

13 June 2019

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JED2019/107467

Kimberlee McKay

Director Utilities Commission
Utilities Commission of the Northern Territory
Floor 11, Charles Darwin Centre, 19 Smith Street, The Mall
GPO Box 915, Darwin, NT 0801

Dear Kimberlee,

Stakeholder consultation - NT Electricity Ring-fencing Code and Guidelines

Thank you for the invitation to make a submission on the Issues Paper published by the Utilities Commission (**Commission**) on the 2019 Northern Territory Electricity Ring-fencing Code and Guidelines Review.

Jacana Energy shares the Commission's view that ring-fencing is necessary: (i) in markets where natural monopolies exist, to protect consumers from the exercise of market power; and (ii) in industries where a regulated business has some quasi-regulated functions, to help ensure such functions are performed in a non-discriminatory manner.

Power and Water Corporation (**PWC**) is a natural monopoly in a contestable market, with regulated functions. Accordingly, ring fencing mechanisms are required to safeguard the market and protect consumers. The Northern Territory Electricity Ring-fencing Code and Guidelines (**Code and Guidelines**) aims to separate the regulated business of PWC from its competitive activities to minimise the potential for anticompetitive behaviours and protect consumer interests. Given the developments in the electricity supply industry in the Northern Territory since the Code and Guidelines were last reviewed in 2008, Jacana Energy supports the Commission's review which is necessary to ensure that the contents and operation of the Code and Guidelines are of continued relevance and effectiveness.

As the questions in the Issues Paper relate to matters that do not specifically involve Jacana Energy and do not have a direct impact on business activities and services of electricity retailers, we do not wish to submit answers to the questions at this time.

Jacana Energy notes that the Australian Energy Regulator's Ring-fencing Guidelines (**AER Guidelines**) will commence in the NT on 1 July 2019 (although certain aspects will have no effect in the Northern Territory). It is Jacana Energy's preference that the AER Guidelines be adopted in full (with amendments and supplementary guidelines as required) rather than the Territory having its own Ring-fencing Code and Guidelines. Doing so would introduce greater uniformity, avoid the potential for the duplication of requirements and reduce inconsistencies.

Do not hesitate to contact me if you would like to discuss the contents of this letter.

Yours sincerely,



David Brown
Acting Chief Executive Officer
Jacana Energy