Submission in response to: Utilities Commission of the Northern Territory Electricity Industry Performance Code (Standards of Service and Guaranteed Service Levels) Review – Draft Decision Paper (17 February 2023)

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Introduction

Thank you for the opportunity to provide a submission in response to the Utility Commission of the Northern Territory's (**Commission**) Electricity Industry Performance Code (Standards of Service and Guaranteed Service Levels) Review – Draft Decision Paper (**Draft Decision**) dated 17 February 2023. As stated in the Draft Decision, the Electricity Industry Performance Code (**Code**) is being reviewed to ensure its continued relevance and effectiveness for the electricity supply industry in the Northern Territory (**NT**). The Draft Decision focuses on amendments to the Guaranteed Service Level (**GSL**) scheme and other identified matters.

We are an interdisciplinary research team from the Australian National University (**ANU**), whose research focuses on energy insecurity and related issues in energy transition. Our submission responds to the following aspects of the Draft Decision:

- 1. Application of the Code, in particular the regulatory exclusion of remote communities
- 2. Regional segmentation

We address these matters below.

Application of the Code to remote communities

In the Draft Decision, the Commission states its intention "to amend the Code to clarify that it only applies to an electricity entity to the extent that it provides generation services, network services, or retail services in the networks subject to network access legislation" (p. ii).

This amendment is to formalise how the Code is already applied in practice i.e., it applies in the major networks of Darwin, Katherine, Tennant Creek and Alice Springs but not in isolated networks serving remote communities which are operated by Power and Water via its subsidiary Indigenous Essential Services (IES).¹ Effectively, the proposed change maintains extant disparities in those rights and protections afforded to customers residing in the major networks in the NT compared to customers living in remote communities. Due to the distinctions embedded in the Code and in regulatory practice, remote customers have neither the benefits of a GSL scheme nor the transparency and procedural rights provided by retail performance reporting. Such benefits are only afforded to customers in the major networks. The effect of the Code is the maintenance of regulatory difference based on where people reside.

In practice the impacts of these regulatory disparities are unlikely to be trivial. Without performance reporting against indicators such as customer numbers, disconnections and involuntary 'self-disconnections', the visibility of energy insecurity in remote communities continues to be limited. Households in remote communities predominantly prepay for their electricity either by government mandate or household preference. These households typically face increased risk of total de-energisation of the home and the associated adverse health and social impacts that attend disconnection. Research by members of our team based on daily smart meter data for 3,300 prepay households in 28 remote communities in the NT indicates that involuntary self-disconnection is commonplace, with the likelihood of being disconnected increasing significantly during temperature extremes.² There is an obvious need for improved reporting requirements in remote locations where Power and Water is the retailer, including the 72 remote communities and 66 outstations currently serviced by its subsidiary IES.

We encourage the Commission to consider expanding the application of the Code territory-wide so that all residential customers can benefit from the rights and protections it provides. Given that smart meters are increasingly used in many remote communities, any administrative and/or metering conditions that may have previously been relied upon to differentiate reporting requirements between major and isolated networks are becoming incrementally redundant. The extension of retail performance reporting to the licensed retailer in remote isolated networks seems responsible policymaking given the circumstances. Likewise, it is unclear why GSLs are not relevant beyond the major networks. GSL schemes in jurisdictions such as New South Wales and Queensland span urban, regional and remote areas, with different benchmarks depending on the geographic location. While acknowledging the Territory's unique circumstances and diverse energy landscape we nonetheless ask the Commission to clarify in writing any current policy justifications for the exclusion of remote communities from the application of the Code?

¹ An exception is the township of Nhulunbuy, where Rio Tinto/Alcan Gove operates and GSL requirements apply.

² Longden, T. *et al.* (2022). Energy insecurity during temperature extremes in remote Australia. *Nat. Energy* 7, 43–54.

Regional segmentation

We support the Commission's proposal to retain the requirement to report retail performance data by region for prepayment meter customers.

Additionally, we observe that while segmented data is currently required across all retail performance indicators, the Commission only reports data at the Territory level in its annual Electricity Retail Review. To support increased visibility around prepayment meters, it would be valuable to make segmented data for prepayment meter performance indicators publicly available, either in the Electricity Retail Review or elsewhere. This is particularly so given the high levels of involuntary selfdisconnections reported in the major networks, which the Commission describes as concerning in the latest Northern Territory Electricity Retail Review 2021-22. The numbers of involuntary selfdisconnection events for prepay customers in the major networks increased approximately 6% from 84,439 in 2020-21 to 89,252 in 2021-22, even as the number of prepayment meter households slightly reduced (from 2,173 in 2020-21 to 2,158 in 2021-22). This involves an increase in the number of involuntary self-disconnections per household of approximately 6% from 38.9 per household in 2020-21 to 41.4 per household in 2021-22. The average duration of involuntary self-disconnections reduced from 504 minutes in 2020-21 to 407.7 minutes in 2021-22. An approach taken by the Economic Regulatory Authority in Western Australia is to require retailers to publish its performance reporting online and thereafter to make consolidated retailer datasets publicly available. We encourage the Commission to consider this option for the NT.

Thank you for the opportunity to make a submission on the Draft Decision. We would be pleased to discuss any aspects of the submission with the Commission.