PowerWater

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Lyndon Rowe
Utilities Commissioner
Utilities Commission of the Northern Territory

via email: Utilities.Commission@nt.gov.au

Dear Mr Rowe

Updated NTESMO FY2028–32 Initial Proposal regulatory models following the Request for Information process

Power and Water Corporation welcomes the opportunity to provide updated NTESMO FY2028–32 Initial Proposal regulatory models and revised Chapter 5 and Chapter 6 tables in response to the Utilities Commission's request of 22 September 2026.

The enclosed materials reflect updates arising from information provided during the Commission's Request for Information (RFI) process and model corrections identified through further review of the Initial Proposal. Power and Water appreciates the Commission's constructive engagement throughout the review process and has sought to ensure that the updated models accurately reflect the most current information available.

The key changes include the exclusion of uncertain expenditure for Territory Electricity Market Reform implementation activities, reprofiling of forecast expenditure for the Territory Dispatch Engine to align with the current project schedule, changes to the application of inflation and reductions to forecast expenditure for some fees and activities. A summary of each change and its required revenue impact is included at Attachment A.

Collectively, the changes reduce forecast total required revenue by $19.0 million (Real $FY2027), or 10 per cent, over the five-year regulatory period compared with the Initial Proposal. The annual allocation of the revised revenue requirement between the System Control and Market Operator functions is set out in Tables 1 and 2.

Table 1: Total revenue – System control (Million, Real $2027)

Model	Period total	FY28	FY29	FY30	FY31	FY32
Initial Proposal	149.2	28.4	30.0	30.3	30.4	30.1
Updated models	129.9	23.3	25.4	27.0	27.1	27.1

Table 2: Total revenue – Market operator (Million, Real $2027)

Model	Period total	FY28	FY29	FY30	FY31	FY32
Initial Proposal	47.1	9.3	9.3	9.4	9.5	9.5
Updated models	47.4	9.3	9.4	9.5	9.6	9.6

Revised NTESMO FY2028–32 Initial Proposal Chapter 5 and Chapter 6 tables are included at Attachment B.

Power and Water will continue to refine its forecasts and regulatory models as it develops its Revised Proposal, due in February 2027. Accordingly, forecast costs and the associated revenue requirement may continue to change as updated actual expenditure, project schedules, cost estimates and other relevant information become available. Any further changes will be transparently identified and explained in the Revised Proposal, supported through updated models.

Power and Water appreciates the Commission's consideration of the revised models and supporting information. We remain committed to engaging constructively with the Commission throughout the review and are available to discuss the changes or provide any further information required to support the Commission's draft decision.

Please contact Mr Wade Jenkins, Senior Manager Commercial and Analytics, on 0455 478 840 or via email at wade.jenkins@powerwater.com.au if you have any questions.

Yours sincerely

Maree Lang
Acting Chief Executive Officer
Power and Water Corporation

13 October 2026

Attachment A

Summary of changes and estimated revenue impact

Item	Description	Impact on FY2028–32 required revenue (Real $FY2027)
Operating costs		
Territory Electricity Market reforms	Implementation activities have been reprofiled to align with the latest expectations regarding the implementation of the Territory Electricity Market reforms. Material forecast expenditure has been reclassified as 'preliminary' forecast and removed from the Initial Proposal as the information currently available is insufficient to support a 'reasonable' forecast in accordance with the Commission's framework. This includes forecast corporate services expenditure and the corresponding corporate overhead savings that would have arisen from that expenditure. Power and Water will provide an updated cost estimate in its Revised Proposal that reflects any improved certainty of forecasts as the reform program matures.	$8.2 million reduction
Base-year expenditure	A review of past expenditure on System Tools development resulted in an increase in the capitalisation of past expenditure and reduction in base-year expenditure of $0.8 million (nominal).	$4.0 million reduction
Territory Dispatch Engine	Forecast expenditure has been reprofiled to align with the current project schedule and cash-flow forecasts. The commencement of associated operating expenditure has also been deferred to align with the project's revised completion in 2028-29. This change affects the timing of expenditure only – the project's total nominal forecast operational cost has not increased	$3.0 million reduction
Review of procedures and guidelines	A detailed review schedule for the FY2028–32 regulatory period and anticipated scope and frequency of review activities, identified that elements of the Initial Proposal overstated the volume of review activity required during the period.	$0.3 million reduction
Market Settlement and Transfer Solutions (MSATS)	Expenditure forecasts relating to MSATS services were updated to incorporate revised assumptions regarding National Metering Identifier growth, NT MSATS service fees and	$0.1 million reduction

	participant licence fees. following additional information provided by the Australian Energy Market Operator (AEMO) during the RFI process.	
Capital costs		
Territory Dispatch Engine	Forecast expenditure has been reprofiled to align with the current project schedule and cash-flow forecasts. This results in the incremental deferral of $4.7 million (real $FY2027) of additional capital expenditure from the current regulatory period to the FY2028–32 period.	$2.8 million reduction
Territory Electricity Market reforms	Implementation activities have been reprofiled to align with the latest expectations regarding the separation of NTESMO, which has resulted in $1.3 million (real $FY2027) of forecast expenditure being reclassified as 'preliminary' forecast and removed from the Initial Proposal as the information currently available is insufficient to support a 'reasonable' forecast in accordance with the Commission's framework. Power and Water will provide an updated cost estimate in its Revised Proposal that reflects any improved certainty of forecasts as the reform program matures.	
Capitalisation of System Tools development	A review of past expenditure on System Tools development resulted in a $0.8 million (nominal) increase in the capitalisation of past expenditure.	
Other		
Inflation	Changes have been made to ensure inflation is applied correctly and consistently throughout the models.	$0.6 million reduction
Total impact		**$19.0 million reduction**

Attachment B – Updated Chapter 5 & 6 Tables

FY2028–32 System Control and Market Operator Charges Review

October 2026

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Explanatory statement

This attachment provides updated tables for Chapters 5 and 6 of the Power and Water Corporation's Initial Proposal for the FY2028–32 System Control and Market Operator Charges Review. The tables incorporate updated information, forecast refinements and model corrections arising from the Utilities Commission of the Northern Territory's request for information process and Power and Water's subsequent review of the regulatory models. They should be read alongside the Initial Proposal and represent the most current information available at the time of submission. Power and Water will continue to refine its forecasts and models in preparing its Revised Proposal, due in February 2027, and will transparently identify and explain any further changes at that time.

Chapter 5

Table 5-1 – Base Year Expenditure (inc. Corporate Overheads) vs Approved Revenue Requirement ($m, nominal)

Function	Base Year [A]	Approved Revenue [B]	Difference [A-B]
System Control	11.0	15.9	-4.9
Market Operator	7.2	4.2	3.0
Total	18.2	20.1	-1.9

Note: Numbers may not add due to rounding.

Table 5-2 – Proposed step changes for System Control and Market Operator ($m, nominal)

Function	2027-28	2028-29	2029-30	2030-31	2031-32	Total
System Control	5.5	5.9	7.0	7.2	7.2	32.8
Market Operator	0.4	0.4	0.4	0.4	0.4	1.9
Total	**5.9**	**6.2**	**7.4**	**7.6**	**7.6**	**34.7**

Note: Numbers may not add due to rounding.

Table 5-3 – Operating expenditure allowances ($m, real 2026-27)

Function	2027-28	2028-29	2029-30	2030-31	2031-32	Total
System Control	17.4	17.8	19.0	19.3	19.4	**93.0**
Market Operator	8.1	8.2	8.2	8.2	8.3	**41.0**
Total	**25.6**	**26.0**	**27.2**	**27.5**	**27.7**	**134.0**

Note: Numbers may not add due to rounding.

Table 5-4 – Forecast capex by category ($m, real 2026-27)

Capex Projects	2027-28	2028-29	2029-30	2030-31	2031-32	Total
Territory Dispatch Engine (TDE)	11.7	3.2	-	-	-	14.9
System Tools	2.4	0.2	-	-	-	2.6
TEM Reform	-	-	-	-	-	-
Corporate capex	3.1	2.8	1.0	0.7	0.7	8.3
Total	**17.2**	**6.2**	**1.0**	**0.7**	**0.7**	**25.8**

Note: Numbers may not add due to rounding.

Table 5-5 – Value of opening RAB ($m, real 2026-27)

Service	2027-28	2028-29	2029-30	2030-31	2031-32
System Control	37.9	50.4	50.5	45.6	40.3
Market Operator	5.4	5.5	5.6	5.0	4.3
Total	**43.3**	**56.0**	**56.1**	**50.6**	**44.6**

Note: Numbers may not add due to rounding.

Table 5-6 – Return on capital allowances for System Control and Market Operator ($m, real 2026-27)

Service	2027-28	2028-29	2029-30	2030-31	2031-32
System Control	2.2	3.0	3.0	2.7	2.4
Market Operator	0.3	0.3	0.3	0.3	0.3
Total	**2.5**	**3.3**	**3.3**	**3.0**	**2.6**

Note: Numbers may not add due to rounding.

Table 5-7 – Return of capital allowances for System Control and Market Operator ($m, real 2026-27)

Service	2027-28	2028-29	2029-30	2030-31	2031-32
System Control	3.1	4.0	4.4	4.6	4.7
Market Operator	0.7	0.7	0.8	0.8	0.8
Total	**3.8**	**4.8**	**5.2**	**5.4**	**5.5**

Note: Numbers may not add due to rounding.

Table 5-8 – Proposed revenue requirement for System Control ($m, real 2026-27)

System Control	2027-28	2028-29	2029-30	2030-31	2031-32	Total
Opex	17.4	17.8	19.0	19.3	19.4	**93.0**
Depreciation	3.1	4.0	4.4	4.6	4.7	**20.8**
Return	2.2	3.0	3.0	2.7	2.4	**13.3**
Net tax allowance	0.0	0.0	0.0	0.0	0.0	**0.0**
Revenue Adjustments	0.6	0.6	0.6	0.5	0.5	**2.8**
Total	**23.3**	**25.4**	**27.0**	**27.1**	**27.1**	**129.9**

Note: Numbers may not add due to rounding.

Table 5-9 – Proposed revenue requirement for Market Operator ($m, real 2026-27)

Market Operator	2027-28	2028-29	2029-30	2030-31	2031-32	Total
Opex	8.1	8.2	8.2	8.2	8.3	**41.0**
Depreciation	0.7	0.7	0.8	0.8	0.8	**3.8**
Return	0.3	0.3	0.3	0.3	0.3	**1.5**
Net tax allowance	0.0	0.0	0.0	0.1	0.1	**0.2**
Revenue Adjustments	0.2	0.2	0.2	0.2	0.2	**0.9**
Total	**9.3**	**9.4**	**9.5**	**9.6**	**9.6**	**47.4**

Note: Numbers may not add due to rounding.

Chapter 6

Table 6-1 – Forecast inflation

	2027-28	2028-29	2029-30	2030-31	2031-32
Forecast inflation	2.6%	2.6%	2.6%	2.6%	2.6%

Table 6-2 – Indicative regulated charges for System Control and Market Operator (c/kWh, nominal)

c/kWh	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
System Control	0.5527	1.1230	1.2047	1.2982	1.4412	1.5660	1.6052	1.6265
Market Operator	0.0585	0.3769	0.3613	0.6011	0.6165	0.6383	0.6563	0.6695

Table 6-3 – System Control regulated charge impacts for customers in Darwin-Katherine, Alice Springs and Tennant Creek ($, nominal)

$ Nominal	Volume (kWh)	FY2027 Charge	FY2028 Change	FY2029 Change	FY2030 Change	FY2031 Change	FY2032 Change
Small Residential	8,500	$102	$8	$12	$11	$3	$2
Large Residential	15,000	$181	$14	$21	$19	$6	$3
Small Medium Business	30,000	$361	$28	$43	$37	$12	$6
Medium Business	150,000	$1,807	$140	$215	$187	$59	$32
Large C&I	500,000	$6,024	$467	$715	$624	$196	$106
Industrial	1,000,000	$12,047	$935	$1,430	$1,248	$392	$213
Large Industrial	6,000,000	$72,282	$5,607	$8,582	$7,490	$2,349	$1,278

Note: FY2027 shows the baseline charge at the end of the previous regulatory period. FY2028 to FY2032 show the nominal annual change in charges relative to the previous year, not the total charge in that yea

Table 6-4 – System Control and Market Operator regulated charge impacts for customers in Darwin-Katherine ($, nominal)

$ Nominal	Volume (kWh)	FY2027 Charge	FY2028 Change	FY2029 Change	FY2030 Change	FY2031 Change	FY2032 Change
Small Residential	8,500	$133	$28	$13	$12	$5	$3
Large Residential	15,000	$235	$50	$24	$22	$9	$5
Small Medium Business	30,000	$470	$100	$48	$44	$17	$10
Medium Business	150,000	$2,349	$500	$238	$220	$86	$52
Large C&I	500,000	$7,830	$1,666	$792	$733	$286	$173
Industrial	1,000,000	$15,660	$3,332	$1,585	$1,466	$571	$346
Large Industrial	6,000,000	$93,960	$19,993	$9,509	$8,796	$3,429	$2,073

Note: FY2027 shows the baseline charge at the end of the previous regulatory period. FY2028 to FY2032 show the nominal annual change in charges relative to the previous year, not the total charge in that yea

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