

**NT Electricity Supply Licensing  
Regime Review– Draft  
Decision – Scope and Design**

**Submission by: Power and  
Water Corporation**

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# Foreword

Power and Water Corporation (PWC) appreciate the opportunity to provide input into the review of the Northern Territory's electricity licensing regime. We have diligently gathered feedback from various stakeholders within the business, and we present here a consolidated response that reflects our perspectives and concerns.

The licensing regime overseen by the Utilities Commission (the Commission) plays a crucial role in governing the electricity supply industry in the Northern Territory. We acknowledge the Commission's commitment to ensuring the ongoing effectiveness of this regime, particularly in light of the significant changes witnessed within the industry, market, and regulatory landscape since its establishment in 2000.

Our response highlights PWC's perspective on the proposals present in the Draft Decision, noting matters which may hold relevance or providing suggestions. We have carefully considered the key points outlined in the draft decision and incorporated the diverse perspectives we received from stakeholders.

We value the collaborative approach taken by the Commission in seeking input from industry stakeholders. Through such engagement, we can collectively shape a licensing regime that ensures the reliable and efficient provision of electricity services, facilitating innovation and adaptation to changing industry dynamics. PWC looks forward to assisting the Commission in the next steps of this review.

# Submission Matters

## 1 | Licensing coverage and purpose

### **Legacy Arrangements: Independent Power Producers**

PWC supports the Commission's draft position on IPPs and believes it will not adversely affect our legacy arrangements. We are in agreement with the Commission's position that new generators should be subject to standard conditions for licensing. Implementing standardised conditions enhances transparency and consistency in obligations for all market participants.

It is crucial to maintain adequate consumer protections to safeguard the security and reliability of power supply, particularly for customers in remote communities. However, there may be specific cases where applying all standard conditions might not be appropriate. To ensure clarity, we recommend that the Commission provides additional guidance on the circumstances where the standard conditions may not be appropriate. Alternatively, outlining the factors that will be considered in making such determinations and clarifying whether stakeholder consultation will be involved could be beneficial.

We understand that the next stage of the licensing review will address IPP licenses. In this regard, we request that the Commission considers granting PWC, as a license holder, a general derogation or an alternative arrangement. This request pertains to our remote and isolated systems, as applying standardised licensing obligations could impose unreasonable technical, service performance, and administrative requirements on PWC or IES.

### **Legacy Arrangements: Standalone power systems – mining communities**

PWC agrees with the Commission's Draft position that all arrangements should be subject to the same requirements moving forward. We acknowledge the existence of certain statutory exemptions and recognise that additional exemptions may be appropriate based on the Commission's assessment of the specific circumstances.

We have not raised concerns regarding GEMCO and its obligations regarding the quality of power supply. However, PWC supports the Commission imposing reporting and monitoring requirements on IPP license holders to enhance transparency and ensure accountability for communities served by privately operated power stations in standalone systems. This would provide a mechanism to monitor supply arrangements and promote greater transparency and accountability.

### **Licensing Objectives**

PWC supports the Commission's position. This approach would enable us to address the unique challenges and requirements associated with serving these constituents.

### **License duration**

PWC supports the Commission's position. We are of the view that perpetual licenses can provide greater certainty to generation providers, which further promotes effective competition in the NT power supply industry.

## 2 | Emerging technologies and business models

### **Energy Storage Systems**

PWC agrees that negotiated access agreements are a suitable pathway for negotiations. PWC would like to address the Commission's expectation for us to review the Generator Performance Standards (GPS). We want to highlight that the Northern Territory Government's Priority Market Reform Program is currently examining this framework. Therefore, we prefer to refrain from making significant changes to the GPS until the NTG's design is finalised.

### **Owners and operators of generation and VPP's**

PWC is of the view that standing licence exemptions in this space are appropriate, noting that the term VPP could be replaced with a more generic term.

### **EV Recharging**

PWC supports the Commission's position on electric vehicle (EV) recharging and agrees that existing electrical safety requirements adequately address consumer protection concerns.

PWC also acknowledges the potential benefits of introducing localised power storage and large-capacity inverters/DC converters at public EV charging sites. These installations could help manage fluctuating demand on the network and enable faster charging rates, which aligns with emerging commercial products.

### **Other alternative supply models**

PWC supports the Commission's position, but we believe it is essential for the Commission to provide feedback to the Northern Territory Government regarding the necessity for clearer policy direction on these models. Clear direction is crucial to ensure the efficient operation of the electricity market in the Northern Territory.

## 3 | Licensing coverage - Exemptions

### **Guiding Principles**

PWC supports the Commissions position on the guiding principles.

### **SSRE operations exemption**

PWC supports the Commission's position on this matter. However, we kindly request further clarification from the Commission regarding this section. The Commission's position on Virtual Power Plants (VPPs) appears to be in conflict with its position on Small-Scale Renewable Energy (SSRE). Several VPPs predominantly comprise Small-Scale Generation (SSG) assets from residential solar and storage. Specifically, we seek clarity on whether the requirement to obtain a relevant license should be borne by the VPP aggregator or by the individual asset owners comprising the VPP.

### **Third-Party Ownership of SSRE Operations**

PWC supports the Commissions draft position on third-party ownership of SSRE Operations.

### **Visibility of SSG operations**

PWC supports the Commissions draft position.

### **On-Supplier Exemption**

Regarding licensing exemptions, PWC believes they are appropriate in this context. We suggest using a more generic term instead of VPPs, as it would encompass a broader range of models. We emphasise that VPPs, aggregators, and trader-type models should be subject to licensing requirements.

Considering the small scale of some of PWC's isolated and remote systems and the significant number of installations compared to other generators, the licensing regime should accommodate efficient and clear accountabilities for these assets. This flexibility would enable PWC to operate them under various models, such as 'own and operate,' 'own and contract operations,' 'contracted assets and PWC operation,' or 'contracted ownership and operations.' Such flexibility is crucial for providing a reliable power supply to electrically isolated power systems and communities in the remote areas of the Northern Territory.

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