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Via email: utilities.commission@nt.gov.au

Dear Mr Tan

Application to Amend the Electricity Retail Supply Code Consultation Paper

Territory Generation (T-Gen) appreciates the opportunity to provide feedback in response to the Application to Amend the Electricity Retail Supply Code Consultation Paper (the Paper) released by the Utilities Commission. The purpose of the Paper is to facilitate discussion with industry participants and stakeholders on the matters raised by Power and Water Corporation (PWC)¹.

It is clear further reform is required in the Northern Territory and it is the view of T-Gen that appropriate work streams be put in place to ensure all changes to relevant codes are completed in parallel with each other to ensure a consistent approach is taken. These changes should align with the work that is being conducted on the Northern Territory Electricity Market (NTEM) and should not pre-empt what changes may occur. T-Gen is concerned with the potential costs of some of the proposed changes, without having any associated benefit, especially given some of the suggested changes will shift functions from one PWC business unit to another.

T-Gen has addressed each of the issues raised by the Utilities Commission.

Issue 1 – Transfer of Section 6, Market Data to the Market Operator

Consideration needs to be given as to whether it is more appropriate for standing data provision to remain the responsibility of the network service provider or for such responsibility to transfer to the Market Operator. The Commission will also need to consider the implications, if any, for regulated network services and associated charges in consultation with the Australian Energy Regulator (AER) and regulated system control charges.

T-Gen agrees with consulting with the AER on associated charges. It's not clear there is a benefit of moving the standing data responsibility from the Network Service Provider (NSP) to the Market Operator in the short term, as the Market Operator would incur costs as a result of this change but it isn't clear that the Network Operator would have a reduction in costs. A clearer separation from PWC would create

¹ PWC made an application on 6 April 2016 for amendments to the Electricity Retail Supply Code.

independence for this information and having a clearer view of the market design seems appropriate before implementing these changes.

Issue 2 – Transfer of Section 8, Customer Transfers to the Market Operator

Consideration needs to be given to whether responsibility for market data and provision of standing and historical data should transfer to the Market Operator or remain with the network service provider.

As per Issue 1, it's not clear the benefit of moving the standing data responsibility from NSP to the Market Operator in the short term. Given the size of the Territory networks, it may be more appropriate for this function to remain with the NSP rather than duplicating the process and creating additional costs.

Issue 3 – Use of settlement statements for other major networks

Consideration will need to be given to the scope of the system control regulated charges as the Market Operator's right to access customer meter data outside of the Darwin-Katherine network to produce settlement statements is unclear.

Consideration needs to be given to the amendment necessary for the Market Operator to be able to access settlement information for Alice Springs, Tennant Creek and other non-regulated networks where the service of providing settlement statements is also provided.

T-Gen is of the view that arrangements can be put in place that sit outside of the Electricity Retail Supply Code (Code), similar to those arrangements currently in place. A holistic review of the regulatory framework is necessary, and this issue should be considered as part of that review. It's unclear whether the Market Operator should have a role in the non-regulated networks.

Issue 4 – Jacana Energy as a 'local retailer' and its rights to sell to out of contract customers

Consideration needs to be given to whether application of a 'local retailer' should be applied through amendment to the Code or another legislative or regulatory instrument.

T-Gen has no particular view on the issue of whether application of a 'local retailer' should be applied through amendment to the Code.

Consideration needs to be given to clause 8.1.1 of the Code that prevents a retailer from initiating a customer transfer without obtaining verifiable consent, with regards to a local retailer.

With regards to verifiable consent, it may be appropriate that this could be incorporated in customer contracts explicitly stating that to not renew their contract would result in their contract transferring back to the local retailer, further consideration is needed on this.

Issue 5 – Non-Jacana Energy retailers signing up for greenfield sites

Consideration needs to be given to establishing a triangular contracting structure between customers, the network service provider and retailers, and for coordination agreements between network service provider and retailers to allow for greenfield sites to contract with retailers other than Jacana.

T-Gen is of the view that establishing a triangular contracting structure between customers, the NSP and retailers appears to be appropriate.

Consideration needs to be given to PWC's National Meter Identifier Allocation Procedure paper and intent to adopt and utilise NMIs in the MSATS (or equivalent) system. The Commission notes that one of the functionalities and fields in the MSATS system will indicate a greenfield site.

T-Gen agrees that further consideration of the National Meter Identifier Allocation Procedure paper is required to determine if a system such as MSATS is fit for purpose.

Consideration will need to be given to whether it is appropriate to make information on greenfield sites available to further encourage retail competition or whether such information is available through other means.

T-Gen agrees this could increase retail competition by making the information readily available. While the information may already be available through other means, a smaller retailer may not be as well as equipped as Jacana to source this information.

Issue 6 – Network Access to customer information

The Commission considers there may be benefit in including a provision similar to Rule 94 of the National Energy Retail Rules related to Assistance and Cooperation requiring all electricity entities (network, generator and retailers) to use their best endeavours to assist and provide information to each other to fulfil their obligations under the Code.

It is the view of T-Gen that this appears to be a pragmatic approach.

Issue 7 – Requirement of interval metering

As foreshadowed in 2011, the Commission considers it appropriate to explore whether the requirement for clause 5.1.1 is still valid.

T-Gen is of the view that the requirement to have an interval meter creates a barrier to entry, and the market settlement process should be reviewed to enable smaller customers to switch retailers without an interval meter.

Issue 8 – NMI Allocation Procedure

While the Commission agrees the Code should reference the procedure where appropriate, it also notes the System Control Technical Code, the Electricity Reform Act and the Regulations give the Market Operator authority to operate the wholesale market, among other things, and it would be more appropriate for the System Control Technical Code to give authority to the detailed technical specifications of the NMI procedure.

T-Gen agrees with the Commission, but similar to previous comments these should all be assessed in parallel within a larger reform work stream to ensure alignment between the various codes.

Issue 9 – Removal of requirement for the Commission's approval of charges

Responsibility for network access and price regulation transferred to the AER on 1 July 2015. Any amendment to the Code should reflect the role of the AER where appropriate.

T-Gen agrees that any amendment to the Code should reflect the role of the AER where appropriate.

Issue 10 – Customer transfer notification timeframes

Current timeframes are 10 business days for urban areas and 15 business days for non-urban areas. PWC suggests the requirements could be reduced to five business days for both categories should no other requirement be introduced to the transfer process.

T-Gen has no particular view on the timeframes for customer transfers.

Summary

In summary, a number of the proposed changes appear to be logical while some of the changes require further consideration. T-Gen is of the view that a larger, more holistic, approach should be taken to ensure consistency between the regulatory framework across all relevant regulatory instruments. While a separation of duties has been put forward between the Network Operator and the Market Operator, T-Gen is of the view that a clearer separation of duties is required between PWC and any independent regulatory bodies.

Should you have any queries in relation to this submission please do not hesitate to contact me on (08) 8936 4737.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Robbie Flood', written in a cursive style.

Robbie Flood
Manager Wholesale Markets

30 September 2016