
LETTER OF TRANSMITTAL

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

Dear Treasurer,

UTILITIES COMMISSION ANNUAL REPORT 2007-08

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 2008.

This report incorporates information regarding the work carried out by the Commission during the 2007-08 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



Alan Tregilgas
Utilities Commissioner
for the Utilities Commission
26 September 2008



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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 can choose their retail supplier; 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 2007-08, 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

The Commission's focus during the year was on:

- commencing the 2009 Regulatory Reset process by reviewing the network price regulation methodology used in the second regulatory control period and modifying the methodology as appropriate for the third regulatory control period commencing 1 July 2009;
- contributing to the Government's ongoing review of regulatory arrangements in the NT electricity supply industry, including with regard to the possibility of transferring regulatory functions to the jurisdiction of the Australian Energy Regulator and the Australian Energy Market Commission;
- undertaking a review of the NT Electricity Ring-fencing Code and commencing the public consultation process to make amendments to the Code; and
- undertaking the Commission's 2007 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

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

- 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;
- continuing to contribute to the Government's ongoing review of regulatory arrangements in the NT electricity supply industry; and
- further developing the NT electricity standards of service monitoring regime and to work with Power and Water to improve its reporting of actual service performance against the approved minimum standards.

*Alan Tregilgas
Utilities Commissioner
September 2008*

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 2007, the Power and Water Corporation ("Power and Water") held four licences under part 3 of the *Electricity Reform Act*:

- system control (to 30 June 2008);
- retail (until superseded, surrendered or cancelled);
- generation (to 30 June 2010); and
- network (to 30 June 2020).

In October 2007, the Commission issued a variation to Power and Water's retail electricity licence to correct a typographical error identified by the Commission.

In November 2007, the Commission commenced consultation with Power and Water to address anomalies in relation to the licensing of operations for the provision of electricity in remote indigenous communities. As a result, 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. Varied licences were issued on 29 August 2008.

In June 2008, Power and Water applied for renewal of its electricity system control licence. The Commission decided to issue an electricity system control licence to Power and Water on the same terms and conditions as the existing licence, with the exception of amending the term of the licence to an indefinite period rather than the specified (3 year) term of the current licence and removing sub-clauses 2.3 and 2.4 from the licence. These clauses related to a foreshadowed review of certain system control functions which was overtaken by a wider review of the regulatory framework being undertaken by NT Treasury.

On 1 July 2007, independent power producer licences were also held by the following producers who do not wish to 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.

In August 2007, Landfill Managements Services Pty Ltd advised of a change of name to LMS Generation Pty Ltd. The Commission agreed to the variation of the Special Licence (Independent Power Producer) to reflect the change of company name, with all other terms and conditions remaining the same.

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.

Water and Sewerage

On 1 July 2007, 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).

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.

Exemptions and exclusions

Electricity

On 1 July 2007, an exemption was current under section 87 of the *Electricity Reform Act*, with respect to Alcan-Gove Pty Ltd's electricity operations in the township of Nhulunbuy.

During the year, it came to light that Power and Water currently had a handful of customers generating electricity for their own private consumption from the installation of photovoltaic systems, and selling excess power generated to Power and Water under their Solar Buyback Program. While the contractual arrangements are consistent with how renewable energy buyback is currently dealt with in various other interstate jurisdictions, section 14 of the *Electricity Reform Act* requires that persons undertaking the generation and sale of electricity hold an appropriate licence. Although certain operations are excluded or exempted from this requirement under the Act and Regulations, renewable energy buyback generation and selling of excess electricity are not exempted or excluded operations under these provisions.

In September 2007, the Commission, with the approval of the Minister, issued an exemption from the requirement for installations defined as small scale renewable energy operations from the need to hold a licence.

On 1 July 2007, 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 2006-07 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.

While Ernst and Young's audit found that Power and Water was broadly compliant for each of its licensed operations, the Commission noted that certain areas of non-compliance continue to be identified by the audit from year to year. Accordingly, in February 2008, the Commission issued a notice that it considers Power and Water to be in technical breach of the relevant licences and will remain so until such time as each of the non-compliance areas are rectified.

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 2006-07 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 2007-08 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.

In October 2007, the Commission released an issues paper to facilitate public consultation and to identify the key issues within the scope of the Reset. The issues paper sought to identify the main issues to be dealt with at the initial, broad design stage of the Reset.

Four submissions were received from Power and Water, NTMEU, NT Treasury and a private individual.

In March 2008, the Commission released its draft decision on the Price Control Mechanism to apply in the third regulatory control period. The price control mechanism involves the practical and technical detail for the administration of network price regulation over which the Commission as regulator – in consultation with stakeholders – has a degree of discretion.

Submissions on the Draft Decision were received from three interested parties – Power and Water, NTMEU and NT Treasury.

Price Control Mechanism Decision

In May 2008, the Commission released its final decision on the Price Control Mechanism to apply in the third regulatory control period.

The Commission considered that there were no grounds for reversing its decision in 2004 to move from a revenue cap to a price cap. Accordingly, 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.

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.

In relation to standard control services, a regulatory proposal must include:

- 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, the proposed 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, must be accompanied by:

- 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 Decision.

A regulatory proposal must include:

- for alternative control services – a proposed control mechanism; and
- for negotiated network services – a proposed negotiating framework.

In relation to standard control services, a regulatory proposal may also include a demand management scheme and a service target performance incentive scheme if the network service provider wishes.

**Network
Tariffs**

On 28 May 2008, the Commission approved the reference tariffs and charges for standard network access services to apply during the 2008-09 financial year.

Power and Water chose not to change the tariff structures of the 2008-09 tariffs.

**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 2007-08 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.

Unbundling

In December 2007, Power and Water advised the Commission that it had systems in place to provide contestable customers, on the front of their customer bills, with their charges unbundled into network, system control and non-regulated (generation and retail combined) components. The Commission welcomed this development. Providing customers with reliable information on the unbundled components of their delivered cost of electricity means they can better assess their options, including the option of seeking supply from alternative suppliers.

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 2007, 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 3 June 2008, this EPO was

superseded by the making of a new EPO by the Regulatory Minister effective from 1 July 2008. The new EPO increases electricity prices to non-contestable customers in line with the CPI.

On 1 July 2007, 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 3 June 2008, this EPO was superseded by the making of a new EPO by the Minister effective from 1 July 2008. The new EPO allows Power and Water to increase prices in line with the CPI for those fourth tranche contestable customers whose prices remained below cost-reflective levels.

**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 2007-08, 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 currently 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.

Prior to 21 March 2007, where an on-supplier charged a receiver for electricity on the basis of the receiver's consumption of electricity as measured by a meter, the on-supplier could not charge more than the receiver would be expected to pay if the receiver were supplied directly by the non-contestable electricity retailer for that area.

Over time, situations have arisen where the on-supplier is a contestable customer and the cost-reflective price charged by Power and Water to the on-supplier for consumption that can be attributed to the receiver is higher than the government-regulated, non-contestable price that the on-supplier was permitted to charge the receiver.

Accordingly, on 21 March 2007, the *Electricity Reform (Administration) Regulations* were amended allowing on-suppliers to pass through these higher charges. The amended regulations also empower the Commission to issue guidelines for the administration of the regulation.

During 2007-08, the Commission continued the development of on-supply pricing guidelines, pursuant to regulation 15(7) of the amended *Electricity Reform (Administration) Regulations*.

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. The Government is expected to consider the introduction of more effective price monitoring arrangements once a review of the regulatory framework currently being undertaken by NT Treasury is completed.

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 2007-08 are those approved by the Commission with effect from 1 July 2004, which continue until superseded.

At the commencement of the current regulatory regime on 1 April 2000, determinations and approvals for the interim period 1 April to 30 June 2000 were made for the Darwin and Katherine networks only. From 1 July 2000, the Commission expanded coverage to include the Alice Springs and Tennant Creek networks. Due to an administrative oversight, the approval instrument for system control charges was not amended to reflect this expanded coverage. On 26 September 2007, an amended approval instrument for system control charges was published to correct this error.

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 2007, 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 2008, this WSPO was superseded by the making of a new WSPO by the Minister effective from 1 July 2008. The new WSPO increased water supply and sewerage services prices in line with the CPI.

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 2007-08.

During the year, the Commissioner provided his personal comments to NT Treasury including a strong statement of general support for transitioning to national market and regulatory arrangements, but noting that:

- legislative arrangements in the NT are the problem, not its regulatory institutions per se, and providing some examples of this; and
- it is regulatory scope rather than scale which has been the main challenge facing the Commission.

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.

In January 2008, following consultation with stakeholders, the Commission confirmed its earlier in-principle decision to undertake a comprehensive review of the NT electricity ring-fencing code. (See references to the Commission's *Possible Review of Certain Regulatory Instruments* in chapter 7.)

Proposed variations

In February 2008, the Commission released a paper setting out, in accordance with clause 7.1 of the Code, the nature of its proposed variation to the Code and sought comment from stakeholders.

The Commission proposed that it revoke the existing Code in its entirety, and promulgate a new version of the Code. Of the changes which the Commission proposed to the Code, the most significant related to an expansion of minimum ring-fencing obligations and a related requirement that an electricity entity which carries on a ring-fenced business must develop and publish default terms and conditions for the supply of goods or services to third-party businesses.

Submissions were received from three interested parties – Power and Water, NTMEU and NT Treasury.

Draft Code

Following consideration of submissions from interested parties and its own further deliberations in consultation with its legal advisers, the Commission decided to proceed with the proposed variations to the Code, although with some modification to the specific drafting detail set out in the earlier Consultation Paper, mainly in response to submissions received.

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

The Commission decided that, in the circumstances, it could not certify the accounts provided satisfy the requirements of the *Network Access Code* and Accounting and Cost Allocation Procedures in so far

as they relate to the preparation and disclosure of financial accounts for ring-fencing purposes.

Given that the elimination of such discrepancies is essential for the purposes of the 2009 Regulatory Reset, and the time-series data on regulated network revenue required as part of Power and Water's Regulatory Proposal in particular, the Commission took the view that the reconciliation between the two data sets is best achieved as part of the 2009 Regulatory Reset.

Accordingly, the Commission advised Power and Water that revised Regulatory Accounts for the 2004-05, 2005-06 and 2006-07 financial years must be lodged by 1 December 2008, the lodgement date for the 2007-08 Regulatory Accounts, with the previously-lodged Regulatory Accounts for the 2004-05, 2005-06 and 2006-07 financial years revised to remove all discrepancies from the relevant financial amounts contained in the Regulatory Proposal finally approved by the Commission as part of the 2009 Reset.

National regulatory reporting

In March 2002, a core set of nationally-consistent performance reporting measures developed under the auspices of the Utility Regulators Forum (of which the Commissioner is a member) was published. Since 2003, Power and Water has annually reported against these measures to the Commission.

In 2006-07, the Commission decided to defer further development of the regulatory reporting, until the Government decides if and when the NT's electricity supply industry is to become subject to the jurisdiction of the Australian Energy Regulator and the Australian Energy Market Commission.

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.

The approved minimum standards were not amended during the year.

Compliance with minimum standards of service

Whatever the basis of the minimum standards of service set, the Commission has the responsibility to monitor licensees' compliance with these standards.

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.

2006-07 Performance Report

In March 2008, the Commission released its annual report of Power and Water's Standards of Service Performance for 2006-07, 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.

Network reliability performance in Katherine continues to be maintained at historic lows. However, in both Darwin and Alice Springs, while good performance was achieved in the middle years of the historic reporting period (that is, in 2002-03 and 2003-04), this has not been maintained in more recent years.

Power and Water met all the minimum standards for generation reliability across the Darwin, Katherine and Alice Springs networks in 2006-07.

The Commission noted some concerns about the level of detail provided in Power and Water's reporting on actual performance which, while meeting the basic parameters set out in the Code, is somewhat limited.

The Commission expressed its disappointment that Power and Water's commentary on consecutive breaches was incomplete in some regards and foreshadowed that, over the coming year, it will be giving consideration to whether amendments to the Code are warranted to formally require detailed explanations of any persistent breaches.

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.

2007 Power System Review

In December 2007, the Commission released its 2007 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.

The medium term period is of most significance in this Review, as this is when decisions regarding the next increments to capacity will be required, and when gas supply arrangements continue to be stretched until the first supply of gas from the Blacktip field becomes available.

Generation capacity

The assessment of generation capacity adequacy over the medium term depends critically on the reserve standard that is applied. The review found that, for the Alice Springs regulated system, capacity over the medium term depends on the reserve standard that is applied. For the Darwin-Katherine regulated system, based upon minimum reserve standards, demand is comfortably met over the medium term on the proviso that the first unit of capacity at the new Weddell power station is available as scheduled by Power and Water. For the Tennant Creek regulated system, based upon minimum reserve standards, existing generation capacity remains adequate but tight 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.

During October and November 2006, intra-day electricity demand spikes resulted in gas supply shortfalls requiring Power and Water to consume diesel fuel to maintain electricity supply. This occurred because higher than forecast peak electricity demand resulted in Power and Water's demand for gas exceeding the daily maximum that could be delivered from Mereenie.

The Commission considers that Power and Water's recently established contingency gas supply arrangements with the Darwin LNG producers, together with Power and Water's diesel fuel stocks, will provide sufficient back-up to cover any shortfalls under Power and Water's primary gas contracts at times of system peak demand.

Provided that the first supply of gas from the Blacktip field is available for electricity generation from January 2009 as scheduled, gas volumes available under the Amadeus Basin and Blacktip contracts should be sufficient to meet Power and Water's gas supply requirements in the medium term period.

**Network
Reliability**

In the longer term, the Commission estimates that projected gas requirements will progressively reach and then exceed the contract quantities available under the Blacktip agreement. However, the Commission notes that the projected shortfall may be somewhat alleviated with the possibility of lower than projected gas requirements if Power and Water's average plant efficiency improves with the commencement of the new Weddell Power Station.

In its 2005 Review, the Commission included an assessment of the arrangements under which power system planning and reliability is addressed in the Northern Territory and noted that for all practical purposes, power system planning and reliability (including that for transmission and distribution networks) continues to be managed – as it had been prior to the market reforms of 2000 – as an internal matter by Power and Water.

This is inconsistent with generally accepted industry practice. Among a number of disadvantages, it blurs the distinction between commercial interests and the public interest, makes the planning and investment process opaque and increases the risk that investment decisions may be sub-optimal from a power system perspective.

The Commission considers that these findings remain relevant, and that corrective action is required. Its views have been submitted to the NT Government. The Commission understands these matters are under review, as part of the Government's ongoing consideration of the merits of joining the national regulatory regime.

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.

The approval of the System Control Technical Code expired on 30 June 2008 with the expiry of Power and Water's System Control licence.

On 17 June 2008, Power and Water submitted an updated Power System Technical Code for approval. While Power and Water proposed certain minor drafting revisions to the Code, the proposed changes submitted by Power and Water do not alter the Code substantially enough to be considered inconsistent with the objects of the Act.

On 30 June 2008, the Commission approved the System Control Technical Code 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 approval is also subject to the condition that the Technical Code must be resubmitted for approval following any future amendments that may be made in accordance with clause 27A(3) of the *Network Access Code*, or in light of subsequent amendments to the Network Technical Code.

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.

Possible Review of Certain Regulatory Instruments

In 2006-07 the Commission made an in-principle decision to – over the following year or so – review the NT Electricity Ring-fencing Code and develop contestable pricing guidelines.

In September 2007, the Commission released an issues paper *Possible Review of Certain Regulatory Instruments* that set out the Commission's reasoning for this preferred course of action, in order to obtain stakeholder feedback prior to the Commission following up on this decision.

Submissions were received from three interested parties – Power and Water, NTMEU and NT Treasury.

In January 2008, following consideration of submissions from interested parties, the Commission released a response paper that confirmed its earlier in-principle decision to revamp the NT Electricity Ring-fencing Code. The Commission decided, however, to await developments before proceeding with the making of any contestable pricing guidelines.

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.

This has been deferred until 2010, when all electricity customers will become contestable, subject to a public benefit test prior to that date.

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 2007-08, the Commission received no such applications for review.

Establishment of the NT Major Energy Users group

During 2007-08, a NT Major Energy Users group was established at the initiative of a number of large contestable electricity customers. The Commission welcomes the establishment of such a group as it will add weight and balance to the perspectives available to both the Government and the Commission on electricity pricing and regulation matters.

In June 2008, the Commissioner addressed a NTMEU meeting on the importance of large user input into regulatory deliberations in the Northern Territory.

Provision of information

Market information

In August 2007, the Commission published market information on the size and composition of the Territory's electricity supply industry, with respect to 2006-07.

Impact of Blacktip gas on contestable electricity prices

The Commission was approached during the year by the NTMEU on behalf of its members with an inquiry regarding the increase in contestable electricity prices possible as a result of the shift in the sourcing of gas for generation during 2009 from the Amadeus Basin to Blacktip.

The main issues raised were:

- whether gas transportation costs might increase, and what role if any the ACCC might have in this regard – with concern expressed that Power and Water/the pipeliner might endeavour to recover these costs over too short a period;
- with Power and Water as the sole customer, whether recovery of the field's development costs could see a sizeable jump in the effective cost of gas into generation; and
- what assurance is there that contestable customers won't bear a disproportionate share of the additional costs (in effect, cross-subsidising non-contestable customers).

The Commission sought clarification from Power and Water and, while some of the contents of Power and Water's response were accepted by the Commission to be 'commercial in confidence', was able to respond to the NTMEU about the possible pricing implications of Blacktip at a high level.

*Licensing
inquiry*

The Commission met a renewable energy company to discuss licensing arrangements in the Northern Territory.

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 2007-08.

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

Currently, the Commission is comprised of a single member, Mr Alan Tregilgas. The *Utilities Commission Act* makes provision for the appointment of Associate Commissioners when deemed appropriate by the Regulatory Minister, although none have been appointed to date.

Mr Tregilgas was initially appointed Utilities Commissioner for a four year term commencing on 1 April 2000. On 1 April 2004, he was re-appointed for a further term of five years.

Mr Tregilgas performs the role of Utilities Commissioner part time. He remains a senior associate with Access Economics, the Canberra-based economic consultancy group. During the year he also advised the South Australian regulator on rail access matters.

Mr Tregilgas is a former senior Commonwealth, South Australian and NT Treasury officer. He also spent four years in the early 1990s as a utilities analyst with the Standard & Poor's Ratings Group in Australia and the Asia/Pacific region. For two years in the mid-1980s while with the Commonwealth Treasury, he represented Australia at the International Monetary Fund in Washington DC. As an economic consultant since 1996, Mr Tregilgas has undertaken consultancy projects with government agencies in six Australian jurisdictions, including the Territory.

Mr Tregilgas holds a first class honours degree in economics from the University of Adelaide and a masters degree in economics from the Flinders University of South Australia.

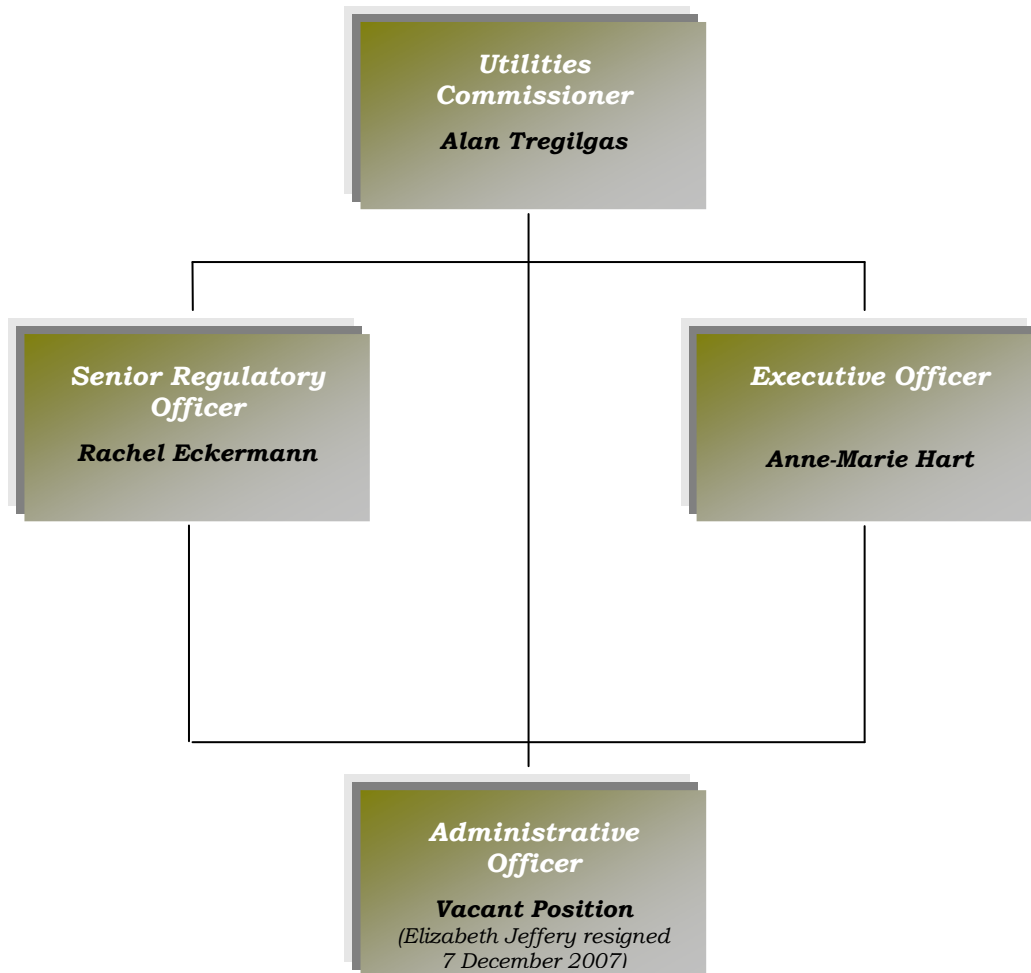
Commission staffing and resources

At 1 July 2007, three 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 2008



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 Access Tariffs	Approval	1 July 2008 to 30 June 2009	28 May 2008
System Control Technical Code	Approval	30 June 2008 to 30 June 2013	30 June 2008

APPENDIX 3

PUBLICATIONS AND REPORTS

During 2007-08, the Commission published the following reports:

August 2007	<i>NT Electricity Market: 2006-07</i>
September 2007	<i>Annual Report 2006-07</i>
September 2007	<i>Possible Review of Certain Regulatory Instruments: Issues Paper</i>
October 2007	<i>Networks Pricing – 2009 Regulatory Reset: Issues Paper</i>
December 2007	<i>2007 Annual Power System Review</i>
January 2008	<i>Possible Review of Certain Regulatory Instruments: Response Paper</i>
February 2008	<i>NT Electricity Ring-fencing Code: Proposed Variations</i>
March 2008	<i>Networks Pricing – 2009 Regulatory Reset Price Control Mechanism: Draft Decision</i>
March 2008	<i>Standards of Service Performance Report: 2006-07</i>
May 2008	<i>Networks Pricing – 2009 Regulatory Reset Price Control Mechanism: Final Decision</i>
May 2008	<i>NT Electricity Ring-fencing Code: Proposed Draft Code</i>
May 2008	<i>Network Tariffs 2008-09: Commission Analysis</i>
June 2008	<i>Networks Pricing - 2009 Regulatory Reset Po Adjustment Model</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 2007-08, 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 2007-08, 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	2006-07 \$000	2007-08 \$000
PERSONNEL COSTS	268.7	279.1
Salaries and related costs	248.1	256.6
Superannuation	20.6	22.5
OPERATIONAL EXPENDITURE	98.6	158.0
Consultants Fees	57.2	126.6 ^a
Official Duty Fares	34.1	23.0 ^b
Travelling Allowance and Accommodation	3.9	4.3
Motor Vehicle Expenses	0.6	2.1
Document Production	0.9	1.0
Training & Study Expenses	0.1	0.5
Memberships & Subscriptions; Freight; Library Services	0.3	0.3
Recruitment & Relocation Expenses	0.0	0.2
Advertising	1.2	0.0
Office Req & Stationery	0.3	0.0
OVERHEADS ALLOCATIONS	179.0	179.0
TOTAL EXPENDITURE	546.3	616.1

^a Increase in use (and cost) of consultants is due to two large projects being undertaken by the Commission in 2007-08 – the 2009 Regulatory Reset and Ring-fencing Code Review

^b Decrease in official duty fares is due to timing of payments (with the equivalent 2004-05 figure being 28.8, and 2005-06 being 18.5)

RECEIPTS BY ACCOUNT^b

Account	2006-07 \$000	2007-08 \$000
Fees and Charges	185.1	187.1
Licence Application Fees	0.0	0.5
Electricity Licence Fees	140.1	141.6
Water and Sewerage Licence Fees	45.0	45.0
TOTAL REVENUE	185.1	187.1

^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 2007-08, the Commission used the services of the following consultants. The costs for the year totalled \$126,465. This compared with \$57,225 in the previous year.

Greater than \$50,000

Minter Ellison

During 2007-08, the Commission received legal advice from Minter Ellison in relation to the Commission's review and revision of the NT Electricity Ring-fencing Code.

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

ACIL Tasman Pty Ltd

During 2007-08, 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 2007-08, the Commission received economic and technical advice from GHD/Meyrick in relation to networks pricing for the 2009 Regulatory Reset.

Less than \$10,000

East Cape Pty Ltd

During 2007-08, the Commission received economic and market advice from East Cape in relation to preparation of the annual power system review.