in the percentage of residential customers with energy bill debt in each quarter of 2020-21 follows from Jacana Energy's alignment with the AER Expectations in the fourth quarter of 2019-20. Any impact on customer bills due to the Territory's first snap lockdown, implemented in the fourth quarter of 2020-21, is not likely to be observed until 2021-22.

The number of residential customers with energy bill debt grew substantially in 2020-21, with a 69.9% growth from 2019-20, which itself was a 33% growth from 2018-19. This likely reflects a deterioration in some customers' ability to pay their energy bills. As discussed above, this may be a consequence of seasonal factors, such as increased energy bills following increased consumption during the wet season, and may also be a consequence of the impact of COVID-19 on the Territory economy, which has seen some electricity customers, particularly those employed in industry sectors heavily impacted by COVID-19, lose income as a result of COVID-19 restrictions.

Figure 5 shows the average energy bill debt of residential customers increased in the fourth quarter of 2018-19, coinciding with Jacana Energy's updated hardship policy, and increased further in the first quarter of 2019-20. As these increases precede any potential impacts of COVID-19, it is likely they are primarily driven by Jacana Energy's updated hardship policy (noting the vast majority of small customers in the Territory are Jacana Energy customers). In contrast, it is likely the increases in average debt observed in each quarter of 2020-21 are primarily the result of Jacana Energy's alignment with the AER Expectations, being its response to COVID-19.

Jacana Energy's adoption of the policy principles outlined in the AER Expectations from the fourth quarter of 2019-20, which included a freeze on disconnections of customers experiencing financial distress as well as deferral of some debt collection activities, is likely a driver of the increased average debt observed in each quarter of 2020-21. The freeze on customer disconnections in particular is likely to explain the growth in the average amount of debt as customers who would otherwise be disconnected remain connected, accruing further debt. Similarly, the deferral of debt collection activities is likely to be a contributing factor to the growth in average debt as existing debts remain unresolved.

While the Commission considers it positive that Jacana Energy proactively aligned its policies with the AER Expectations in an effort to assist customers facing COVID-19-related energy bill difficulties despite any requirement to do so, the Commission is concerned about the growth in both the number of customers with energy bill debt and the average energy bill debt in 2020-21, as well as the future impacts this growth in debt may have on those customers and on Jacana Energy's financial performance when this support is withdrawn. The Commission will continue to monitor the level of residential customer debt in the Territory and Jacana Energy's management of the issue.

The percentage of small business customers with energy bill debt and the average of that debt is shown in Table 5.

Table 5: Level of small business customer debt in the Northern Territory (90 days or more)

	2018-19	2019-20	2020-21
Small business customers with debt (%)	1.4	3.7	2.5
Change (%)[1]	- 46.1	+ 121.6	- 32.6
Average small business customer debt	$1,752.37	$1,968.77	$1,764.13
Change[2]	+ $220.90	+ $216.39	- $204.64
Change (%)[3]	+ 14.4	+ 12.3	- 10.4

1 Percentage change in number of small business customers with energy bill debt from previous year.
2 Dollar change in average small business customer debt from previous year.
3 Percentage change in average small business customer debt from previous year.

In the Territory, the percentage of small business customers with energy bill debt reduced by 1.2 percentage points to 2.5% of total small business customers in 2020-21. In NECF jurisdictions overall, the percentage of small business customers with energy bill debt during 2020-21 was higher than in the Territory at 2.9%, which includes both electricity and gas. The highest percentage of small business customers with debt reported by NECF jurisdictions was the Australian Capital Territory at 3.9%, while the lowest was Tasmania at 1.2%.[38]

As well as the decrease in the percentage of small business customers with debt in the Territory, the average small business customer energy bill debt decreased by 10.4% ($204.64) to $1,764.13. This was slightly above 2018-19 levels. The average small business energy bill debt in the Territory remains below the NECF average of $2,262.17 for the same period and the only NECF jurisdiction to report a lower result than the Territory was the Australian Capital Territory with $1,281.49.[39]

As with residential customers, the Commission notes using the average of the four quarters to show annual performance (Table 5) does not show the potential impact of COVID-19 on the 2020-21 data. The impact of COVID-19 is shown in Figure 6 with the percentage of small business customers with energy bill debt and their average debt on a quarterly basis for the last three years, with the key events of the Territory's border restrictions,[39] Jacana Energy's alignment with the AER Expectations[40] and the Territory's first snap lockdown highlighted. Unlike Figure 5, the update of Jacana Energy's hardship policy is not highlighted as a significant event in Figure 6 as it does not relate to small business customers.

38 Calculated from AER Retail energy market performance update for quarter 4, 2020-21: https://www.aer.gov.au/retail-markets/performance-reporting/retail-energy-market-performance-update-for-q4-2020%E2%80%9321.
39 The Territory Government introduced border restrictions from Tuesday 24 March 2020: https://coronavirus.nt.gov.au/updates.
40 Statement of expectations of energy businesses: Protecting customers and the energy market during COVID-19: https://www.aer.gov.au/publications/corporate-documents/statement-of-expectations-of-energy-businesses-protecting-customers-and-the-energy-market-during-covid-19.

Figure 6: Level of small business customer debt (90 days or more), quarterly

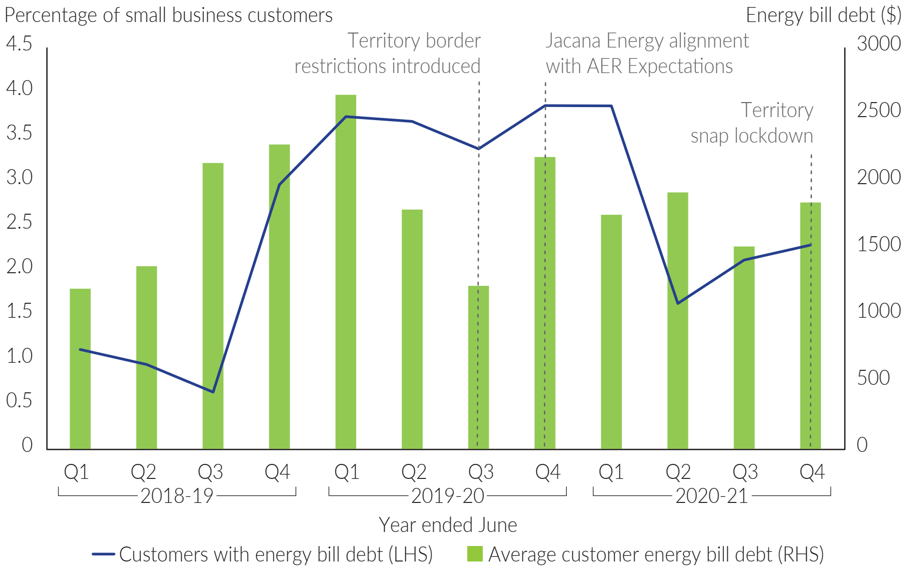


Figure 6 shows the percentage of small business customers with energy bill debt decreased in the second quarter of 2020-21, after peaking at 3.9% in the fourth quarter of 2019-20 and remaining at this level in the first quarter of 2020-21. Consistent with residential customers, the Commission notes that due to billing being on a quarterly cycle, any impact from an event may lag by up to three months in terms of the impact on customers' bills, and therefore the decline in the percentage of small business customers with debt may be attributed to the Territory Government's Business Hardship Package[41], which was announced on 18 May 2020 and accepted applications until 1 July 2020.

As part of the Business Hardship Package, eligible businesses could access reduced electricity tariffs, among other support, until 30 September 2020. This also likely contributed to the decrease in the average amount of energy bill debt for small customers observed in the first quarter of 2020-21, noting it may be offset in part by the COVID-19 restrictions imposed in the third quarter of 2019-20. Buoyant economic conditions (relative to elsewhere in Australia) as a result of limited COVID-19 lockdowns in the Territory in 2020-21 also likely contributed to the improvement in small business customer debt indicators, compared with 2019-20.

Unlike residential customers, there is no clear trend in the number of small business customers with debt that can be observed across the three years shown in Figure 6. This variability may be a consequence of the relatively small number of small business customers in the Territory. As noted in the AER's 2018-19 Retail Report,[42] jurisdictions with a lower number of business customers are likely to see a large effect on reported numbers and trends due to small fluctuations in the underlying data.

41 Business Hardship Register: https://nt.gov.au/industry/business-grants-funding/business-hardship-register.
42 AER 2018-19 Retail Report: https://www.aer.gov.au/retail-markets/performance-reporting/annual-retail-markets-report-2018-19.

Payment plans

A payment plan is generally the first step in assisting a customer experiencing payment difficulties of a short-term nature, often stemming from a sudden or unexpected change in circumstances, such as a temporary job loss, unexpected repair bill or a minor illness. A payment plan is a standard approach that could be considered a 'one size fits all' solution as it does not necessarily consider a customer's circumstances on an individual basis.

As with debt, the AER's 2020-21 Retail Report uses data from the fourth quarter to show and compare performance, which may not allow meaningful or equitable comparisons to be made between jurisdictions due to seasonal variation. Therefore, the Commission has used the average across all four quarters for both the Territory and NECF jurisdictions' data to improve comparisons.

The percentage of residential customers on a payment plan, excluding hardship customers, is shown in Table 6.

Table 6: Percentage of residential customers on a payment plan

	2018-19	2019-20	2020-21
	%	%	%
Jacana Energy	2.1	2.6	2.2
Change[1]	- 10.3	+ 32.6	- 14.1
Rimfire Energy	0.0	0.0	0.0
Change[1]	0.0	0.0	0.0
Territory	2.1	2.6	2.2
Change[1]	- 10.3	+ 32.6	- 14.1

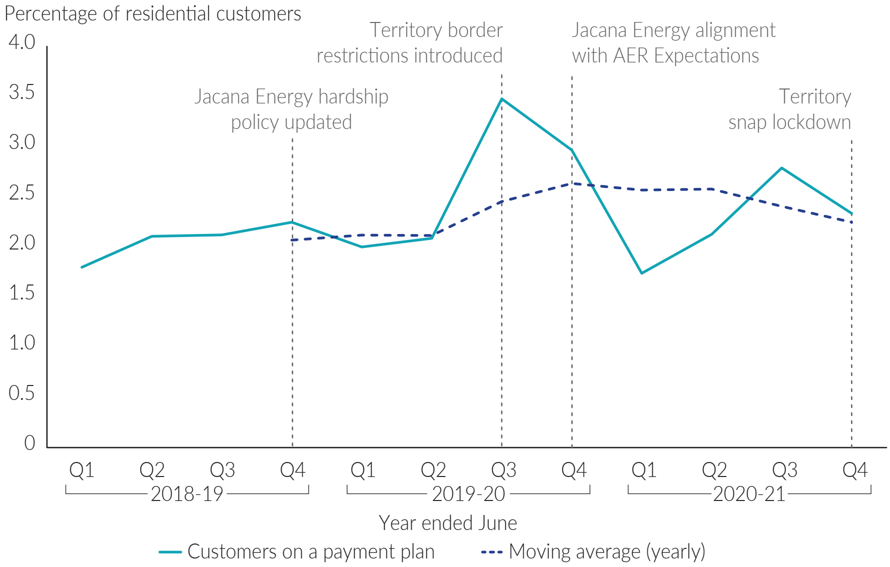
1 Percentage change in number of residential customers on a payment plan from previous year.

The percentage of residential customers in the Territory on a payment plan in 2020-21 (2.2%), is higher than reported by NECF jurisdictions (1.4%)[43]. Given the Territory has a higher percentage of residential customers with energy bill debt and a slightly lower average amount of energy bill debt for those customers compared with NECF jurisdictions, the higher percentage of customers on a payment plan is considered a positive result and may indicate Territory retailers, Jacana Energy in particular, are identifying customers with less serious payment difficulties early and working with those customers to offer assistance.

To understand the potential impact of COVID-19 and Jacana Energy's review of its hardship policy, noting Jacana Energy has the majority share of small customers, Figure 7 shows the percentage of residential customers on a payment plan on a quarterly basis for the last three years with the update of Jacana Energy's hardship policy, introduction of Territory border restrictions, Jacana Energy's alignment with the AER Expectations and the Territory's snap lockdown in the fourth quarter of 2020-21 highlighted.

43 Calculated from the AER Retail energy market performance update for quarter 4, 2020-21: https://www.aer.gov.au/retail-markets/performance-reporting/retail-energy-market-performance-update-for-q4-2020%E2%80%9321.

Figure 7: Percentage of residential customers on a payment plan, quarterly



The Commission noted in the previous NTERR that there was an increase in the number of residential customers on a payment plan in the third quarter of 2019-20 following the update to Jacana Energy's hardship policy, preceding the impacts of COVID-19. The number of residential customers on a payment plan declined across the fourth quarter of 2019-20 and reached its lowest point at any time in the previous three years in the first quarter of 2020-21, at 1.7% of residential customers. The relatively low number of customers on a payment plan in the first quarter of 2020-21 may be a consequence of customers being moved onto a hardship program, which can be seen in the relatively high proportion of customers on a hardship program in the same period (Figure 8).

It does not appear that COVID-19 has had a significant effect on the number of customers on a payment plan. While an increase is observed in the third quarter of 2019-20, coinciding with the introduction of Territory border restrictions, the increase was not sustained. This may be due to offsetting effects of support from the Territory and Commonwealth governments, including freezing the 2020-21 Electricity Pricing Order tariffs at 2019-20 levels, Jacana Energy's alignment with the AER Expectations, and various business support measures including the Business Hardship Package[44], Small Business Survival Payment[45], JobKeeper payment[46], JobMaker Hiring Credit[47] and Local Jobs Program[48]. While primarily targeted at business, these business support measures may have had flow-on effects to residential electricity customers through assisting with continued employment during the COVID-19-related economic downturn.

44 Business Hardship Register: https://nt.gov.au/industry/business-grants-funding/business-hardship-register
45 Northern Territory Government Business grants and funding: https://nt.gov.au/industry/business-grants-funding
46 JobKeeper payment: https://www.ato.gov.au/general/jobkeeper-payment/
47 Jobmaker Hiring Credit: https://www.ato.gov.au/general/JobMaker-Hiring-Credit/
48 Local Jobs Program: https://www.dese.gov.au/local-jobs-program/resources/local-jobs-fact-sheet

Hardship programs

A hardship program is generally the next line of support for a customer overwhelmed by payment difficulties where a standard payment plan is not sufficient. It is generally appropriate for customers facing longer term and more entrenched financial difficulties, such as systemic budget management issues, or loss of income source due to a family death or serious illness.

A hardship program is ideally tailored to the individual customer and actively managed by the retailer. A hardship program should keep a customer engaged with their retailer and where possible strive to reduce debt and move a customer back to a 'regular bill cycle customer'.

As with debt and payment plans, the AER's 2020-21 Retail Report uses data from the fourth quarter to show and compare performance, which may not allow meaningful or equitable comparisons to be made between jurisdictions due to seasonal variation. Therefore, the Commission has used the average across all four quarters for both the Territory and NECF jurisdictions' data to improve any comparisons, including for the previous three years.

The percentage of residential customers on a hardship program by retailer and the Territory overall for the past three years is shown in Table 7.

Table 7: Residential customers on a hardship program

	2018-19	2019-20	2020-21
	%	%	%
Jacana Energy	0.3	0.7	1.0
Change[1]	+ 30.4	+ 146.8	+ 48.9
Rimfire Energy	0.0	0.0	0.0
Change[1]	0.0	0.0	0.0
Territory	0.3	0.7	1.0
Change[1]	+ 30.4	+ 146.8	+ 48.9

1 Percentage change in number of residential customers on retailer's hardship program from previous year.

The percentage of small customers on a hardship program in the Territory (1%) has continued to grow and is consistent with that reported by the AER for NECF jurisdictions (1%). This contrasts with the two previous years, where the percentage of residential customers on a hardship program in the Territory was consistently lower than the AER jurisdictions overall. Compared with the individual NECF jurisdictions in 2020-21, the Territory is in the middle, with the Australian Capital Territory, New South Wales and Queensland reporting a lower percentage of customers on a hardship program (0.8%, 0.9% and 0.8%, respectively), and South Australia and Tasmania reporting a higher percentage (1.8% and 2.1%, respectively).[49]

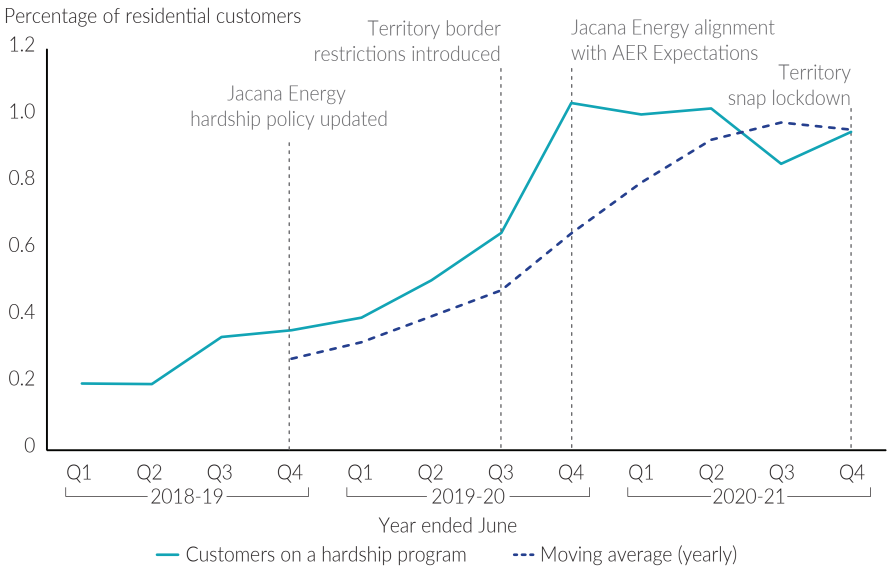
49 Calculated from the AER Retail energy market performance update for quarter 4, 2020-21: https://www.aer.gov.au/retail-markets/performance-reporting/retail-energy-market-performance-update-for-q4-2020%E2%80%9321.

The relatively high percentage of customers on a hardship program in the Territory in 2020-21 (compared with previous years) likely reflects the COVID-19-related economic downturn experienced in the Territory. Changes to Jacana Energy's hardship policy implemented from the fourth quarter of 2018-19 may also have had an effect in the following years as customers who would previously have been put on a payment plan were instead moved to the hardship program.

Jacana Energy has indicated that fluctuations in the number of customers on the hardship program in 2020-21 are due to credit management changes made to support customers during COVID-19, through Jacana Energy's alignment with the AER Expectations. Jacana Energy has suggested to the Commission that as certain credit management processes resume in 2021-22, it is likely the number of customers on the hardship program will increase further.

To understand the potential impact of COVID-19 and the resulting changes to Jacana Energy's support processes for customers experiencing payment difficulties (through Jacana Energy's alignment with the AER Expectations) and noting Jacana Energy has the majority share of small customers, Figure 8 shows the percentage of residential customers on a hardship program on a quarterly basis over the last three years with the update of Jacana Energy's hardship policy[50], introduction of Territory border restrictions[51], Jacana Energy's adoption of the AER Expectations[52], and the Territory's first snap lockdown highlighted.

Figure 8: Residential customers on a hardship program, quarterly



As shown in Figure 8, the percentage of residential customers on a hardship program has remained relatively high in each quarter of 2020-21 compared with previous years. The 0.9% reported in the third quarter of 2020-21, being the lowest outcome in any quarter in 2020-21, was higher than any reported figure prior to the fourth quarter of 2019-20.

50 Jacana Energy published an updated hardship on its website dated 14 June 2019: https://www.jacanaenergy.com.au/residential/payment_options/Jacana-Energy-Hardship-Policy.pdf.

51 The Territory Government introduced border restrictions from Tuesday 24 March 2020: https://coronavirus.nt.gov.au/updates.

52 Statement of expectations of energy businesses: Protecting customers and the energy market during COVID-19: https://www.aer.gov.au/publications/corporate-documents/statement-of-expectations-of-energy-businesses-protecting-customers-and-the-energy-market-during-covid-19.

Figure 8 shows that following the update of Jacana Energy's hardship policy and before the potential impacts of COVID-19, there was an increase in the percentage of customers on a hardship program. The Commission noted in the previous NTERR that the increase preceded the update, and this may have been a result of Jacana Energy implementing a number of changes to its processes and procedures before its updated hardship policy was officially commenced. The percentage of hardship customers, which has been trending upwards since the second quarter of 2018-19, appears to have stabilised at a relatively high level following Jacana Energy's alignment with the AER Expectations. Nonetheless, this level is consistent with that reported for NECF jurisdictions overall in 2020-21 and previous years.

The introduction of the Territory's COVID-19-related border restrictions from the third quarter of 2019-20 coincided with a sharp increase in the percentage of customers on a hardship program. As energy bills are raised on a quarterly cycle, any impact from the Territory's first snap lockdown, which was enforced from 27 June to 2 July 2021, will not be seen until 2021-22.

The average Jacana Energy residential customer energy bill debt on entry to a hardship program in 2020-21 was $1,152.94. This compares to the average Territory residential customer energy bill debt (excluding hardship customers) of $970.52. The ratio of debt on entry to a Jacana Energy hardship program and average Territory customer energy bill debt has reduced further in 2020-21 relative to 2019-20, which is partly a consequence of higher average customer bill debt in 2020-21, however may also indicate Jacana Energy is providing hardship assistance to customers earlier than previously. This ratio is now smaller than the average of NECF jurisdictions (with an average debt on entry to a hardship program of $1,473.21 and average residential customer energy bill debt of $1,005.08[53]).

Therefore, it appears Jacana Energy's update of its hardship policy, as well as the alignment with the AER Expectations, has had a positive impact on the timing of hardship assistance being provided to customers experiencing more serious payment difficulties. The Commission will continue to monitor Jacana Energy's performance against this indicator in future NTERRs.

Figure 9 shows the distribution of debt levels on entry to a hardship program for Jacana Energy and NECF jurisdictions[54] in 2020-21.

53 Calculated from AER Retail energy market performance update for quarter 4, 2020-21: https://www.aer.gov.au/retail-markets/performance-reporting/retail-energy-market-performance-update-for-q4-2020%E2%80%9321.

54 AER Retail energy market performance update for quarter 4, 2020-21: https://www.aer.gov.au/retail-markets/performance-reporting/retail-energy-market-performance-update-for-q4-2020%E2%80%9321.

Figure 9: 2020-21 debt on entry to a hardship program

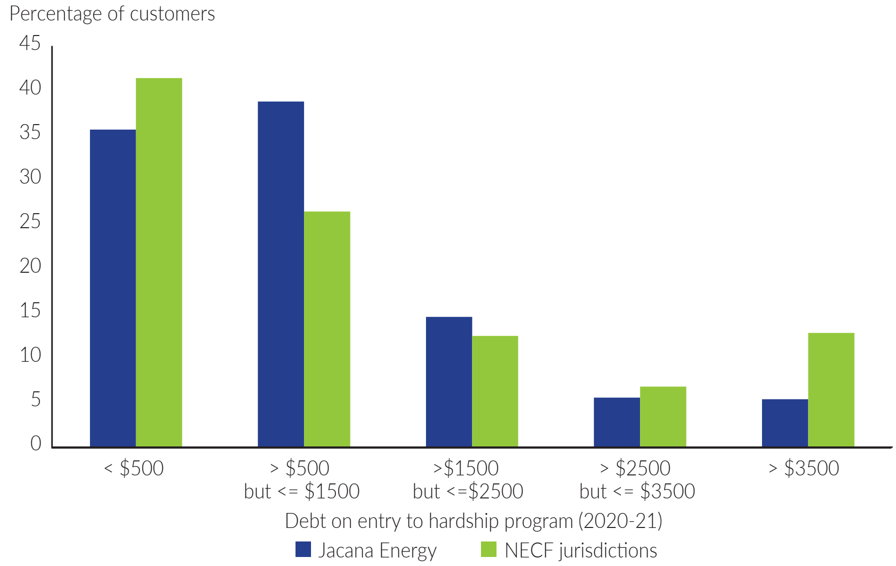


Figure 9 shows the percentage of customers at various levels of debt on entry to a hardship program in 2020-21 were fairly similar between Jacana Energy and NECF jurisdictions. This may be a consequence of Jacana Energy's adoption of the AER Expectations, which applied across the NECF jurisdictions and included a requirement for retailers to offer all residential and small business customers who indicated they may be in financial stress a payment plan or hardship arrangement[55]. Compared with NECF jurisdictions, Jacana Energy had a higher percentage of customers enter a hardship program with debts between $500 and $1,500, as well as $1,500 to $2,500.

Although not shown in Figure 9, Jacana Energy had a higher proportion of customers entering a hardship program with debts less than $500 in 2020-21 compared with 2019-20, where this was about 10% of customers entering a hardship program. This may indicate that Jacana Energy provided the hardship program in 2020-21 as a solution to customers experiencing payment difficulties sooner than in previous years.

The average debt of a Jacana Energy customer in the hardship program in 2020-21 was $1,119.82, slightly lower than the average Jacana Energy customer debt on entry to a hardship program ($1,152.94) and not substantially higher than the average Territory residential customer energy bill debt (excluding hardship customers) ($970.52). While the convergence of these debt indicators might suggest Jacana Energy's hardship program has been largely unsuccessful in reducing customers' debts in 2020-21, the Commission notes this may be a consequence of Jacana Energy's adoption of the AER Expectations, including where no payments are made for an agreed period, and a support-oriented approach to Jacana Energy's reminder notices and collection processes.

55 Statement of expectations of energy businesses: Protecting customers and the energy market during COVID-19: https://www.aer.gov.au/publications/corporate-documents/statement-of-expectations-of-energy-businesses-protecting-customers-and-the-energy-market-during-covid-19.

The AER introduced a standby Statement of expectations[56] on 1 July 2021, which replaced the previous AER Expectations version and applies to relevant energy retailers in the event a NECF jurisdiction is subject to extended stay-at-home orders. As extended stay-at-home orders were largely absent from the Territory until November 2021, it is expected Jacana Energy will resume its usual hardship and debt management processes. If this is the case, the average debt of a Jacana Energy customer in the hardship program in 2021-22 will likely rebalance and reduce relative to the average Jacana Energy customer debt on entry to a hardship program. The Commission will continue to monitor and report on this indicator in the 2021-22 NTERR.

Jacana Energy reported 94% of customers exiting its hardship program during 2020-21 did so due to being excluded or removed for non-compliance with the program, compared with 6% who exited due to successfully completing the program. This is a reduction of customers exiting the hardship program due to being excluded or removed for non-compliance with the program, as well as an increase in the percentage of customers exiting due to successfully completing the program compared with 2019-20. Consistent with 2019-20, there were no customers reported to have exited a hardship program due to having switched, transferred or left the retailer.

In comparison, the average reported for NECF jurisdictions was 52.9% of customers exiting a hardship program due to being excluded or removed, and 37.4% exiting due to successfully completing the program[57]. This indicates there may still be room for improvement with Jacana Energy's hardship program and the Commission will continue to closely monitor and report performance in subsequent reviews.

Jacana Energy has indicated to the Commission the high rate of customers exiting the hardship program due to being excluded or removed for non-compliance with the program is likely to be overstated due to limitations with Jacana Energy's retail operating system, which is currently unable to modify payment plans (including hardship plans) once established. This means where a payment plan is required to be amended (instalment amounts and or frequency), any modification will result in a plan being cancelled and re-established. Therefore, the rate of customers being removed from the program will be overstated. Jacana Energy has advised the Commission it is exploring options to resolve this reporting issue.

Disconnections

Disconnections for non-payment should be considered as a last resort and avoided where possible. Disconnection should only occur where a payment plan or hardship program has been unsuccessful.

The percentage of residential customers disconnected for non-payment in the last three years is shown in Table 8.

56 Tailored support and protection for energy consumers: https://www.aer.gov.au/news-release/tailored-support-and-protection-for-energy-consumers

57 AER Retail energy market performance update for quarter 4, 2020-21: https://www.aer.gov.au/retail-markets/performance-reporting/retail-energy-market-performance-update-for-q4-2020%E2%80%9321.

Table 8: Percentage of residential customers disconnected for non-payment

	2018-19	2019-20	2020-21
	%	%	%
Jacana Energy	3.5	1.7	0.01
Change[1]	+ 6.1	- 49.0	- 99.2
Rimfire Energy	0.0	0.0	0.0
Change[1]	0.0	0.0	0.0
Territory	3.5	1.7	0.01
Change[1]	+ 6.1	- 49.0	- 99.2

1 Percentage change in number of residential customers disconnected for non-payment from previous year.

The Commission noted in the previous review the percentage of residential customers disconnected for non-payment in the Territory had dramatically decreased in 2019-20 compared with the previous three years. The decrease in 2020-21 is even more dramatic, with 0.01% of customers disconnected for non-payment. This is a consequence of Jacana Energy's alignment with the AER Expectations, which included a freeze on disconnections of customers experiencing financial difficulty until August 2020, where the AER Expectations were updated to allow disconnections in limited circumstances and with additional hardship support provided.

Jacana Energy advised it continued the freeze on customer disconnections until June 2021. All of the disconnections in the Territory during 2020-21 occurred in the fourth quarter and of those customers that were disconnected, 50% were reconnected within seven days. Jacana Energy has advised these disconnections took place in alignment with the AER Expectations, with additional support processes put in place for customers both prior to and after disconnection, and this was preceded by consultation with key stakeholders.

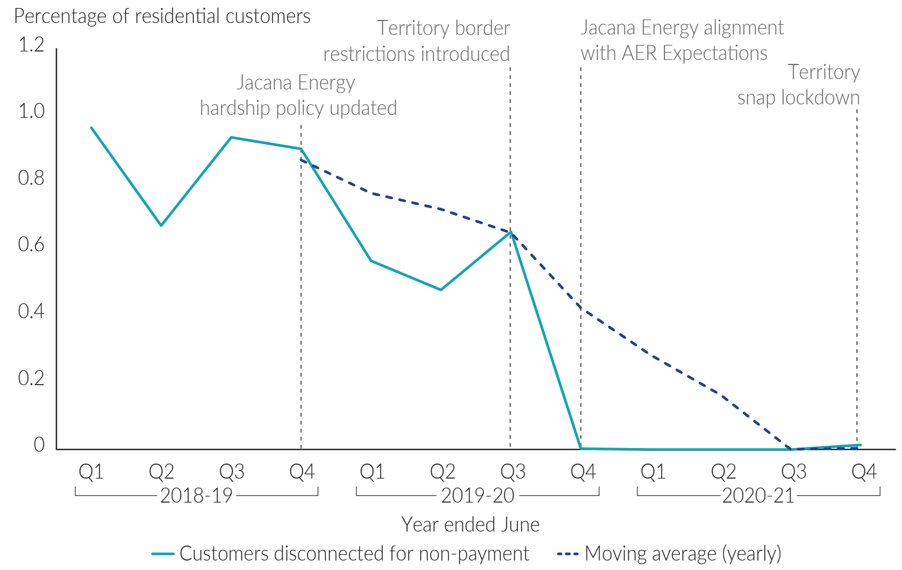
Disconnections for non-payment in NECF jurisdictions were also relatively low in 2020-21 due to the AER Expectations. Overall, in NECF jurisdictions, 0.26% of residential customers were disconnected for non-payment, with the majority of these disconnections occurring in the fourth quarter of 2020-21, however limited disconnections also occurred in the second and third quarters. Of the customers disconnected in NECF jurisdictions, 39.4% were reconnected within seven days.[58] Therefore the Territory's rate of disconnections, as well as reconnections within seven days, compares favourably with NECF jurisdictions, however this comparison is of limited value due to the application of the AER Expectations and departure from usual disconnection processes in 2020-21.

In previous years, the Territory's rate of disconnections was high compared with NECF jurisdictions and the Commission is concerned this will again be the case when regular disconnection processes are resumed.

58 AER Retail energy market performance update for quarter 4, 2020-21: https://www.aer.gov.au/retail-markets/performance-reporting/retail-energy-market-performance-update-for-q4-2020%E2%80%9321

To understand the potential impact of COVID-19 and Jacana Energy's policy response to the pandemic, noting Jacana Energy has the majority share of small customers, Figure 10 shows the percentage of residential customers disconnected for non-payment on a quarterly basis over the last three years, with the update to Jacana Energy's hardship policy[59], introduction of Territory border restrictions[60], Jacana Energy's alignment with AER Expectations[61], and the Territory's snap lockdown highlighted.

Figure 10: Percentage of residential customers disconnected for non-payment, quarterly



Although Figure 10 shows a large degree of variation, a downward trend can be observed following the update of Jacana Energy's hardship policy and prior to Jacana Energy's alignment with the AER Expectations in the fourth quarter of 2019-20. This likely indicates Jacana Energy's updated hardship policy was having a positive impact on customers experiencing payment difficulties and hardship prior to the impacts of COVID-19. A sharp decline in customer disconnections occurred after the Territory border restrictions were introduced and concurrently with Jacana Energy's alignment with the AER Expectations, which included a freeze on customer disconnections for non-payment during COVID-19 and limited disconnections allowed from August 2020 (Jacana Energy continued its freeze on disconnections until June 2021). As the Territory's first snap lockdown occurred at the end of the fourth quarter of 2020-21, any potential impact on customer disconnections will not be observed until 2021-22.

The percentage of small business customers disconnected for non-payment in the last three years is shown in Table 9.

59 Jacana Energy published an updated hardship on its website dated 14 June 2019 https://www.jacanaenergy.com.au/residential/payment_options/Jacana-Energy-Hardship-Policy.pdf.

60 The Territory Government introduced border restrictions from Tuesday 24 March 2020 https://coronavirus.nt.gov.au/updates.

61 Statement of expectations of energy businesses: Protecting customers and the energy market during COVID-19 https://www.aer.gov.au/publications/corporate-documents/statement-of-expectations-of-energy-businesses-protecting-customers-and-the-energy-market-during-covid-19.

Table 9: Percentage of small business customers disconnected for non-payment

	2018-19	2019-20	2020-21
	%	%	%
Jacana Energy	1.2	1.0	0.0
Change[1]	- 47.9	- 24.7	- 100.0
Rimfire Energy	0.0	0.0	0.0
Change[1]	- 100.0	0.0	0.0
Territory	1.1	1.0	0.0
Change[1]	- 49.7	- 24.7	- 100.0

1 Percentage change in number of small business customers disconnected for non-payment from previous year.

There were no small business customers disconnected for non-payment in the Territory during 2020-21, a reduction of one percentage point compared with the previous year. This outcome is primarily a consequence of Jacana Energy's alignment with the AER Expectations. In comparison, NECF jurisdictions reported 0.2% of small business customers were disconnected for non-payment, with South Australia reporting the highest rate of disconnections at 0.3%.[62] This is the first time the Territory has had a lower rate of small business customer disconnections for non-payment than NECF jurisdictions in any of the previous three years, noting in the 2019-20 NTERR the Territory's rate of small business customer disconnections was more than double the NECF level.

Consistent with the discussion in the debt section of this chapter, due to the limited number of small business customers in the Territory, there is likely to be a large impact on reported numbers and trends due to small fluctuations in the underlying data.

To understand the potential impact of COVID-19, Figure 11 shows the percentage of small business customers disconnected for non-payment on a quarterly basis over the last three years, with the introduction of Territory border restrictions[63], Jacana Energy's alignment with the AER Expectations[64] and the Territory's first snap lockdown highlighted.

62 AER Retail energy market performance update for quarter 4, 2020-21 https://www.aer.gov.au/retail-markets/performance-reporting/retail-energy-market-performance-update-for-q4-2020%E2%80%9321.

63 The Territory Government introduced border restrictions from Tuesday 24 March 2020 https://coronavirus.nt.gov.au/updates.

64 Statement of expectations of energy businesses: Protecting customers and the energy market during COVID-19 https://www.aer.gov.au/publications/corporate-documents/statement-of-expectations-of-energy-businesses-protecting-customers-and-the-energy-market-during-covid-19.

Figure 11: Percentage of small business customers disconnected for non-payment, quarterly

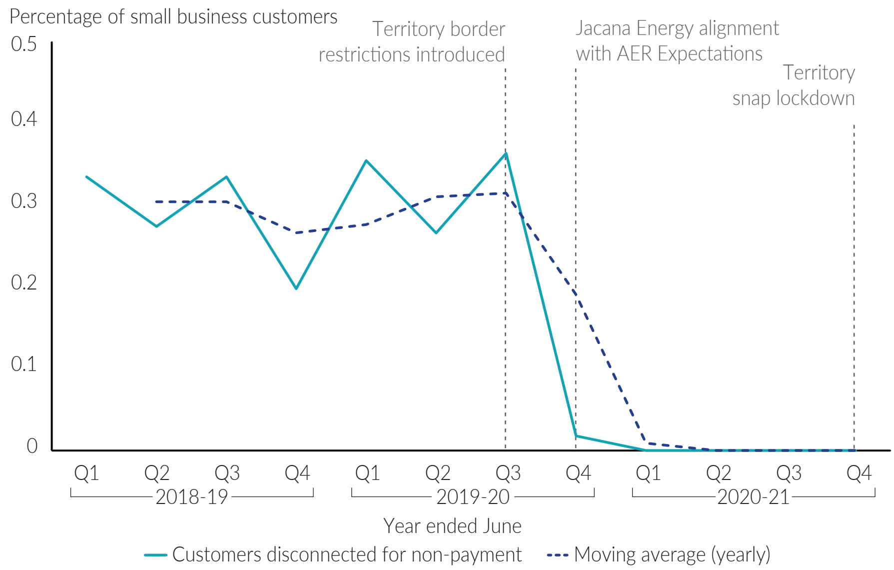


Figure 11 shows that following Jacana Energy's alignment with the AER Expectations in the fourth quarter of 2019-20, small business customer disconnections reduced to zero across each quarter in 2020-21. This is due to Jacana Energy's freeze on customer disconnections, with limited disconnections implemented from June 2021. Any impact on small business customers due to the Territory's first snap lockdown will not be observed until 2021-22. The Commission will continue to monitor the number of small business customer disconnections in the next NTERR, as Jacana Energy recommenced usual debt collection and disconnection processes from 1 July 2021.

Prepayment meters

A prepayment meter is a type of meter that requires the owner to pay for electricity usage in advance. It works similar to a pay-as-you-go mobile phone plan and is an option to assist in managing consumption, to help avoid payment difficulties and associated hardship related to electricity supply. Prepayment meters allow for small regular payments prior to consumption, rather than receiving a potentially large bill in arrears, and provide real-time feedback concerning the customer's consumption. This may allow customers to avoid bill shock, which can occur with varying consumption due to a number of factors, for example, climatic conditions and changes to occupancy levels at a residence. The Commission considers, at a high level, prepayment meters have both positive and negative aspects compared with traditional post-payment meters for some customers, and prepayment meters are one option among others for managing payment difficulties and hardship.

Historical and comprehensive data relating to prepayment meters in the Territory is limited due to the obligation to report prepayment meter data only being introduced relatively recently with the EIP Code commencing, retailer delays in aligning reporting to the EIP Code and the limited number of smart prepayment meters installed up to mid-2018-19. Further, there is limited publicly available data relating to prepayment meters in other jurisdictions, which limits the Commission's ability to compare prepayment meter indicators against national benchmarks.

Due to the limitations in available data, Table 10 provides only two years of prepayment meter data at the Territory level, for 2019-20 and 2020-21. The Commission expects in future years, as more historical data becomes available, that improved analysis of prepayment meter data will become possible. Notably the Commission does not consider comparisons between the level of disconnections for non-payment of post-pay meter customers (as shown in this review) and self-disconnection[65] events of prepayment meter customers to be appropriate.

The Commission notes the data in Table 10 relates to the last day of the reporting period and during the reporting period for 2019-20, not all prepayment meters were capable of reporting the number and duration of self-disconnection events.

Table 10: Prepayment meters in the Territory

	2019-20	2020-21
Prepayment meters	2 063[1]	2 187
Prepayment meters capable of reporting self-disconnections	2 049	2 173
Total prepayment meter disconnection[2] events	69 888[3]	84 439
Prepayment meter disconnection events per prepayment meter	34.10[3]	38.90
Average duration of self-disconnection events (minutes)	379.74[3]	503.97

1 In the 2019-20 NTERR, 14 analogue prepayment meters were excluded from this figure. Improved reporting from retailers has enabled these 14 meters to be captured in this NTERR.

2 The NERR defines a self-disconnection as 'an interruption to the supply of energy because a prepayment meter system has no credit (including emergency credit) available.'

3 Does not include July 2019 as data was unavailable.

As shown in Table 10, the number of prepayment meters in the Territory increased in 2020-21 relative to 2019-20, with an additional 124 prepayment meters operating in the Territory the fourth quarter of 2020-21. The number and average duration of self-disconnection events also increased by 21% and 33%, respectively, as did the number of self-disconnection events per prepayment meter customer in the Territory, to 38.9.

As there is limited historical or inter-jurisdictional data available in relation to prepayment meters, the ability to undertake comprehensive analysis of trends in prepayment meter use and self-disconnection events is limited, however both the number of self-disconnection events and average duration of these self-disconnection events in 2020-21 appear very high, and represent a deterioration relative to the previous year.

In comparison to customers in Tasmania that had prepayment meters capable of reporting self-disconnections, from 2012-13 to 2018-19 (noting prepayment meters have been gradually phased out of Tasmania since 2018), the average duration of self-disconnection events was about 263 minutes and the number of self-disconnection events per prepayment meter customer was 0.32 in a financial year[66], which is substantially shorter and less frequent than in the Territory in 2019-20 and 2020-21. However, the Commission notes there may be differences in the patterns of consumption between prepayment customers in Tasmania and the Territory, which may limit the usefulness of this comparison.

65 The NERR defines a self-disconnection as 'an interruption to the supply of energy because a prepayment meter system has no credit (including emergency credit) available'.

66 Calculated from AER Retail energy market performance update for quarter 4, 2020-21: https://www.aer.gov.au/retail-markets/performance-reporting/retail-energy-market-performance-update-for-q4-2020%E2%80%9321.

The Commission is concerned to see the average duration and number of self-disconnection events for prepayment meter customers in the Territory deteriorated from the 2019-20 level and discussed the results with Jacana Energy. In terms of the average duration of self-disconnection events presented in Table 10, Jacana Energy advised the result may not necessarily be representative of the typical prepayment meter customer experience as there are often self-disconnection events lasting days or even weeks while the occupants are absent from the premises. For example, where the occupant of a property with a prepayment meter travels away from home for an extended period and does not remotely top up their prepayment meter balance, the length of time between the initial self-disconnection and the occupant eventually purchasing additional credit would be counted as a single self-disconnection event, with a significant effect on the average duration of self-disconnection events.

Jacana Energy has indicated to the Commission that visibility of prepayment meter data, particularly live data, can be challenging, however it is getting better at understanding prepayment meter customer top-up behaviour and is investigating options to improve its reporting of prepayment meter self-disconnection event durations. This is positive, noting the Commission understands there are a range of complex factors that contribute to the concerning prepayment meter results.

A number of stakeholders have recently made contact with the Commission, in response to the Commission's ERS Code review, to provide their research, views and recommendations on prepayment meter and energy insecurity matters. Given the data and the matters raised by stakeholders in submissions, which are publicly available on the Commission's website, the Commission recommends the Territory Government consider putting in place consumer protections for prepayment meter customers that are suitable for the Territory's circumstances.

In the interim and in the absence of government completing work to put in place a fulsome energy customer protection framework suitable for the Territory, as part of the ERS Code review, the Commission will continue consulting with stakeholders, including Jacana Energy and other retailers to examine options for increased protections for prepayment meter customers.

Hardship policy

As mentioned in the 2019-20 NTERR, nationally all jurisdictions except the Territory have customer protection obligations in place in relation to customer hardship. For NECF jurisdictions, the AER is obligated by the National Energy Retail Rules (NERR) to produce and publish a customer hardship policy guideline. A retailer must submit a customer hardship policy to the AER for approval that complies with the customer hardship policy guideline[67].

Further, the NERR deals with the disconnection of customers for non-payment and places a number of obligations on retailers that must be complied with prior to progressing to disconnection.

67 Customer Hardship Policy Guideline: https://www.aer.gov.au/retail-markets/guidelines-reviews/customer-hardship-policy-guideline.

Despite the EIP Code requiring Territory retailers to report to the Commission on indicators regarding debt, payment plans, hardship, disconnections for non-payment and prepayment meters for small customers, there is no legislative requirement for Territory electricity retailers to have a hardship policy in place. Accordingly, retailers in the Territory are left to determine what is appropriate regarding hardship provisions. However, the Commission has observed and discussed in previous NTERRs that leaving it to retailers to determine what is appropriate regarding hardship provisions may not always result in the best outcome for customers or align with best practice.

There are two retailers in the Territory with small customers that state they have hardship policies in place, Rimfire Energy and Jacana Energy. However, similar to previous years, the Commission notes there is no information on Rimfire Energy's website relating to its hardship policy. When questioned, Rimfire Energy confirmed its hardship policy is not publicly accessible although advised that as its small residential customer base grows, it will review the documents published on its website and add further documents as required. The Commission considers this information should be readily available to customers and a lack of awareness concerning Rimfire Energy's hardship support processes may discourage some customers that genuinely need hardship support from seeking it.

The Commission has previously discussed Jacana Energy's proactive response to a 2018 South Australian Financial Counsellors Association report into Jacana Energy's hardship policy, which saw Jacana Energy update its Hardship Policy and Credit Management Policy (Stay Connected Program, which includes a Domestic and Family Violence Policy)[68] in consultation with stakeholders.

While Jacana Energy has made significant improvements to its hardship policy, it is not fully aligned with the AER's customer hardship policy guideline. However, it is noted that during COVID-19, Jacana Energy chose to generally align its hardship support with the AER Expectations. As has been discussed elsewhere in this review, this alignment has drastically reduced the number of customers disconnected for non-payment but also resulted in increasing the average amount of debt of Jacana Energy customers in the hardship program.

The Commission notes that once the additional support measures provided by Jacana Energy through its adoption of the AER Expectations are withdrawn and Jacana Energy resumes its usual debt management processes, potential hardship policy gaps or issues may become apparent. Jacana Energy will need to manage this carefully.

Notwithstanding Jacana Energy's proactive approach to putting in place a hardship policy, the Commission continues to recommend formal fit-for-purpose obligations on retailers to have an approved hardship policy for their small customers, in line with electricity industry best practice. Accordingly, and in the absence of government completing work to put in place a fulsome energy customer protection framework suitable for the Territory, the Commission is considering amending the ERS Code as part of its ERS Code review[69] to include such an obligation. Relevantly, stakeholders' submissions to the ERS Code Review Issues Paper[70] largely supported this proposal.

68 Jacana Energy Stay Connected program: https://www.jacanaenergy.com.au/residential/stay-connected/how-to-join-stay-connected#:~:text=Jacana%20Energy%20encourages%20customers%20facing,financial%20counsellor%20or%20welfare%20agency.

69 Electricity Retail Supply Code Review: https://utilicom.nt.gov.au/projects/projects/electricity-retail-supply-code-review2.

70 Electricity Retail Supply Code Review Issues Paper: https://utilicom.nt.gov.au/publications/approvals-decisions-and-determinations/issues-paper-electricity-retail-supply-code-review.

| Glossary

AER	Australian Energy Regulator
AER Expectations	Statement of expectations of energy businesses: Protecting customers and the energy market during COVID-19
CSO	Community service obligation payment provided to retailers by the government to account for the difference between regulated electricity tariffs and cost of supply.
EIP Code	Electricity Industry Performance Code
ER Act	*Electricity Reform Act 2000*
ERS Code	Electricity Retail Supply Code
government owned corporation	An entity established under the *Government Owned Corporation Act 2001*.
Jacana Energy	Jacana Energy is a government owned corporation established in accordance with the *Government Owned Corporations Act 2001*. Jacana Energy has a licence to participant in the electricity industry.
MWh	Megawatt hour, 1 MWh = 1 million watt hours
NECF	National Energy Customer Framework adopted by the Australian Capital Territory, New South Wales, Queensland, South Australia and Tasmania.
NERL	National Energy Retail Law
NERR	National Energy Retail Rules
NTERR	Northern Territory Electricity Retail Review, this review.
Ombudsman NT	Established under the *Ombudsman Act 2009*, the Ombudsman NT resolves and investigates complaints about Northern Territory Government departments and authorities, local government councils and police conduct.
PV	photovoltaic
PWC	Power and Water Corporation, a government owned corporation established in accordance with the *Government Owned Corporations Act 2001*. PWC currently has a licence to operate the electricity network and to perform system control operations. It also holds retail and generation licences in respect to supplying electricity to remote and indigenous communities.
residential customer	Customer with consumption less than 160 MWh per annum and charged a domestic tariff in accordance with the Electricity Pricing Order.
Retail Report	AER's Annual Retail Markets report.
Rimfire Energy	Rimfire Energy is a privately owned electricity business that has been operating in the Territory since 2014. Rimfire Energy has a licence to participate in the electricity industry.
small business customer	A customer with consumption of less than 160 MWh per annum and charged a commercial tariff in accordance with the Electricity Pricing Order.
Territory	The Northern Territory of Australia.