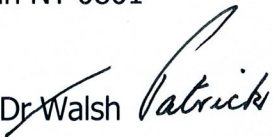


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Dr Patrick Walsh  
Utilities Commissioner  
Utilities Commission  
GPO Box 915  
Darwin NT 0801

Dear Dr Walsh 

**Re: EDL NGD (NT) Pty Ltd – application for generation and retail licences**

Thank you for the opportunity to make a submission on EDL's applications for generation and retail licences. Power and Water Corporation's (PWC's) interest in this matter is from both a Power Networks and System Control perspective in relation to EDL's generation licence application. PWC does not wish to make any specific comments in relation to EDL's retail licence application.

In accordance with the Electricity Networks (Third Party Access) Code, PWC's Power Networks business unit is currently discussing a number of technical matters related to network access arrangements with EDL. An initial response to EDL's access application was provided on 16 December 2014 and a preliminary assessment is expected to be completed by end January 2015.

As you would be aware, PWC is currently working with the Northern Territory Government to assist in the implementation of its interim Northern Territory Electricity Market (I-NTEM) arrangements, and more specifically, the establishment of a wholesale market operator. In doing so, there is a review of the System Control Technical Code underway, to identify the relevant amendments required to enable the establishment of a competitive electricity market via a wholesale market operator.

The current generator market provisions in the System Control Technical Code, specifically clauses 4.4, 4.6, 5.8, 5.9 and 5.10, were written for the first iteration of the NTEM associated with the *Electricity Reform Act 2000*. Arguably these provisions do not properly contemplate multiple generators entering the market and operating on a level playing field with the incumbent Territory Generation. The provisions effectively remain dormant and it is unknown how they could be implemented.

Furthermore, ancillary services in the Darwin-Katherine system are provided solely by Territory Generation. The current arrangement is that these ancillary

services are bundled in with the energy rate. The System Control Technical Code, clause 5.1, effectively requires the unbundling of the energy and ancillary service charges. The current expectation is that this will commence after the introduction of the I-NTEM, and as such, it is unclear how ancillary services could be paid for by EDL, nor how EDL could potentially provide ancillary services under current and proposed I-NTEM arrangements. These issues are currently under consideration for the purpose of enabling the Government's I-NTEM arrangements, independent to EDL's generation licence application.

PWC has committed to assisting the Government in meeting its reform timetable and in doing so, will be working through the necessary amendments to the System Control Technical Code. In the meantime, System Control will continue to meet with EDL and discuss the current limitations of its roles and functions and seek to arrive at a 'reasonable endeavours' arrangement until more formal procedures can be put in place via an updated System Control Technical Code and electricity market development.

If you have any queries in relation to this submission please contact David Murphy, Senior Manager Economics and Regulation, on (08) 8985 7206 or [david.murphy@powerwater.com.au](mailto:david.murphy@powerwater.com.au).

Yours sincerely



John Baskerville  
**Chief Executive**

16 January 2015