

Mr Andrew Reeves
Utilities Commissioner
Utilities Commission
GPO Box 915
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Dear Andrew

**Re: Review of Retail Price Monitoring for Contestable Electricity Customers
– Power and Water's Response to Issues Paper**

Thankyou for the opportunity to comment on the Utilities Commission's Issues Paper regarding options for the development of a retail price monitoring regime for contestable electricity customers in the Northern Territory.

Power and Water's response to the Issues Paper is at Attachment A.

Power and Water supports the review of price monitoring and looks forward to working with the Northern Territory Government and the Commission to achieve optimal outcomes for contestable electricity customers.

Please contact Ms Djuna Pollard, Manager Regulation, Pricing and Economic Analysis on (08) 8985 8431 should you wish to discuss any issues in relation to Power and Water's response.

Yours sincerely



Andrew Macrides
Managing Director

6 April 2010

**REVIEW OF OPTIONS FOR THE DEVELOPMENT OF A RETAIL
PRICE MONITORING REGIME FOR CONTESTABLE
ELECTRICITY CUSTOMERS**

**SUBMISSION BY POWER AND WATER IN RESPONSE
TO ISSUES PAPER BY THE NT UTILITIES
COMMISSION**

APRIL 2010

This report contains 20 pages

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1 Executive Summary

- 1.1 The Power and Water Corporation (Power and Water) supports the objectives of the review and notes that it will be focused on tranche 1 to 4 electricity customers given there is currently adequate price setting mechanisms for tranche 5 and 6 customers by way of a Pricing Order.
- 1.2 Power and Water understands that currently there is concern within the contestable electricity market surrounding the lack of competition and Power and Water's potential to misuse market power. Power and Water supports the review's objective to resolve this, however does not consider that the proposed options will address the primary concerns of customers. Power and Water has three primary concerns:
 - Price monitoring may utilise additional resources, with this cost inevitably being passed through to customers, for no benefit and may even lead to more confusion and complaints from customers;
 - Price monitoring will provide unfair commercial advantage to market entrants, which will lead to inefficient market operations (resulting in Power and Water being left with stranded assets); and
 - Price monitoring requirements under the options proposed by the Utilities Commission (the Commission) may compel Power and Water to breach confidentiality clauses in a number of commercial contracts with suppliers and some customers..
- 1.3 The review notes that there are a number of implementation issues with the options presented, but does not resolve these. Power and Water has a number of specific concerns surrounding the implementation of Options A, B and C, including:
 - The release of commercial information publicly (including pricing methodology) that may result in competitive advantage to market entrants;
 - The release of certain pricing and cost information that could breach confidentiality clauses in contracts Power and Water has with customers and suppliers;
 - Applying benchmarking principles to electricity supply in the Northern Territory when it is a unique environment with different cost drivers to interstate utilities; and
 - Customers will be unable to effectively analyse the publicly available data to draw any informed conclusions regarding their price.
- 1.4 The review does not demonstrate that Power and Water has the ability to abuse market power under the current framework and does not adequately discuss the information currently available to the Commission. Significant portions of the review are based on historical practices that are no longer relevant.
- 1.5 Power and Water is of the view that any method selected must address customers' concerns and derive some benefit to consumers. Power and Water perceive that there is a high risk that the proposed monitoring will only add an additional layer of regulatory requirements that will redirect Power and Water resources from their primary focus of service provision to that of meeting regulatory obligations.

- 1.6 As the generation component of electricity prices represents by far the largest component, Power and Water proposes that the Commission continue with the current regulatory framework, however reintroduce the Generation Price Monitoring Regime and Contestable Customer Pricing Guidelines.

2 Introduction

- 2.1 This document is Power and Water's submission to the Commission's Review of Options for the Development of a Retail Price Monitoring Regime for Contestable Electricity Customers. Power and Water supports the objectives of the review and notes that it will be focused on tranche 1 to 4 electricity customers given there is currently adequate price setting mechanisms for tranche 5 and 6 customers by way of a Pricing Order. Power and Water understands that the NT Government intends to uphold its responsibility for retail electricity price setting for tranche 5 and 6 customers ie. residential and small to medium sized business at least to 1 April 2012.

Background

- 2.2 Power and Water is currently the sole provider of electricity services in the Northern Territory, incorporating generation, network, system control and retail operations. Power and Water is committed to delivering reliable and efficient electricity services to the people of the Northern Territory and welcomes the Commission's review of retail price monitoring.
- 2.3 Power and Water was established under the *Power and Water Corporation Act 2002* and is a Northern Territory Government Owned Corporation under the *Government Owned Corporations Act 2001*. Vertical integration and monopoly status, coupled with high levels of Government subsidisation and a mandate to operate commercially, has resulted in high levels of scrutiny and government involvement.

Objectives

- 2.4 Power and Water understands that currently there is concern within the contestable electricity market surrounding the lack of competition and Power and Water's potential to misuse market power. Power and Water supports the review's objective to resolve this, however does not consider that the proposed options will address the primary concerns of customers.
- 2.5 Power and Water have three key concerns:
- Price monitoring will utilise additional resources, with this cost inevitably being passed through to customers, for no benefit and may even lead to more confusion and complaints from customers;
 - Price monitoring will provide unfair commercial advantage to market entrants, which will lead to inefficient market operations (resulting in Power and Water being left with stranded assets); and
 - Price monitoring requirements under the options proposed by the Commission may compel Power and Water to breach confidentiality clauses in a number of commercial contracts with customers and suppliers.

3 History of Complaints against Power and Water

- 3.1 As stated in the review, only one formal complaint has been made against Power and Water over the past ten years. The review suggests that "this finding is probably not evidence of ongoing exemplary conduct" and that it is more representative of a fault in the complaints mechanism. This statement is not substantiated as customers have access to a number of avenues for complaint resolution, this is discussed further in section 7 of this document.
- 3.2 The majority of the informal complaints raised in the review appear to be more based on misunderstandings rather than actual Power and Water practices. Power and Water have addressed the concerns below, but are also prepared to work with customers to resolve their concerns.

3.2.1 Pricing based on historical rather than forward-looking costs, with no apparent attempt to take into account likely or feasible events.

The unregulated components of contestable pricing are based on the respective business units' budgeted costs. For the Generation business unit this includes any forecast contract price changes and capital expenditure. Power and Water has used the same pricing methodology for a number of years and it is unclear how this confusion occurred.

Unbundled price offers are provided to customers where requested, however some contestable customers find them confusing and prefer to select a bundled tariff. Clause 22 of Power and Water's Electricity Retail Licence provides for this.

Unbundled prices breakdown tariffs into regulated and unregulated components. Links to the Commission's website are provided to the customer, should they wish to see all regulated charges detailed in full. Retail retains the right to bundle their Generation price and Retail recovery (unregulated component) to ensure their negotiations with Generation remain commercial in confidence. It is understood that this is standard practice interstate.

The pricing methodology utilised by Power and Water Retail ensures that changes in Generation, Networks and System Control prices are passed through to customers. The only portion that Retail adjusts during the pricing process is their risk/profit margin.

3.2.2 Delayed responses from PWC to pricing queries, leaving little time to the counter parties to negotiate.

Power and Water acknowledges that there have been delays in the past, however also notes that this has resulted in benefits to consumers where their historical price has been extended beyond their contract term. Negotiation times have also been extended to acknowledge these delays.

Power and Water strives towards continuous improvement in customer service and values customer feedback. Consequently, Power and Water has taken on board customers' concerns surrounding delayed responses regarding pricing queries and will strive to improve response turn-around times in the future.

3.2.3 The terms and conditions being one sided.

Power and Water's contracts are similar to those used interstate and in our opinion are no less fair and reasonable than any other commercial contract.

- 3.2.4 *A particularly onerous confidentiality clause, preventing customers from talking to other contestable customers or industry groups so that they could compare experiences.*

This is consistent with other jurisdictions and other industries, this clause protects Power and Water's commercial interests.

- 3.2.5 *A minimum consumption requirement, set at around 80 per cent of previous year's consumption, with customer required to pay for that amount of consumption whether it was used or not ('take or pay')*

Take or pay clauses are not specific to Power and Water and are used for two purposes:

- As a signal to customers, preventing the provision of artificially high forecast profiles to reduce prices; and
- To ensure that Generation receive a return on capital investment.

Power and Water has only enforced the take or pay clause once to date, however it is required to ensure that customers provide accurate forecasts.

- 3.2.6 *Customers unable to terminate contract for any reason.*

Power and Water contracts include force majeure clauses and are consistent with other commercial contracts.

- 3.2.7 *No obligation on PWC with respect to quality or reliability of supply, and PWC not liable to compensate customer for any losses or damage.*

Although customer contracts do not include clauses specifying minimum service standards, Power and Water is subject to minimum standards of service as set by the Commission. The Commission is also currently reviewing the implementation of a Customer Service Incentive Scheme. Customers often request that Power and Water provide 100% guaranteed electricity supply, which is not feasible. Power and Water have worked with major customers in the past to investigate options to improve reliability. This has included additional network coverage, under grounding and increasing n-2 capacity for isolated power stations. In most cases customers have opted for the lower reliability, lower cost option.

- 3.2.8 *No notice required for PWC to disconnect customers.*

The Power and Water Electricity Supply Agreement includes a clause specifying that "PWC will give as much prior notice to the Customer of any disconnection or suspension as is reasonably practicable in the circumstances." Power and Water's policy is to provide notice to commercial customers prior to disconnection for failure to pay. To date Power and Water has not disconnected a contestable customer for failure to pay.

3.2.9 Contract price to be adjusted quarterly in line with quarterly movements in the consumer price index (CPI).

Power and Water Contestable customers are on annual CPI increases, with only one pre-contestability contract still on quarterly CPI adjustments. It is unclear if this is a historical complaint or a misunderstanding.

3.2.10 PWC's current structure allows it to cross-subsidise and provide electricity at below cost.

It should be noted that the Commission's Electricity Ring Fencing Code seeks to address this. This is further discussed in paragraphs 4.5 to 4.8.

3.3 As detailed above the majority of informal complaints are unfounded and can be resolved through discussions between the Commission and Power and Water.

4 Current Regulatory Obligations

- 4.1 Power and Water is subject to a number of regulatory obligations that it appears major customers are not aware of or do not consider effective. These regulatory requirements are designed to provide customers and Government with confidence that Power and Water is operating in a fair and reasonable manner. A greater understanding of these existing requirements and assurance they are being complied with may lead to higher levels of consumer confidence.
- 4.2 Power and Water's regulatory obligations, most relevant to the matter being discussed, currently include:

Generation Licence

- 4.3 A condition of Power and Water's Generation licence is that an annual return must be submitted to the Commission. The data provided includes installed generation capacity for licensed operations; set types, fuel types and capacity of plant; audit of operations and compliance; and notice of material changes to financial, technical and safety circumstances.
- 4.4 This ensures that Generation complies with the Electricity Networks (Third Party Access) Code, Electricity Ring-Fencing Code, *Utilities Commission Act* and all other applicable laws and regulations. It also ensures that Generation has the capacity to operate as a Generator. This provides the Commission with detailed information regarding the efficiency and effectiveness of Generation's operations.

Northern Territory Electricity Ring-Fencing Code

- 4.5 The objectives of the Northern Territory Electricity Ring-Fencing Code are to:
- Promote and safeguard competition and fair and efficient market conduct; and
 - Require that Electricity Entities have in place arrangements which ensure that Related Businesses are not treated in such a manner by a Prescribed Business as to confer a non-commercial discriminatory price or non-price advantage on the Related Business as compared to an arms length third party in the same commercial circumstances.
- 4.6 This ensures that Power and Water does not cross subsidise between business units and receives no competitive advantage from its vertical integration.

Accounting and Cost Allocation Procedures

- 4.7 The Commission approved the Accounting and Cost Allocation Procedures on 12 November 2001. The amended Electricity Ring-Fencing Code approves the continuation of these procedures subject to any conditions relating to the Commission's approval of these procedures. Power and Water is currently in the process of reviewing these procedures to ensure that they still accurately reflect the current business environment, particularly in light of the introduction of full retail contestability on 1 April 2010, and will submit any proposed revisions to the Commission for approval. The purpose of the Accounting Procedures is to set out how Power and Water will establish and maintain a separate set of financial accounts and reports for each Prescribed Business and for its Electricity Business as a whole.

Electricity Ring-Fencing Guidelines

- 4.8 Under the Ring-Fencing Guidelines, Power and Water is required to provide the Commission with a detailed list of all contestable customers' generation transfer pricing as part of its Related Party Terms. By committing to writing its Related Party Terms, the Commission is able to ascertain (and provide assurance where necessary) that terms and conditions provided by Power and Water Generation to a potential third party retailer(s) are on comparable terms and that any differences to the terms and conditions offered to Power and Water Retail (Contestable) are fair and reasonable. This further supports Power and Water's view that the Commission's current regulatory control is sufficient to ensure that Power and Water Retail does not extract monopoly rents.
- 4.9 The current regulatory framework provides the Commission with significant insight into Power and Water's operations including access to much of the information that the review proposes to provide publicly. The Commission still retains the ability to monitor generation prices for tranche 1 to 4 electricity customers and to reinstate contestable electricity pricing guidelines. If the Commission were to analyse the information available under its existing powers, conclusions could be drawn and reported publicly, providing customers with confidence in the Commission's ability to monitor Power and Water operations.
- 4.10 The Northern Territory electricity market is currently in a state of change with full retail contestability commencing on 1 April 2010. Power and Water is unsure of what changes will be made to the regulatory framework, which has resulted in a general inability to respond to full retail contestability. This may also result in changes in the electricity market including the possibility of retail competition. Should this eventuate the format of the price monitoring regime may need to be altered.

5 Price Monitoring

Application of Price Monitoring

- 5.1 It is unclear what benefit will be gained from monitoring retail prices when generation pricing represents around 75% of the average contestable customer's tariff. The Commission previously commented on the difficulty of monitoring Generation Transfer Pricing, stating:

In practice, pricing decisions by Power and Water's retail business have the effect of overriding any wholesale generation price that has been subject to price monitoring. In these circumstances, the Commission believes that limited insight is gained from monitoring an internal transfer price that only [has] a loose relationship with the price paid by customers.

- 5.2 This statement is no longer accurate as there is a very tight relationship between Generation and Retail pricing, with Generation pricing being the main driver for Retail pricing. Retail's tariff is calculated using a building blocks method, which is standard across all Power and Water Retail contracts. Retail's prices factor in the quoted Generation transfer price; regulated System Control and Networks' charges; and Retail's costs (cost recovery and a risk/profit margin). Power and Water can provide the Commission with more detail surrounding the retail electricity pricing methodology, however consider that this should be maintained as a confidential document as it would provide an unfair advantage to any potential market entrants.
- 5.3 Power and Water is concerned that public scrutiny of Power and Water's detailed pricing may hinder Power and Water's ability to compete effectively in what will be an open market. Should monitoring of retail prices be adopted, Power and Water assumes that upon entry of another retailer, the same price monitoring requirements will be applied to ensure no competitive advantage is received. Power and Water also notes that should another retailer enter the market, this may not result in efficient market outcomes.
- 5.4 Given PWC Retail's pricing methodology; Generation's significant portion of total electricity prices; and changing retail market conditions, it appears to be more appropriate to monitor Generation prices.

Generation Price Monitoring

- 5.5 Cabinet approved the introduction of Generation price monitoring by the Commission in 2003. The first annual review was provided to the Minister in 2005 and was generally supportive of Power and Water's activities.
- 5.6 There were a number of issues surrounding the provision of detailed data due to reporting issues with the newly introduced Gentrak billing system. These issues have now been resolved and a Generation Transfer Pricing report has been developed. This report identifies price, quantities and total transfer pricing revenue by consumer, tranche and region.
- 5.7 Power and Water considers that Generation prices are commercially sensitive and is of the view that the provision of the above data to the Commission on a confidential basis would allow the Commission to ascertain if prices are fair and reasonable. Given that Generation operates in an open market, the commercial sensitivity of the data,

and legal issues surrounding providing this data publicly, Power and Water considers this the most appropriate way to monitor prices. This would also provide the Commission with an easy reference to compare Retail and Generation pricing should customers have specific complaints.

- 5.8 Monitoring Generation pricing not only addresses the objectives of the review but also provides potential retailers with the confidence in wholesale generation pricing and terms.

6 Proposed Options

Option A – Disclosure of Profitability of PWC Business Activities

- 6.1 This option proposes to publicly provide:
- Individual business unit profit and loss reports; and
 - Detailed pricing methodologies of both Retail and Generation.
- 6.2 It is unclear what objective will be achieved by providing individual business unit profit and loss reports. Without detailed analysis and understanding, it will be difficult for the average consumer/market participant to understand why individual Power and Water business units are making a profit or loss. It is also unclear whether the market would react as a consequence. For example currently two pre-contestability contracted customers are classified as contestable, their contracts were originally signed during 1995 and 1997. These customers are no longer cost reflective and result in Power and Water under-recovering associated costs significantly over the life of the contract. These results will be included in the profit and loss reports but do not reflect the current state of the market.
- 6.3 The proposal to release pricing methodologies publicly appears to provide potential market entrants with unfair competitive advantage. When looking at interstate examples, there is no precedent set for providing this level of detailed information to large individually contracted customers.
- 6.4 Power and Water has invested significantly in generation capacity. Providing an unfair advantage to potential generators would result in significant sunk costs and result in a write down in the value of Power and Water's assets due to the application of the recoverable amounts test. This poses a significant risk to Power and Water's financial sustainability.
- 6.5 The review appears to place considerable weight on the market being able to react to the public release of information. Power and Water considers that the release of information will only result in further complaints as a result of misunderstandings.
- 6.6 An alternative that will achieve a similar outcome is to reinstate the Contestable Pricing Guidelines, which will effectively guide Power and Water's pricing methodologies without providing unfair competitive advantage to market entrants.
- 6.7 A framework for disclosure of accounting information is already provided for under the Electricity Ring-fencing Code. Rather than introduce another obligation, perhaps enhancements could be made to the information reported to better inform the Commission and consumers.

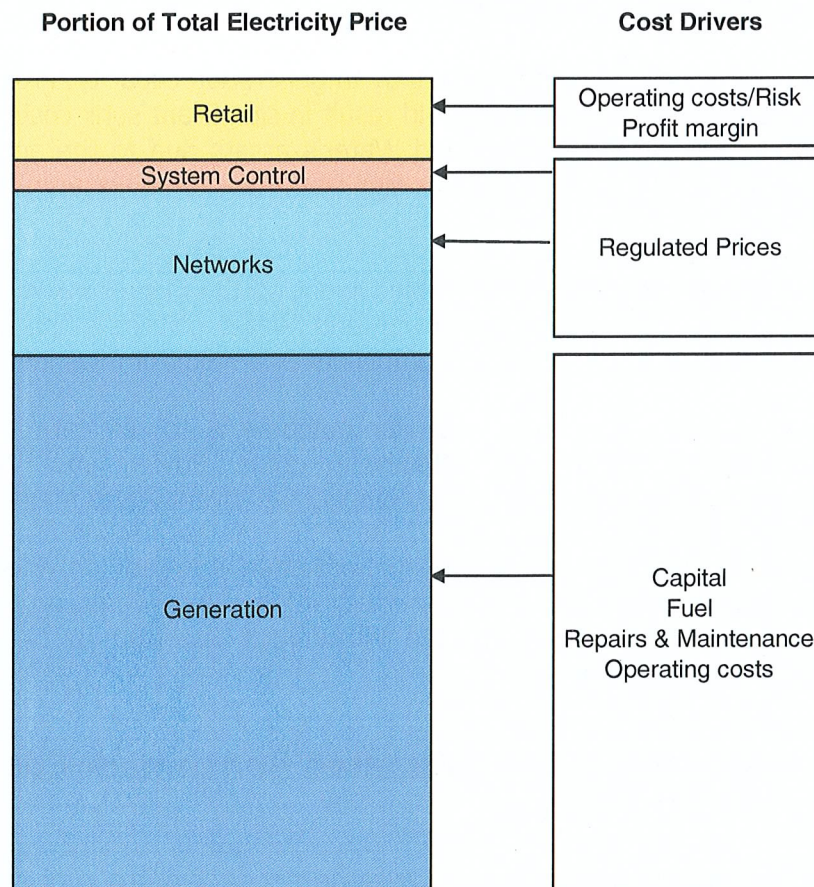
Option B – Reporting of the Estimated Benchmark Costs and Prices of an Efficient Service

- 6.8 This option proposes to determine an average price for a group of customers based on an efficient service provider. This monitoring framework is utilised interstate for

residential and small businesses that are on standing offer contracts. The Commission is proposing to extrapolate this and apply it to large individually contracted customers. It is unclear how this will increase the level of customer confidence, given the range of prices large customers are currently charged as a result of their profile and location. Power and Water's view is that it will result in an increase in the level of complaints made to the Commission due to misconceptions that customers should be receiving the bench-marked prices regardless of their profile or location.

6.9 Power and Water is also unclear on how the Commission proposes to determine an efficient generator and an efficient retailer's average price for large commercial customers, where this information is generally confidential. The Commission notes that there are unique challenges benchmarking the Northern Territory against other states, but fails to detail how these would be overcome, if indeed they can be. The chart below illustrates the key cost drivers by business unit. Each business unit is faced with unique conditions for example:

- Retail - requires a billing system and a call centre, but can only recover these costs over a smaller customer base than is common in other jurisdictions;
- Networks – low customer density, which results in more kilometres of network to operate and maintain while servicing less customers.
- Generation – gas is the primary fuel source, which is relatively expensive when compared to coal, relatively small scale of generation units, and provision of high levels of back-up capacity (n-2) .



- 6.10 In the seminar conducted by the Commission a hypothetical market entrant option was discussed. Power and Water are concerned that this will be so closely related to Power and Water's operating activities that it poses the same confidentiality issues as releasing Power and Water's actual pricing methodology and resultant prices.
- 6.11 Option B appears to be more suited to residential and small business customers interstate, where they have similar consumption profiles and there are readily available price comparisons and competing retailers and generators.
- 6.12 Power and Water does not consider this option practicable.

Option C – Reporting of Price Indices and Benchmark of Costs with other Jurisdictions

- 6.13 Option C proposes two alternatives for comparing Power and Water prices with interstate utilities and over time, as follows:
- Developing price indices that allow the comparison of weighted average prices over time to determine if costs and prices are moving in similar patterns; and
 - Developing an index of all contestable customers ie. total revenue divided by total kWh to monitor changes over time in comparison to other utility businesses and costs.
- 6.14 Both proposed options present issues surrounding the unique Northern Territory environment and a general inability to find like for like comparisons, the delay in price changes due to contract lengths, and the lack of any real benefit to consumers. It will still be difficult for consumers to draw any real conclusions regarding the reasonableness of their price.
- 6.15 Power and Water does not consider this option practicable.

Option D – Status Quo

- 6.16 Power and Water believes that this option has not been fully investigated and further analysis needs to be undertaken to determine what actions can be carried out under the current framework. This could include the reintroduction of the contestable customer pricing guidelines and generation price monitoring regime. The Commission could also communicate with Power and Water to resolve the issues arising from informal complaints.
- 6.17 Ascertaining exactly what customers require to increase confidence has been difficult, which was further highlighted at the recent seminar run by the Commission where a major customer rated price monitoring as the third best solution. Further investigation needs to be undertaken to ascertain what will increase consumer confidence prior to committing to a monitoring regime.
- 6.18 If the market were to have greater confidence in the Commission's ability to monitor and regulate Power and Water's operations, then no further information would be

required publicly. The Commission could possibly conduct an awareness program regarding its role and the regulatory functions it is able to conduct.

- 6.19 Power and Water considers that this option would meet the objectives of the review and would also be consistent with the seven implementation principles outlined in paragraph 1.22 of the review. This option also provides sufficient flexibility to allow the monitoring body to report on any areas of concern.

7 Consumer Protection Framework

- 7.1 There are existing national and state based frameworks in place to provide consumer protection in addition to the Commission's regulatory controls. These include:

Australian Competition and Consumer Commission

- 7.2 The Australian Competition and Consumer Commission (ACCC) has powers and responsibilities to regulate the non-competitive sectors of the electricity market. They also made all the competitive sectors of the industries subject to the general competition and consumer protection provisions of the *Trade Practices Act*.
- 7.3 The ACCC states that the objective of the *Trade Practices Act* "is to enhance the welfare of all Australians by promoting competition and fair trading and by providing safeguards for consumers." This includes access to services, anti-competitive practices, consumer protection and fair trading. The Act includes the following provisions:
- Part IIIA - provides a framework for access to the services of essential infrastructure facilities, including electricity transmission wires;
 - Part IV - prohibits a range of anti-competitive practices ; and
 - Parts IVA, IVB, V and VA - contain the Act's consumer protection and fair trading provisions. These prohibit unconscionable conduct (taking commercial advantage of another's special disadvantage or disability) and misleading and deceptive advertising and marketing practices.
- 7.4 The *Trade Practices Act* was extended to cover State trading enterprises (including Government Owned Corporations) in 1995, which has resulted in all utility companies being subject to its consumer protection and other provisions.
- 7.5 Power and Water take these obligations seriously and breaches of the *Trade Practices Act* have financial and reputational implications for Power and Water.

Consumer Affairs and Fair Trading Act (NT)

- 7.6 The *Consumer Affairs and Fair Trading Act* outlines the appointment and duties of the Consumer Affairs Commissioner. Clause 7.1 of the Act outlines the Commissioner's functions, which includes:

"to receive complaints from consumers concerning matters touching their interests as consumers, to investigate those complaints, and to take such action in respect thereof as seems proper to the Commissioner"

Northern Territory Ombudsman

- 7.7 Complaints can be made to the Ombudsman about "any administrative action of a public authority by any person aggrieved by the action or conduct."

- 7.8 Power and Water considers that the existing consumer protection framework, including the Commission's complaints investigation mechanism, is adequate. Power and Water seeks to minimise the number of customer complaints to reduce the time associated with these investigations, improve customer satisfaction levels and to achieve service standards.

8 Conclusion

- 8.1 Power and Water understands that there is currently concern within the contestable electricity market surrounding the lack of competition and Power and Water's potential to misuse market power. Power and Water supports the review's objective to resolve this, however does not consider the proposed options will address the primary concerns of customers.
- 8.2 Power and Water has a number of specific concerns surrounding the implementation of Options A, B and C, including:
- The release of commercial information publicly (including pricing methodology) that may result in competitive advantage to market entrants;
 - The release of certain pricing and cost information that could breach confidentiality clauses in contracts Power and Water has with customers and suppliers;
 - Customers will be unable to effectively analyse the publicly available data to draw any informed conclusions regarding their price; and
 - Difficulties in benchmarking costs due to the unique characteristics of Power and Water's operations.
- 8.3 In addition, Power and Water emphasize that any method must address customers' concerns and derive some benefit to consumers. Power and Water perceive that there is a high risk that the proposed monitoring will only add an additional layer of regulatory requirements that will redirect Power and Water resources from their primary focus of service provision to that of meeting regulatory obligations. These costs will inevitably be passed on to customers and result in price increases.
- 8.4 Power and Water suggest that if the market had greater confidence in the Commission's ability to monitor Power and Water's operations, then this would provide greater assurance of the fairness and reasonableness of prices. Power and Water considers that this would meet the objectives of the review and would also be consistent with the seven implementation principles outlined in paragraph 1.22.
- 8.5 Power and Water propose that the Commission continue with the current regulatory framework, however reintroduce the Generation Price Monitoring Regime and Contestable Customer Pricing Guidelines.

Appendix 1 – Response to Review Questions

Question	Paragraph
1) Under the current regulations, do you consider that there is sufficient information publicly disclosed? If not, which other information would need to be published and why?	4.1 to 4.10
2) Do you agree with the objectives defined by the Commission and why?	2.4 & 2.5
3) Do you consider the above principles relevant for the assessment of options for the development of a price monitoring regime in the Territory and why? Do you agree with these principles? Does the Commission need to consider any other principles?	6.19
4) The Commission seeks the views of interested parties as to which type of information PWC should disclose as part of Option A and why.	6.1 to 6.7
5) The Commission seeks the views of interested parties as to the advantages and disadvantages associated with: a) price indices; b) benchmarking prices and costs with other jurisdictions.	6.13 to 6.15
6) The Commission seeks the views of interested parties about the adequacy of current arrangements to conduct reasonable and fair negotiations with PWC.	3.1 to 3.3
7) The Commission is considering the merits of setting out a flexible retail price monitoring capable of meeting the requirements of a range of interested groups. The Commission is seeking the views of interested parties on this issue.	6.19
8) Do you consider that PWC generation prices to be commercially sensitive and do you consider that their disclosure would undermine PWC's competitive position?	5.7
9) Do you consider the approach used by the Commission for the Generation Price Monitoring regime relevant? What are the advantages/disadvantages of such an approach?	5.1 to 5.8
10) Do you consider the current reporting for PWC provides sufficient information for contestable customers in negotiating with PWC? If not, what additional information should be disclosed?	5.7
11) With regards to disclosure of generation costs, the Commission seeks the views from interested parties on the advantages/disadvantages of providing estimates of : a) underlying gas costs similar to the approach used by the Commission's previous generation price monitoring approach; b) the advantages/disadvantages of providing national/international benchmarks for the generation costs.	2.5 & 8.2 6.8 to 6.12
12) The Commission seeks your views on how prescriptive information disclosure should be and whether the information should be audited?	8.3 & 8.4
13) In your views, which agency would be best suited to carry out the implementation of a retail price monitoring regime in the Territory?	8.5