



18 January 2019

Ms Kimberlee McKay
Director
Utilities Commission
GPO Box 915
Darwin NT 0801

By email to utilities.commission@nt.gov.au

Dear Kimberlee,

2018 System Control Charges Review Issues Paper

Thank you for the opportunity to provide comments on the Commission's 2018 System Control Charges Review Issues Paper (the Paper).

EDL is a leading global producer of sustainable distributed energy. We own and operate three power stations in the Territory as part of our portfolio of nearly one hundred remote and clean energy power stations across Australia, North America and the United Kingdom.

EDL supports the cost efficient, sustainable resourcing of the independent System Control and Market Operator (the Controller) in the execution of its regulated functions. We offer the following brief comments on the Paper:

1. We note that the proposed step increase in the charge is significant and, in combination with potential changes to other components of the energy bill, may have a material impact on retail customers. The Commission should consider exploring options for phasing in the increase over a transitional period.
2. The importance of ensuring the financial sustainability of the system control function makes the adoption of an over and under revenue control mechanism seem reasonable in principle. This would need to be subject to an assessment of the costs and complexity of adopting such a mechanism and the degree to which there is evidence of material variations between forecast and actual energy demand. The AEMO forecasts adopted by Power and Water Corporation (PWC) suggest there is little evidence of such variation to date but we note the potential impact of the Government's 50 per cent renewables commitment.
3. A decision regarding the appropriate review time period should depend in part on the Commission view on the robustness of PWC's current proposal. A shorter review cycle offers the benefit of develop greater early confidence that the Controller's costs are efficient, including the application of robust benchmarking to key inputs such as labour and corporate overhead costs. In this regard, we note there are likely to be additional appropriate benchmarking sources beyond Western Power and Horizon Energy.
4. Any proposal to revise the current cost recovery arrangements would need to be justified by demonstrating the clear net benefits of doing so.

Please feel free to contact me on (07) 3275 5504 or anthony.englund@edlenergy.com should you wish to discuss any aspect of the above.



In closing, may I offer our congratulations on your appointment as Director. You have an excellent reputation and, while I have only been at EDL for a few weeks, I understand that Geoff Hobley and the other members of the EDL team have been working constructively with you and your office for some time. I look forward to strengthening that relationship.

Yours faithfully

A handwritten signature in black ink, consisting of several overlapping loops and a vertical stroke, positioned above the printed name.

Anthony Englund
Head of Regulatory Affairs
EDL