UTILITIES COMMISSION
OF THE NORTHERN TERRITORY

Northern Territory Electricity Retail Review

2022-23

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Disclaimer

The Northern Territory Electricity Retail Review (NTERR) is prepared using information sourced from Northern Territory electricity supply industry participants, Northern Territory Government agencies, consultant reports and publicly available information. The NTERR covers the financial year ending 30 June 2023. The Utilities Commission (Commission) understands the information received to be current as at February 2024.

This NTERR contains analysis and statements based on the Commission's interpretation of data provided by Northern Territory electricity industry participants. To enable comparison with other jurisdictions, the Commission has sought to align the data reporting with the other Australian jurisdictions, where possible. However, there are some differences so any comparisons should be considered indicative only.

Any person using the information in the NTERR should independently verify the accuracy, completeness, reliability and suitability of the information and source data. The Commission accepts no liability (including liability to any person by reason of negligence) for any use of the information in the NTERR or for any loss, damage, cost or expense incurred or arising by reason of any error, negligent act, omission or misrepresentation in the information in the NTERR or otherwise.

Any questions regarding the NTERR should be directed to the Utilities Commission at utilities.commission@nt.gov.au or by phone 08 8999 5480.

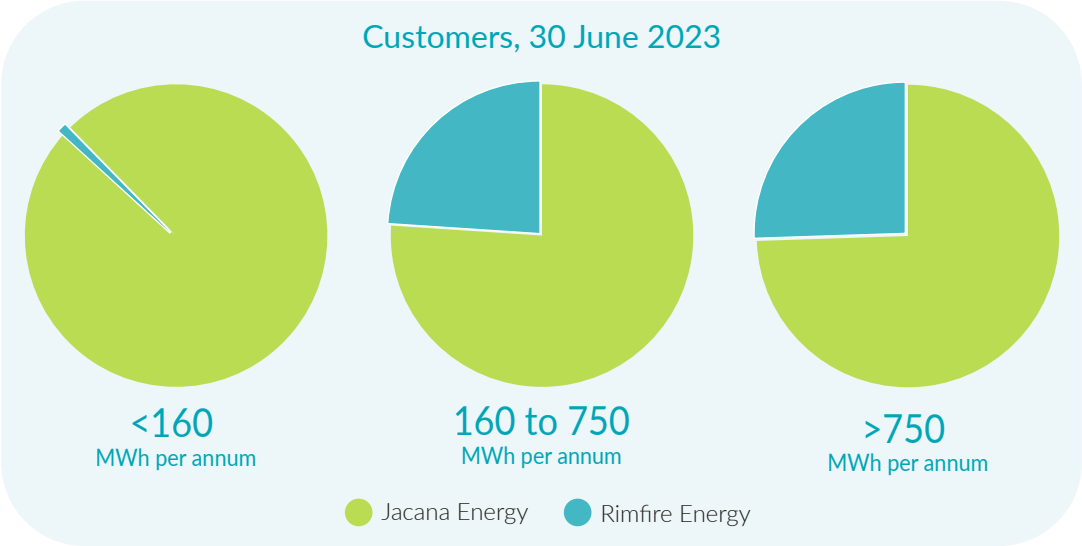
Contents

Executive Summary

The Commission's annual Northern Territory Electricity Retail Review (NTERR) reports on retail competition in the Northern Territory's (Territory's) three regulated power systems (Alice Springs, Darwin-Katherine and Tennant Creek) and the retail performance and quality of service provided to small customers in those power systems (that is, customers consuming less than 160 megawatt hours (MWh) per annum[1]). This NTERR presents results for 2022-23, trends in performance indicators over time and comparisons with jurisdictions covered by the National Energy Customer Framework (NECF)[2]. Key results are presented below.

Retail competition

- Retail competition continues to be limited in the Territory, particularly for small customers consuming less than 160 MWh per annum where only two retailers – Jacana Energy and Rimfire Energy Pty Ltd (Rimfire Energy) – are active in the Territory's regulated power systems. Although Rimfire Energy increased its market share in 2022-23, Jacana Energy remains the dominant retailer.



- The Territory Government's community service obligation (CSO) payment to retailers subsidises the cost of electricity for residential and business customers consuming up to 750 MWh per annum. CSO funding increased by 8.2% to $99.3 million in 2022-23, equating to an average subsidy of more than $1,100 per customer.

1 As defined in the Commission's Electricity Industry Performance Code: https://utilicom.nt.gov.au/electricity/codes-and-guidelines/electricity-industry-performance-code.

2 The NECF applies in the Australian Capital Territory, New South Wales, Queensland, South Australia and Tasmania. It does not apply in Victoria, Western Australia or the Northern Territory.

Retail performance

- Jacana Energy's telephone responsiveness improved in 2022-23 after a downturn in 2021-22 as COVID-19 impacted on call centre resourcing. The percentage of calls taken within 30 seconds in 2022-23 was the highest since Jacana Energy commenced operations in 2014-15 while the percentage of calls abandoned reduced to a level more comparable to those prior to the pandemic.
- Rimfire Energy's telephone responsiveness over 2022-23 declined, coinciding with growth in its customer base and an increased number of incoming calls.
- There was an increase in the percentage of customers making complaints to retailers and approaches, by customers of Jacana Energy, to the Ombudsman NT in 2022-23 with the majority of customer issues being in relation to billing.

2022-23, compared to previous year

Jacana Energy calls taken within 30 seconds

83.9%

↑ 41.9 percentage points

Jacana Energy calls abandoned before being answered

5.0%

↓ 5.3 percentage points

Rimfire Energy calls taken within 30 seconds

53.5%

↓ 34.1 percentage points

Rimfire Energy calls abandoned before being answered

17.8%

↑ 5.5 percentage points

Percentage of customers making complaints

0.6%

↑ 0.1 percentage points

Approaches to Ombudsman NT as a total of Jacana Energy complaints

24.6%

↑ 5.2 percentage points

Payment difficulties and hardship

- The percentage of residential customers with energy bill debt, and the average amount of residential customer energy bill debt continued to rise in the Territory, carrying over effects from previous years, which were in part exacerbated by the impacts and restrictions associated with the COVID-19 pandemic. The percentage of residential customers disconnected for non-payment also increased in 2022-23 although this came off an artificially low base with Jacana Energy having temporarily frozen residential customer disconnections in the fourth quarter of 2021-22.
- The percentage of small business customers with energy debt increased in 2022-23; however, the average small business customer energy bill debt decreased while the percentage of small business customers disconnected for non-payment remained stable compared with the previous year.
- The percentage of residential customers on a payment plan or in a hardship program in the Territory decreased in 2022-23; an outcome of concern given the upward trend in the percentage of residential customers with debt and their average debt.
- The average duration of self-disconnection events for prepayment meter customers in the regulated power systems continued to reduce over 2022-23, down from 408 minutes in 2021-22 to 355 minutes in 2022-23; however, the frequency of self-disconnection events increased from 38.9 to 42.8 events per prepayment meter over the year.

As at 30 June 2023, compared to same period in previous year

Residential customers with debt
4.0%
↑ 0.4 percentage points

Residential customers disconnected for non-payment
0.4%
↑ 0.4 percentage points

Residential customers on a payment plan
1.7%
↓ 2.2 percentage points

Residential customers on a hardship program
0.5%
↓ 0.2 percentage points

Average residential customer debt
$1,404
↑ $141 (11.2%)

Average small business customer debt
$1,439
↓ $262 (15.4%)

Small business customers with debt
2.5%
↑ 0.9 percentage points

Small business customers disconnected for non-payment
0.1%
0.0 percentage points

Customer protections in the Territory

Since 2017-18, the Commission has recommended the Territory Government establish a fit-for-purpose customer protections framework. The Territory Government has acknowledged the Commission's recommendations and passed the *Electricity Legislation Amendment Act 2023* in October 2023, which strengthens protections recently established by the Commission in the Electricity Retail Supply (ERS) Code[3]. The ERS Code now requires holders of retail licences in the Territory to have:

- protections for electricity customers that require life support equipment
- a published complaints and dispute resolution process
- Commission-approved customer hardship and family violence policies for residential customers
- Commission-approved customer hardship and family violence policies for prepayment meter customers.

3 Refer ERS Code Review: https://utilicom.nt.gov.au/projects/projects/electricity-retail-supply-code-review2.

1 Introduction

The NTERR focusses on retail market conditions and the experience of small customers in the Territory's three regulated power systems, that is, the Alice Springs, Darwin-Katherine and Tennant Creek power systems. Small customers are defined as those consuming less than 160 MWh per annum[4]. The NTERR presents results for 2022-23, trends over time and comparisons with jurisdictions covered by the NECF. The NECF applies in the Australian Capital Territory, New South Wales, Queensland, South Australia and Tasmania, but not Victoria, Western Australian or the Territory. The Commission notes that measures for NECF jurisdictions may be based on both electricity and gas usage, but considers it to be informative as a comparator. The NTERR includes some observations in relation to larger customers, such as those related to market share and competition.

A key purpose of the NTERR is to provide transparency on retail competition and the performance of retailers using data provided to the Commission under the Electricity Industry Performance (EIP) Code. The NTERR also fulfils the requirement under clause 5.5.1 of the EIP Code for the Commission to publish an assessment of retailers' reported performance. Accordingly, it includes analysis and statements based on the Commission's interpretation of the data provided by electricity retailers and comparisons with interstate benchmarks where the Commission considers these reasonable. The NTERR compliments the Commission's Northern Territory Power System Performance Review[5], which reports on generation and network performance, and Northern Territory Electricity Outlook Report[6], which provides forecasts of system demand and supply adequacy in the regulated power systems.

The NTERR is set out as follows:

- Chapter 2 discusses competition within the Territory's regulated power systems including active retailers and their market share
- Chapter 3 reports on retail performance in terms of indicators of customer service, complaints and dispute resolution
- Chapter 4 reports on customers experiencing payment difficulties and hardship.

Inputs to the NTERR were primarily provided by electricity retailers, as required under the EIP Code, and may include amendments to data reported and published in previous NTERR. Any person using retail performance data from the NTERR should independently verify the data with the appropriate source.

The Commission works with retailers to identify potential improvements in performance reporting through reviews of the EIP Code and requirements (under clause 6.2 of the EIP Code) for retailers to undertake independent audits of compliance with data quality requirements every three years. The most recent audits were undertaken in 2023-24.

4 As defined in the Commission's EIP Code: https://utilicom.nt.gov.au/electricity/codes-and-guidelines/electricity-industry-performance-code.
5 Northern Territory Power System Performance Review: https://utilicom.nt.gov.au/electricity/reporting/power-system-performance-review.
6 Northern Territory Electricity Outlook Report: https://utilicom.nt.gov.au/electricity/reporting/electricity-outlook-report.

In this NTERR, the Commission revised its presentation of information on payment and hardship indicators, with key indicators showing final quarter information (rather than annual averages), consistent with the approach in the Australian Energy Regulator's (AER's) annual retail markets report. The Commission has also revised some data to address issues found in the Commission's underlying calculations. This has resulted in changes to data for years prior to 2022-23; however, the adjustments are minor in nature with little impact on overall trends.

2 Retail competition in the Territory

This chapter assesses the level of competition within the Territory's regulated power systems including the market share of active retailers and potential barriers to competition.

Licensed retailers

Table 1: Licensed electricity retailers in the Territory at 30 June 2023 lists entities licensed to sell and retail electricity to customers in the Territory at 30 June 2023.[7] At that time, of the eight licensed retailers, only Jacana Energy and Rimfire Energy were actively selling and retailing electricity to small customers in the regulated power systems. QEnergy Limited held a retail licence and serviced large customers during the first half of 2022-23; however, its retail operations ceased with the suspension of its licence on 23 January 2023. QEnergy subsequently surrendered its licence, which was accepted by the Commission effective 24 July 2023. While QEnergy Limited's exit from the market has no implications for small customers, it reduces choice in retailers for large customers.

Jacana Energy also retails electricity in a number of the Territory's smaller power systems including Borroloola, Elliott, Timber Creek and Yulara, but the EIP Code does not require Jacana Energy to provide performance data for those power systems. Among other retail licensees, the Department of Defence and Territory Generation are licensed to retail electricity to specific large customers, but in 2022-23 had yet to commence sales. The Power and Water Corporation (PWC) is limited to selling and retailing electricity in the geographic areas of Jabiru, Nhulunbuy, Alyangula, McArthur River Mine and Indigenous communities under the Indigenous Essential Services program (the EIP Code does not require reporting on retail performance in these areas). The licenses for EDL NGD (NT) Pty Ltd and Next Business Energy Pty Ltd permit sales in the regulated power systems, but neither is active in the retail market.

Table 1: Licensed electricity retailers in the Territory at 30 June 2023

Retailer	Licence issued
Department of Defence	27 July 2020
EDL NGD (NT) Pty Ltd	30 June 2016
Jacana Energy	31 March 2005
Next Business Energy Pty Ltd	29 June 2018
Power and Water Corporation	31 March 2005
QEnergy Limited[1]	4 February 2011
Rimfire Energy Pty Ltd	11 August 2014
Territory Generation	29 November 2019

1 QEnergy ceased operations in the Territory in 2023-24 with the surrender of its retail licence, effective 24 July 2023.

7 Refer Register of electricity licences and exemptions at https://utilicom.nt.gov.au/electricity/licences/register-of-electricity-licences-and-exemptions.

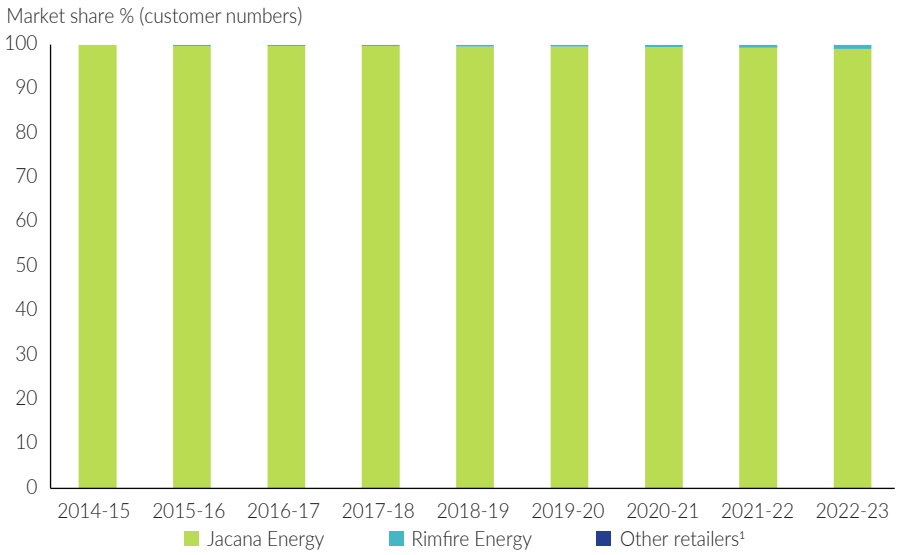
Market share

Retail competition continues to be limited in the Territory in 2022-23, particularly for small customers consuming less than 160 MWh per annum, despite the introduction of full retail contestability in 2010.

Figures 1 to 3 show the market share (based on customer numbers) of Jacana Energy, Rimfire Energy and other retailers by customer type (based on consumption) over time since the structural separation of the Power and Water Corporation in 2014-15. Among customers consuming less than 160 MWh per annum (Figure 1), Jacana Energy continues to service the majority of electricity consumers in Alice Springs, Darwin-Katherine and Tennant Creek with close to 100% market share. The Commission observes, however, that increasing numbers of small customers are contracting with Rimfire Energy, which has indicated to the Commission it is now more actively targeting residential customers, including through an advertising campaign.

Despite the limited choice in retailer, the Commission considers small customers may benefit from competitive and innovative offerings such as Rimfire Energy's 'pay-on-time discount' on the Territory Government's regulated Electricity Pricing Order (EPO) tariffs[8], a higher solar feed-in-tariff compared with Jacana Energy and introduction of a GreenPower[9] product, which allows customers to pay an additional fee to ensure their electricity consumption is linked to the generation of renewable energy through the surrender of Large-scale Generation Certificates.

Figure 1: Market share of retailers by customer numbers for customers consuming < 160 MWh per annum

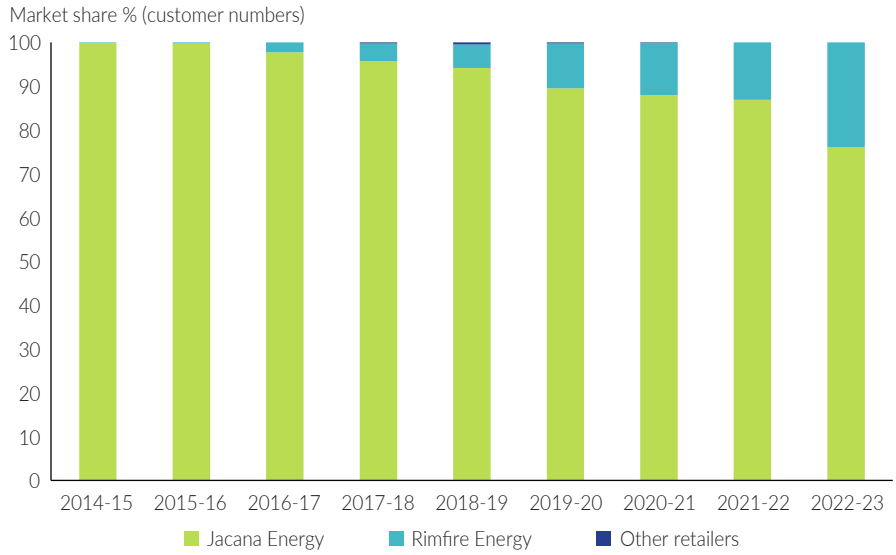


1 Market share for other retailers is nil for all years in the series, however the category is included for consistency.

8 Refer https://utilicom.nt.gov.au/electricity/price-regulation/electricity-retail-pricing.
9 Refer https://rimfireenergy.com.au/green-power/.

For customers consuming between 160 to 750 MWh per annum, the market share of retailers other than Jacana Energy increased in 2022-23 to the largest share observed since 2014-15, at about 24% (Figure 2). The Commission notes customers in this segment of the Territory's electricity retail market receive regulated electricity retail tariffs under the EPO, but are likely to be commercial customers. This results in these customers receiving taxpayer-subsidised and below-cost reflective prices with retailers reimbursed for the shortfall through the Territory Government's CSO payment to retailers. As discussed in the 2021-22 NTERR, Queensland is the only other jurisdiction that regulates prices for customers with consumption greater than 160 MWh, but regulated prices only apply to customers in regional Queensland.[10]

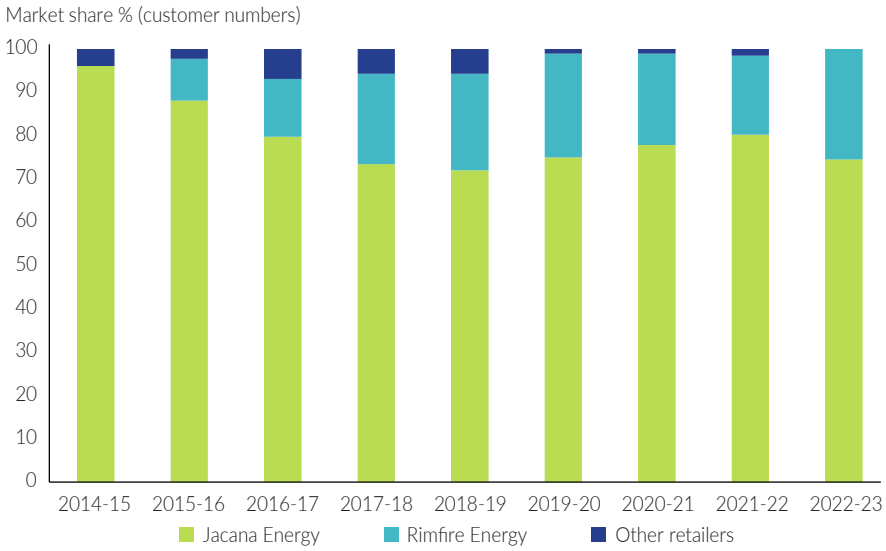
Figure 2: Market share of retailers by customer numbers for customers consuming 160 to 750 MWh per annum



For large customers consuming more than 750 MWh per annum, retailers are able to negotiate contractual terms, including price, without being limited by the EPO tariffs. This has meant that competition is generally greatest in this segment of the market. For large customers in 2022-23, the market share (based on the number of customers) of retailers other than Jacana Energy increased by 5.7 percentage points to about 26%. The Commission notes, however, that since this segment contains relatively few customers, changes in the number of large customers serviced by a retailer can result in substantial changes to their market share.

10 Refer https://www.qca.org.au/project/customers/electricity-prices/.

Figure 3: Market share of retailers by customer numbers for customers consuming > 750 MWh per annum



Potential barriers to retail competition

The Commission has discussed in previous NTERRs a number of potential barriers to retail competition in the small customer market historically contributing to private retailers' lack of interest in targeting small customers. These potential barriers – the Territory Government uniform tariff policy and interval meters – remain the same and are discussed briefly in the following paragraphs. More detailed information can be found in previous NTERR, which are available on the Commission's website[11].

Territory Government uniform tariff policy

The Territory Government has a policy that all residential and small to medium-sized business electricity customers (customers consuming less than 750 MWh per annum) pay the same maximum electricity prices regardless of where they are located in the Territory. The uniform tariff policy is implemented through an EPO[12], which caps the tariffs that can be charged to eligible customers. The regulated tariffs are typically below the cost of supply, making it, in principle, uneconomical for retailers to supply electricity to price-regulated customers.

The Territory Government provides CSO funding to electricity retailers to address the shortfall between the cost of supply and the regulated electricity tariffs for eligible customers located in the Alice Springs, Darwin-Katherine and Tennant Creek power systems and other minor townships in the Territory. The Commission notes that while the government is seeking to insulate consumers from having to pay for the high cost of supplying electricity in the Territory, regulating electricity prices through the EPO may create inefficient market outcomes by distorting price signals, discouraging energy efficiency and contributing to higher overall costs, including costs to Territory taxpayers through payment of the CSO. Furthermore, customers are largely unaware of the level of subsidy they are receiving for electricity supply (the Territory Government's budget papers only provide high level details about the CSO payment) and it is not transparent to potential market participants how the government calculates and makes the payment available to retailers.

11 At https://utilicom.nt.gov.au/publications

12 For example, the current (2023-24) EPO available on the Commission's website at: https://utilicom.nt.gov.au/publications/correspondence-directions-and-notices/electricity-pricing-order-1-july-2023-30-june-2024.

The Territory Government's revised budget for 2022-23 included $99.3 million for CSO funding to electricity retailers. This was an increase of about $7.6 million (8.2%) relative to 2021-22[13] and translates to an average subsidy of more than $1,100 per customer. In addition to the CSO, the Territory Government subsidises electricity and other utilities in remote Indigenous townships through the Indigenous Essential Services grant and the Northern Territory Concession Scheme provides a further subsidy to eligible pensioners and carers.[14]

While the regulated electricity tariffs in the Territory may present a barrier to retail competition, the Commission acknowledges that they also insulate residential and small business customers from inflationary pressures in the electricity supply industry. The higher cost of electricity supply is, however, passed on to government, and ultimately taxpayers, through the CSO.

Interval meters

Clause 5.1.1 of the ERS Code requires a customer to have an interval meter in order to transfer retailer. Territory retailers have indicated, and the Commission agrees, that this restriction poses a barrier to retail competition. The Commission reconsidered the need for the restriction as part of its ERS Code Review, but decided to retain the requirement given the reasons for posing the restriction remain.[15] That is, PWC does not have the capability to accommodate the transfer of customers with accumulation meters and removing the requirement for an interval meter would trigger the need for a complex settlement system, the cost of which would outweigh the cost of the current solution.

The Commission continues to encourage PWC to consider a potential solution, noting the current situation favours Jacana Energy (as the retailer for customers with accumulation meters) and is primarily due to PWC's ongoing system limitations. PWC has an ongoing program[16] to replace accumulation meters with smart meters; however, PWC's Regulatory Proposal for the 2024-2029 regulatory period indicates that the replacement program will not be completed until the 2029-2034 regulatory period.[17]

13 Northern Territory Government, Agency Budget Statements, 2023-24 Budget Paper No. 3, page 214: https://budget.nt.gov.au/__data/assets/pdf_file/0013/1224103/2023-24-bp3-agency-budget-statements.pdf and Budget 2022-23, Budget Paper No. 3, page 212: https://budget.nt.gov.au/__data/assets/pdf_file/0011/1103024/2022-23-bp3-book.pdf.

14 In 2022-23, there was $88.4 million in funding for the provision of electricity, water and sewerage in remote communities in the Indigenous Essential Services grant and $10.25 million provided under the Northern Territory Concession Scheme (refer Northern Territory Government, Agency Budget Statements, 2023-24 Budget Paper No. 3, page 145: https://budget.nt.gov.au/__data/assets/pdf_file/0013/1224103/2023-24-bp3-agency-budget-statements.pdf).

15 The Final Decision for the ERS Code Review is available on the Commission's website at https://utilicom.nt.gov.au/__data/assets/pdf_file/0003/1240860/Final-Decision-Electricity-Retail-Supply-Code-Review.pdf.

16 Approved by the AER as part of its approval of PWC's 2019-24 Distribution Determination: https://www.aer.gov.au/system/files/AER%20-%20Power%20%26%20Water%20Corporation%202019-24%20-%20Distribution%20determination%20-%20Final%20decision%20-%20Overview%20-%20April%202019.pdf

17 PWC Regulatory Proposal for the 2024-29 regulatory period: https://www.aer.gov.au/system/files/PWC%20-%200.00%20-%20Regulatory%20Proposal%20-%2031%20Jan%202023%20-%20Public.pdf

According to PWC's Regulatory Proposal about 24,000 smart meters are currently installed in the Alice Springs, Darwin-Katherine and Tennant Creek power systems.[18] Subject to PWC's replacement program proceeding as envisaged, this number will continue to grow thereby lessening the number of customers who may be discouraged from switching due to the cost[19] of upgrading their meter. The Commission notes that residential and small business customers need an interval (or smart) meter in order to connect rooftop solar photovoltaic infrastructure (which occurs at the customer's cost if they have an accumulation meter) allowing, after installation, those customers to transfer retailer (as they may consider appropriate) without the barrier of additional metering costs.

18 PWC Regulatory Proposal for the 2024-20 regulatory period, Attachment 13.01: https://www.aer.gov.au/system/files/PWC%20-%2013.01%20-%20Metering%20attachment%20-%2031%20Jan%2023%20-%20Public.pdf

19 PWC's 2022-23 alternative control service (ACS) fee based and quoted services tariff schedule indicates a cost of $661.93 to exchange or replace a single phase meter, noting this does not include the cost of any additional works, which may be required in some circumstances. Fees for ACS are at https://www.powerwater.com.au/__data/assets/pdf_file/0018/122328/Power-and-Water-Corporation-Alternative-Control-Service-Fee-Based-and-Quoted-services-2022-23.pdf.

3 Retail performance

This chapter reports on retailers' performance in terms of customer service (measured by telephone responsiveness), complaints and dispute resolution. The EIP Code only requires retailers to report to the Commission on outcomes for residential and small business customers consuming less than 160 MWh per annum. Accordingly, information on retail performance for large customers consuming more than 160 MWh per annum is not included in this chapter. The chapter presents annual data for the five year period from 2018-19 to 2022-23. Data relating to earlier years (back to 2014-15) can be found in previous NTERR.

Customer service

A customer may contact their electricity retailer for a number of reasons, including to query a bill, change payment arrangements or make a complaint. Customer service is typically facilitated through a retailer's call centre. Measures of telephone responsiveness can provide an indication of the level of service afforded to customers by electricity retailers. This is particularly important, given the limited choice in retailers for small customers in the Territory.

Routine matters, such as arranging a new connection or paying a bill, will contribute to a base level of inbound calls received by a retailer and these will typically increase as a retailer's customer base grows. Customers will also contact retailers when they experience issues in an attempt to have these resolved. Peaks in inbound customer calls may indicate an escalation in issues with a retailer's customer service; however, external factors beyond a retailer's control may also contribute to variability in the number of inbound calls received by a retailer.

Table 2: Retailers' telephone responsiveness shows the total number of calls received over the five years to 2022-23 and telephone responsiveness, as measured by calls taken within 30 seconds and calls abandoned before being answered. Both Jacana Energy and Rimfire Energy had an increase in the total number of calls received in 2022-23 compared with the previous year (an increase of 11,973 calls or 10% for Jacana Energy and 1,194 calls or 199% for Rimfire Energy), but while Jacana Energy's performance against the telephone responsiveness indicators improved in 2022-23, Rimfire Energy's performance declined compared to the previous year.

Table 2: Retailers' telephone responsiveness

	2018-19	2019-20	2020-21	2021-22	2022-23
Total calls					
Jacana Energy	182 014	168 220	137 794	116 220	128 193
Rimfire Energy	17	156	438	601	1 795
Calls forwarded to an operator within 30 seconds					
Jacana Energy (%)	66.7	64.1	66.3	42.0	83.9
Rimfire Energy (%)[3]	n/a	n/a	70.5	87.7	53.5
Calls abandoned before being answered by an operator					
Jacana Energy (%)	4.1	4.4	3.7	10.3	5.0
Rimfire Energy (%)[3]	n/a	n/a	14.6	12.3	17.8

n/a: not available

1 Prior to 2020-21, Rimfire Energy did not have a call centre or integrated voice response telephone system and therefore was unable to track and report against 'calls forwarded to an operator within 30 seconds' and 'calls abandoned before being answered' performance indicators, as required under the EIP Code. In 2020-21, Rimfire Energy resolved this issue through systems upgrades.

Inbound call volumes for Jacana Energy remained at historically low levels in 2022-23. Jacana Energy indicated, however, that a strategy of proactive customer contact processes relating to payment plan arrangements and hardship support in 2022-23 meant total interaction volumes (inbound and outbound across all communication channels) were similar to previous years. Rimfire Energy advised the Commission that the substantial increase in calls was associated with more active engagement in the residential market (Rimfire Energy's increased share of the residential customer market is discussed in the previous chapter), which increased enquiries relating to marketing and increased the customer cohort with telephone as the preferred communication method. Rimfire Energy also advised most of its inbound calls are received during the customer connection process.

The indicators for percentage of calls forwarded to an operator within 30 seconds and calls abandoned before being answered by an operator provide an indication of customer wait-times to speak to a retailer and whether this wait is considered reasonable by the customer. The AER has developed a rating system for these indicators, which consists of three categories: 'best' (80% or more calls taken within 30 seconds and 5% or less calls abandoned), 'within range' (79% to 51% of calls taken within 30 seconds and 6% to 9% of calls abandoned), and 'poor' (50% or less calls answered within 30 seconds and 10% or more calls abandoned).[20] The Commission has applied these indicators to data provided by Jacana Energy and Rimfire Energy.

Jacana Energy's performance against the telephone responsiveness indicators improved substantially in 2022-23. At 83.9% of calls answered within 30 seconds (an improvement of 41.9 percentage points) and 5.0% of total calls abandoned (an improvement of 5.3 percentage points, down from 10.3% in 2021-22), Jacana's performance equates to a 'best' rating against the AER's rating system. The Commission notes the percentage of calls answered in 30 seconds is the highest result achieved by Jacana Energy in data held by the Commission, which goes back to 2014-15. Jacana Energy indicated to the Commission the improvement in the performance indicators was driven by a change to its call operating model introduced in August 2022 whereby calls are answered by agents who triage the call and either finalise the interaction, offer online service, or transfer to the appropriate area.

20 AER, Annual retail markets report 2022-23: https://www.aer.gov.au/system/files/2023-11/Annual%20Retail%20Market%20Report%202022-23%20-%2030%20November%202023_1.pdf.

Rimfire Energy's performance against the telephone responsiveness indicators deteriorated in 2022-23 compared with the previous year. At 53.5% of calls answered within 30 seconds (a deterioration of 34.1 percentage points) and 17.8% of calls abandoned (a deterioration of 5.5 percentage points), Rimfire Energy would achieve a rating of 'within range' for calls answered within 30 seconds, and 'poor' for calls abandoned. Noting that Rimfire Energy's performance against calls abandoned indicator would be rated as 'poor' in each of the three years for which there is data, the deterioration in performance in 2022-23 is concerning. Rimfire Energy indicated to the Commission that it is exploring options to improve its performance against the calls answered and calls abandoned indicators including measures to ensure its call centre has adequate capacity during periods of high call volume.

Complaints

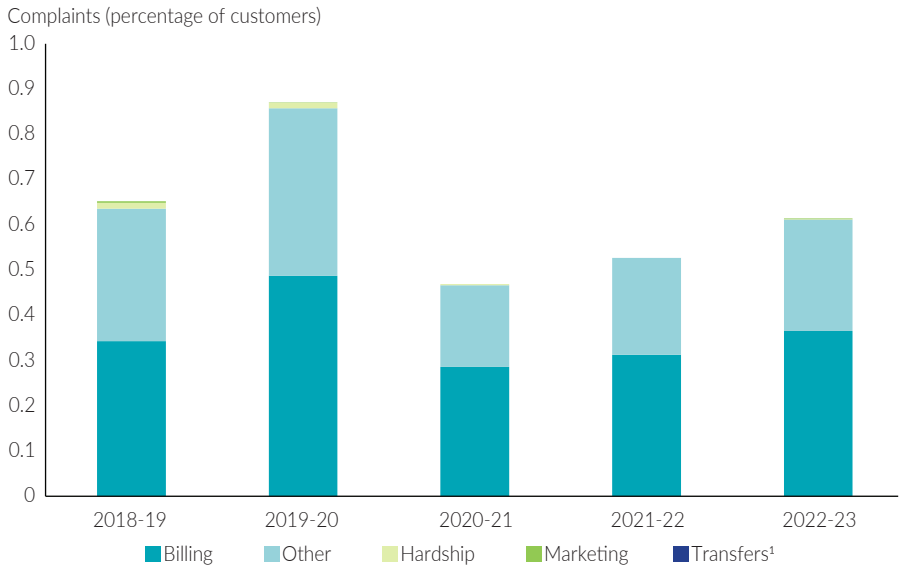
Complaints are recorded and categorised by retailers as billing, marketing, transfers, hardship and other with these defined as follows:

- billing – includes complaints about prices, billing errors, payment arrangements, debt recovery practices and disconnections
- marketing – includes complaints about sales practices, advertising, contract terms and misleading conduct
- transfers – includes complaints about timeliness of transfer, disruption of supply due to transfer and billing problems directly associated with a transfer
- hardship – refers to complaints associated with customer hardship measures
- other – includes complaints about customer service, privacy issues, failure to respond to complaints, and health and safety issues.

Customer complaints as a percentage of total customers (all retailers) for the five years to 2022-23 are shown in Figure 4, segmented by complaint category. Complaints increased in both numerical and percentage terms in 2022-23 to 0.6% (up from 0.5% in 2021-22), driven by increases in billing-related complaints and complaints in the 'other' category. While the percentage of customer complaints remains below the peak of 0.9% in 2019-20, the upward trend over the past two years is of concern; however, the Commission notes that at 0.6%, the level of complaints in the Territory is about a third the average for retailers in NECF jurisdictions (1.5%)[21].

21 AER Retail energy market performance data, Schedule 3, 2022-23: https://www.aer.gov.au/publications/reports/performance/retail-energy-market-performance-update-quarter-4-2022-23

Figure 4: Customer complaints as a percentage of total small customers by category



1 There were no complaints about transfers, however the category is included for completeness.

Jacana Energy indicated to the Commission that a primary driver of the increase in complaints in 2022-23 was the Territory Government's announcement of changes to the solar feed-in tariff provided by Jacana Energy in May 2022. This generated complaints throughout the year as customers progressively moved to the reduced feed-in-tariff. Noting this is a matter largely beyond Jacana Energy's control and once all customers are transitioned to the new feed-in tariff, the Commission would expect to see a downward movement in the indicators.

In relation to issues arising from consumption estimation processes, the Commission notes that PWC is responsible for metering services in the regulated power systems and electricity retailers are reliant on data provided by PWC to bill customers. The Commission is aware of instances where a customer has disputed a bill based on estimated consumption as it is unexpectedly high as the estimation process does not account for the impact on consumption and billing of electricity supplied from the customer's solar photovoltaic system. Rules associated with the estimation of metered data are set out in the National Electricity Rules - Northern Territory and to the Commission's knowledge these are being followed; however, they only relate to consumption of electricity; there are no rules regarding estimation of solar feed-in. The Commission also notes the next electricity bill that is based on an actual meter read will account for any difference between billed and actual consumption and provide the customer with a credit where they have been overcharged. Furthermore, as manually read meters are replaced with remotely read smart meters, the need to estimate a customer's consumption will reduce.

Regardless, the Commission acknowledges it can be frustrating for customers to receive an unexpectedly high bill and encourages retailers to work with customers to ensure that these do not cause undue hardship. To this end, the Commission notes advice from Jacana Energy that it is working in partnership with PWC to develop proactive communication material to educate and inform customers about estimated readings, property access issues and billing delays.

Dispute resolution

Where a customer is in dispute with a licensee owned by the Territory Government such as Jacana Energy, the complainant can seek assistance from Ombudsman NT; however, for customers of privately-owned retailers, there is no external dispute resolution body although NT Consumer Affairs may be able to assist in resolving a dispute by providing a conciliation service[22]. This contrasts with other jurisdictions where there are dedicated energy ombudsmen with legislated remits that extend to dealing with matters between customers and privately-owned electricity entities.

The Commission acknowledges such a body comes at additional cost, which would need to be funded by the electricity supply industry, government or both (and thus ultimately by electricity customers and/or taxpayers) and currently only a small number of customers are supplied electricity by private retailers. Nonetheless, it is important appropriate external dispute resolution services are available to electricity customers, regardless of which retailer a household or business chooses and the Commission encourages the Territory Government to explore options to strengthen the external dispute resolution framework.

Although data on approaches to the Ombudsman NT is limited to Jacana Energy, the Commission considers it provides valuable information on Jacana Energy's performance given it remains the dominant retailer in the Territory and the majority of complaints are made to Jacana Energy (Rimfire Energy only reported a small number of complaints in 2022-23, which related to billing).

Table 3 shows the number of approaches to the Ombudsman NT regarding Jacana Energy and those approaches as a percentage of complaints to Jacana Energy, as an indication of the extent of complaints that could not be resolved and were escalated to the dispute resolution body for further assistance. After relatively low levels in 2021-22, approaches to the Ombudsman NT both in number and in percentage terms, were higher in 2022-23, but below peak levels occurring four to five years ago.[23] The Ombudsman NT's 2022-23 Annual Report indicates the largest number of approaches related to complaints concerning excessive charges (48 approaches) including issues arising from consumption estimation processes and issues with payment of refunds.

Table 3: Approaches to Ombudsman NT regarding Jacana Energy

	2018-19	2019-20	2020-21	2021-22	2022-23
Approaches to the Ombudsman NT					
Jacana Energy	181	141	115	86	131
Change (%)		- 22.1	- 18.4	- 25.2	52.3
Approaches to the Ombudsman NT as a percentage of retail complaints					
Jacana Energy	33.5%	19.3%	29.1%	19.5%	24.6%
Change (ppt)[1]		- 14.2	9.8	- 9.7	5.2

1 Percentage point change from previous year.

22 Refer https://consumeraffairs.nt.gov.au/for-consumers/complaints-and-disputes.
23 Ombudsman NT, 2022-23 Ombudsman Annual Report.https://www.ombudsman.nt.gov.au/publications.

In comparison to NECF jurisdictions, the number of complaints to Ombudsman NT regarding Jacana Energy as a percentage of total complaints to Jacana Energy (24.6%) is similar or better than the percentage of retailer complaints to ombudsmen in New South Wales (27.4%), Queensland (21.9%) and South Australia (33.4%).[24] However, the Australian Capital Territory and Tasmania have a much lower percentage of customers turning to ombudsmen for assistance (6.3% and 2.5%, respectively). The Commission notes complaint counting methods may vary by ombudsman, but the comparison provides reassurance that Jacana Energy's performance remains comparable with retailers in other jurisdictions.

Requirements for retailers to have dispute resolution procedures

The 2021-22 NTERR discussed steps that the Commission was undertaking to address a gap where there is no legislated obligation for retailers to have in place an internal or external dispute resolution process by amending the ERS Code to include internal dispute resolution obligations. The Commission has now published its final decision[25] and an amended ERS Code including, at clause 11.4 of the ERS Code, a requirement for retailers and network providers to develop, make and publish on its website a set of procedures detailing the procedures for handling customer complaints and disputes. These must be substantially consistent with the Australian Standard ISO 100022022 Customer satisfaction – Guidelines for complaints handling in organizations as amended and updated from time to time. The Commission notes that both Jacana Energy and Rimfire Energy have published complaints policies on their respective websites as required by the ERS Code.

The new ERS Code provisions also require that retailers or network providers must deal with a complaint that is made in accordance with its procedures under clause 11.4 and that a retailer must inform a customer that, if the customer is not satisfied with the outcome of the complaint, the customer may make a complaint to the Ombudsman NT (if the retailer is a government-owned corporation) or to NT Consumer Affairs (if the retailer is not a government-owned corporation).

Further, in October 2023, the Territory Government passed amendments to the *Electricity Reform Act 2000* and the *Utilities Commission Act 2000* through the Electricity Legislation Amendment Bill 2023 that created an enabling framework supporting the consumer protection requirements in the ERS Code as well as providing guidance for the ERS Code's future development. The amendments establish a set of principles that the Commission must have regard to in making or varying the ERS Code and in performing functions under the ERS Code, including that complaints handling and dispute resolution mechanisms should be readily accessible to residential customers. The Commission considers dispute resolution requirements in the ERS Code and the relevant provisions in the *Electricity Legislation Amendment Act 2023* (once commenced) are a step toward in improving customer protection in relation to dispute resolution.

24 Utilities Commission calculation based on data from AER Annual Retail Market Report 2022-23 – Charts and Data (https://www.aer.gov.au/publications/reports/performance/annual-retail-markets-report-2022-23) and AER Retail energy market performance data, Schedule 3 (https://www.aer.gov.au/publications/reports/performance/retail-energy-market-performance-update-quarter-4-2022-23).

25 Final Decision Paper – Electricity Retail Supply Code Review: https://utilicom.nt.gov.au/publications/approvals-decisions-and-determinations/final-decision-electricity-retail-supply-code-review

4 Payment difficulties and hardship

For residential and small business customers consuming less than 160 MWh per annum, this chapter reports on:

- debt level of customers
- customers on payment plans or hardship programs
- disconnections for non-payment
- prepayment meter disconnections.

The chapter presents quarterly data over the five year period from 2018-19 to 2022-23 (where available) showing the percentage of customers with payment difficulties and hardship and levels of debt. The figures provided in this chapter may differ from those provided in previous NTERRs due to issues found in the Commission's underlying calculations. Adjustments are, however, relatively minor with little impact on overall trends.

Data on the total number of customers is only available as at 30 June each year. As data on customer numbers is not available on a quarterly basis, the Commission has used the 30 June number in its calculations of percentage estimates (of the total customer base) presented in this report. Further, for the purpose of showing the change between years and making comparisons with NECF jurisdictions, the Commission has used the final quarter (Q4) estimates for each year, rather than estimating an average across each year (as has been presented in previous NTERRs). Information in the final quarter of 2022-23 is the most current and accurate observation of customers with payment difficulties and hardship. There is also little evidence of seasonal trends in the data to require averaging across the year to better represent circumstances in the Territory or improve comparisons with NECF jurisdictions.

Debt

The EIP Code requires retailers in the Territory to report on the number of residential and small business customers with energy bill debt (defined as debt outstanding for 90 days or longer from the date a bill is due[26]) and the average energy bill debt of customers, with both indicators excluding hardship customers, which are reported separately. These indicators provide insight on the difficulty customers are having in paying electricity bills and the effectiveness of retailers' processes for managing customers experiencing payment difficulties.

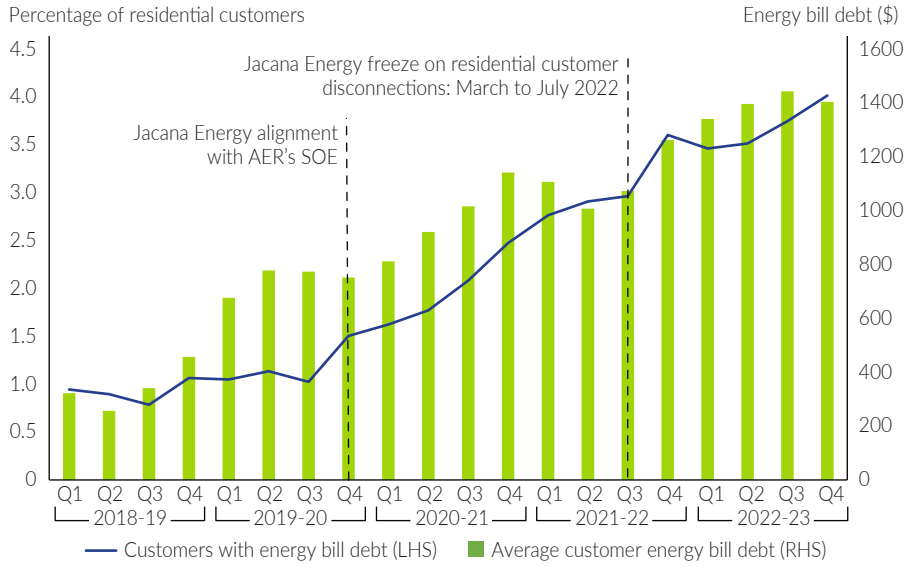
Residential customers (excluding hardship customers)

Since 2018-19, there has been a four-fold increase in the percentage of residential customers with energy bill debt and the average level of debt (Figure 5). In 2020-21, debt rose as Jacana Energy took steps to assist customers during the COVID-19 pandemic including aligning with the AER's *Statement of expectations for energy businesses: Protecting customers and the energy market during COVID-19* (AER's SOE), which temporarily ceased normal debt collection measures and disconnections for overdue debt.

26 AER, AER (Retail Law) Performance Reporting Procedures and Guidelines, April 2018, version 3: https://www.aer.gov.au/documents/aer-retail-law-performance-reporting-procedures-and-guidelines-january-2019.

In 2021-22, average debt levels initially eased after the temporary measures were discontinued until Jacana Energy placed a freeze on residential customer disconnections in March 2022 following a material breach of life support obligations in the ERS Code[27]. As a result, average energy bill debt and the percentage of residential customers with energy bill debt increased in the final quarter of 2021-22 and despite the freeze ending in July 2022, both indicators continued to rise during 2022-23, but at a slower rate.

Figure 5: Level of residential customer debt (90 days or greater), quarterly



As at 30 June 2023, 4.0% of residential customers had an energy bill debt and their average bill debt was $1,404, the majority of which is held by Jacana Energy (consistent with its large market share) (Table 4). Compared to the same period in the previous year, the average bill debt rose by 11.2% while the percentage of residential customers with an energy bill debt was 0.4 percentage points higher. Underlying the increase in the proportion of customers was an increase of 14.7% in the number of residential customers with energy bill debt.

Table 4: Level of residential customer debt (90 days or more)

As at 30 June	2018-19	2019-20	2020-21	2021-22	2022-23
Residential customers with debt (%)[1]	1.1	1.5	2.5	3.6	4.0
Change (ppt)[2]		0.4	1.0	1.1	0.4
Average residential customer debt ($)	457	752	1 142	1 263	1 404
Change (%)[3]		64.7	51.9	10.5	11.2

1 Number of residential non-hardship customers with energy bill debt as a percentage of total residential customers in the Territory, final quarter (quarter 4) in year.
2 Percentage point change in the percentage of residential customers with energy bill debt from quarter 4 in the previous year.
3 Percentage change in average residential customer energy bill debt from quarter 4 in the previous year.

27 Further information on the breach can be found in the Commission's Annual Compliance Monitoring Report 2021-22: https://utilicom.nt.gov.au/__data/assets/pdf_file/0004/1166647/Utilities-Commission-Annual-Compliance-Monitoring-Report-2021-22.pdf.

Jacana Energy indicated to the Commission that factors contributing to growth of customer debt include the lagging impact of the COVID-19 pandemic and its impact on customers' financial situation, the gradual return of regular credit management processes, including limited disconnections for non-payment and delayed credit reporting referrals in the first and second quarters of 2022-23, and the economic climate including rising interest rates and higher inflation.

The Commission notes average residential customer debt in the Territory in the final quarter of 2022-23 ($1,404) was higher than in NECF jurisdictions where average debt ranged between $784 in Queensland and $1,256 in South Australia ($986 for NECF jurisdictions overall).[28] The Territory also performed poorly in terms of the percentage of residential customers with energy bill debt at nearly double the percentage for NECF jurisdictions overall (4.0% compared with 2.2% as at 30 June 2023).[29] Only Tasmania had a higher proportion of customers with energy bill debt (5.7%).

The Commission has expressed its concern in previous NTERRs, and continues to do so, that average residential customer energy bill debt in the Territory continues to rise and is higher than in other jurisdictions. This is to the detriment of customers and Jacana Energy's financial performance; however, the Commission anticipates that the decline in bill debt as seen the final quarter of 2022-23 (Figure 5) will continue into 2023-24 with Jacana Energy's resumption of normal credit management processes.

Small business customers

Trends in the average energy bill debt for small business customers in the Territory improved in the first three quarters of 2022-23 with levels of bill debt decreasing before a slight upturn in the final quarter. Despite this, average energy bill debt was lower in each quarter compared to the same period in the previous year (Figure 6). As at 30 June 2023, the average bill debt for small business customers was $1,439, a decrease of 15.4% compared with the same period in 2021-22 (Table 5). It is now at a level similar to that in early 2018-19, prior to the COVID-19 pandemic.

A similar pattern of decline was also initially seen in the percentage of small business customers with energy bill debt, which declined in the first two quarters of 2022-23 to levels more akin to those pre-pandemic. However, there was an upturn during the second half of 2022-23 and by the final quarter, 2.5% of small business customers in the Territory had an energy bill debt, up from 1.6% in the same period in 2021-22. Despite this, the percentage of small business customers with energy bill debt in 2022-23 remains well below the peak of 3.9% in the final quarter of 2019-20. Furthermore, the underlying number of small business customers with debt is less than at that time (that is, the lower percentage is not simply a result of growth in the total small business customer base).

28 AER Retail energy market performance data for quarter 4, 2022-23, Schedule 3: https://www.aer.gov.au/publications/reports/performance/retail-energy-market-performance-update-quarter-4-2022-23.

29 Utilities Commission calculation based on AER Retail energy market performance data for quarter 4, 2022-23, Schedule 2 and Schedule 3: https://www.aer.gov.au/publications/reports/performance/retail-energy-market-performance-update-quarter-4-2022-23.

Figure 6: Level of small business customer debt (90 days or more), quarterly

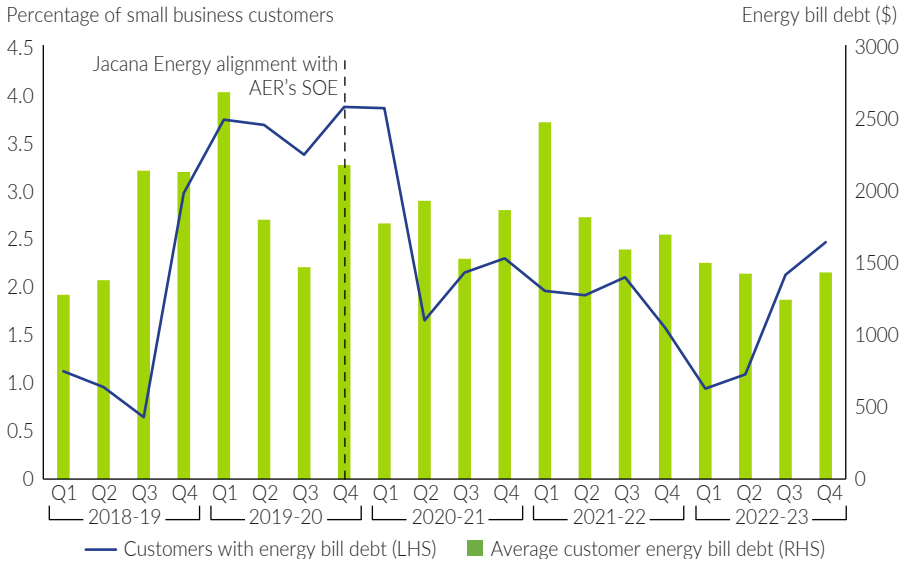


Table 5: Level of small business customer debt (90 days or more)

As at 30 June	2018-19	2019-20	2020-21	2021-22	2022-23
Small business customers with debt (%)[1]	3.0	3.9	2.3	1.6	2.5
Change (ppt)[2]		0.9	- 1.6	- 0.7	0.9
Average small business customer debt ($)	2 138	2 186	1 873	1 701	1 439
Change (%)[3]		2.2	-14.3	- 9.2	- 15.4

1 Number of small business customers with energy bill debt as a percentage of total small business customers in the Territory, final quarter (quarter 4) in year.
2 Percentage point change in the percentage of small business customers with energy bill debt from quarter 4 in the previous year.
3 Percentage change in average energy bill debt from quarter 4 in the previous year.

Despite the upturn in both the percentage of small business customers with energy bill debt and the average bill debt for those customers in the final quarter of 2022-23, the Commission notes that the Territory compares favourably to NECF jurisdictions. In the final quarter of 2022-23, 2.6% of business customers in NECF jurisdictions had an energy bill debt[30] and the average debt for those customers was $2,458[31]. Among NECF jurisdictions, debt indicators were lowest in Tasmania (1.3% of business customers with debt and an average bill debt of $1,118) and highest in New South Wales (3.2% of business customers and an average debt of $2,662).

30 Ibid.
31 AER Retail energy market performance data for quarter 4, 2022-23, Schedule 3: https://www.aer.gov.au/publications/reports/performance/retail-energy-market-performance-update-quarter-4-2022-23.

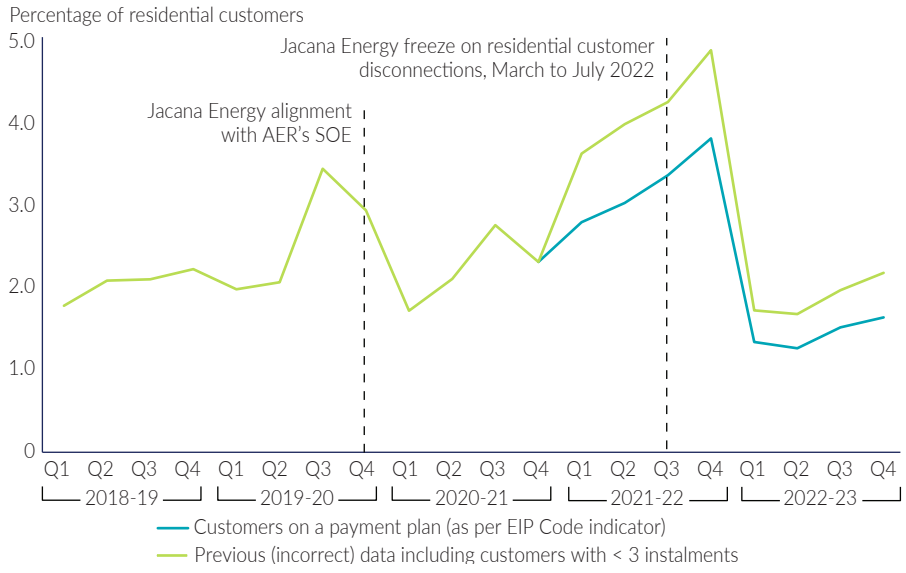
Payment plans – residential customers

A payment plan is generally the first step in assisting a customer experiencing payment difficulties of a short-term nature, often stemming from a sudden or unexpected change in circumstance. A payment plan enables a customer to spread payments into regular smaller amounts to assist in paying off a current bill before the next is received.[32]

As noted in the 2021-22 NTERR, Jacana Energy advised the Commission that its reporting against payment plan indicators in years prior to 2021-22 included customers with payment plan arrangements of less than three instalments, which is inconsistent with EIP Code reporting requirements. Jacana Energy corrected this issue in its 2021-22 reporting, but was unable to adjust prior data due to system limitations. Figure 7 provides data based on both indicators and suggests (as would be expected) that Jacana Energy's data prior to the change may overstate the percentage of residential customers on a payment plan although the extent of the gap varies from quarter to quarter. Notwithstanding this, trends in the data are likely to be largely unaffected by the inclusion of the additional customers.

As shown in Figure 7 (based on the corrected data), the percentage of residential customers on a payment plan (excluding hardship customers) fell sharply in the first quarter of 2022-23, then rose toward the end of the year. Despite the increase, in the final quarter of the 2022-23, the percentage of customers on a payment plan (1.7%) was over half that in the same period of 2021-22 (3.9%) (Table 6). This reflects a substantial reduction in the underlying number of customers on a payment plan, which more than halved during that time. As discussed in the next section, a contributor to the decline was Jacana Energy's temporary suspension of standard credit management practices in 2022, which allowed customers with energy bill debt to remain connected without the need enter into payment plan arrangements.

Figure 7: Percentage of residential customers on a payment plan, quarterly



32 Jacana Energy. Payment extensions website: https://jacanaenergy.com.au/your-home/billing-and-payments/payment-extensions.

Table 6: Percentage of residential customers on a payment plan

As at 30 June	2020-21	2021-22	2022-23
Territory (%)[1]	2.3	3.9	1.7
Change (ppt)[2]		1.5	- 2.2

Note: Data that is consistent with EIP Code requirements is not available for 2018-19 and 2019-20

1 Number of residential customers on a retailer's payment plan as a percentage of total residential customers in the Territory, final quarter (quarter 4) in year.

2 Percentage point change in the percentage of residential customers on a payment plan from quarter 4 in the previous year.

The percentage of residential customers in the Territory on a payment plan was the same as that reported by NECF jurisdictions overall (1.7%); however, in NECF jurisdictions this was an increase compared with the previous year (up from 1.5%).[33] The percentage of customers on a payment plan ranged from 0.6% in the Australian Capital Territory to 2.1% in Queensland.

Hardship programs – residential customers

A hardship program is generally the next line of support for a customer overwhelmed by payment difficulties where a standard payment plan is not sufficient and the customer is facing longer term and more entrenched financial difficulties. A hardship program is ideally tailored to the individual customer and actively managed by the retailer. It should keep a customer engaged with their retailer and where possible strive to reduce debt and move a customer back to being a 'regular bill cycle customer'.

The percentage of residential customers on a hardship program in the Territory peaked in 2020 at around 1.0%, when measures were in place to protect customers during the COVID-19 pandemic (Figure 8). After the second quarter of 2020-21, the proportion of customers declined until the third quarter of 2021-22 when there was a sharp, but temporary rise associated with Jacana Energy's freeze on residential disconnections. Following Jacana Energy's resumption of disconnections, the percentage of residential customers on hardship programs fell before levelling off in the second half of 2022-23. In the final quarter of 2022-23, 0.5% of residential customers in the Territory were on a hardship program, down 0.4 percentage points from the same time in the previous year (Table 7). Underlying this was a decrease of 32.7% in the number of customers on a hardship program.

33 AER Retail energy market performance data for quarter 4, 2022-23, Schedule 3: https://www.aer.gov.au/publications/reports/performance/retail-energy-market-performance-update-quarter-4-2022-23.

Figure 8: Residential customers on a hardship program, quarterly

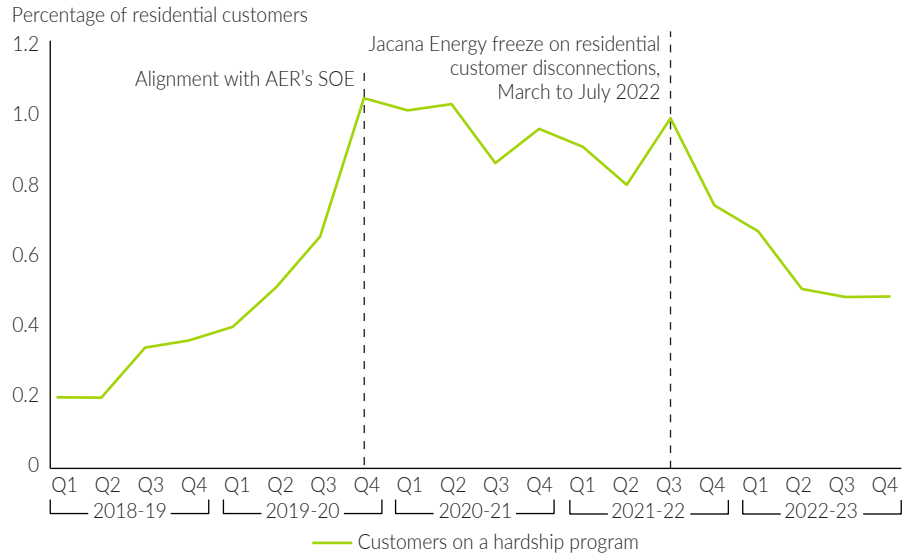


Table 7: Percentage of residential customers on a hardship program

As at 30 June	2018-19	2019-20	2020-21	2021-22	2022-23
Territory (%) [1]	0.4	1.0	1.0	0.7	0.5
Change (ppt)[2]		0.6	0.0	- 0.3	- 0.2

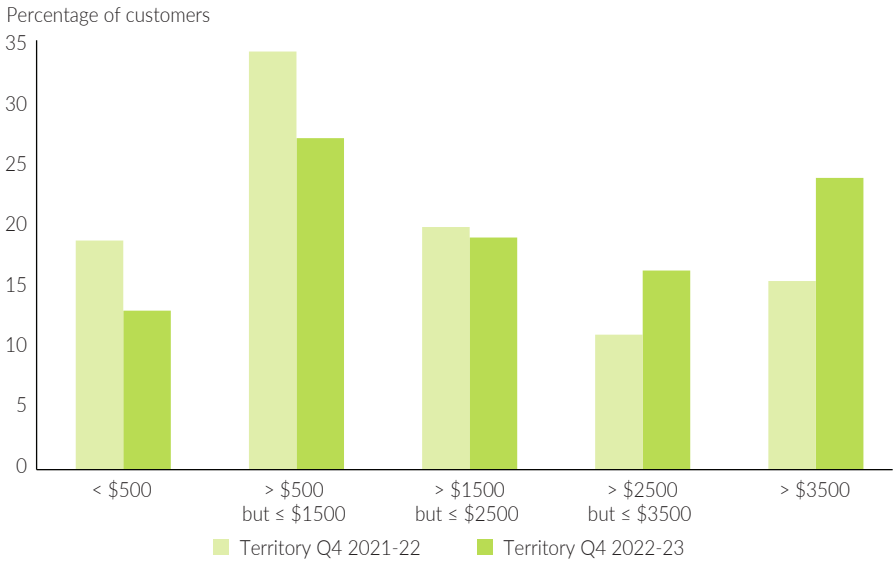
1 Number of residential customers on a retailer's hardship program as a percentage of total residential customers in the Territory, final quarter (quarter 4) in year.

2 Percentage point change in the percentage of residential customers on a retailer's hardship program from quarter 4 in the previous year.

In the final quarter of 2022-23, the average debt of customers in a hardship program in the Territory was $2,269, up 26.8% on the same time in the previous year. The average debt of a customer in the hardship program was substantially higher than the average Territory residential customer energy bill debt ($1,404), reflecting that hardship customers typically face longer-term, entrenched financial difficulties.

The increase in average debt for hardship customers coincided with a substantial increase in the average residential customer energy bill debt on entry to a hardship program, up from $1,946 in the final quarter of 2021-22 to $2,648 in the same period in 2022-23 (an increase of 36.0%). A key contributor to the increase in average debt was a greater proportion of customers entering a hardship program with high levels of debt. As shown in Figure 9, 40.4% of customers entering a hardship program in the final quarter of 2022-23 had a debt of $2,500 or more compared with 26.7% of customers in the previous year.

Figure 9: Debt on entry to a hardship program, Northern Territory



Jacana Energy (as the retailer for the majority of customers on hardship programs) indicated that high average debt on entry to its hardship program is exacerbated by repeated Stay Connected plans, whereby outstanding debt is carried over when a customer enters a subsequent plan. The Commission is concerned that some customers need to access Jacana Energy's hardship program on multiple occasions, suggesting the program may not be effective at assisting these customers to manage and get on top of their debt. The Commission notes Jacana Energy's advice that the repeated use and low successful completion rate for Stay Connected plans was an area of focus in 2022-23 and will continue to be in 2023-24. This includes initiatives to address issues including engagement with welfare organisations and financial counsellors to better understand trends and unique needs of the vulnerable customer group, staff training specialising in vulnerable customers and affordability initiatives such as a concessions awareness campaign and a community led education program called Voices for Power, which will assist specific customer groups to better understand billing and energy efficiency.

Compared to NECF jurisdictions, the Territory continues to have similar or lower outcomes for hardship indicators. The percentage of customers on a hardship program in the Territory at the end of 2022-23 (0.5%) was almost a third of that in NECF jurisdictions (1.4%).[34] In individual NECF jurisdictions, the percentage of customers on hardship programs ranged from 1.1% in Queensland to 2.0% in South Australia.

The average debt of a hardship customer in the Territory ($2,269) did not, however, compare favourably to NECF jurisdictions overall, which was much lower at $1,762.[35] This is consistent with the distribution of debt levels on entry to a hardship program where the Territory has a notably lower percentage of customers entering its hardship program with debts less than $500 compared with NECF jurisdictions and a higher percentage with debt in excess of $1,500 (Figure 10).

34 AER Retail energy market performance data for quarter 4, 2022-23, Schedule 4 available at https://www.aer.gov.au/publications/reports/performance/retail-energy-market-performance-update-quarter-4-2022-23.
35 Ibid.

Figure 10: Debt on entry to a hardship program, Northern Territory and NECF jurisdictions, 30 June 2023

It is concerning to the Commission that the number of customers on a payment plan or in hardship programs decreased while the number of customers with energy bill debt and the average amount of their debt rose in 2022-23. While this could suggest retailers are not providing sufficient support or suitable options for customers to avoid getting into deficit or further increasing amounts owed, the Commission notes advice from Jacana Energy that this situation has arisen as a result of minimal active collection activity, disconnections (due to non-payment) and listings with a credit bureau of open accounts when Jacana Energy temporarily suspended standard credit management practices in 2022. This enabled customers to continue to accrue debt and remain connected without the need to enter into payment plan arrangements or hardship program.

Disconnections

Residential customers

The percentage of residential customers disconnected for non-payment during 2020-21 and 2021-22 was low due to Jacana Energy's suspension of disconnections; however, following the return to business-as-usual disconnection processes, there was an expected increase in disconnections at the end of 2022-23 (Figure 11). Despite this, the proportion of customers disconnected in the final quarter of 2022-23 (0.4%) was still less than half that in the final quarter of 2018-19 (0.9%) (Table 8). This is also reflected in the underlying number of customers disconnected, which is also well below the number disconnected in 2018-19.

Figure 11: Percentage of residential customers disconnected for non-payment, quarterly

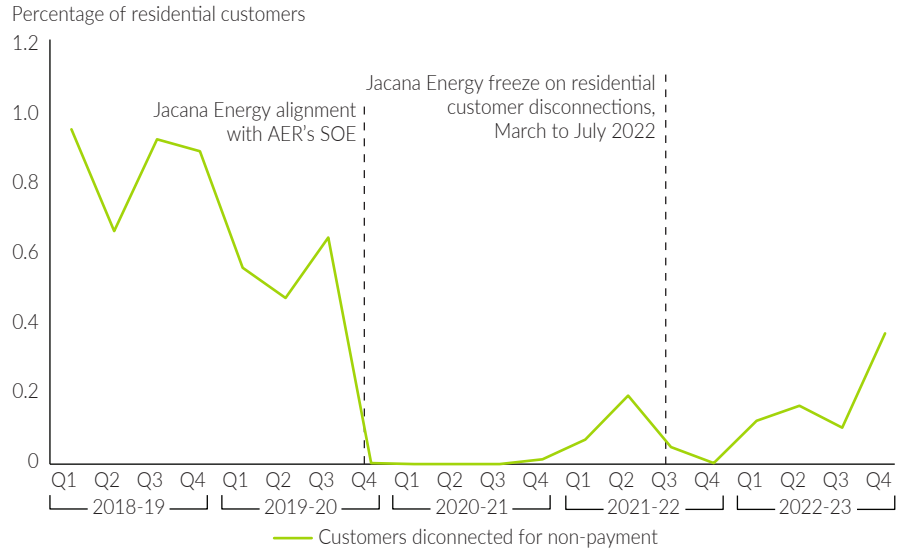


Table 8: Percentage of residential customers disconnected for non-payment

As at 30 June	2018-19	2019-20	2020-21	2021-22	2022-23
Territory (%)[1]	0.9	0.0[2]	0.0[2]	0.0	0.4
Change (ppt)[3]		- 0.9	0.0	0.0	0.4

1 Number of residential customers disconnected for non-payment as a percentage of total residential customers in the Territory, final quarter (quarter 4) in year.
2 In 2019-20 and 2020-21 Jacana Energy implemented measures in accordance with the AER's SOE including cessation of disconnections for non-payment. This resulted in very low numbers of disconnections in the fourth quarter of each year.
3 Percentage point change in the percentage of residential customers disconnected for non-payment from quarter 4 in the previous year.

In NECF jurisdictions overall, there is a similar pattern with disconnections in 2022-23 being lower than in 2018-19; but the proportion of residential disconnections across 2022-23 was fairly stable at about 0.1% in each quarter. Disconnections in the final quarter of 2022-23 ranged from 0.04% in Tasmania to 0.11% in Queensland and South Australia. While there was a large differential in rates of disconnection between the Territory and NECF jurisdictions in the final quarter of 2022-23, this should be interpreted with caution due to the recent disruption to normal disconnection processes in the Territory.

Of residential customers disconnected in the final quarter of 2022-23, 32.3% were reconnected within 7 days, which was lower than the proportion in the same period in the previous year (50%), but remains high compared to pre-pandemic levels (19.0% in the final quarter of 2018-19). The level of reconnections in the Territory falls within those for NECF jurisdictions, which ranged from 28.0% in Tasmania to 61.4% in the Australian Capital Territory (42.6% for NECF jurisdictions overall).

In general, the Commission considers disconnections for non-payment should be considered as a last resort and avoided where possible and only occur where a payment plan or hardship program has been unsuccessful. Given the number of customers in the Territory being disconnected remains relatively low by long-term historical standards, this suggests that Jacana Energy is observing this principle.

Small business customers

The percentage of small business customers disconnected for non-payment was low during 2020-21 due to Jacana Energy's alignment with the AER's SoE, followed by variability in 2021-22 as normal practices resumed (Figure 12). The variability continued in 2022-23, with the percentage of small business disconnections dipping in the second and third quarters before returning to a level similar to the start of the year in the final quarter (0.1%). Despite the different pattern of disconnections in 2021-22 and 2022-23, the total number of small business customers disconnected each year was similar. As with residential disconnections, the proportion of small business customers disconnected in the final quarter of 2022-23 (and the underlying number of customers disconnected) was about half that in the final quarter of 2018-19, prior to the COVID-19 pandemic (Table 9).

Figure 12: Percentage of small business customers disconnected for non-payment, quarterly

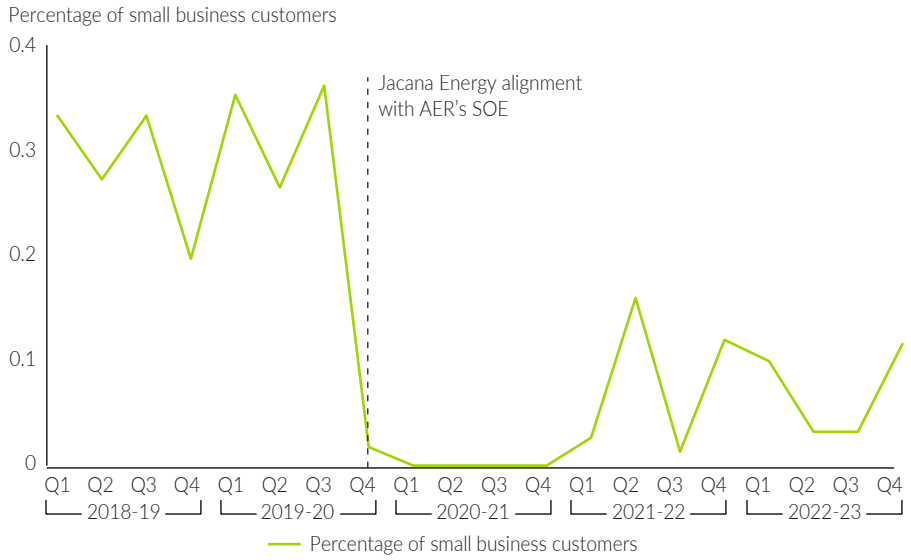


Table 9: Percentage of small business customers disconnected for non-payment

As at 30 June	2018-19	2019-20	2020-21	2021-22	2022-23
Territory (%)[1]	0.2	0.0[2]	0.0[2]	0.1	0.1
Change (ppt)[3]		- 0.2	0.0	0.1	0.0

1 Number of small business customers disconnected for non-payment as a percentage of total small business customers in the Territory, final quarter (quarter 4) in year.
2 In 2019-20 and 2020-21 Jacana Energy implemented measures in accordance with the AER's SOE including cessation of disconnections for non-payment. This resulted in very low numbers of disconnections in the fourth quarter of each year.
3 Percentage point change in the percentage of small business customers disconnected for non-payment from quarter 4 in the previous year.

The percentage of small business customer disconnections in the Territory was similar to NECF jurisdictions where, overall, 0.09% of small business customers were disconnected for non-payment in the final quarter of 2022-23. The percentage of disconnections ranged from 0.07% in the Australian Capital Territory and South Australia to 0.1% in New South Wales.

Of small business customers disconnected in the final quarter of 2022-23, 17.7% were reconnected within 7 days, which was lower than the proportion in the same period in the previous year (38.9%). This is lower than the average for NECF jurisdictions (39.3%); however, there is considerable variability in outcomes across jurisdictions, with the proportion ranging from 12.5% in Tasmania to 70.0% in the Australian Capital Territory.

Prepayment meters

A prepayment meter is a type of meter that requires the customer to pay for electricity in advance of usage. It works similar to a pay-as-you-go mobile phone plan and is an option to assist in managing consumption. It also may help avoid bill shock, payment difficulties and associated hardship related to a customer's electricity supply. Prepayment meters allow for small regular payments prior to consumption, rather than potentially receiving a large bill in arrears, and provides real-time feedback on a customer's consumption. The Commission considers, at a high level, prepayment meters have both positive and negative aspects compared with traditional post-payment meters, and are one option among others for managing payment difficulties and hardship.

Historical and comprehensive data relating to prepayment meters in the Territory is limited with the obligation to report data on prepayment meters in the three regulated power systems introduced relatively recently (in the EIP Code), retailer delays in aligning reporting to the requirements and prior to 2019-20, limited numbers of smart prepayment meters capable of reporting self-disconnections. Accordingly, Table 10 provides four years of prepayment meter data, from 2019-20 to 2022-23. The data is provided by Jacana Energy, with Rimfire Energy having no prepayment meter customers.

Table 10: Prepayment meter indicators, Territory, 2019-20 to 2022-23

	2019-20	2020-21	2021-22	2022-23
Prepayment meters as at 30 June	2 063	2 187	2 172	2 441
Prepayment meters capable of reporting self-disconnections[1] as at 30 June	2 049	2 173	2 158	2 430
Total prepayment meter self-disconnection events over the year (all quarters)	69 888[2]	84 439	89 252	103 895
Prepayment meter self-disconnection events per prepayment meter[3] over the year	34.1	38.9	41.4	42.8
Average duration of self-disconnection events (minutes) over the year	380	504	408	355

1 An interruption to the supply of energy because a prepayment meter system has no credit (including emergency credit) available.
2 Does not include July 2019 as data was unavailable.
3 Per number of meters as at 30 June.
Note: While most prepayment meters are 'smart' meters and capable of reporting disconnections, there remain a small amount of older analogue meters without this functionality as there is no mobile network available in that location to facilitate a vending solution for smart prepayment meters.

While prepayment meter numbers have risen over the four year period, there was a large increase of 269 meters (12.4%) in 2022-23. The total number of self-disconnection events[36] over the year also rose and at a higher rate (16.4%), resulting in an increase in self-disconnection events per prepayment meter from 41.4 in 2021-22 to 42.8 in 2022-23. Encouragingly, however, the average duration of self-disconnection events reduced from an average of 408 minutes in 2021-22 to 355 minutes in 2022-23 (a 12.9% reduction).

The Commission cautions readers in interpreting the information on self-disconnections. Jacana Energy advised the Commission that the prepayment meter data excludes instances where the credit has run out and the meter has not been reconnected within 7 days as this

36 The National Energy Retail Rules (NERR) define a self-disconnection as 'an interruption to the supply of energy because a prepayment meter system has no credit (including emergency credit) available' (refer rule 127, NERR: https://www.aemc.gov.au/regulation/energy-rules/regulation).

typically indicates a vacant site and/or a change in tenancy. Jacana Energy noted, however, that in 2022-23, 99.8% of instances of self-disconnection were reconnected within 7 days.

There is limited publicly available data relating to prepayment meters in other jurisdictions, which constrains the Commission's ability to benchmark prepayment meter indicators in the Territory; however, data has recently become available for prepayment meters in remote communities in South Australia. The Commission notes that the NTERR does not report on self-disconnection events in remote communities in the Territory and the Commission does not hold such data (the EIP Code only requires retailers to report on prepayment meters in the three regulated power systems). Notwithstanding this, the Commission considers it of value to show the difference in self-disconnection rates between prepayment meter customers in the Territory and South Australia, but the comparison should be interpreted with caution noting this difference and that the collection of prepayment meter data in South Australia is in its infancy[37].

Table 11 shows that in 2022-23, rates of self-disconnection of prepayment meters in the Territory differed across the regulated power systems with rates in Darwin and Katherine (31.3 and 37.1 events per meter, respectively) being lower than in Alice Springs and Tennant Creek (52.2 and 51.3 events per meter, respectively). Regardless of this difference, the rates of self-disconnection in the Territory were in well in excess of those of the remote communities in South Australia, which had a rate of 13.1 disconnection events per prepayment meter (about a third the rate in the Territory).

Table 11: 2022-23 prepayment meter data by region

	Darwin	Katherine	Alice Springs	Tennant Creek	South Australia remote communities[1]
Prepayment meters capable of reporting self-disconnections[2] as at 30 June 2023	516	773	602	539	392
Total prepayment meter self-disconnection events over the year	16 152	28 675	31 428	27 640	5 140
Prepayment meter self-disconnection events per prepayment meter[3] over the year	31.3	37.1	52.2	51.3	13.1
Average duration of self-disconnection events (minutes) over the year	342	356	401	310	n/a

1 Source: Essential Services Commission of South Australia: https://www.escosa.sa.gov.au/industry/electricity/regulatory-performance/small-scale-electricity-networks/cowell-electric. Remote communities are: (Pukatja, Mimili, Pipalyatjara, Amata, Indulkana (Iwantja), Oak Valley, Yalata, Kaljiti).

2 An interruption to the supply of energy because a prepayment meter system has no credit (including emergency credit) available.

3 Per number of meters as at 30 June.

37 Essential Services Commission of South Australia. Cowell Electric Supply Pty Ltd - Prepayment metering data analysis: https://www.escosa.sa.gov.au/industry/electricity/regulatory-performance/small-scale-electricity-networks/cowell-electric.

The Commission notes there is evidence from researchers showing a high rate of disconnections among remote Indigenous households with prepayment meters in the Territory.[38] While the results of the research (high levels of disconnections) are consistent with the data shown in this report, further research is needed to understand what drives the high rates of disconnections in households using those prepayment meters (anecdotal evidence indicates there may be reasons other than payment difficulties or hardship) and the value (or otherwise) to customers of this type of meter, for example, the avoidance of debt, as evidenced by the impact of telecommunication interruptions in February 2024 that affected the disconnection feature of smart prepayment meters in Maningrida[39].

New protections for hardship, prepayment meter and customers experiencing family violence

The Commission has discussed in previous NTERRs that, unlike in other jurisdictions, there is a gap in the Territory where there is no legislative requirement for electricity retailers to have a hardship policy in place and more broadly, the Commission has observed and recommended that the Territory Government establish a fit-for-purpose customer protections framework. The Territory Government has acknowledged the Commission's recommendations and tasked the Office of Sustainable Energy with developing suitable customer protection arrangements.

In the interim, the Commission implemented, through its ERS Code, requirements for holders of retail licences in the Territory to have in place:

- protections for electricity customers that require life support equipment
- a published complaints and dispute resolution process
- Commission-approved customer hardship and family violence policies for residential customers
- Commission-approved customer hardship and family violence policies for prepayment meter customers.

The Commission's Final Decision for the ERS Code Review explains the new requirements including timeframes for the policies to be submitted to the Commission for approval (six months from the commencement of the obligations, that is, by December 2023).[40] The approved policies are to be published on retailers' websites.

The Commission notes the Territory Government passed the *Electricity Legislation Amendment Act 2023* in October 2023, which strengthens requirements in the ERS Code. The Commission is continuing to work with Office of Sustainable Energy in the development of a fit-for-purpose electricity customer protection framework in the Territory and will make further changes to its ERS Code to achieve this end.

38 Australian National University. Energy insecurity during temperature extremes in remote Australia: https://iceds.anu.edu.au/energy-insecurity-during-temperature-extremes-remote-australia.

39 Refer https://www.westarnhem.nt.gov.au/news/media-release-telstra-outages-remote-communities-affecting-power-meters.

40 Final Decision – Electricity Retail Supply Code Review: https://utilicom.nt.gov.au/publications/approvals-decisions-and-determinations/final-decision-electricity-retail-supply-code-review.

Abbreviations and glossary

AER	Australian Energy Regulator
AER's SOE	AER's *Statement of expectations of energy businesses: Protecting customers and the energy market during COVID-19*
CSO	Community service obligation payment provided to retailers by the government to account for the difference between regulated electricity tariffs and the cost of supply
EIP Code	Electricity Industry Performance Code
energy bill debt	As defined by the AER's definition of the dollar amount owed to the retailer for the sale and supply of gas or electricity, excluding other services, which has been outstanding to the energy retailer for a period of 90 calendar days or more. An amount owing after the final bill has been issued by a retailer to a customer on termination of a customer contract (e.g. where a customer changes retailer) is not counted as energy bill debt.
EPO	Electricity Pricing Order
ERS Code	Electricity Retail Supply Code
Jacana Energy	Jacana Energy is a government owned corporation established in accordance with the *Government Owned Corporations Act 2001*. Jacana Energy has a licence to trade, sell and retail electricity in the Territory's electricity supply industry.
MWh	megawatt hour, 1 MWh = 1 million watt hours
NECF	National Energy Customer Framework adopted by the Australian Capital Territory, New South Wales, Queensland, South Australia and Tasmania
NERR	National Energy Retail Rules
NTERR	Northern Territory Electricity Retail Review
Ombudsman NT	Established under the *Ombudsman Act 2009*, the Ombudsman NT resolves and investigates complaints about Northern Territory Government departments and authorities, local government councils and police conduct.
PWC	Power and Water Corporation, a government owned corporation established in accordance with the *Government Owned Corporations Act 2001*. PWC currently has a licence to operate the electricity network and to perform system control operations. It also holds retail and generation licences in respect to supplying electricity to remote and indigenous communities
residential customer	A customer with consumption less than 160 MWh per annum (as defined in the EIP Code) and charged a domestic tariff in accordance with the EPO
Rimfire Energy	Rimfire Energy Pty Ltd is a privately owned entity and holds a licence to trade, sell and retail electricity in the Territory's electricity supply industry.
self-disconnection	As defined under the NERR (rule 127), self-disconnection means an interruption to the supply of energy because a prepayment meter system has no credit (including emergency credit) available
small business customer	A customer with consumption of less than 160 MWh per annum (as defined in the EIP Code) and charged a commercial tariff in accordance with the EPO
Territory	The Northern Territory of Australia