



Ref. CBD.LT.6778.UCNT.SR

3 June 2022

Utilities Commission of the Northern Territory  
Via email: [utilities.commission@nt.gov.au](mailto:utilities.commission@nt.gov.au)

Dear Utilities Commission of the Northern Territory,

### **Review of the Northern Territory's Electricity Licensing Regime Issues Paper**

I refer to your correspondence dated 8 April 2022 in relation to the subject matter. Eni Australia Limited (Eni) appreciates being given the opportunity to provide feedback on the review of the electricity licencing regime in the Northern Territory, as follows:

- **Question 4:** *How effective is the licensing regime at controlling market power, facilitating competition and promoting investment?*  
The current annual licence fee structure for a generator is based on installed capacity, measured in megawatts. However, curtailment of energy production negatively impacts operating margins. Fixed annual licensing fees impact operating margins disproportionately when curtailment occurs, especially for smaller scale operations. Under the current Network Technical Code a significant level of curtailment for solar generators is inevitable, so a variable licence fee structure (i.e. based on electricity output) could help facilitate competition and promote investment, especially for solar generators.
- **Question 5:** *How effective is licensing at managing risk including ensuring licensees have the necessary technical competence, financial strength and honesty to operate in the industry?*  
The information requested for being issued a licence and the associated due diligence process is effective in managing risk as it reduces the likelihood that an operator will fail, which would constitute a risks to the network and the other generators.
- **Question 7:** *Do the benefits of the Commission's approach for the term of a licence appropriately balance any risks that may arise from no expiry date and costs associated with requiring regular renewal?*  
The Commission's approach, through ongoing compliance and auditing procedures under issued licences, ensures that the Commission continuous information even without the introduction of a specific renewal process. Establishing an ad-hoc process for regular renewal would introduce administrative obligations that would likely be unnecessary for all generators, without adding any real value.
- **Question 8:** *Are there barriers to entry or other issues with classifying energy storage systems as generation for potential participants? If so, what are they?*  
Classifying energy storage systems as generators does introduce barriers to entry through



compliance. However, these barriers are necessary to ensure energy storage systems do not negatively affect the network. It is noted that energy storage systems below 2 MW are exempt, which facilitates wide small-scale adoption without exposing the network to material risks.

- **Question 9:** *Are there any benefits to prescribing energy storage systems as a separate operation in the electricity supply industry requiring a licence (or exemption)? If so, what are they?*

Separating energy storage systems and generators for licensing purposes may have benefits if both were independent in all cases. However, solar generators that require on-site firming from energy storage systems work as one facility, so separate licencing regimes may introduce misalignment issues, e.g. conflicting conditions and procedures or the timing for each licence to be issued. As a general rule, any energy storage system that is integrated in a generation site should not be treated separately, but considered part of the new proposed generator.

If you have any questions on this, please do not hesitate to contact me.

Yours sincerely,

  
Simone Rizzi