

Information Circular for Caravan Park Operators

IMPORTANT INFORMATION

Caravan Park Operators are subject to certain restrictions on the price they can charge for electricity, and could be subject to large fines if they breach these restrictions.

1. Reform of the Northern Territory electricity supply market

The Northern Territory government has embarked on a process to reform the Territory's electricity supply industry.

New legislation introducing competition into the Northern Territory electricity supply industry took effect from 1 April 2000.

The Utilities Commission is the independent industry regulator established under the reform legislation. The Commission is responsible for the regulation of prices for certain monopoly services, licensing of regulated industry participants, and monitoring the performance of regulated operators. The Commission also investigates and helps to resolve complaints relating to the conduct of licensees, provides consumers and others with information and provides advice to the Minister.

2. Caravan park operators as suppliers of electricity

The price of electricity paid by most customers in the Territory is controlled by the Government, via an electricity pricing order issued by the Treasurer. On 28 June 2000, the Treasurer made an order, setting the price for electricity which is to apply from 1 July 2000.

Selling electricity without a licence, or an exemption from a licence is subject to a fine of up to \$250,000. The *Electricity Reform Act* and *Electricity Reform (Administration) Regulations*, which came into force earlier this year provide that electricity can be sold for final consumption by a customer in only two ways.

The first is the seller holding a licence issued by the Utilities Commission, only two of these licences have been issued and the Power and Water Authority (PAWA) holds one.

The second mechanism under which power may be sold is by an on-supplier. With rare exceptions, caravan park operators would be classified as on-suppliers.

3. Implications for caravan park operators

As on-suppliers, caravan park operators do not need to hold a licence to sell electricity as they are exempted from this requirement. However, the exemption is subject to the on-supplier complying with certain conditions. Failure of an on-supplier to comply with the conditions would mean that they are conducting an operation in the electricity supply industry without a licence from the Utilities Commission and are potentially subject to the fine mentioned above.

The conditions with which an on-supplier must comply in order to retain the benefit of the exemption are:

- 1) if the on-supplier uses a meter to supply the receivers on their premises – the amount that is charged:
 - a) must be no more than the receiver would have paid under the lowest appropriate tariff for their usage, had they been a customer of PAWA. In the case of a caravan park, the **lowest appropriate tariff for the 2000-01 year is 18.70 cents per kilowatt hour (including GST)**; and
 - b) must apply equally to all receivers of the electricity supplied;
or
- 2) if the on-supplier does not use a meter – there is no specific restriction on the price that can be charged

In summary, if an on-supplier (who does not hold a retail licence) charges a receiver more than the lowest appropriate tariff, the on-supplier is in breach of a condition of their exemption from the need to hold a licence to retail electricity and is potentially exposed to a fine of up to \$250,000.

4. Utilities Commission to act on complaints

The Utilities Commission will investigate all complaints received against caravan park operators by caravan park tenants, and will take action where that is deemed appropriate.

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Utilities Commission

GPO Box 915 Darwin NT 0801

Phone: (08) 8999 5480

Fax: (08) 8999 6262

Email: utilities.commission@nt.gov.au

Website: www.utilicom.nt.gov.au