



3 June 2022

Utilities Commission of the Northern Territory  
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## **Review of the Electricity Licensing Regime Issues Paper**

EDL welcomes the opportunity to make a submission on the Review of the Northern Territory's Electricity Licensing Regime Issues Paper published by the Commission (the Paper).

Broadly, EDL supports the Commission's objective to optimise the scope and design of the Territory's electricity licensing regime and impose a minimum standard of duties for electricity licensees. The rest of this submission sets out EDL's views on the questions raised in the Paper that are most directly related to EDL's experience.

### **Question 1**

No. Risks such as power system integrity, quality, reliability and cost are managed under a power purchase agreement negotiated between the independent power producer and its customer. These agreements are typically tailored to the specific needs of the customer with mechanism in place to incentivise good performance from the generator.

### **Question 2**

Imposing additional obligations would be counter-productive to the intent of having special licences. It would be more burdensome for the Commission and licensees and ultimately of little value to the Commission as the electricity arrangement does not impact the general public.

### **Question 3**

Where there is a single generator providing electricity supply the risks are mitigated due to the power purchase agreements in place.

There is a negative perception from only granting special licences or exemptions for these generators as doing so implies the energy consumers have a lower priority than larger network connected energy consumers.

### **Question 4**



EDL believes the licensing regime does not hinder the objective of addressing market power per se. However, EDL notes that the licencing requirements are more administratively burdensome than in other State jurisdictions and to this extent may act as a barrier to entry which may potentially reduce competition.

#### **Question 5**

The licence application process is rigorous and technical competence, financial strength and honesty are required to be demonstrated. However, it is unclear how effective this process is without having visibility on applications that are rejected, including the reasoning behind this. On an ongoing basis it is effective, with the licence conditions requiring audits to be undertaken, changes to be reported, and Board sign off on reporting.

#### **Question 7**

EDL believes the Commission's current approach regarding licence terms is appropriate, because it reflects the longer-term arrangements for electricity supply. These arrangements often include extension options that are not exercisable until the final year of contracted supply. If there were a requirement to extend licence terms as well, it is likely to be a protracted process that cannot be committed to by the licensee in a timely manner.

In addition, licence fees are not insignificant particularly if multiple licences are held which discourages entities from holding licences unnecessarily.

#### **Question 20**

Yes, these principles are appropriate. Another suggested principle is demonstrated experience and reputation of the requesting electricity entity. Granting an established independent power producer an exemption would present a lower risk overall.

#### **Question 22**

EDL believes a licence exemption is appropriate for larger scale customers where electricity generating works are supplied solely to their operations. This approach is adopted in Western Australia where there are many examples of such operations.

Further, in Western Australia generation licences are only required above a certain MW threshold (previously 30 MW, now being increased to 100 MW) which encourages competition. Noting the Western Australian energy market is bigger and with more non-grid connected operations than the Northern Territory.

Should you have any questions or wish to discuss this submission further, please contact me on [REDACTED].



Yours sincerely,

