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Dear Kimberlee,

Stakeholder consultation on Issues Paper – Electricity Industry Performance (EIP) Code Review

Thank you for the opportunity for Jacana Energy (**Jacana**) to make a submission on the Issues Paper for the Electricity Industry Performance Code (**EIP Code**) (Standards of Service and Guaranteed Service Levels) Review published by the Utilities Commission (the **Commission**) in September 2020.

A. Introduction

Jacana recognises the importance of having efficient, effective regulation of electricity industry performance and clear codes and guidelines relating to the standards of service by licensed entities in the electricity supply industry.

In addition to providing commentary on retail-related issues, Jacana also supports proposals that would strengthen transparency, encourage continuous improvement in the provision of network and generation services or provide customer-focused measures that increase accountability for generators and network providers.

Given that there are significant gaps in regulation in the NT across the energy supply chain (when compared with other jurisdictions across Australia), opportunities to address these issues through existing regulations should be considered. This is particularly the case where these gaps in regulation result in a lower standard of service than customers would receive in other Australian energy markets.

In particular, Jacana continues to express concern with the absence of standardised industry procedures and performance metrics around meter and customer data provision between the network operator and retailers within the NTEM. While Jacana acknowledges the recent application of some components of the National Energy Rules to the NT do go some way to addressing these issues, there are still significant gaps in the short to medium term that could be addressed through other regulatory instruments such as the EIP Code. Without further regulation around reporting and performance of these services, Jacana can do very little to improve the customer experience.

As such, the review of the EIP Code provides an opportunity to reinforce the need for improved transparency and accountability on reporting of meter installations, meter data provision and reporting of meter type. These are key metrics where non-compliance with obligations results in flow on effects that impact customers.

While there are limited requirements on network providers relating to meters and requirements for procedures to meet obligations (such as through the coordination agreement and business to business orders or standard operating procedures) there is little visibility of how the network provider is actually meeting the obligations. At a bare minimum, consideration should be given to incorporating appropriate performance reporting in the EIP Code which captures these metrics may assist with improving performance, and ultimately, a better customer experience.

Jacana also notes that the review of the EIP Code provides an opportunity to facilitate alignment with the National Energy Market (**NEM**) more broadly, such as through the application of the Australian Energy Regulator (**AER**) definitions, and suggests that the removal of regionalisation in retail performance reporting in the Northern Territory would provide a better comparison with the NEM.

AER retail performance is reported at a state/territory level within NEM rather than at a regional level. The size of the market across these NEM jurisdictions is significantly larger than the whole of the Northern Territory market. The smaller size again of the generation systems operating within the Northern Territory provide a disadvantage and creates inaccurate averages for data reporting through increased variability (due to smaller standard deviation, less accurate results and decreasing representation of the entire customer base across the Northern Territory). The smaller sizes of the operating systems and smaller customer bases, if reporting on retail performance based on the generation systems operating in the Northern Territory, affects the reliability of the reporting results through higher variability which may lead to bias. A true comparison of retail performance in the Northern Territory with the NEM is not able to be achieved if considering data at the regional level. These issues are raised in the responses to the questions posed in the Issues Paper.

B. Responses to Issues for Consideration

Jacana's responses to the questions posed in the Issues Paper are as follows:

Administrative Errors

1. *Are there any administrative related errors that should be considered by the commission as part of the review?*

While not an administrative error per se, Jacana suggests that the definitions in the Code could be expanded to, where appropriate, align with AER definitions. In particular, the definition of 'debt' and 'customer' would benefit from alignment with the AER and provide greater clarity for electricity entities in the Northern Territory. This would mean that customer is defined by reference to a National Meter Identifier connection point.

Jacana notes that the key performance indicators in the Code are intended to enable comparison with the NEM under the AER and further suggests that, in supporting alignment with the AER and NEM, that the regionalisation of market segmentation in the Northern Territory should be reconsidered. The size of regions and market in the Northern Territory does not enable a true and valid comparison with AER KPI's if broken down into regions as currently provided in the retail performance measures of the Code. As noted in the Introduction, smaller sample sizes affects the reliability of reporting results through smaller

standard deviation. For example, the addition of 1 or 2 customers in Tennant Creek can reflect a 50% increase in debt levels for that region.

Application

2. *Does the EIP Code require additional clarification to make it clear that it is only applicable to electricity entities providing the relevant services in the Darwin-Katherine, Alice Springs and Tennant Creek power systems?*

Jacana suggests that clarification could be provided by removing regionalisation so that the performance reporting relates to the Northern Territory market within the regulated network provided to Darwin-Katherine, Alice Springs and Tennant Creek systems which would provide a better comparison with the NEM. Reporting at the Northern Territory level rather than on the networks operating within the Northern Territory, particularly for retail electricity entities, aligns with the reporting in the NEM at the state/territory level and removes the potential for small customer bases affecting the reliability of reporting results.

GSL and GSL payment amounts periodic review

3. *Should IPP licensees be excluded from the definition of 'generation services', and why?*

Jacana supports measures providing transparency in utility services. There may be some benefit in the Commission having access to the same performance data for IPPs as a benchmark for generator performance across the Northern Territory. This is particularly the case given there are limited generators feeding into the regulated grid within the Northern Territory and therefore performance benchmarking can be a difficult exercise. There are a number of examples now across the country where remote, off-grid hybrid systems provide a greater level of reliability than grid-connected services. If there are issues with commercially sensitive information, then the information can be used as a benchmarking tool but not published.

Independent Audit Obligations

4. *Should the EIP Code include a clause to review GSLs and GSL payment amounts prior to the beginning of each regulatory control period?*

As a retail electricity entity Jacana supports measures that are customer-focused. Clauses to review GSLs and GSL payments would provide an incentive towards ensuring expected 'service levels' are achieved or are a true target and clear 'compensation' for any inconvenience incurred where ultimately the expected service levels are not met. Reviewing these clauses prior to each regulatory control period would ensure that the GSLs and GSL payments reflect the current market (and maintain the incentive towards ensuring expected service levels).

Excluded Interruptions

5. *Should the EIP Code include the entire, or elements of, the Audit Guidelines into an updated EIP Code, and why?*

Jacana notes that the Audit Guidelines cover gaps and provide clarification for undertaking the independent audit under the EIP Code and that consolidating the Audit Guidelines would provide one reference source rather than two reference sources. Jacana does not have a strong view for or against consolidating.

6. *Is it reasonable that planned maintenance be excluded from duration and frequency based GSLs, and why?*

Jacana supports measures that are customer-focused and notes that inclusion of planned maintenance would provide incentive towards ensuring expected 'service levels' and clear 'compensation' for inconvenience incurred from excessive planned maintenance. Measures that include planned maintenance in SAIDI/SAIFI metrics may be worthwhile to temper the market dominance of incumbent generators given this activity has the potential to significantly impact supply security as well as wholesale costs.

7. *Other than in relation to planned maintenance (as covered in the above question), are the current clause 7.2.3 exclusions in the EIP Code appropriate and adequately defined for all obligations under the EIP Code, and why?*

No comment.

8. *If the current clause 7.2.3 exclusions in the EIP Code are not appropriate and adequately defined in relation to the matters in the previous question, how should the exclusions be changed?*

As above.

9. *Is the current EIP Code definition of 'interruption' appropriate in relation to GSLs and GSL payments, and is there a possibility all interruptions could be excluded from GSL payments, should the terms and conditions of the contract for supply include all types of interruption, and why?*

While not a retail issue, as a retail electricity entity Jacana supports measures that are customer-focused and improve service levels.

10. *If the current EIP Code definition of 'interruption' is not appropriate in relation to GSLs and GSL payments, how could it be improved?*

As above.

Schedule 2 Generation services performance indicators

11. *Are the current Schedule 2 generation services performance indicators appropriate for current and future generators, including renewable energy and batteries, and why?*

While not a retail issue, as a retail electricity entity Jacana supports measures that are customer-focused and notes that reportable performance indicators assist in improving transparency.

12. *If the current Schedule 2 generation services performance indicators are not appropriate for current and future generators, including renewable energy and batteries, what indicators should the commission consider, and why?*

As above.

13. *Does the commission's direction issued on 20 November 2018 adequately address the identified issues, and why?*

No comment.

14. *Should generators be required to report to the commission in relation to performance and condition monitoring, and why?*

As above.

15. *Should it be decided generators are required to report to the commission in relation to performance and condition monitoring, what is an appropriate level of reporting, and why?*

As above.

Schedule 3 Network Services performance indicators

16. *Should network entities be required to report on the worst performing feeders, and why?*

Jacana supports measures that are customer-focused, noting that inclusion of reporting on feeders for worst performance by network providers would increase transparency and accountability.

17. *If network entities are required to report on the worst performing feeders, should a threshold for identifying problematic performance of individual feeders be used rather than the five worst feeders in each category, and why?*

As above.

18. *Should feeder performance be determined on SAIFI performance as well as SAIDI performance, and if so, how should this be done and why?*

As above.

Schedule 4 Retail services performance indicators

19. *Should Schedule 4 of the EIP Code include AER retail services performance indicators, where possible, or should all retail services performance indicators be Territory specific, and why?*

Jacana notes that comparison between the regions within the Northern Territory can result in distortion or inconsistencies due to the small market size. Directly comparing AER retail service performance indicators to each region in the NT does not provide an accurate indication of performance for comparative purposes. It is suggested that if AER retail service performance indicators are retained that the reporting is for the whole of Northern Territory regulated network.

20. *If Schedule 4 of the EIP Code includes AER retail services performance indicators, is it appropriate to simply reference the AER Guidelines or should these performance indicators be explicitly included in the EIP Code?*

Jacana notes that while reference to the AER Guidelines provides assistance that where matters are unclear or left to retailers to interpret that clear definitions in the EIP Code should be provided.

21. *If Schedule 4 of the EIP Code includes AER retail services performance indicators, are additional definitions, interpretation or clarifications required to improve the operation of the EIP Code (other than the ones discussed in this section of the Issues Paper)?*

As noted in question 1, it is suggested that definitions for customer and debt, particularly energy debt and hardship debt, could be provided. This would also facilitate and recognise that the Northern Territory electricity market is moving towards national standards. Jacana supports measures to align with the AER.

22. *If Schedule 4 of the EIP Code includes AER retail services performance indicators, should the date from which debt is calculated and the term 'debt' be defined in the EIP Code, and why?*

Providing dates for calculation in the definition would provide clarity. Jacana suggests that hardship debt could be defined to provide that the debt is the amount outstanding which provides a better indication of affordability. For energy debt, Jacana suggests that the debt is defined as being 90 or more days from the due date which is consistent with standard debt practice.

23. *If it is decided that the term 'debt' should be defined in the EIP Code, is it appropriate to define 'debt' as 'the amount owed to a retailer from the bill due date, regardless of how long it has been outstanding', and why?*

As noted above, Jacana's view is that energy debt should be 90 or more days from the due date as this is consistent with debt practice and credit cycles.

24. *If Schedule 4 of the EIP Code includes AER retail services performance indicators, are the current complaint categories adequate to capture sufficient detail regarding complaints, and why?*

Jacana notes that the category of 'other' is too large to provide a reliable indicator. Jacana is open to review of the complaints categories to improve reporting in this area.

25. *If the current complaint categories are not adequate to capture sufficient detail regarding complaints, what complaint categories should be used and what should they include?*

As noted above, Jacana is open to review of the complaints categories and is happy to engage with the Commission to recommend some alternatives.

26. *Should the EIP Code include the AER's 'smart meter' complaint category, and why?*

If this category is included in complaints it should be located in Schedule 3 and not in Schedule 4 for reporting. Meter ownership falls under network service providers and retail service providers rely on the information provided by network service providers and have no control over the data or service provided. Jacana Energy also suggests that AER requirements for smart meter complaints should also be extended to accumulation meters in the Northern Territory, given the number of meter installation, meter read and data provision errors experienced in the Northern Territory. Another performance metric for meters could be, for example, percentage of estimated meter reads.

27. *Is the current definition of 'residential customer' and 'small customer' in the EIP Code sufficient, and or does a definition of 'small business customer' need to be added, and why?*

Jacana suggests that providing the additional definition of small business customer would provide clarity and facilitate alignment with AER, and suggests a small business customer is defined as business customer consuming no more than 160MWh per annum with a large business being a business customer consuming more than 160MWh per annum.

28. *Should the EIP Code explicitly define the meter types to be reported as part of Schedule 4, and why?*

Unlike some jurisdictions in the NEM, Jacana is not able to choose a meter provider and is solely reliant on the network operator to install and provide all metering services. As a result, Jacana welcomes any additional measures to improve transparency around the performance of metering services provided by PWC, including further breakdowns of performance by meter type.

As noted in question 26, meters are installed and managed by the network service provider and retail service providers rely upon the information provided by the network service provider regarding meter types.

29. *Should the requirement to report customer by meter type continue to be a retail services performance indicator or should it be a network services performance indicator, and why?*

As noted above, the ownership of meters by the network services provider means that retail service providers are reliant upon the data provided by the network services provider. Jacana suggests that designated meter service provider (in the case of the Northern Territory, this is the network operator) is better placed to provide reports on customers by meter types.

30. *Should Schedule 4 of the EIP Code in relation to customer service performance be expanded to capture more than telephone responsiveness, and if so what additional performance indicators could be included?*

Including other indicators would provide a clearer indication of customer service. Jacana also provides customer service through additional channels which could be included as a reporting measure in some forms. Jacana would encourage further discussion around these metrics to ensure that they can be accurately tracked and reported.

Is it appropriate for electricity entities providing retail services to report on the number of customers segmented by region, customer type and consumption level, as part of Schedule 4 of the EIP Code, and why?

As noted in question 1 and question 19, it is the view of Jacana that a better comparison with AER and the NEM can be obtained by not segmenting into regions and providing reporting for the Northern Territory regulated market as a whole. The small number of customers in some regions means that the data is unreliable for comparative purposes as it is significantly affected by minor changes year to year (due to smaller standard deviation for example, only 1 or 2 customers in Tennant Creek can result in increased average debt levels).

31. *Should the EIP Code define a 'customer' for the purpose of reporting against Schedule 4 as a 'National Meter Identifier (NMI) connection point', and why?*

Jacana agrees that a definition of customer should be tied to a national meter identifier connection point and suggests that it should be further clarified to be 'active' connection points to exclude occupier or vacant sites (as these sites are not customers of a retailer).

32. *Should the EIP Code define the Darwin and Katherine regions for reporting segmentation purposes, and is the definition provided by the commission appropriate, and why?*

As previously stated at questions 1, 19 and 31, Jacana's view is that a better comparison with the AER can be obtained from reporting on the Northern Territory regulated network for retail services as a whole rather than through segmentation of regions within the Northern Territory due to the small size of regions. In addition, there is no direct relationship between distribution or generation for retail purposes.

33. *Are there any issues not already identified in this Issues Paper the commission should consider as part of the EIP Code review, and if so what should it consider and why?*

Jacana notes that in relation to reporting on debt, debt is held by an entity as a whole while the entity may be supplied with electricity at more than one NMI connection point. If debt held by one entity is split across multiple NMI connection points for reporting this can distort debt levels reported. It is suggested that debt is reported at Northern Territory level rather than by region.

C. Conclusion

Jacana would be pleased to provide further input into the review of the EIP Code through consideration of proposed amendments once available.

Thank you again for this opportunity to provide comments on the Issues Paper.

Please do not hesitate to contact Hannah Clee, Manager Legal and Compliance and Assistant Company Secretary on 8943 6514 should you wish to discuss the contents of this submission.

Yours sincerely,



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Jacana Energy