



# 2024-25 Annual Pricing Proposal

System Control and Market Operator

29 September 2023

**PowerWater**

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# Abbreviations

Term	Definition
ABS	Australian Bureau of Statistics
Commission	Utilities Commission of the Northern Territory
DKIS	Darwin-Katherine Interconnected System
Final decision	Final Decision on System Control and Market Operator Charges for 2019-24
Pricing Order	NT Government Electricity Pricing Order
SCTC	System Control Technical Code



# Overview

This is Power and Water Corporation's (**Power and Water's**) 2024-25 Annual Pricing Proposal relating to system control and market operator tariffs. Power and Water provides system control and market operator functions under our System Control Licence.<sup>1</sup> The Utilities Commission of the Northern Territory (**Commission**) regulates tariffs for these services.<sup>2</sup>

This is Power and Water's first annual pricing proposal to the Commission in the 2024-27 regulatory control period. It covers the 2024-25 period and is based solely on the 2023-24 approved tariffs adjusted for inflation.

## Proposed charges for 2024-25

Table 1 compares the proposed system control and market operator charges for 2024-25 to 2023-24.

Table 1: Comparison of 2023-24 approved and 2024-25 proposed system control and market operator charges

	2023-24 approved charge (\$/kWh, nominal)	2024-25 proposed charge (\$/kWh, nominal)
<b>System control*</b>	\$0.005214	\$0.005527
<b>Market operator*</b>	\$0.000552	\$0.000585

\*Charges have been rounded to six decimal places for system control charges and market operator charges.

The increase in charges is due to inflation remaining significantly high at six per cent, based on the June 2023 weighted average of eight capital cities results published by the Australian Bureau of Statistics (**ABS**)<sup>3</sup>.

Our proposed tariffs for 2024-25 do not take into account forecasted consumption, any over or under recovered revenue from previous years, or approved annual revenue requirements. This is in line with the recommendation provided by the Commission on 28 March 2023.<sup>4</sup>

1 [https://utilicom.nt.gov.au/data/assets/pdf\\_file/0005/741956/UC-LIC-PWC-SYS.pdf](https://utilicom.nt.gov.au/data/assets/pdf_file/0005/741956/UC-LIC-PWC-SYS.pdf)

2 The system control charge relates to customers connected to the Darwin-Katherine, Tennant Creek and Alice Springs regulated networks. The Market Operator charge only relates to customers connected to the Darwin-Katherine network.

3 [Australian Bureau of Statistics \(abs.gov.au\)](https://www.abs.gov.au)

4 "The 2024-25 charges proposal must be administratively simple and give clarity to stakeholders on the charges for that year. Given the circumstances, a rollover of the 2023-24 prices with an allowance for inflation is suggested. The proposal should not include provision for any adjustment of over/under recovery of revenue."



# 1. Background

## 1.1 Relevant context

Power and Water holds a System Control Licence to conduct system control and market operator functions.<sup>5</sup> The services are provided by an independently operated business unit within Power and Water, termed System Control.

Under Northern Territory legislation, a system controller is entitled to impose and recover charges relating to the operations of the regulated power system. The legislation requires the Commission to approve the schedule of charges.

Retailers are required to pay Power and Water:

- System control charges based on the total energy consumed by their customers in the Darwin-Katherine Interconnected System (**DKIS**), Alice Springs, and Tennant Creek regulated grids.
- Market operator charges are paid by retailers based on energy consumed by their customers connected to the regulated DKIS.

This is Power and Water's first annual pricing proposal to the Commission in the 2024-27 regulatory control period. It covers the 2024-25 period and is solely based on the 2023-24 approved tariffs updated for inflation. It excludes any processes attached to allowable revenue caps and any under-over recovery mechanisms.

## 1.2 Structure of proposal

Chapter 2 sets out Power and Water's 2024-25 proposed system control tariff, and the underlying input and calculations to derive the charge. Chapter 3 identifies our proposed market operator tariff for 2024-25, and the underlying input and calculations to derive the charge.

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<sup>5</sup> Power and Water, as the licensed system controller, carries out system control and market operator functions in accordance with section 38 of the *Electricity Reform Act 2000* and the System Control Technical Code (**SCTC**).

## Bill impact

Table 2 and Table 3 outlines the bill impact associated with typical customer segments based on the revised system control and market operator charges in 2024-25. These show that all customer segments will experience an increase of six per cent for both system control and market operator charges.

Table 4 depicts the combined total bill impact for Darwin-Katherine customers.

Table 2: Change in a typical customer's system control bill between 2023-24 and 2024-25

Customer type	Total charge (\$, nominal)		Price Movement	
	2023-24	2024-25	\$	%
Small Residential (8500 kWh pa)	\$44.32	\$46.98	\$2.66	6.0%
Large Residential (15,000 kWh pa)	\$78.21	\$82.90	\$4.69	6.0%
Small Medium Business (30,000 kWh pa)	\$156.42	\$165.81	\$9.39	6.0%
Medium Business (150,000 kWh pa)	\$782.10	\$829.03	\$46.93	6.0%
Large C&I (500,000 kWh pa)	\$2,607.00	\$2,763.42	\$156.42	6.0%
Industrial (1,000,000 kWh pa - LV)	\$5,214.00	\$5,526.84	\$312.84	6.0%
Large Industrial (6,000,000 kWh pa - HV)	\$31,284.00	\$33,161.04	\$1,877.04	6.0%

Table 3: Change in a typical customer's Market Operator bill between 2023-24 and 2024-25

Customer type	Total charge (\$, nominal)		Price Movement	
	2023-24	2024-25	\$	%
Small Residential (8500 kWh pa)	\$4.69	\$4.97	\$0.28	6.0%
Large Residential (15,000 kWh pa)	\$8.27	\$8.77	\$0.50	6.0%
Small Medium Business (30,000 kWh pa)	\$16.55	\$17.54	\$0.99	6.0%
Medium Business (150,000 kWh pa)	\$82.73	\$87.69	\$4.96	6.0%
Large C&I (500,000 kWh pa)	\$275.75	\$292.30	\$16.55	6.0%
Industrial (1,000,000 kWh pa - LV)	\$551.50	\$584.59	\$33.09	6.0%
Large Industrial (6,000,000 kWh pa - HV)	\$3,309.00	\$3,507.54	\$198.54	6.0%

Note that the Market Operator charge only applies to customers connected to the Darwin-Katherine system

Table 4: Total combined impact on customer bill between 2023-24 and 2024-25

Customer type	Total charge (\$, nominal)		Price Movement	
	2023-24	2024-25	\$	%
Small Residential (8500 kWh pa)	\$49.01	\$51.95	\$2.94	6.0%
Large Residential (15,000 kWh pa)	\$86.48	\$91.67	\$5.19	6.0%
Small Medium Business (30,000 kWh pa)	\$172.97	\$183.35	\$10.38	6.0%
Medium Business (150,000 kWh pa)	\$864.83	\$916.72	\$51.89	6.0%
Large C&I (500,000 kWh pa)	\$2,882.75	\$3,055.72	\$172.97	6.0%
Industrial (1,000,000 kWh pa - LV)	\$5,765.50	\$6,111.43	\$345.93	6.0%
Large Industrial (6,000,000 kWh pa - HV)	\$34,593.00	\$36,668.58	\$2,075.58	6.0%

Note that the Market Operator charge only applies to customers connected to the Darwin-Katherine system

The Northern Territory Government’s Electricity Pricing Order (**Pricing Order**) is expected to continue in 2024-25. Currently, customers who consume less than 750MWh per annum will continue to have retail price protection. Given this, changes in Power and Water’s charges will not directly impact retail electricity bills to more than 99 per cent of the regulated customer base.

Our major energy customers, those consuming above 750MWh per annum are not protected by the Pricing Order and represent less than one per cent of the regulated customer base. These customers will be directly impacted by price changes.

## 2. Proposed System Control Charges for 2024-25

Power and Water has applied the recommendation from the Commission’s correspondence dated 28 March 2023 to calculate our proposed system control tariff for 2024-25. The key inputs we have used to calculate the tariff is identified in Table 4 below. This charge applies to the DKIS, Alice Springs, and Tennant Creek regulated grids.

Table 4: Key inputs to derive system control charges for 2024-25

Terms	Input	Source / underlying values to calculate input
<b>2023-24 Approved System Control Tariff</b>	\$0.005214	This is consistent with Power and Water’s 2023-24 pricing proposal approved by the Commission.
<b>Inflation update (CPIt)</b>	6.00%	This is the June 2023 ABS published inflation rate.
<b>2024-25 Proposed system control charge (\$/kwh, nominal)</b>	\$0.005527	The approved system control tariff for 2023-24 escalated by CPI.



### 3. Proposed Market Operator Charges for 2024-25

Power and Water has applied the recommendation from the Commission’s correspondence dated 28 March 2023 to calculate our proposed market operator tariff for 2024-25. The key inputs we have used to calculate the tariff is identified in Table 5 below. This charge only applies to the DKIS.

Table 5: Key inputs to derive market operator charges for 2024-25

Terms	Input	Source / underlying values to calculate input
<b>2023-24 Approved Market Operator charge</b>	\$0.000552	This is consistent with Power and Water’s 2023-24 pricing proposal approved by the Commission.
<b>Inflation update (CPIt)</b>	6.00%	This is the June 2023 ABS published inflation rate.
<b>2024-25 Proposed Market Operator charge (\$/kwh, nominal)</b>	\$0.000585	The approved market operator tariff for 2023-24 escalated by CPI.

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