
LETTER OF TRANSMITTAL

The Hon Delia Lawrie, MLA
The Treasurer
Parliament House
DARWIN NT 0800

Dear Treasurer,

UTILITIES COMMISSION ANNUAL REPORT 2008-09

In accordance with the provisions of section 35 of the *Utilities Commission Act 2000*, I am pleased to provide you with the Annual Report of the Utilities Commission of the Northern Territory for the financial year ended 30 June 2009.

This report incorporates information regarding the work carried out by the Commission during the 2008-09 financial year under:

- the *Network Access Code*, in accordance with section 13(2) of the *Electricity Networks (Third Party Access) Act 2000*; and
- other relevant industry regulation Acts, specifically the *Electricity Reform Act 2000* and the *Water Supply and Sewerage Services Act 2000*.

As such, this Report also serves as an annual report on the Commission's activities under each of these other Acts.

I also draw your attention to section 35(2) of the *Utilities Commission Act 2000*, which requires that a copy of this Report be tabled in the Legislative Assembly within six sitting days of receipt.

Yours sincerely



Andrew Reeves
Utilities Commissioner
for the Utilities Commission
30 September 2009



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Glossary

“Contestable Customer”	means a customer classified by the <i>Electricity Reform (Administration) Regulations</i> as a contestable customer; contestable customers may choose their retail supplier where there is more than one supplier offering a service; from 1 April 2002 customers whose annual consumption of electricity is greater than 750MWh are classified as contestable customers
“CSOs”	means community service obligations
“EPO”	means Electricity Pricing Order
“Network Access Code”	means the <i>Electricity Networks (Third Party Access) Code</i> , which is a schedule to the <i>Electricity Networks (Third Party Access) Act 2000</i>
“Non-Contestable Customer”	means any customer other than a contestable customer
“NTMEU”	means the Northern Territory Major Energy Users group
“Power and Water”	means the Power and Water Corporation
“Regulatory Control Period”	means the period between major electricity network price reviews by the Commission, during which time the methodology used in regulating prices is held constant
“Regulatory Minister”	means the NT Government Minister with responsibility for the <i>Utilities Commission Act</i> ; during 2008-09, the Treasurer
“Ring-fencing Code”	means the NT Electricity Ring-fencing Code made by the Commission
“Standards of Service Code”	means the NT Electricity Standards of Service Code made by the Commission
“WSPO”	means Water and Sewerage Pricing Order

COMMISSIONER'S OVERVIEW

Year in Review

During the latter part of the year, changes were made to the makeup of the Commission with the departure of Mr Alan Tregilgas upon completion of his second term as Commissioner on 31 March 2009.

On 7 April 2009, the Treasurer announced a strengthened and expanded role for the Utilities Commission, with the appointment of a new Utilities Commissioner as well as 2 additional Associate Commissioners, including a regulatory expert, a technical systems specialist and an NT market expert.

On 8 April 2009, Mr Peter Caldwell was appointed as Acting Utilities Commissioner. On 23 June 2009, Mr Andrew Reeves and Mr Mike Robson were appointed as Associate Commissioners. Subsequently, on 30 July 2009, Mr Reeves was appointed as Utilities Commissioner with Mr Caldwell reverting to Associate Commissioner status.

The Commission's focus during the year was on:

- continuing the 2009 Regulatory Reset process and finalising the network price regulation arrangements to apply during the third regulatory control period commencing 1 July 2009;
- continuing the review of the Ring-fencing Code and developing and finalising amendments necessary to address some of the current regulatory deficiencies in the NT electricity market;
- undertaking the Commission's annual review of trends in the adequacy and security of the Territory's power system.

These and other activities undertaken by the Commission during the year are canvassed in the body of this Annual Report.

Coming Year's Work Program

In announcing the appointment of the new Utilities Commissioner in early August 2009, the Treasurer, as Regulatory Minister, also announced a reform program to strengthen regulatory oversight of the Territory electricity market and improve system reliability and performance.

The main elements of the Commission's work program over the coming year will be commencing the reform program:

- reviewing options for the implementation of full retail contestability in the Territory from 1 April 2010, including standard service contracts for small customers;
- reviewing options for retail prices oversight;
- reviewing the existing customer standards of service, including options for the introduction of a standards of service incentive scheme;
- reviewing system planning, performance monitoring and market operation arrangements; and

- reviewing the efficiency of the Power and Water Corporation's capital and maintenance program, including options for greater independent oversight of asset management and planning;

LICENSING

The Commission issues licences to persons wishing to carry on operations in the Territory's electricity supply, water supply and sewerage services industries, in accordance with the provisions of relevant industry regulation Acts.

Licences on issue

Electricity

On 1 July 2008, the Power and Water Corporation ("Power and Water") held four licences under part 3 of the *Electricity Reform Act*:

- system control (until superseded, surrendered or cancelled);
- retail (until superseded, surrendered or cancelled);
- generation (to 30 June 2010); and
- network (to 30 June 2020).

On 29 August 2008, the Commission agreed to amend Power and Water's electricity generation and electricity retail licences to refer to Power and Water's Indigenous Essential Services Program in place of the now obsolete Aboriginal Essential Services Program. The Commission also extended the coverage of Power and Water's network licence to include indigenous communities under the Indigenous Essential Services Program. Finally, to address concerns raised by Power and Water, the Commission also agreed that further variations be made to the network licence to make it explicit that the licensing requirements applying to regulated networks do not extend to non-regulated networks.

On 25 March 2009, the Commission agreed to a variation of Power and Water's electricity generation licence to update schedule 2 of the licence to reflect changes to generation plant capacities.

On 1 July 2008, independent power producer licences were also held by the following producers who do not participate fully in the electricity supply industry and instead generate electricity under contract for another generator:

- NGD (NT) Pty Ltd;
- Cosmo Power Pty Ltd;
- Central Energy Power Pty Ltd;
- Energy Resources of Australia Ltd;
- Landfill Management Services Pty Ltd; and
- Solar Power Stations Australia Pty Ltd.

An isolated system licence was also held by:

- Groote Eylandt Mining Company Pty Ltd.

There were no variations applied for or made to the terms and conditions of these licences during the year.

No applications for licences were received during the year.

Water and Sewerage

On 1 July 2008, Power and Water held the following licences under part 2 of the *Water Supply and Sewerage Services Act*:

- water supply (to 31 December 2027); and
- sewerage services (to 31 December 2027).

On 28 January 2009, the Commission agreed to a variation of Power and Water's water supply licence to correct errors identified by Power and Water in the coordinates identifying licence areas in schedule 2 of the licence and to remove clause 27 of the licence (in line with a similar variation to the sewerage services licence in August 2008).

There were no other variations applied for or made to the terms and conditions of these licences during the year.

No applications for licences were received during the year.

Exemptions and exclusions

Electricity

On 1 July 2008, the following exemptions were current under section 87 of the *Electricity Reform Act*:

- an exemption from the requirement for Alcan-Gove Pty Ltd to hold a licence with respect to its electricity operations in the township of Nhulunbuy; and
- an exemption from the requirement for installations defined as small scale renewable energy operations from the need to hold a licence.

A condition of the exemption from the need to hold a licence issued to Alcan-Gove Pty Ltd for its electricity operations in Nhulunbuy requires that the exemption be reviewed at three-yearly intervals. In February 2009, the Commission undertook an internal review and agreed that the exemption should be allowed to continue and reviewed again in three years time.

Water and Sewerage

On 1 July 2008, a general exemption from the need to hold a licence under the *Water Supply and Sewerage Services Act* for persons on-supplying water services within prescribed licence areas was in place.

There were no variations applied for or made to the terms and conditions of the exemption during the year.

No applications for exemptions were received during the year.

Monitoring of licence conditions

Both the *Electricity Reform Act* and *Water Supply and Sewerage Services Act* require licensees to lodge with the Commission an annual return containing the information required by the Commission by condition of the licence or by notice in writing.

While Regulation 4(1) of the *Electricity Reform (Administration) Regulations* and Regulation 2 of the *Water Supply and Sewerage*

Services Regulations both prescribe 1 August as the date by which the electricity, water and sewerage licence returns must be lodged, the Commission does not require the associated financial information to be lodged until 1 December at the latest.

During the year, Power and Water lodged returns with respect to the 2007-08 financial year for each of its licensed areas of operation. These licence returns included an audit of operations authorised by each licence and compliance with licence obligations, undertaken by an independent auditor, Ernst and Young.

Following the introduction of a strengthened Ring-fencing Code, on 30 January 2009, the Commission decided to grant Power and Water a further 12 months to address the non-compliance matters noted in compliance audit in the previous year, and accordingly, the technical breach notice issued in February 2008 was withdrawn.

For those entities for whom activities in the electricity supply industry are more limited, licence returns are not required to contain the same level of detail as those required from Power and Water.

During the year, the following licensees also lodged returns with respect to the 2007-08 financial year for their licensed areas of operation:

- NGD (NT) Pty Ltd;
- Cosmo Power Pty Ltd;
- Central Energy Power Pty Ltd;
- Energy Resources of Australia Ltd;
- Solar Power Stations Australia Pty Ltd;
- Landfill Management Services Pty Ltd; and
- Groote Eylandt Mining Company Pty Ltd.

No substantive issues arose as a consequence of these licence returns.

Licence fees

Both the *Electricity Reform Act* and *Water Supply and Sewerage Services Act* provide that annual licence fees are to be fees fixed from time to time by the Minister as an amount the Minister considers to be a reasonable contribution towards administrative costs.

All licence fees that were due to be received in 2008-09 were paid.

PRICE REGULATION

The Commission regulates certain prices in the monopoly sectors of the Territory's electricity supply industry in accordance with relevant industry regulation Acts. The Commission does not have an equivalent role in the Territory's water supply and sewerage services industries.

Electricity networks

The *Network Access Code* specifies the price regulation framework to be observed by the Commission and by the network service provider when setting the prices to be paid by network users for the conveyance of electricity through the electricity network.

In the second regulatory control period, which commenced on 1 July 2004, the Commission adopted a price cap methodology, in which a weighted average tariff basket is adjusted annually by an externally-determined price cap escalation factor.

2009 Regulatory Reset

In the lead-up to the commencement of the third regulatory control period (the five-year period commencing 1 July 2009), the Code requires the Commission as regulator – in consultation with interested parties – to review the network price regulation methodology used in the second regulatory control period, with a view to modifying the methodology as appropriate.

During the previous year, the Commission determined the price control mechanism to apply in the third regulatory control period.

The Commission decided that the Price Control Mechanism to apply in the third regulatory control period from 1 July 2009 to 30 June 2013 will be a price cap applied to a 'tariff basket' representing the weighted average of each year's network access tariffs for standard control services, with the allowed year-on-year movement in the tariff basket to be determined by a CPI minus X control.

The Commission also decided that Power and Water's network costs and revenues at the end of the second regulatory control period are to be subject to a one-year ex-post building block assessment to determine whether a once-off adjustment (termed a "Po adjustment") is warranted in order to align efficient costs and revenues for standard control services.

The procedural approach being adopted by the Commission for the purposes of the 2009 Regulatory Reset follows, to the maximum extent possible under the NT Code and consistent with the Final Decision, the procedures set out in the *National Electricity Rules* for arriving at a Final Determination, in order to achieve consistency with procedural practice now evident elsewhere in Australia in the regulation of electricity distribution networks.

*Application of
Price Control
Methodology*

This approach requires that Power and Water submit a 'regulatory proposal' which must include (but is not limited to) proposals in relation to all elements specifically required under the Commission's Final Price Mechanism Decision.

On 24 July 2008, the Commission issued an interim approval of the network services classification proposed by Power and Water for the third regulatory period. This interim approval gave Power and Water a reasonably firm basis on which to develop its Regulatory Proposal, while allowing the Commission to consider any submissions received in response to the interim approval and any further developments at the national level on these issues.

In August 2008, in accordance with the Commission's Price Control Mechanism Decision, Power and Water submitted its Initial Regulatory Proposal for the third regulatory period.

In October 2008, the Commission published its Initial Draft Determination. This paper presented the Commission's initial analysis and views on whether or not it proposed to approve Power and Water's initial regulatory proposal and, if not, what revisions it proposed to require before a revised regulatory proposal could be approved by the Commission. The Initial Draft Determination was published in conjunction with the recommendations from the Commission's advisers and a revised Po adjustment model.

Submissions on the Initial Draft Determination were received from two interested parties – Power and Water and NTMEU.

In December 2008, the Commission published its Draft Determination, reflecting the Commission's consideration of issues raised in submissions on the Initial Draft Determination.

In January 2009, Power and Water submitted its Revised Regulatory Proposal for the third regulatory period.

In accordance with the Commission's Price Control Mechanism Decision, the regulatory proposal included, in relation to standard control services:

- a proposed Po adjustment factor calculated using the Commission's Po adjustment model;
- a draft Network Pricing Principles and Methods Statement to apply to the setting of individual prices; and
- for the regulatory year commencing 1 July 2009, indicative Network Tariff Schedules consistent with all other elements of the regulatory proposal;

and, in relation to the proposed Po adjustment factor and the initial pricing proposal:

- details of all amounts, values and inputs relevant to the calculation;
- an explanation of the calculation and the amounts, values and inputs involved in the calculation; and
- a demonstration that each calculation, and the resultant amounts, values and inputs on which it is based, comply with

relevant requirements of the Final Price Control Mechanism Decision.

The regulatory proposal also included a proposed control mechanism for alternative control services. As Power and Water did not identify any negotiated network services, no negotiating framework was required.

**Network
Pricing: Final
Determination**

On 31 March 2009, the Commission made its final determination regarding the prices to be charged for access to prescribed electricity networks operated by the Power and Water Corporation during the five-year period commencing 1 July 2009.

The effect of the determination was that, on average, network access prices were to escalate annually in line with the consumer price index less an X factor of -0.85%, subject to no individual network user's tariff escalating by more than the consumer price index plus 2%.

In addition, the Commission determined that a once-off adjustment (termed a "Po adjustment") of 13.1% was warranted in order to align efficient costs and revenues for standard control services.

As part of the Final Determination, the Commission also approved:

- the Pricing Principles and Methods Statement setting out the pricing principles and methods that Power and Water proposes to apply when establishing the reference tariffs to apply to individual network access tariffs;
- the framework for negotiating discounted network tariffs (included in the Pricing Principles and Methods Statement);
- the statement setting out the capital contributions policy to be applied during the third regulatory period;
- the pricing rule element of the control mechanism for 'fee-based services' types of alternative control services as proposed by Power and Water in its RRP; and
- the pricing rule element of the control mechanism for 'quoted services' types of alternative control services as proposed by Power and Water in its RRP.

**Network
Tariffs**

On 25 May 2009, the Commission approved the reference tariffs and charges for standard network access services to apply during the 2009-10 financial year.

Power and Water made some changes in the tariff structures of the 2009-10 tariffs to begin to introduce, over time and within the allowable side constraints, a Northern Territory wide tariff rather than the separate schedules for each of the regulated networks – Darwin-Katherine, Alice Springs and Tennant Creek – that are currently applied.

**Distribution
System
Extension
Charges**

Section 86 of the *Electricity Reform Act* provides that the Minister may, from time to time, declare an area to be an electricity supply distribution extension area. The owner of each parcel of land within the distribution extension area is liable to pay to the electricity entity licensed to sell to non-contestable customers in the area, a financial

contribution towards the cost of extension of electricity supply in the area.

This financial contribution is an amount that must be approved by the Commission as the owner's reasonable share of the capital contribution required by the network service provider, with the capital contribution determined in accordance with the capital contribution principles set out in part 3 of the *Network Access Code*.

The charges that applied during 2008-09 are those approved by the Commission with effect from 1 July 2006, which continue until superseded.

Retail prices paid by contestable electricity customers

Retail electricity prices paid by contestable customers are subject to negotiation between these customers and their chosen supplier.

Retail prices paid by non-contestable electricity customers

Electricity Pricing Orders

Retail electricity prices paid by non-contestable customers, whether residential or commercial, are regulated directly by the Government. The Government exercises its control over prices via an Electricity Pricing Order ("EPO") made under section 44 of the *Electricity Reform Act*.

The Commission is required to enforce compliance with the EPO as if the EPO were a determination of the Commission under the *Utilities Commission Act*.

On 1 July 2008, an EPO was in effect that set the maximum retail prices for electricity and related services supplied to non-contestable customers by Power and Water. On 25 June 2009, this EPO was superseded by the making of a new EPO by the Regulatory Minister effective from 1 July 2009. The new EPO set a price path for increases in electricity prices to non-contestable customers through to 30 June 2013, with prices increasing by 18% in the first year, a further 5% in the second year and then in line with the CPI in the two subsequent years.

On 1 July 2008, an EPO was also in effect applying to the fourth tranche of contestable customers (who use between 750 MWh and 2 GWh of electricity per annum) whose prices remained below cost-reflective levels. On 25 June 2009, this EPO was superseded by the making of a new EPO by the Minister effective from 1 July 2009. The pricing order regulates the maximum price that can be charged to relevant customers until 30 June 2013. The new EPO allows Power and Water to increase prices by 18% in the first year, a further 5% in the second year and then in line CPI in the two subsequent years.

Community Service Obligations

Under section 6(g) of the *Utilities Commission Act*, the Commission also has the function of advising the Regulatory Minister on any matter referred to the Commission by the Minister. From time to time, at the Minister's request, the Commission has reviewed the

amounts of, and methods for setting, the community service obligations (“CSOs”) payable to Power and Water. During 2008-09, no requests were received from the Minister to review the CSOs payable to Power and Water.

On-supply of electricity pricing guidelines

On-supply of electricity is governed by the *Electricity Reform (Administration) Regulations* under the *Electricity Reform Act*. The Regulations define an on-supplier as a person who:

- is the owner or occupier of premises or has the right to use premises; and
- supplies and sells electricity for use in the premises (e.g., caravan parks, shopping centres, serviced apartments).

Under the Regulations, an on-supplier is exempt from the requirement to hold a licence authorising the sale of electricity, provided they comply with certain pricing restrictions. They also empower the Commission to issue guidelines for the administration of the regulation.

As the Commission has not yet received any inquiries from on-suppliers or end-users or NT Treasury seeking guidance regarding on-supply matters and acknowledging the possible risk associated with promulgating guidelines ahead of discussion with affected parties, the Commission deferred finalisation of such guidelines until the particular circumstances and issues facing on-suppliers and/or end-users are raised with the Commission.

Wholesale generation prices

Recognising the pricing implications that can arise from contestable markets being supplied by a sole supplier, the Government has previously approved the introduction of prices oversight by the Commission of Power and Water’s electricity generation business. The objective of this prices oversight was to ensure that individual contestable customers pay no more than the reasonable costs of wholesale electricity.

However, in practice, pricing decisions by Power and Water’s retail business have the effect of overriding any wholesale generation price that has been subject to price monitoring.

In August 2009, the Government approved a reform program to strengthen regulatory oversight of the water, sewerage and electricity industries. Included in this work program is the development of an effective retail price oversight framework for contestable customers and associated reporting and disclosure arrangements.

System imbalance charges

Under the *Network Access Code*, the Commission oversees prices paid (or received) by third-party generators when purchasing (or selling) any mismatches between the energy generated by such

generators and the load attributable to end-use customers supplied by these generators.

Following revisions to the *Network Access Code* that took effect on 1 July 2001, in May 2002 the Commission accepted Power and Water's proposed economic dispatch arrangements pursuant to clause 85 of the Code. The Commission continues to defer further development of economic dispatch arrangements predominantly on the basis of the lack of generation competition in the Territory.

System control charges

The *Electricity Reform Act* requires the Commission to approve charges imposed by the power system controller.

The charges that applied during 2008-09 are those approved by the Commission with effect from 1 July 2004, which continue until superseded.

Pricing of ancillary services

Regulation 3 of the *Utilities Commission Regulations* grants the Commission authority to determine prices relating to the provision of ancillary services in the electricity supply industry.

The Commission has deferred further development of the pricing for ancillary services until the prospects of generation competition re-emerge in the Territory.

Pricing of water supply and sewerage services

Water and Sewerage

Water supply and sewerage services prices are regulated directly by the Government. Section 60 of the *Water Supply and Sewerage Services Act* provides for prices to be controlled by the Government via a Water and Sewerage Pricing Order ("WSPO") similar to the arrangements applying with respect to non-contestable customers in the electricity supply industry.

The Commission is required to enforce compliance with the WSPO as if the WSPO were a determination of the Commission under the *Utilities Commission Act*.

On 1 July 2008, a WSPO was in effect that set the maximum retail prices for water supply and sewerage services and related services supplied to customers by Power and Water.

On 25 June 2009, this WSPO was superseded by the making of a new WSPO by the Minister effective from 1 July 2009. The new WSPO set a price path for increases in water and sewerage prices through to 30 June 2013, with prices increasing by 20% in each of the first three years and then in line with the CPI in the final year.

CONDUCT REGULATION

The Commission is assigned a variety of roles when it comes to setting, approving and enforcing codes and rules aimed at ensuring appropriate types of conduct by licensed or regulated entities in the Territory's electricity, water and sewerage services industries.

Network Access Code

Third-party access to the services provided by prescribed electricity networks in the Northern Territory is currently governed by the *Network Access Code* which is a schedule to the *Electricity Networks (Third Party Access) Act*.

Review of Network Access Code

In 2003, the Commission reviewed the *Network Access Code's* effectiveness in facilitating competition and the use of networks by electricity generators and retailers, and preventing the exercise of market power by the owners/operators of electricity networks, pursuant to section 8(3) of the Act.

While recommendations dealing with the price regulation provisions of the Code contained in the Commission's final report were previously accepted, the Government's response to the remaining (non-pricing) recommendations has now been overtaken by a NT Treasury review of regulatory arrangements in the NT electricity supply industry.

NT Treasury Review of Electricity Regulatory Framework

The NT Treasury's ongoing review of regulatory arrangements in the NT electricity supply industry continued during 2008-09.

However, in September and October 2008, residents in Darwin's northern suburbs experienced a series of lengthy power outages initially triggered by an explosion at an electricity substation. Informed by the findings of subsequent inquiries into the reliability of the power system and Power and Water's financial capability going forward, together with a continuing lack of competition in the market, the NT Government has deferred consideration of adoption of the national framework for electricity while a reform program to strengthen regulatory oversight of the electricity industry is undertaken.

Ring-fencing Code

An NT Electricity Ring-fencing Code developed and published by the Commission took effect on 1 July 2001 (with subsequent amendments in January 2002). The Ring-fencing Code aims at ensuring that monopoly businesses in regulated industries affiliated to contestable businesses do not discriminate against a competitor of that affiliated business, or financially or competitively advantage that affiliated business to the detriment of a competitor of that affiliated business. The Commission may at any time vary or revoke the Code in accordance with section 24 of the *Utilities Commission Act*.

Procedures under the Ring-fencing Code

Under the Ring-fencing Code, Power and Water is required to develop, in conjunction with the Commission, accounting, cost allocation and information procedures designed to ensure compliance with its obligations under the Code.

In March 2006, the Commission decided to extend the current approvals of these Procedures, thereby postponing reviews of the Procedures under the Ring-fencing Code to a date to be determined.

Review of Ring-fencing Code

During 2006-07, the Commission made an in-principle decision to review the NT Electricity Ring-fencing Code, against the background of the Government's review of regulatory arrangements in the NT electricity supply industry.

During 2007-08, following consultation with stakeholders, the Commission confirmed its earlier in-principle decision to undertake a comprehensive review of the NT electricity ring-fencing code and commenced public consultation on the form of a revised ring-fencing code. The Commission proposed that it revoke the existing Code in its entirety, and promulgate a new version of the Code.

Draft Code

In May 2008, in accordance with clause 7.5 of the Code, the Commission released a proposed Draft Code.

Submissions were received from two interested parties – Power and Water and NT Treasury.

In August 2008 following receipt of submissions on the May Draft and given that significant matters were being raised, the Commission decided to release a further draft for comment rather than going straight to a final decision.

A "Revised Draft Code" was released, accompanied by a paper that recapitulated the rationale that lay behind the draft Code and explaining the positions that the Commission had taken on the contentious issues.

Submissions were received from two interested parties – Power and Water and NTMEU.

Final Code

On 1 December 2008, the Commission promulgated the third version of the NT Electricity Ring-fencing Code which took effect from 1 January 2009.

The main additional obligation imposed by version 3 of the Code is that:

- the terms and conditions on which certain nominated goods and services are provided by a monopoly business unit of Power and Water to a related contestable business unit of Power and Water must be reduced to writing;
- a copy of those terms and conditions must be provided to the Commission by 30 June 2009; and
- Power and Water must also offer to supply the same type of nominated goods and services to a competitor of the related contestable business unit on comparable terms.

**Ring-fencing
Guidelines**

On 23 June 2009, the Commission agreed to a request from Power and Water for an extension to 30 September 2009 for the finalisation of the related party terms and conditions.

On 25 February 2009, the Commission released Ring-fencing Guidelines setting out the Commission's views relating to the application or interpretation of, or matters arising under, the Code.

Regulatory accounts

Following Power and Water's network tariff submission in April 2007, a discrepancy was identified between regulated network revenue for 2004-05 and 2005-06 derived from the price and quantity data provided, and the regulated network revenue reported as part of the Regulatory Accounts.

While the Commission initially took the view that the reconciliation between the two data sets is best achieved as part of the 2009 Regulatory Reset, changes in data management systems meant that this could not be achieved.

Accordingly, in March 2009 the Commission qualified its earlier acceptance of the regulatory accounts for these years, advising that, in light of additional information received in the context of Power and Water's annual network tariff submissions, the Commission could no longer be satisfied that revenue aspects of the Regulatory Accounts for 2004-05 and 2005-06 meet the necessary requirements, namely clause 2.1(d) of Schedule 2 of the Ring-fencing Code which requires that "the resultant financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions and events is reported."

The Commission was satisfied, however, that the problem has been rectified for the regulatory accounts for subsequent years.

STANDARDS OF SERVICE REGULATION

The Commission is assigned a role by the *Electricity Reform Act* in both ensuring that the standards of service for non-contestable customers in the electricity supply industry do not fall below minimum levels and, in some circumstances, in reviewing and revising such minimum standards. The Commission does not have an equivalent role in the Territory's water supply and sewerage services industries.

Standards of service obligations

Under section 92 of the *Electricity Reform Act*, the standards of service applicable in the year prior to commencement of the Act are the minimum standards to be observed by suppliers to non-contestable customers. The Commission is also empowered to review these minimum standards taking into account, among other things, relevant national benchmarks of service for non-contestable customers.

Standards of Service Code

The Commission released the NT Electricity Standards of Service Code in December 2005, to take effect from 1 January 2006.

The Code applies only to the Power and Water Corporation for the foreseeable future.

The objectives of the Code are to:

- establish minimum standards of reliability, quality and customer service in the NT electricity supply industry;
- develop, monitor and enforce compliance with and promote improvement in standards and conditions of service and supply by Power and Water; and
- require that Power and Water has in place arrangements which regularly report actual service performance against the key service performance indicators in terms of reliability, quality and customer service.

The Code establishes a process by which Power and Water is to set certain minimum standards of service benchmarks to be approved by the Commission. The Code also requires the reporting of actual standards of service against each of the benchmarks, commencing after the end of each financial year from 2005-06.

Establishment of minimum standards of service

Minimum Standards

The Standards of Service Code establishes a process by which Power and Water is to set certain minimum standards of service benchmarks for both its regulated network services and its non-contestable electricity supply services.

The Code requires Power and Water to develop minimum standards for reliability, quality and customer service and submit these for

approval to the Commission. Initial minimum standards were approved on 19 July 2006.

On 30 June 2009, the Commission extended its approval of the initial minimum standards to 30 June 2011.

Compliance with minimum standards of service

The Commission has the responsibility to monitor licensees' compliance with the minimum standards of service.

Pursuant to clause 8.1 of the Standards of Service Code, Power and Water must as soon as is practicable after the end of each financial year (and no later than four months after that date) report to the Commission as to the actual standards achieved in that year with respect to each of the key service performance indicators nominated in Schedule 1 to the Code. Once Power and Water has reported to the Commission on actual standards of service attained during the financial year, the Commission publishes a performance report.

2007-08 Performance Report

In December 2008, the Commission released its annual report of Power and Water's Standards of Service Performance for 2007-08, pursuant to the Code. The Commission's compliance report concentrated on providing a general overview of performance and a closer look at those performance indicators that involve a second successive year breaching the minimum standard set for the performance indicator.

Overall, the Commission considered that while there remain some areas where Power and Water is having difficulty in meeting the set minimum standards, Power and Water's performance in 2007-08 was an improvement over the previous year. After adjusting for the severe interruption effect of Cyclone Helen, Power and Water displayed consecutive breaches in 3 of the 49 minimum standards.

However, the Commission continues to be concerned that in a number of areas Power and Water only just manages to achieve the minimum standard, leaving little room for the normal year-to-year variations in performance.

Casuarina Outages

The 2007-08 report did not cover the series of power outages that occurred in the vicinity of the Casuarina Zone Substation, subsequent to the end of the 2007-08 reporting period in September and October 2008.

In December 2008, following the raising of the issue of compensation payments to affected consumers by the Minister for Essential Services in the Legislative Assembly, the Commission provided advice to the Treasurer, as Regulatory Minister, on the nature and level of possible 'guaranteed service level' (GSL) payments to customers affected by the power outages.

The Commission advised that, under current legislation the Commission is not empowered to develop and implement a GSL scheme, but rather responsibility for establishing a GSL scheme in the Northern Territory lies with the Government.

The Commission put forward two options for providing the necessary authorities:

- the making of a regulation under the Electricity Reform Act to establish a GSL regime applying to the electricity supply industry in the Northern Territory; or
- the development and promulgation of an industry code to establish a GSL regime in the Northern Territory, in a similar manner to the arrangements in Queensland.

Once such rules were made, the Commission could be charged with administering those rules.

If the Government wished customers significantly affected by the Casuarina power outages in September and October 2008 to receive a measure of compensation from Power and Water, the Commission recommended that this be based on the Australian Energy Regulator's (AER) Guaranteed Service Level (GSL) scheme:

On this basis, the Commission recommended that the payment amount for each qualifying customer be the greater of the following amounts:

- \$80 for each single unplanned interruption that was at least 12 hours in duration; and
- \$125 if the total duration of unplanned interruptions exceeded 20 hours.

The Government accepted the recommendations, and Power and Water is understood to have made ex gratia payments to customers affected by the interruptions through electricity account rebates.

TECHNICAL REGULATION

Power system monitoring

Under section 45 of the *Electricity Reform Act*, the Commission is required to undertake an annual review of prospective trends in the capacity and reliability of the Territory's power system, and to submit a report to the Regulatory Minister. The Commission undertakes the function in the absence of a separate technical regulator in the Territory or a government department with similar functions.

Annual Power System Review

In March 2009, the Commission released its annual Power System Review, reporting on the prospects for system capacity and system load, as well as on the domestic gas supply outlook in the Territory.

This year's Power System Review addressed certain network planning and reliability issues and updates the Commission's assessment of the adequacy of generation capacity and gas supplies over the medium term to 2011-12, and the longer term to 2017-18.

Generation capacity

The assessment of generation capacity adequacy over the medium term depends critically on the reserve standard that is applied.

In the Darwin-Katherine regulated system, both under the Commission's high and low demand growth scenarios, the Commission has forecast significant shortfalls in capacity. The service provider has advised it is investing in generation capacity to avoid such shortfalls.

In the Alice Springs regulated system, both under the Commission's high and low demand growth scenarios, capacity is adequate at the beginning of the period, however the reserve margin is fully eroded by 2015-16.

Existing generation capacity in Tennant Creek remains adequate over the medium term period.

Gas supply outlook

Gas availability in the medium term remains adequate but continues to be stretched until the first supply of gas from the Blacktip field becomes available.

The first supply of gas from the Blacktip field was targeted to be available for electricity generation on 1 January 2009. However, delays have been encountered during the construction of the gas plant at Wadeye, and this has put the completion of the project behind schedule.

To reduce its exposure to diesel consumption, during 2007-08 Power and Water entered into a contract with ConocoPhillips to receive supplementary gas from the Bayu-Udan gas field, via the Darwin LNG facilities at Wickham Point.

The Commission's March 2009 power system review for 2008-09 reported that supplies under the existing gas contracts were expected to be insufficient to meet Power and Water's gas supply

requirement, and use of diesel was expected to be necessary particularly to meet intra-day peaks. The need to use diesel was to be mitigated by supplies made available on a 'reasonable endeavours' basis by the Amadeus gas producers, and a contingency gas supply contract was signed with ConocoPhillips for gas from the Bayu-Undan LNG plant. For 2009-10, the contract quantities scheduled to be available under the Blacktip agreement were expected to be adequate to meet gas supply requirements, provided supply matched contract quantities.

The Commission estimated that projected gas requirements would marginally exceed the contract quantities available under the Blacktip agreement, under both the high and low growth scenarios. However, the Commission noted that the projected shortfall could be somewhat alleviated if Power and Water's average plant efficiency improved with the commencement of the new Weddell and Owen Springs power stations.

Subsequent information indicates that with investment (past and planned) by Power and Water in higher efficiency plant, there is unlikely to be any shortage of gas for Power and Water's generation requirements for at least the next few years, once Blacktip supply commences.

Network Reliability

The management of power system reliability has been given specific focus by the supply interruptions customers experienced in September and October 2008 as a result of events at the Casuarina substation, and the subsequent findings and conclusions of the Davies Report.

As part of this year's Review, the Commission asked Power and Water to respond to a NEM-style request for information on its network planning methods and asset capacity. In response, Power and Water provided its 2009 Network Planning and Reliability Report, which was published in conjunction with the Review.

System Control Technical Code

Section 38 of the *Electricity Reform Act* requires the power system controller to prepare a system control technical code and submit it for approval to the Commission. This code sets out the controller's competitively-neutral operating protocols, arrangements for system security and system dispatch, as well as arrangements for the interruption of supply.

Such a Code was approved on 30 June 2008 for use for a period of 5 years until 30 June 2013, with Power and Water being required to review the effectiveness of the Technical Code prior to that date and advise the Commission of the outcome of the review.

The approved code was not amended during the year.

Network Technical Code

Clause 9(2) of the *Network Access Code* requires Power and Water to prepare and make publicly available a network technical code and

network planning criteria. Such a code (and associated criteria) was finalised during 2000.

The approved code was not amended during the year.

Energy Loss Factors Code

The Energy Loss Factors Code, published in April 2006, sets out the high-level principles underlying the calculation of energy loss factors. Any number of methodologies and approaches could be consistent with these principles and the Code thus allows the network service provider to choose from among them in a way that makes most sense in the circumstances.

Section 4.1 of the Code requires that, within three months after the commencement of the Code, the network service provider must submit to the Commission for approval a draft calculation methodology for determining energy loss factors for the financial year commencing 1 July 2006 and each year thereafter. Such a methodology was approved on 19 July 2006.

The approved methodology was not amended during the year.

Water Metering Code

Section 72 of the *Water Supply and Sewerage Services Act* requires the licensee to develop and publish a code setting out the arrangements and conditions for installing, testing, verifying and replacing meters owned by the licensee and submit it for approval to the Commission. Such a code was approved on 19 July 2006.

The approved code was not amended during the year.

Trade Waste Code

Section 83 of the *Water Supply and Sewerage Services Act* requires the licensee to develop and publish a code setting out the conditions under which the licensee will approve trade waste being discharged into the licensee's sewerage services infrastructure. A trade waste code must be approved by the Commission. Such a code was approved on 10 December 2001.

The approved code was not amended during the year.

COMPETITION OVERSIGHT

While there are natural limits on the capacity of the Commission to foster competition, it has some residual functions and powers that enable it to monitor competition and suggest market improvements. The principal role the Commission can play in this regard is to ensure that it exercises its functions and powers in regulated monopoly sectors in ways that facilitate competition in contestable sectors upstream and downstream of those monopoly sectors.

In addition, under section 6(b) of the *Electricity Reform Act*, section 10(a) of the *Electricity Networks (Third Party Access) Act* and section 6(b) of the *Water Supply and Sewerage Services Act*, the Commission has the function of advising the Regulatory Minister on the operations of the respective Acts.

Competition in the NT electricity market

From time to time, various parties (both contestable customers and potential market entrants) have raised concerns with the Commission in relation to perceived deficiencies in the present electricity market and regulatory environment in the Northern Territory. These include:

- generation and retail barriers to entry directly associated with Power and Water's vertical integration; and
- the lack of regulatory oversight in the 'contestable' market segments in the absence of any alternative supplier to Power and Water.

Deferral of tranche 5 of contestability

In February 2008, the NT Government announced its decision to defer contestability for customers consuming between 160 and 750 MWh per annum, who were due to become contestable from 1 April 2008.

Contestability having been deferred until 2010, the Commission has been asked by the Treasurer to review further extension of contestability. The Commission is scheduled to report on this by 31 December 2009.

Contestability status

The *Electricity Reform (Administration) Regulations* provide that a customer's status as a contestable customer may be revoked in some circumstances.

A customer must apply to Power and Water for revocation of contestability status in the first instance, but may apply to the Commission for a review of Power and Water's decision where such an application has been refused.

During 2008-09, the Commission received no such applications for review.

*Market
information*

Provision of information

In August 2008, the Commission published market information on the size and composition of the Territory's electricity supply industry, with respect to 2007-08.

Investigating complaints

Under section 48 of the *Electricity Reform Act*, the Commission is obliged to investigate complaints against any electricity entity made on the grounds that the entity is engaging in conduct that is contrary to the objects of that Act or the *Utilities Commission Act*. Such objects include promoting efficiency and competition in the electricity supply industry.

No formal complaints were lodged with the Commission in 2008-09.

The Commission has been active in using – and intends to continue to use – its 'good offices' with all parties to facilitate supply being arranged on reasonable terms.

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APPENDIX 1

BACKGROUND INFORMATION ON THE COMMISSION

Establishment of the Commission

The Utilities Commission was established at the commencement of the *Utilities Commission Act* on 21 March 2000, and charged with administering economic regulation in nominated industries in the Territory.

Independence and accountability of the Commission

While established as a separate administrative unit within the NT Treasury, the Commission has specific statutory powers and undertakes its considerations independently of Treasury.

The independence of the Commission from the Government, and from any government-owned business operating in industries regulated by the Commission, is achieved by provisions in the *Utilities Commission Act* requiring that:

- the Commission not be subject to Ministerial direction in the performance of its regulatory functions; and
- members of the Commission be appointed for a fixed term and only subject to dismissal before the end of that term on account of misconduct or incapacity.

This independence does not deem the Commission unaccountable. There are several mechanisms in place in the *Utilities Commission Act* that require consistent, effective and accountable regulation on the part of the Commission.

The *Utilities Commission Act* places certain requirements and obligations on the Commission with regard to the regulatory processes it adopts. These requirements aim to ensure regulatory accountability through transparency and public disclosure of regulatory processes as well as the basis of regulatory decisions and reasonable certainty and consistency over time of the outcomes of regulatory processes.

The *Utilities Commission Act* also provides that an affected party can request a review of a decision of the Commission. An affected person may subsequently appeal the outcome of such a review to the Supreme Court. Such appeals may only be made on the grounds that there has been bias, or that the facts on which the decision is based have been misinterpreted in a material respect.

When deciding on determinations or approvals, or when making codes or rules under the *Utilities Commission Act*, the Commission is required to consult with the Regulatory Minister and representative bodies and participants in the regulated industry that the Commission considers appropriate. All decisions by the Commission are required to include a summary of the information on which the determination is based and a statement of the reasons for making the decision.

Under the *Utilities Commission Act*, any information gained by the Commission that could affect the competitive position of a licensed entity or other person, or is commercially sensitive for some other reason, is to be treated as confidential information. Any person performing a function under the *Utilities Commission Act*, or any relevant industry regulation Act, would be guilty of an offence were such information disclosed otherwise than as authorised under a relevant Act.

Powers and functions of the Commission

The *Utilities Commission Act* sets out the Commission's main functions as well as the powers that the Commission may exercise in performing those functions. The key regulatory functions of the Commission in regulated industries (provided for in section 6 of the Act) include:

- to regulate prices charged by government monopoly businesses and regulated industries;
- to perform licensing functions;
- to develop, monitor and enforce compliance with, and promote improvement in, standards and conditions of service and supply;
- to make, and to monitor the operation of, codes and rules relating to the conduct or operations of a regulated industry or licensed entities; and
- to investigate and help resolve complaints relating to the conduct or operations of licensed entities.

In exercising its overall powers and carrying out its functions, the *Utilities Commission Act* obliges the Commission to have regard to the need:

- to promote competitive and fair market conduct;
- to prevent the misuse of monopoly or market power;
- to facilitate entry into relevant markets;
- to promote economic efficiency;
- to ensure consumers benefit from competition and efficiency;
- to protect the interests of consumers with respect to reliability, quality and safety of services and supply;
- to facilitate the maintenance of the financial viability of the industry; and
- to ensure an appropriate return on regulated assets.

The *Utilities Commission Act* only defines the Commission's overall functions and powers. Specific responsibilities of the Commission with respect to a particular industry are assigned to the Commission by provisions in relevant industry regulation Acts.

The relevant industry regulation Acts applying to the electricity supply industry are:

- the *Electricity Reform Act*; and
- the *Electricity Networks (Third Party Access) Act*.

In particular, the Territory's electricity network industry is declared to be a regulated industry (and the Commission assigned the role of regulator) by the *Electricity Networks (Third Party Access) Act*, and the Territory's electricity supply industry more generally is declared to be a regulated industry under the *Electricity Reform Act*.

The relevant industry regulation Act applying to the water supply and sewerage services industries is the *Water Supply and Sewerage Services Act*, which came into effect on 1 January 2001. That Act and its associated regulations require and allow the Commission to undertake certain regulatory functions in the Territory's water supply and sewerage services industries for the provision of those services within a sole provider model.

Related regulatory entities

The Commission undertakes its regulatory functions in the Territory's regulated industries in conjunction with other regulatory entities, notably:

- the 'Regulatory Minister', currently the Treasurer;
- the Safety Regulator – part of NT Worksafe, located in the Department of Employment, Education and Training – who has responsibility under the *Electricity Reform Act* for monitoring and enforcing safety standards, and for establishing and enforcing safety-related standards for electrical equipment;
- the Chief Health Officer – located in Territory Health Services – who has responsibility under the *Water Supply and Sewerage Services Act* for monitoring and enforcing certain standards with respect to the water and sewerage industries; and
- the NT Ombudsman, who continues to have responsibility for investigating complaints from non-contestable electricity, water supply and sewerage services customers.

Membership of the Commission

On 1 July 2008, the Commission was composed of a single member, Mr Alan Tregilgas. Mr Tregilgas' second five year term as Commissioner expired on 31 March 2009.

On 7 April 2009, the Treasurer announced:

- A strengthened and expanded role of the Territory's industry regulator, the Utilities Commission
- Appointment of a new Utilities Commissioner as well as 2 additional Associate Commissioners, including a regulatory expert, a technical systems specialist and an NT market expert

On 8 April 2009, Mr Peter Caldwell was appointed as Acting Utilities Commissioner. On 23 June 2009, Mr Andrew Reeves and Mr Mike Robson were appointed as Associate Commissioners. Subsequently, on 30 July 2009, Mr Reeves was appointed as Utilities Commissioner with Mr Caldwell reverting to Associate Commissioner status.

All perform their roles on a part-time basis.

Mr Andrew Reeves also serves on the Board of the Australian Energy Regulator. He was appointed as the part-time State/Territory member for a five year term in July 2008.

Mr Reeves was the Tasmanian Energy Regulator from 1 July 1998 until July 2008, responsible for licensing, price determination and technical regulation of the Tasmanian electricity supply industry. Prior to that, he had 12 years experience in the Tasmanian public service, primarily in senior positions in minerals and energy. He has particular experience in economic regulation of infrastructure, the development and regulation of major mineral and energy resources, extensive experience in negotiation with private and government sectors and in community consultation. From 1996 to 2005 he was an ex officio Associate Commissioner of the Australian Competition and Consumer Commission (Energy Division).

Mr Reeves has a primary degree in engineering (BE (Hons)) from the University of Queensland and postgraduate studies in Business Administration and Resource Economics.

Mr Mike Robson accepted a role as an Associate Utilities Commissioner with the Utilities Commission after more than 11 years with the National Electricity Market Management Company (NEMMCO).

Mr Robson is an engineer whose career spans 40 years in the electricity industry in South Australia, Germany and Victoria, with initial roles in generation and transmission control and protection, energy management and computer systems development. This early experience led to corporate roles associated with restructuring the Victorian electricity industry and creation of the Victorian Power Exchange, followed by the creation of Australia's National Electricity Market (NEM). The NEM work included technical regulation of metering and the processes to facilitate metering service competition, and the development of retail competition processes that coordinate the transfer of consumer loads between retailers and manage the integrity of data used in the financial settlement of NEM transactions.

Mr Robson received his engineering degree from the University of Adelaide and is a Fellow of the Institution of Engineers, Australia.

Mr Peter Caldwell has more than 40 years experience in a range of Territory and Commonwealth government departments in economic, resources, trade and capital policy areas at senior management levels. He holds a Bachelor of Arts (Economics Honours) and was honoured with a Public Service Medal in 2006 for outstanding public service and contribution to the strategic development of the Northern Territory economy. He is also a Fellow of the Australian Institute of Company Directors.

Commission staffing and resources

At 1 July 2008, two staff, employed within the meaning of the *Public Sector Employment and Management Act*, provided support to the Commissioner.

The Commission's organisation chart at the end of the year is shown on the following page.

Organisational Chart

Utilities Commission of the Northern Territory as at 30 June 2009



Advisers to the Commission

The Commission also has access to expert technical advice, through the engagement of consultants as detailed in Appendix 5. Section 14 of the *Utilities Commission Act* authorises the Commission to engage consultants when it considers necessary and appropriate.

APPENDIX 2

DETERMINATIONS, APPROVALS AND INSTRUMENTS

Nature of decision	Type of decision	Effective period	Date of decision
Network Services Classification	Approval	1 July 2009 to 30 June 2014	24 July 2008
NT Electricity Ring-fencing Code	Code	until superceded	1 December 2008
NT Electricity Ring-fencing Guidelines	Instrument	until superceded	25 February 2009
Network Access Pricing Methodology and Parameters	Determination	1 July 2009 to 30 June 2014	31 March 2009
Network Access Tariffs	Approval	1 July 2009 to 30 June 2010	25 May 2009

APPENDIX 3

PUBLICATIONS AND REPORTS

During 2008-09, the Commission published the following reports:

August 2008	<i>NT Electricity Market: 2007-08</i>
September 2008	<i>Annual Report 2007-08</i>
September 2007	<i>Possible Review of Certain Regulatory Instruments: Issues Paper</i>
October 2008	<i>Networks Pricing – 2009 Regulatory Reset: Initial Draft Determination</i>
October 2008	<i>NT Electricity Ring-fencing Code: Revised Draft Code</i>
November 2008	<i>Networks Pricing – 2009 Regulatory Reset: Draft Determination</i>
December 2008	<i>NT Electricity Ring-fencing Code: Final Code</i>
December 2008	<i>Casuarina Power Outages: Recommendations regarding Guaranteed Service Level (GSL) Payments</i>
December 2008	<i>Standards of Service Performance Report: 2007-08</i>
January 2009	<i>NT Electricity Ring-fencing Code: Final Decision Paper</i>
February 2009	<i>NT Electricity Ring-fencing Guidelines</i>
March 2009	<i>Annual Power System Review</i>
March 2009	<i>Networks Pricing – 2009 Regulatory Reset: Final Determination</i>
May 2009	<i>Network Tariffs 2009-10: Commission Analysis</i>

These publications can be viewed on the Commission's website: www.utilicom.nt.gov.au

In response to referrals from the Regulatory Minister in accordance with section 6(1)(g) of the *Utilities Commission Act*, the Commission also undertakes reviews for, and provides advice, to the Minister. Where required by the terms of reference issued by the Minister, the reports setting out the Commission's findings and recommendations remain confidential to government.

During 2008-09, no referrals were received from the Minister.

Section 6(b) of the *Electricity Reform Act* provides that the Commission also has the function of providing advice to the Regulatory Minister on the operation of the Act.

During 2008-09, the Commission provided no such advice to the Minister.

APPENDIX 4

EXPENDITURES AND RECEIPTS

This Appendix publishes the expenditures of the Commission that are funded directly from Consolidated Revenue, as well as the associated receipts.

NORTHERN TERRITORY UTILITIES COMMISSION EXPENDITURE BY CATEGORY OF COST

Category of Cost	2007-08 \$000	2008-09 \$000
PERSONNEL COSTS	279.1	226.1
Salaries and related costs	256.6	208.5
Superannuation	22.5	17.6
OPERATIONAL EXPENDITURE	158.0	161.0
Consultants Fees	126.6	138.9
Official Duty Fares	23.0	15.2
Travelling Allowance and Accommodation	4.3	3.7
Motor Vehicle Expenses	2.1	0.8
Document Production	1.0	1.1
Training & Study Expenses	0.5	0.0
Memberships & Subscriptions; Freight; Library Services	0.3	0.4
Recruitment & Relocation Expenses	0.2	0.0
Advertising	0.0	0.9
Office Req & Stationery	0.0	0.0
OVERHEADS ALLOCATIONS	179.0	192.0
TOTAL EXPENDITURE	616.1	580.0

RECEIPTS BY ACCOUNT^b

Account	2007-08 \$000	2008-09 \$000
Fees and Charges	187.1	188.6
Licence Application Fees	0.5	0.0
Electricity Licence Fees	141.6	143.6
Water and Sewerage Licence Fees	45.0	45.0
TOTAL REVENUE	187.1	188.6

^b Section 19 of the *Utilities Commission Act 2000* provides that, unless otherwise directed by the Treasurer, fees and other monies received by the Commission are paid into the Consolidated Revenue Account.

APPENDIX 5

ADVISERS TO THE COMMISSION

In 2008-09, the Commission used the services of the following consultants. The costs for the year totalled \$138,915. This compared with \$126,465 in the previous year.

Greater than \$50,000

NIL

Greater than \$10,000 and less than \$50,000

Minter Ellison

During 2008-09, the Commission received legal advice from Minter Ellison in relation to the Commission's review and revision of the NT Electricity Ring-fencing Code.

ACIL Tasman Pty Ltd

During 2008-09, the Commission received economic and financial advice from ACIL Tasman in relation to networks pricing for the 2009 Regulatory Reset.

GHD Pty Ltd in alliance with Meyrick and Associates

During 2008-09, the Commission received economic and technical advice from GHD/Meyrick in relation to networks pricing for the 2009 Regulatory Reset.

East Cape Pty Ltd

During 2008-09, the Commission received economic and market advice from East Cape in relation to preparation of the annual power system review, as well as assistance in reviewing the final drafts of the Networks Pricing Determination and the Ring-fencing Code.

Less than \$10,000

Economic Insights Pty Ltd

During 2008-09, the Commission received economic and technical advice from Economic Insights in relation to networks pricing for the 2009 Regulatory Reset.