UTILITIES COMMISSION
OF THE NORTHERN TERRITORY

Northern Territory Electricity Retail Review

2019-20

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Disclaimer

The Northern Territory Electricity Retail Review (NTERR) is prepared using information sourced from Territory electricity supply industry participants (such as licensees), Northern Territory Government agencies, consultant reports and publicly available information. The NTERR covers the financial year ending 30 June 2020. The Utilities Commission understands the information received to be current as at February 2021.

This NTERR contains analysis and statements based on the Commission's interpretation of data provided by Territory electricity industry participants. The Commission has sought to align the data reporting with other Australian jurisdictions where possible, to enable comparison. 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 utilities.commission@nt.gov.au or by phone 08 8999 5480.

About this review

Since 2018, the Utilities Commission of the Northern Territory (Commission) has published an annual Northern Territory Electricity Retail Review (NTERR), which focuses on retail performance and quality of services provided to small customers, defined as consuming less than 160 megawatt hours (MWh) per annum by the Electricity Industry Performance Code (EIP Code). The review includes some observations in relation to larger customers, such as those related to market share and competition.

The 2019-20 NTERR is prepared by the Commission in accordance with section 45 of the *Electricity Reform Act 2000* (ER Act) and is restricted to the Northern Territory's Darwin-Katherine, Alice Springs and Tennant Creek power systems (regulated power systems).

The NTERR's main purpose is to inform the responsible minister, government, licence holders and stakeholders of the 2019-20 retail performance in the Territory's regulated power systems.

This NTERR compliments the Commission's Northern Territory Power System Performance Review and Northern Territory Electricity Outlook Report to meet the Commission's reporting obligations, previously fulfilled by the Commission's annual Power System Review (from 2001 to 2017).

Regular reporting on the electricity industry should help increase understanding and transparency of issues and, consequently, improve planning, investment, understanding of value for money (price compared to level of service) and general performance by holding electricity businesses accountable for their performance and impacts on customers.

This is the third electricity retail review in the Territory and therefore, while improving, comparisons with past performance are limited. The Commission intends to continue developing the NTERR over the coming years as more data is received.

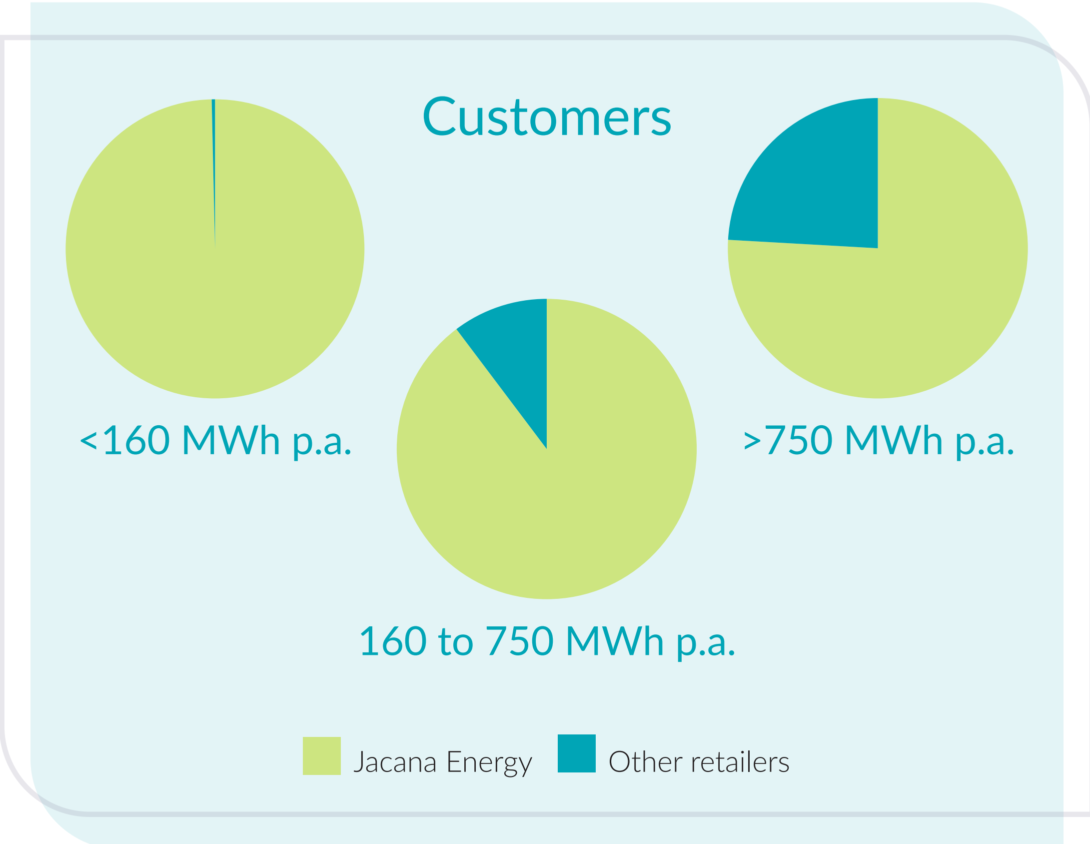
This review makes comparisons with jurisdictions or regions covered by the National Energy Customer Framework (NECF). NECF applies in the Australian Capital Territory, New South Wales, Queensland, South Australia and Tasmania, but not Victoria, Western Australia or the Northern Territory. When this review refers to NECF jurisdictions or regions, it has the meaning of jurisdictions covered by NECF, unless explicitly stated otherwise.

Inputs to this NTERR were primarily provided by electricity retailers, as required under the EIP Code. Relevantly, electricity retailers and other licensees were required to conduct an independent audit of their compliance with various EIP Code reporting obligations and report the audit outcomes to the Commission by 28 February 2021. Due to timing restrictions, this review was prepared prior to the independent audit outcomes being reported to the Commission, and therefore does not account for all potential discrepancies or issues identified by the audits, however these have been explicitly identified throughout this review.

Key findings and recommendations

Retail market overview

- Limited retail competition in the Territory continued in 2019-20, with Jacana Energy remaining the dominant retailer, particularly for small customers (residential and small business) with little indication of increased competition eventuating under current market conditions.
- Competition remains most evident for the largest customers consuming more than 750 MWh per annum. The Territory Government's regulated electricity tariffs do not apply to these customers.
- Regulating prices for customers up to 750 MWh per annum appears to result in a significant number of very large commercial customers receiving taxpayer-subsidised and below-cost-reflective prices.
- The Territory Government's community service obligation (CSO) payment to retailers continues to grow, providing an average subsidy of over $1,000 per customer in 2019-20. The CSO continues to lack transparency for customers and industry, and may be an associated barrier to competition.



Retail performance

- While there was a deterioration in Jacana Energy's telephone responsiveness in 2019-20, the deterioration was only slight and could have been much larger given the potential impacts of COVID-19 on household and business customers. The Commission considers the impacts of COVID-19 were managed well and proactively by Jacana Energy.
- Customer complaints to retailers continued to increase in 2019-20, however remained much lower than NECF jurisdictions and has not reached a concerning level.
- Complaints in the Territory are consistently dominated by the 'billing' and 'other' categories, with billing-related complaints increasing the most during 2019-20.
- Approaches to the Ombudsman NT (Ombudsman) as a percentage of customer complaints to Jacana Energy significantly decreased in 2019-20, which may be a result of updates to Jacana Energy's Complaints Management Policy. This has brought Jacana Energy in line with the average of NECF jurisdictions.
- Consistent with previous reviews, the Commission considers a further reduction in Ombudsman approaches may be achieved through putting in place obligations on all retailers to have appropriate internal dispute resolution procedures.
- There continues to be a gap whereby there are no external dispute resolution services available to customers of privately owned electricity retailers. The Commission notes the former Minister for Renewables, Energy and Essential Services advised that the investigation of an appropriate Territory energy customer protection framework has been identified as a priority task for the Office of Sustainable Energy's four-year work plan.

Jacana Energy calls taken within 30 seconds
64.1%
↓ 2.6 percentage points

Jacana Energy calls abandoned before being answered
4.4%
↑ 0.3 percentage points

Percentage of customers making complaints
0.9%
↑ 0.2 percentage points

Approaches to Ombudsman as a percentage of Jacana Energy complaints
19.3%
↓ 14.2 percentage points

Payment difficulties and hardship

- There was a small increase in the percentage of residential customers with energy bill debt in the Territory during 2019-20, however the average amount of this debt more than doubled. Notably, this occurred prior to the potential impacts of COVID-19. Both outcomes are lower than the average of NECF jurisdictions.
- The percentage of small business customers with energy bill debt in the Territory more than doubled during 2019-20, while the average associated bill debt increased to a lesser degree. The two results are higher and slightly lower than the average of NECF jurisdictions, respectively. The significant increase in the percentage of small business customers with energy bill debt in the Territory occurred prior to the potential impacts of COVID-19.
- Consistent with the previous NTERR, the percentage of residential customers on a payment plan in the Territory is higher than NECF jurisdictions. This may indicate that Territory retailers, particularly Jacana Energy, are identifying customers with less serious payment difficulties early and working with those customers in offering assistance.
- The percentage of residential customers on a hardship program in the Territory more than doubled in 2019-20, with the fourth quarter similar to the average of NECF jurisdictions. The increase started prior to the potential impacts of COVID-19, which the Commission considers is likely a positive impact of Jacana Energy's updated hardship policy. While the Commission commends Jacana Energy for its proactive approach to customers experiencing hardship, further improvements may be possible, noting NECF jurisdictions provide hardship assistance to customers with a lower level of energy bill debt, and only 3.1% of hardship customers exiting Jacana Energy's hardship program in 2019-20 did so due to successfully completing the program.
- The percentage of residential and small business customers in the Territory disconnected for non-payment decreased in 2019-20, however the level is still higher for both compared to the average of NECF jurisdictions. Notably, following the implementation of initiatives by Jacana Energy, residential and small business customer disconnections for non-payment effectively reduced to zero in the fourth quarter of 2019-20. The Commission considers the risks associated with these initiatives ceasing needs to be carefully managed by Jacana Energy, particularly the risk of an increased level of disconnections for non-payment.
- The duration and frequency of disconnection events for pre-payment meter customers appears very high in the Territory.
- Consistent with the previous review, the Commission continues to recommend that government introduce fit-for-purpose obligations on retailers to have in place an approved hardship policy for small customers that is appropriate for the Territory's circumstances, in line with electricity industry best practice.

Residential customers with debt
1.2%
↑ 0.3 percentage points

Average residential customer debt
$743
↑ $376 (102.1%)

Residential customers on a payment plan
2.6%
↑ 0.5 percentage points

Residential customers on a hardship program
0.7%
↑ 0.4 percentage points

Residential customers disconnected for non-payment
1.7%
↓ 1.8 percentage points

Small business customers with debt
3.7%
↑ 2.3 percentage points

Average small business customer debt
$1,969
↑ $216 (12.3%)

Small business customers disconnected for non-payment
1.0%
↓ 0.1 percentage points

Review of progress on previous recommendations

In general, the Commission considers there has been little progress on implementing recommendations made in the 2018-19 NTERR, noting the recommendations are primarily for government consideration. The former Minister for Renewables, Energy and Essential Services advised the Commission on 22 July 2020 that she acknowledged the Commission's recommendations to government regarding customer protections for Territory electricity customers, and the investigation of an appropriate Territory energy customer protection framework has been identified as a priority task for the Office of Sustainable Energy's four-year work plan. However, the Commission notes a customer protection framework is not identified as part of government's Northern Territory Electricity Market Priority Reform Program[1].

Notwithstanding this limited progress on regulatory reforms, the Commission notes that Jacana Energy, which has the majority share of small customers in the Territory, has been proactively working towards and adopting best practice in the absence of any formal obligations to do so.

1 https://industry.nt.gov.au/projects-and-initiatives/business/northern-territory-electricity-market-priority-reform-program

Table i: Recommendations from 2018-19 NTERR

		Page	Comments on observed progress	Overall assessment
1	Internal dispute resolution procedures Obligations on all retailers to have internal dispute resolution procedures in line with Australian standards and electricity industry best practice.	21	The Commission made the same recommendation in the 2017-18 NTERR. The Commission previously advised it would consider updating its Electricity Retail Supply (ERS) Code to include associated obligations appropriate for the Territory's circumstances, with an ERS Code review expected to commence in 2020-21. Although the Commission will consider the inclusion of internal dispute resolution procedure obligations in an updated ERS Code, the government could, and it may be more appropriate to, implement obligations through other legislative instruments. As discussed in this review, approaches to the Ombudsman in relation to Jacana Energy significantly decreased in 2019-20, which follows a Jacana Energy review of its Complaints Management Policy, procedures and practices in the second half of 2018-19.	Not started The Commission notes Jacana Energy has made changes, and potential improvements, in the absence of formal obligations.
2	External dispute resolution services Appropriate external dispute resolution services should be available to electricity customers, regardless of which retailer a household or business chooses.	22	The Commission made the same recommendation in the 2017-18 NTERR.	Not started
3	Hardship policy Fit-for-purpose obligations on retailers to have an approved hardship policy in place for small customers that is appropriate for the Territory's circumstances, in line with electricity industry best practice.	vi, 30	The Commission made the same recommendation in the 2017-18 NTERR. The former Minister for Renewables, Energy and Essential Services advised the Commission that the investigation of an appropriate Territory energy customer protection framework has been identified as a priority task for the Office of Sustainable Energy's four-year work plan. However, the Commission notes a customer protection framework is not identified as part of government's Northern Territory Electricity Market Priority Reform Program[2]. A review of 2019-20 data indicates Jacana Energy's updated hardship policy may be having a positive impact on some indicators of customer payment difficulties and hardship, noting it is still not fully aligned with the national obligations.	Not started The Commission notes Jacana Energy has made changes and potential improvements in the absence of formal obligations.

2 https://industry.nt.gov.au/projects-and-initiatives/business/northern-territory-electricity-market-priority-reform-program.

Contents

1| Retail market overview

This chapter provides an overview of the Northern Territory electricity retail industry and considers:

- entities licensed in the Territory to sell and retail electricity to consumers
- competition within the electricity retail industry, by assessing market share.

This chapter also includes high level discussion on issues that impact electricity costs for electricity consumers, Territory taxpayers or both.

Retailers

Electricity retailers are the interface between customers and the rest of the electricity industry as they purchase electricity in bulk from generators and sell it to households and businesses. Retailers are the first point of contact for the public to connect to the electricity network and accordingly, facilitate connections, undertake billing services, and provide customer service, generally through a call centre.

The ER Act requires entities conducting certain operations in the electricity supply industry to be licensed by the Commission. This includes entities selling electricity.

Table 1 lists the licensed electricity retailers in the Territory as at 30 June 2020.

Table 1: Licensed electricity retailers in the Territory[3] as at 30 June 2020

Retailer	Licence issued
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[4]	31 March 2005
QEnergy Limited	4 February 2011
Rimfire Energy	11 August 2014
Territory Generation[5]	29 November 2019

At the close of the 2019-20 financial year, the number of licensed electricity retailers in the Territory had increased from six to seven, following the issue of a retail licence to Territory Generation on 29 November 2019.

3 https://utilicom.nt.gov.au/electricity/licences/register-of-electricity-licences-and-exemptions.

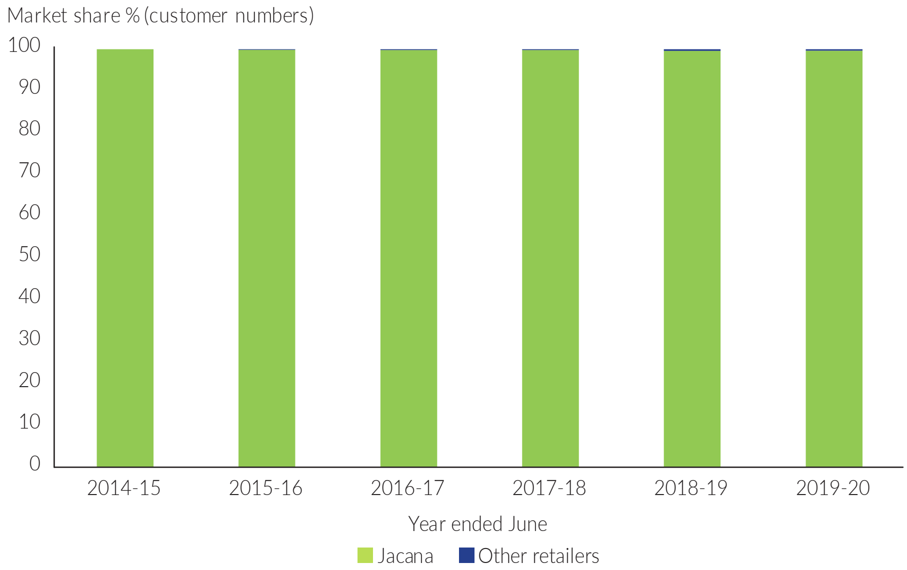
4 PWC's retail licence does not include the sale of electricity in the Darwin-Katherine, Alice Springs and Tennant Creek power systems.

5 Territory Generation's retail licence only allows the sale of electricity to the Department of Defence at the Joint Defence Facility Pine Gap, Alice Springs.

Retail competition

Although full retail contestability in the Territory was achieved in 2010 and there were up to six licensed electricity retailers able to operate in the three regulated power systems in the Territory during the 2019-20 financial year, excluding the Power and Water Corporation (PWC), there was (and remains) limited retail competition in the Territory in 2019-20. This is particularly evident in the small customer segment where the market share is dominated by Jacana Energy, the government-owned retailer (Figure 1). While there appears to be a slight increase in the market share of other retailers over the last six years, the increase is minimal.

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



In the 2017-18 NTERR, the Commission commented that there appeared to be a lack of interest from private retailers in competing for small customers. The Commission observed that Rimfire Energy, the most active alternative electricity retailer to Jacana Energy, explicitly stated on its website it was only selling to customers consuming more than 750 MWh per annum and a select group of small customers. There also appeared to be limited information available on its website regarding its electricity tariffs or associated products for small customers, which may have been a deterrent to potential new small customers.

There were some positive changes reported in the 2018-19 NTERR, with Rimfire Energy advertising it retails to residential customers (defined by Rimfire Energy as residential customers consuming less than 160 MWh per annum), small business customers (defined by Rimfire Energy as customers consuming less than 750 MWh per annum where their premises is used for operating a business), and large business customers. Further, Rimfire Energy updated its website during 2018-19 to include information on its products and pricing.

Further benefits for electricity customers as a result of competition were observed in 2019-20, with Rimfire Energy offering customers, including small customers, a 'pay on time discount' on the regulated Electricity Pricing Order tariffs, a higher standard solar feed-in tariff than Jacana Energy's, and a 'premium' solar feed-in tariff under certain circumstances. This shows a level of competition for small customers in the Territory that has not been seen before.

Despite this, and as visually demonstrated in Figure 1, the dominance of Jacana Energy for small customers continues, with no sign of significant increased competition eventuating under current market conditions. In fact, the market share of other retailers for small customers marginally decreased during 2019-20.

In contrast to the small customer market, the market share of other retailers for customers consuming more than 160 MWh per annum continues to increase to some degree, as shown in figures 2 and 3. In the past year, there has been a 2.6 percentage point increase to about 10% in other retailers' market share of customers consuming between 160 and 750 MWh per annum (Figure 2) and a 0.5 percentage point increase to about 24% in other retailers' market share of customers consuming more than 750 MWh per annum (Figure 3).

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

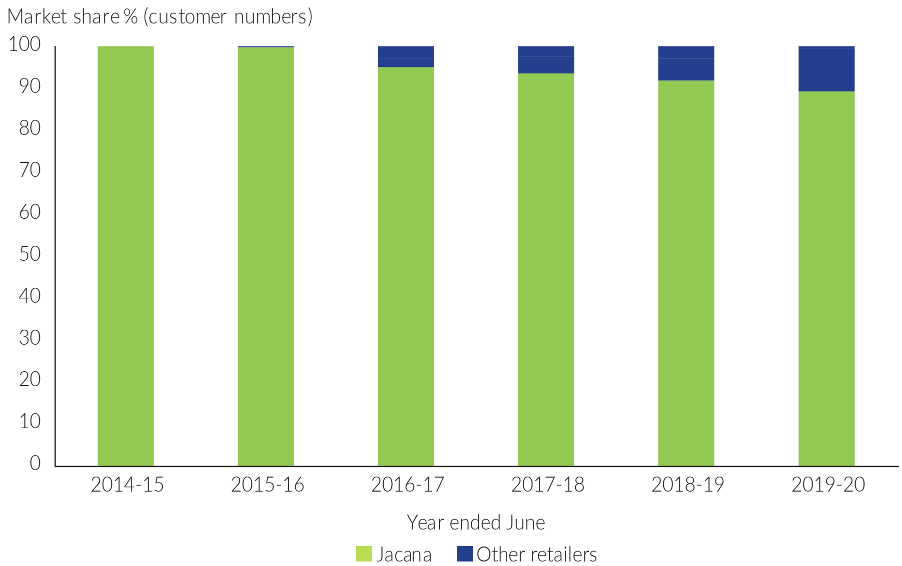
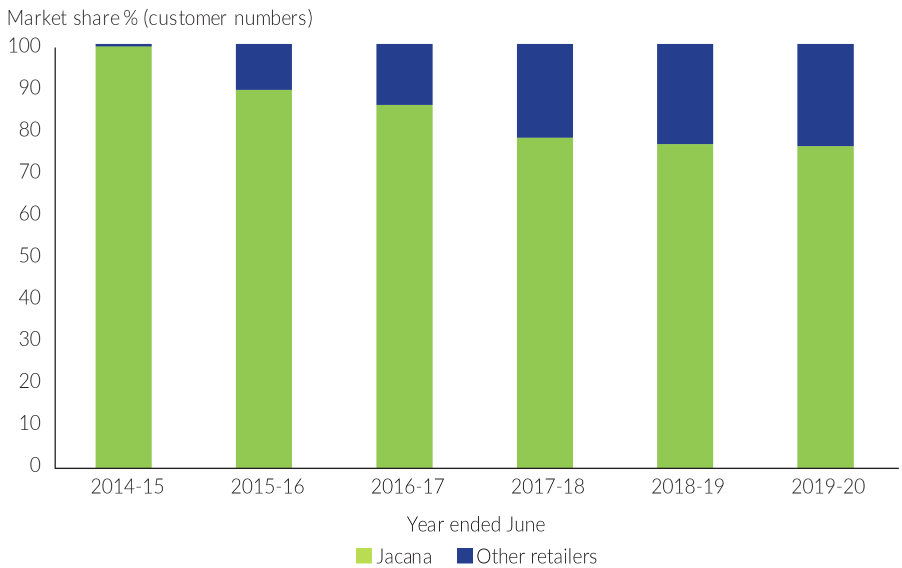


Figure 3: Market share of retailers by customer numbers for customers consuming > 750 MWh per annum



As discussed in previous reviews published by the Commission, there are a number of potential barriers to retail competition in the small customer market that have historically contributed to private retailers' lack of interest in actively targeting small customers' business. These include the requirement for customers to have an interval meter to enable them to change retailers[6] and the Territory Government's uniform tariff policy that regulates the maximum tariff retailers can charge relevant customers.

In relation to interval meters, which cost in excess of $500, the Commission understands the majority of residential customers that have switched to an interval (or smart) meter to date have done so in order to connect a rooftop solar photovoltaic (PV) system to the network, rather than to change retailer. While these customers could switch retailer at any time, it is likely they are receiving Jacana Energy's 'premium' one-for-one feed-in tariff, so would not be inclined to switch. However, for customers installing new rooftop solar PV systems or moving into a property with an existing system, this may change given Jacana Energy is no longer offering the premium feed-in tariff and, as noted above, Rimfire Energy is offering a higher standard feed-in tariff.

Further, moving forward there will likely be a steady increase in the number of customers with interval (or smart) meters installed, who are able to move to a new retailer without the upfront cost of a new meter, through PWC's new and replacement smart meter program[7].

In relation to the Territory Government's uniform tariff policy, the current Territory Government, consistent with previous governments, has a uniform tariff policy whereby all small and medium-sized residential and business electricity customers (customers consuming less than 750 MWh per annum) pay the same maximum electricity prices regardless of where they live in the Territory. The uniform tariff policy is implemented through an Electricity Pricing Order made by the Treasurer pursuant to section 44 of the ER Act.

In the three regulated power systems, only 0.2% of customers consume more than 750 MWh per annum, and therefore are not covered by the Electricity Pricing Order. As discussed in previous reviews, the Territory's regulated electricity price appears to be below the cost of supply across the Territory. This presents a barrier to retail competition, which the Commission acknowledges the Territory Government has addressed to a degree by making an associated CSO payment available to all retailers, rather than just Jacana Energy, from 1 January 2016. Access to the CSO payment has enabled increased competition for larger regulated customers (and created a broader base to support competition for non-regulated customers) but to date has resulted in little improvement in competition for small customers.

While the Commission acknowledges the government is seeking to insulate consumers from having to pay for the high cost of supplying electricity in the Territory, regulating electricity prices may be negating efficient market outcomes by distorting price signals, discouraging energy efficiency and contributing to higher overall costs. Furthermore, the Territory's 750 MWh threshold for regulated customers is out of step with jurisdictions elsewhere in Australia.

6 As required by clause 5 of the Northern Territory Electricity Retail Supply Code.

7 Approved by the AER as part 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.

Regulating electricity prices for customers up to 750 MWh per annum appears to result in a significant number of very large commercial customers receiving below-cost-reflective prices. Specifically, in 2019-20, about 700 customers consumed between 160 and 750 MWh per annum and received a regulated taxpayer subsidised tariff. Queensland is the only jurisdiction regulating prices for customers with consumption greater than 160 MWh and regulated prices only apply to regional communities outside south-east Queensland (customers in south-east Queensland pay cost-reflective tariffs).

The Territory Government budgeted for $92 million of CSO funding to electricity retailers in 2019-20, which equated to 1.4% of the Territory's budgeted 2019-20 general government sector operating expenses ($6,561 million).[8] This CSO funding was provided to address the shortfall between the cost of supply and the regulated electricity tariff for residential and business customers consuming below 750 MWh per annum in the three regulated power systems and seven small regional power systems. In simplistic terms, it translates to an average subsidy from the Territory Government of over $1,000 per customer in those power systems. In remote areas, the shortfall between costs and regulated tariffs is funded separately through the Indigenous Essential Services grant[9]. A further subsidy on electricity is also available to pensioners and carers under the Northern Territory Concession Scheme.

As the Commission has previously stated, the high level details of the Territory Government's CSO allocation to electricity retailers are provided in the Territory's budget papers, however, the provision of the uniform tariff CSO lacks transparency for customers unaware of the level of subsidy they are receiving for electricity supply. Furthermore, the wider industry is unaware of how government calculates and makes available the payment to retailers. Accordingly, the Commission considers this may be a barrier to entry, reducing the prospect of competition for customers on regulated prices.

The Commission notes that retail competition for small customers remains low in NECF jurisdictions and regions with regulated prices (Australian Capital Territory, Tasmania and regional Queensland). This appears to be due to these markets still maturing and entry into these markets being difficult as a result of price regulation and small customer bases. These similarities are shared with the Territory's regulated power systems, although evolution in the nature and cost of technology, including renewable generation, has the potential to create opportunities for new retailers to enter markets or existing private sector retailers to expand in ways not previously anticipated.

Consistent with last year's NTERR, the Commission notes an assessment of retail competition based on market share by customer numbers alone is limited in its ability to effectively analyse competition. The Commission will continue to seek to identify further indicators for use in future reviews. This may include a comparison of prices and additional services retailers are offering customers, as well as service standards.

8 Northern Territory Government, Agency Budget Statements, 2019-20 Budget Paper No. 3 (page 269) and No. 2 (page 111) https://treasury.nt.gov.au/dtf/financial-management-group/previous-budget-papers.

9 $78 million in 2019-20 for the provision of electricity, water and sewerage in 72 remote Aboriginal communities. Northern Territory Government, Agency Budget Statements, 2019-20 Budget Paper No. 3 (page 141) https://treasury.nt.gov.au/dtf/financial-management-group/previous-budget-papers.

2| Retail performance

This chapter considers the performance of retailers providing services to small electricity customers (customers consuming less than 160 MWh per annum) and focuses on:

- telephone responsiveness
- complaints by type and retailer.

Further, at a high level, this chapter discusses the Commission's views in relation to potential gaps in dispute resolution obligations for retailers.

It should be noted that retailers are only required by the EIP Code to report to the Commission on customers consuming less than 160 MWh per annum. Accordingly, information on performance for large customers is not included in this review.

Customer service

A retailer's role is to look after its customers' electricity needs and act as first point of contact for any electricity matters. An electricity customer may need to contact their retailer for a number of reasons, such as to query a bill, change payment arrangements or make a complaint.

Customer service provided by retailers is important as it is the main interaction between customers and the market. One indication of customer service is a retailer's telephone responsiveness (shown in Table 2), measured through total calls received, calls taken within 30 seconds and calls abandoned before being answered.

Table 2: Retailers' telephone responsiveness

	2016-17	Change	2017-18	Change	2018-19	Change	2019-20	Change
Total calls								
Jacana Energy	151 000	+ 5 889 (+ 4.1%)	153 172	+ 2 172 (+ 1.4%)	182 014	+ 28 842 (+ 18.8%)	168 220	- 13 794 (-7.6%)
Other	0	n/a	3	+ 3 (n/a)	17	+ 14 (+ 466.7%)	156[10]	+ 139 (+ 817.7%)
Calls forwarded to an operator within 30 seconds								
Jacana Energy	69.3%	+ 10.3[11]	63.9%	- 5.4[11]	66.7%	+ 2.8[11]	64.1%	- 2.6[11]
Other	n/a[12]							
Calls abandoned before being answered by an operator								
Jacana Energy	4.2%	- 1.2[11]	4.7%	+ 0.5[11]	4.1%	- 0.6[11]	4.4%	+ 0.3[11]
Other	n/a[12]							

10 On 1 March 2021, the Commission was advised by a retailer (included in the 'other' retailer category), that an independent audit report of its compliance with the EIP Code found the retailer's reported 'total number of calls to an operator' was an estimate of calls to the mobile phones of its staff, therefore there was no way for the auditor to validate the reported figure.

11 Percentage point change from the previous year.

12 Other retailers informed the Commission that they do not have a call centre or Integrated Voice Response telephone system, and therefore are unable to track and report against the 'calls taken within 30 seconds' and 'calls abandoned before being answered' performance indicators, as required under the EIP Code.

While customers will need to contact retailers for routine matters, such as arranging a new connection or paying a bill, spikes and troughs in the total number of calls to a retailer may be an indicator of the level of customer satisfaction. The Commission notes the level of customer satisfaction can be influenced by factors outside a retailer's control, such as heat waves and the COVID-19 pandemic, however a retailer can be proactive with its customers and potentially avoid a spike in the number of calls it receives as a result of these external factors. An example of this approach during 2019-20 was Jacana Energy proactively making calls to its customers in the fourth quarter regarding COVID-19 and solar initiatives, which likely contributed to the significant drop in the number of inbound calls in that quarter.

The percentage of calls forwarded to an operator within 30 seconds and the percentage of calls abandoned before being answered by an operator provide an indication of how long a customer has to wait to speak to their retailer, and whether this wait is considered reasonable by a customer. While the Commission considers it is not always reasonable for a customer to expect to speak to an operator within 30 seconds, especially during spikes in the volume of calls, it is reasonable to expect a customer's call to be answered before the point where a customer feels the need to abandon their attempt to speak to the retailer, potentially leading to issues going unresolved, which may cause distress. Accordingly, the Commission is particularly concerned with any deterioration in performance regarding the percentage of calls being abandoned before being answered by an operator.

Jacana Energy reported a 7.6% decrease to 168,220 in the total number of calls received during 2019-20 from the previous year, which is likely a combination of the large number of calls in 2018-19 and, as mentioned above, Jacana Energy proactively calling customers during the fourth quarter of 2019-20. The Commission considers the total number of calls to be reasonable considering the potential for a spike in 2019-20 due to factors such as payment difficulty and hardship associated with the potential impacts of COVID-19, changes to the premium solar feed-in tariff and the Territory Government's Business Hardship Package (also related to COVID-19).

The level of performance in terms of calls forwarded to an operator within 30 seconds and calls abandoned before being answered by an operator deteriorated in 2019-20. The percentage of calls forwarded to an operator within 30 seconds fell by 2.6 percentage points to 64.1%, and there was an increase of 0.3 percentage points to 4.4% of calls being abandoned before being answered. As mentioned above, this is a potential increase in the number of customers with unresolved issues, which may cause distress. While the level of performance slightly decreased in 2019-20 compared to 2018-19, considering the potential for a much larger deterioration given the challenges, the Commission considers the circumstances were managed well by Jacana Energy.

Jacana Energy advised an increased number of hardship and credit calls related to COVID-19, and higher call volumes related to changes to the premium solar feed-in tariff and Business Hardship Package are related to the drop in performance discussed above. Further, there was an increase in email queries during 2019-20, which may have been influenced by Jacana Energy as it implemented COVID-19 telephone messages encouraging customers to send email queries in preference to calls. Jacana Energy says email queries are more complex queries and impact call centre resourcing, which increase call queue times, and subsequently abandonment rates.

The Australian Energy Regulator (AER) used a traffic light system in its 2019-20 Annual Retail Markets report (Retail report)[13] to allow an 'at a glance' overview of retailer performance, with the highest 'green' category assigned to a retailer with 80% or more calls taken within 30 seconds. Only one (AGL Energy Ltd) of the six major (tier 1) NECF retailers achieved this, with 80%[13] While a deterioration from last year, Jacana Energy's 2019-20 performance of 64.1% is in the top half of the level of performance reported by the tier 1 NECF retailers. However, the Commission notes that there is a large spread of performance across the tier 1 NECF retailers, with the highest and lowest performance being 80% and 39%, respectively[13]. When compared to the AER's traffic light system, Jacana Energy's level of performance across the last four years falls into the lower 'amber' category, which includes retailers that achieved 51 to 79% of calls taken within 30 seconds.

In relation to Jacana Energy's performance regarding the percentage of calls abandoned before being answered by an operator, when compared to the AER's traffic light system, Jacana Energy meets the highest 'green' category, which includes retailers that achieve 5% or less of calls abandoned before being answered, and is consistent with the previous three years. Only two of the tier 1 NECF retailers achieved the green category[13], with Jacana Energy's level of performance towards the top of the performance level reported by major NECF retailers.

The AER considers the six major NECF retailers to be 'tier 1' retailers, whereas other retailers are considered as 'tier 2' retailers. The AER notes in its Retail report that while there was an overall decline in performance for both tier 1 and 2 retailers in 2019-20, tier 2 retailers outperformed tier 1 retailers in relation to call responsiveness for the second consecutive year. Therefore, while comparing Jacana Energy's performance to tier 1 retailers provides a useful comparison, the benchmark does not necessarily represent the best performance.

Further, in its Retail report, the AER states that call centre performance has been affected by COVID-19, with performance weakest in the third quarter of 2019-20. The AER highlighted that the high number of calls, together with additional pressures on retailers (many closed their regular call centres and set up work from home arrangements for their staff), had negative impacts on other call centre performance metrics, however call centre performance improved in the fourth quarter of 2019-20, with call centre performance largely normalised following an initial period of adjustment. The AER states that call centre performance proved to be a 'lead indicator' of the effects of COVID-19, being the first metric impacted as retailers and customers adjusted their behaviours in response to the pandemic.

While Jacana Energy received more calls in the third quarter of 2019-20 than the other quarters, which is consistent with the AER's observations, its call centre performance was not materially impacted in that quarter. This is positive, noting the Commission understands Jacana Energy implemented measures in light of the pandemic, such as splitting its call centre across multiple sites and allowing working from home arrangements for some staff.

13 AER 2019-20 Annual Retail Markets report https://www.aer.gov.au/retail-markets/performance-reporting/annual-retail-markets-report-2019-20.

Other retailers reported a large increase in calls in 2019-20 from the previous year, however this was from a low starting point. The total number of calls received by other retailers is still considerably lower than Jacana Energy, which is consistent with the smaller market share of small customers, as discussed in the previous chapter. The increase in calls is likely related to the gradual increase in the number of customers that have transferred to other retailers over the last four years, rather than changes to the level of satisfaction, however the Commission will continue to monitor this in future reviews.

In 2019-20, other retailers continued to report no data in relation to calls answered by an operator within 30 seconds and calls abandoned before being answered by an operator. In the case of Rimfire Energy, this is due to Rimfire Energy advising it does not have an automated or integrated voice response telephone system, which the Commission understands is required to record such performance indicators. The Commission notes the EIP Code allows an electricity entity to seek an exemption from the Commission where it believes it cannot report all or part of its requirements in relation to performance indicators.

The Commission considers it important that performance, including customer service performance, in relation to small customers is recorded and reported for oversight by the Commission.

The Commission acknowledges it is not appropriate to rely on telephone responsiveness alone in assessing the level of a retailer's customer service, however is limited by the data it receives in accordance with the reporting requirements of the EIP Code.

The Commission is aware Jacana Energy collects additional data for purposes other than EIP Code reporting, such as customer feedback through its Customer Survey Program, which could possibly be made available to the Commission in the future. Accordingly, the Commission will consider the benefits and costs of expanding the data retailers are required to report in relation to customer service performance indicators in its review of the EIP Code, which commenced in September 2020 with the publication of an issues paper. This will be undertaken in consultation with retailers and other stakeholders.

Complaints

In accordance with the EIP Code, complaints are recorded and categorised by retailers as billing, marketing, transfers, hardship and other. These categories and associated definitions are largely consistent with those adopted by the AER[14] for the following:

- 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
- other – includes complaints about customer service, privacy issues, failure to respond to complaints, and health and safety issues.

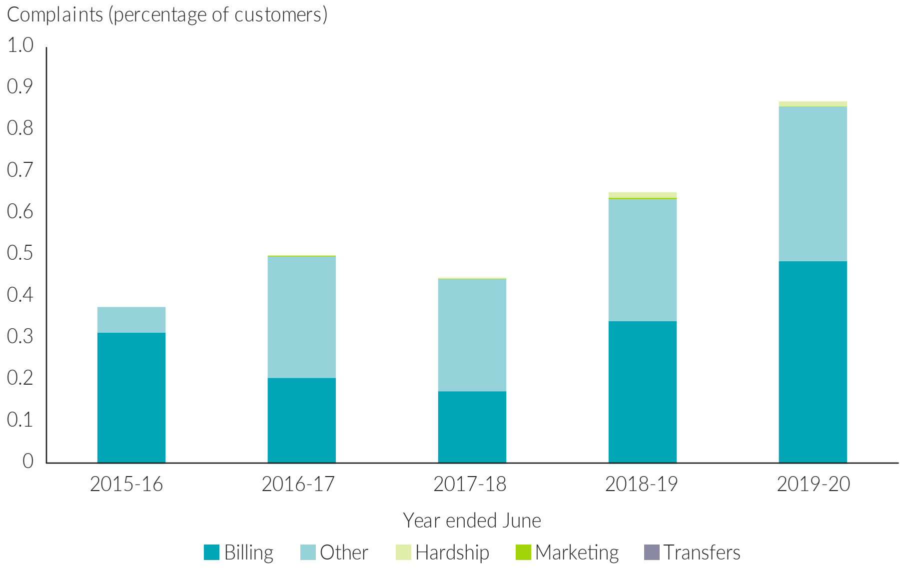
The remaining category, 'hardship', is a specific reporting category for the Territory that is included in the EIP Code and refers to complaints associated with customer hardship measures.

14 AER (Retail Law) Performance Reporting Procedures and Guidelines https://www.aer.gov.au/retail-markets/guidelines-reviews/aer-retail-law-performance-reporting-procedures-and-guidelines.

The AER introduced a number of new categories in 2018-19 for complaints related specifically to smart meters, which include complaints regarding installation, installation delay, cost, data, privacy and de-energisation. These categories have not been adopted in the Territory, however may be considered in the review of the EIP Code, which commenced in September 2020.

Customer complaints as a percentage of total customers for all retailers supplying small customers in the Territory, further segmented by complaint category, are shown in Figure 4 for the last five years to 2019-20.

Figure 4: Customer complaints as a percentage of total small customers, further segmented by complaint category[15]



While the Commission has previously reported that customer complaints as a percentage of total customers is relatively low in the Territory when compared to NECF jurisdictions, the level has continued to increase, with the 0.9% for 2019-20 being the highest across the last five years, as shown in Figure 4. The increase in 2019-20 has been largely driven by increases in complaints related to 'billing' and 'other' complaints, with the largest increase in relation to the 'billing' category, which increased from 0.3 to 0.5% of total customers over the last year.

Although not shown in Figure 4, 'billing' and 'other' related complaints increased to their highest quarterly levels over the last three years in the first and second quarters of 2019-20, respectively, which resulted in overall complaints in the second quarter being the highest quarterly total of the last three years. Jacana Energy, which has the majority of small customers in the Territory, advised that the increase in 'billing-related' complaints during this period was associated with system changes to accommodate changes to PWC's network charges, including alternative control charges. The Commission notes following the highs discussed above, 'billing' complaints fell slightly in the second and third quarters, and 'other' complaints dramatically fell in the third and fourth quarters, with the fourth quarter being the lowest quarterly percentage of 'other' complaints over the last three years.

15 On 1 March 2021, the Commission was advised by a retailer (included in the 'other' retailer category) of an independent audit report of its compliance with the EIP Code found that as it does not have a system for recording calls (including complaints), the auditor was unable to verify if any complaints were received by phone.

The Commission considers it positive that the high level of total complaints compared to levels in the Territory over the last three years was not sustained in the fourth quarter of 2019-20, which was likely a challenging time for many electricity customers in the Territory.

As highlighted in previous years, the large percentage of complaints categorised as 'other' may suggest a need to broaden the definition of the existing categories or include additional categories to provide more granular detail on the types of complaints made to retailers. The Commission is considering retail service performance indicators as part of its review of the EIP Code, which commenced in September 2020.

'Hardship' complaints generally make up a relatively low percentage of total complaints, however there was a large increase reported in 2018-19. Reassuringly, the number of complaints in relation to 'hardship' reduced slightly in 2019-20, noting Jacana Energy has been focusing on improvements to its hardship policy.

No complaints have been recorded over the last five years for the 'transfers' category, noting this is not unexpected considering the low number of small customers transferring to a retailer other than Jacana Energy in the Territory.

When comparing the Territory to NECF jurisdictions in 2019-20, the percentage of customers complaining is still low, with only the Australian Capital Territory being marginally better with 0.8%[16] of customers complaining. In comparison, the worst performing state was Tasmania, which reported 4.3%[16] of customers complaining. On average across the NECF jurisdictions, 2%[16] of customers complained to a retailer, which is just over double that of the Territory. It should be noted that customer complaints in NECF jurisdictions include those relating to gas as well as electricity, however the Commission considers the benchmark useful.

While considered a good result when compared to NECF jurisdictions, as mentioned above, customer complaints as a percentage of total small customers continued on a general upwards trend in 2019-20 and is now higher than any of the previous four years. As stated in last year's NTERR, the Commission will continue to monitor this trend, however it has not reached a concerning level yet.

The total number of small customer complaints by retailer and approaches to the Ombudsman are shown in Table 3. As the Ombudsman can only deal with complaints regarding government entities, including government-owned electricity retailers, data is only reported for Jacana Energy in relation to this indicator.

16 AER Retail energy market performance update for quarter 4, 2019-20 https://www.aer.gov.au/retail-markets/performance-reporting/retail-energy-market-performance-update-for-quarter-4-2019%E2%80%9320.

Table 3: Total small customer complaints to retailers and approaches to Ombudsman NT[17]

	2016-17	Change	2017-18	Change	2018-19	Change	2019-20	Change
Complaints to retailer as a percentage of customers								
Jacana Energy	0.5%	+ 0.1[18]	0.5%	0.0[18]	0.7%	+ 0.2[18]	0.9%	+ 0.2[18]
Other	0%	0[18]	0%	0[18]	0%	0[18]	0%[19]	0[18]
Approaches to the Ombudsman								
Jacana Energy	83	- 2 (- 2.4%)	134	+ 51 (+ 61.4%)	181	+ 47 (+ 35.1%)	141	- 40 (- 22.1%)
Approaches to the Ombudsman as a percentage of retail complaints								
Jacana Energy	20.6%	- 7.2[18]	35.3%	+ 14.7[18]	33.5%	- 1.8[18]	19.3%	- 14.2[18]

When considering complaints by retailer, it is evident the results shown in Figure 4 for the Territory overall are largely influenced by Jacana Energy's performance due to its majority share of small customers, as discussed in the previous chapter, and other retailers reporting no complaints.

Following a consistent level of complaints in 2017-18 of 0.5% compared to the previous year, Jacana Energy reported a significant increase in complaints as a percentage of customers to 0.7% in 2018-19, which has continued in 2019-20 with a further increase to 0.9%. However, this is still much lower than the 2% average reported by NECF jurisdictions[20].

Jacana Energy indicated the increase in complaints, specifically billing related complaints, was due to delayed billing as a result of system changes needed to accommodate changes to PWC network charges, and the introduction of a lower standard solar PV feed-in tariff from 5 April 2020.

Approaches to the Ombudsman as a percentage of Jacana Energy complaints significantly decreased in 2019-20 to 19.3% compared to 33.5% in 2018-19, and is the lowest level reported over the last four years. This brought Jacana Energy in line with the middle of the NECF jurisdictions, however is still some way off the 4.6 and 0.6%[21] reported by Queensland and Tasmania, respectively. For comparison, the worst result reported by NECF jurisdictions was the Australian Capital Territory with approaches to the Ombudsman accounting for 47.6%[21] of retailer complaints. The Commission notes complaint-counting methodology may vary by ombudsman, which may lead to variances between jurisdictions resulting from ombudsman practices rather than from retailer performance.

The Ombudsman's 2019-20 Annual Report states the top two issues that led to approaches in 2019-20 were billing and excessive charges. This includes issues such as bills not received, two bills received at the same time, bills sent to the wrong address, delays in sending bills and issues arising from the estimation process, noting not all issues may have been within Jacana Energy's direct control.

17 NT Ombudsman 2019-20 Ombudsman Annual Report, https://www.ombudsman.nt.gov.au/publications.

18 Percentage point change from the previous year.

19 On 1 March 2021, the Commission was advised by a retailer (included in the 'other' retailer category) of an independent audit report of its compliance with the EIP Code found that as it does not have a system for recording calls (including complaints), the auditor was unable to verify if any complaints were received by phone.

20 AER Retail energy market performance update for quarter 4, 2019-20 https://www.aer.gov.au/retail-markets/performance-reporting/retail-energy-market-performance-update-for-quarter-4-2019%E2%80%9320.

21 Data provided directly from the AER by request of the Commission.

The AER states that a high proportion of escalations to an ombudsman suggests a retailer may not be resolving complaints effectively, while conversely, a low proportion of complaints escalated to an ombudsman suggests a retailer may have successful internal dispute resolution processes.

This is an improved result for Jacana Energy, noting the Commission reported last year that Jacana Energy had reviewed its Complaints Management Policy, procedures and practices, including how complaints are handled at the first point of contact and escalated for internal review or investigation when the issue is unable to be resolved to the satisfaction of the customer. Prior to the review, Jacana Energy indicated to the Commission that it had found occasions when customers were presenting to the Ombudsman without providing Jacana Energy an opportunity to resolve their complaint in the first instance. Jacana Energy advise, in these cases, the complainant is referred back to Jacana Energy by the Ombudsman and evidence shows Jacana Energy is usually able to resolve these complaints directly with the customer.

Accordingly, Jacana Energy stated that one of the intended outcomes of the review was to improve employee and customer awareness and understanding of Jacana Energy's complaints management practises. This was specifically aimed at reducing the level of complaints made to the Ombudsman without having first been through Jacana Energy's internal dispute resolution processes.

Following the review of its Complaints Management Policy, Jacana Energy updated the relevant documents in April 2019, two months before the end of the 2018-19 reporting period. However, this was not sufficient time for Jacana Energy or the Commission to assess whether the updated Complaints Management Policy was achieving the desired outcomes in the 2018-19 NTERR. The level of performance in 2019-20 would suggest this review and update has been successful, however the Commission will continue to monitor and report on this indicator.

The Ombudsman states in its 2019-20 Annual Report that a customer may simply not be in a position to know whether a problem with power supply or an excess bill should be addressed by Jacana Energy or the network provider. Further, there are frequent occasions when a customer must rely on both Jacana Energy and the network provider to work together to resolve a problem. For example, Jacana Energy may rely on the network provider to check if a meter is working properly to confirm a high consumption reading, or there may be a complaint that a Jacana Energy bill is unfair because of delay or faulty work on the part of the network provider. Therefore, it can be difficult in the first instance to accurately identify which entity is best placed to address the issues at the core of a complaint. Indeed, an energy-related complaint may raise issues with aspects of the operations of both Jacana Energy and the network provider, both of which may be explored by the Ombudsman. The Ombudsman advises that approaches to it relating to energy issues should be read with this in mind.

The Commission interprets this to mean that approaches to the Ombudsman related to Jacana Energy may be impacted by the performance of the network provider and may not be an accurate representation of Jacana Energy's performance.

Jacana Energy touched on this issue in its submission to the Commission in relation to a review of the EIP Code[22]. Specifically, Jacana Energy expressed concern with the absence of standardised industry procedures and performance metrics around meter and customer data provision between the network provider and retailers within the Territory, with significant gaps in the short to medium term. Further, without additional regulation around the reporting and performance of these services, Jacana Energy can do very little to improve the customer experience.

As noted by the Commission in previous editions of this review, Jacana Energy publishes information on its website regarding the handling of complaints, which is mandated in NECF jurisdictions, but not in the Territory. While not available on the homepage of Jacana Energy's website, the Commission considers it logical to find.

Consistent with the previous four years, other retailers reported no complaints, which is likely due to having very few small customers. However, the Commission would expect this to change should other retailers' market share of small customers increase. Further, the Commission notes that Rimfire Energy, the most active alternative electricity retailer to Jacana Energy in the Territory, now has a section on its website regarding lodging feedback and complaints, which the Commission considers to be a positive addition.

Dispute resolution

Through existing retail licence conditions, retail licensees must fix standard terms and conditions for the sale of electricity to their customers, which can include a dispute resolution process. However, there is no legislated obligation on retailers to have in place an internal or external dispute resolution process. Therefore, retailers are left to determine what is appropriate regarding the handling of disputes, which may not always be in the best interests of consumers.

Under the *Utilities Commission Act 2000*, the Commission has the function to investigate and help resolve complaints relating to conduct or operations of licensed entities under relevant industry legislation. In practice, the Commission refers small customer complaints to the Ombudsman, who can deal with complaints relating to Jacana Energy and PWC as they are government owned corporations. However, there is a gap whereby no external dispute resolution services are available to customers of privately owned electricity retailers. Further, the Ombudsman deals with complaints relating to all government entities and does not have a dedicated electricity industry team, although staff members have some expertise due to the significant volume of electricity complaints.

In the Territory, Australian Consumer Law provides non-electricity industry-specific protections regarding safe goods, fair contracts and sound sales practices. This is administered by NT Consumer Affairs, an independent office within the Department of the Attorney-General and Justice.

Nationally, all state and territory jurisdictions except the Northern Territory place requirements on retailers to have internal and external dispute resolution processes. In New South Wales, Queensland, Tasmania, Australian Capital Territory and South Australia, this is managed through the NECF. Victoria has similar arrangements under the Victorian Energy Retail Code. Western Australia manages customer protections within the Code of Conduct for the Supply of Electricity to Small Use Customers.

22 https://utilicom.nt.gov.au/publications/submissions/jacana-energy-submission-issues-paper-electricity-industry-performance-code-review-2020.

Retailers in these jurisdictions are generally required to develop, publish (via a website) and comply with a set of procedures consistent with Australian standards for handling residential and small business customer complaints and disputes. These procedures must be regularly reviewed and updated where necessary.

Nationally, small customers have access to an external dispute resolution scheme, regardless of the ownership of the retailer, which ensures a customer has an independent means of escalating a complaint. This is provided through either a dedicated energy ombudsman, such as the Energy and Water Ombudsman of South Australia and the Energy and Water Ombudsman of Victoria or, as is the case in Western Australia and Tasmania, a broader ombudsman scheme (compared to Ombudsman NT) that enables the provision of associated services to customers of all electricity retailers, regardless of ownership.

As discussed in the previous NTERR, a reduction in Ombudsman approaches may be achieved through putting in place obligations on all retailers to have internal dispute resolution procedures in line with Australian standards and electricity industry best practice. Accordingly, as previously stated by the Commission, in order to address this gap in the short term, it will consider updating its ERS Code to include associated obligations appropriate for the Territory's circumstances when it next conducts a full review of the ERS Code.[23]

The Commission understands the Territory Government has not committed to adopting NECF but was advised by the former Minister for Renewables, Energy and Essential Services that the Department of Trade, Business and Innovation (DTBI), now the Department of Industry, Tourism and Trade (DITT), has identified the investigation of an appropriate Territory energy customer protection framework as a priority task in the four-year work plan for the Office of Sustainable Energy. However, the Commission notes a customer protection framework is not identified as part of government's Northern Territory Electricity Market Priority Reform Program[24].

Regarding establishing a dedicated electricity ombudsman or expanding the Ombudsman's remit to deal with customers of a private retailer, the Commission acknowledges this may lead to increased costs, which would need to be funded by government (that is, taxpayers), the Territory electricity industry or both, and is aware there is currently only a small number of customers 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. Accordingly, the Commission will continue to encourage the Territory Government to explore options to strengthen the external dispute resolution framework.

23 The Commission completed a review of the ERS Code in late 2019 to address priority issues, as informed by stakeholders, however acknowledged that the final amended ERS Code does not address all potential issues or gaps, and that a full review of the ERS Code from a first principles approach is needed given the evolving electricity supply industry in the Territory. Accordingly, the Commission's 2020-21 Priorities, which is published on the Commission's website, includes commencing the stage 2 review of the ERS Code.

24 https://industry.nt.gov.au/projects-and-initiatives/business/northern-territory-electricity-market-priority-reform-program.

3| Payment difficulties and hardship

This chapter considers how retailers manage customers experiencing payment difficulties and financial hardship, and focuses on:

- debt level of customers
- customers on payment plans
- customers on a hardship program
- disconnections for non-payment
- pre-payment meters.

This chapter also discusses the Commission's high level views in relation to potential gaps in hardship policy obligations for retailers.

Retailers are only required by the EIP Code to report to the Commission on customers consuming less than 160 MWh per annum. Accordingly, information on payment difficulties for large customers is not included in this review.

Debt

Energy bill debt is an indicator of the affordability of electricity and how effectively retailers are dealing with customers experiencing payment difficulties. Increasing or prolonged energy bill debt should be an indicator to a retailer that a customer may require assistance, such as being placed onto a payment plan or in more serious cases, a hardship program.

Under the EIP Code, retailers are required to report on the number of residential and small business customers with energy bill debt and the average energy bill debt of those customers, with both indicators excluding hardship customers, which are reported separately. For the purpose of reporting against these performance indicators, energy bill debt is defined as debt that has been outstanding for 90 days or longer from the date a bill is due, consistent with the AER's reporting requirements.

Jacana Energy has previously advised the Commission that it is aware of some retailers in other jurisdictions calculating energy bill debt from the invoice issue date, which is inconsistent with the AER's reporting requirements. Following discussions with the AER, the Commission understands this may be the case.

The AER updated its methodology in its 2018-19 Retail report in relation to the reporting of energy bill debt to combine electricity and gas bill debt into a single energy bill debt. This is different to the Territory where energy debt is limited to electricity.

While the differences in approach to the reporting of energy bill debt by the AER discussed above have the potential to impact accurate comparisons between retailers and jurisdictions, the comparisons are still considered useful.

The AER's 2019-20 Retail report uses data from the fourth quarter to show and compare performance, which may not allow meaningful or equitable comparisons to be made between jurisdictions due to seasonal variation. Therefore, the Commission has used the average across all four quarters for both the Territory and NECF jurisdictions' data to improve any comparisons, including for 2017-18 and 2018-19.

The percentage of residential customers with energy bill debt and the average of that debt, excluding hardship customers, is shown in Table 4.

Table 4: Level of residential customer debt in the Northern Territory (90 days or greater)

	2017-18	2018-19	Change	2019-20	Change
Residential customers with debt	1.7%	0.9%	- 0.8[25]	1.2%	+ 0.3[25]
Average residential customer debt	$351.22	$367.70	+ $16.48 (+ 4.7%)	$743.21	+ $375.51 (+ 102.1%)

There was a small increase in the percentage of residential customers with energy bill debt in the Territory from 0.9% in 2018-19 to 1.2% in 2019-20. The 1.2% reported for the Territory in 2019-20 is lower than the 1.8% reported by the AER for NECF jurisdictions overall[26], and lower than all individual NECF jurisdictions, with the nearest being Queensland with 1.6%[26] of non-hardship customers with energy bill debt. The NECF jurisdiction with the highest percentage of residential customers with energy bill debt was Tasmania with 2.4%[26].

In terms of the average residential customer energy bill debt in the Territory, it more than doubled in 2019-20 to $743.21, and while much closer to the average reported for the NECF jurisdictions overall ($841.07)[26], is still lower, noting that for NECF jurisdictions this includes both electricity and gas. When considering NECF jurisdictions individually, only two jurisdictions reported a lower average energy bill debt, the Australian Capital Territory and Queensland, with average energy bill debts of $722.51 and $664.94, respectively[26]. The NECF jurisdiction with the highest average energy bill debt was South Australia with an average of $1,059.91[26].

While both increasing, the two residential customer debt performance indicators for 2019-20 are positive for Territory residential customers when compared to NECF jurisdictions.

The Commission notes that using the average of the four quarters to show annual performance, shown in Table 4, does not show the potential impact of COVID-19 on the 2019-20 data. Further, the Commission stated in the previous NTERR that Jacana Energy, which has the majority share of small customers in the Territory, had updated its hardship policy, and the Commission would monitor the impact of this review. In order to assess the potential impact of COVID-19 and Jacana Energy's hardship policy review, Figure 5 shows the percentage of non-hardship customers with energy bill debt and the average debt of those customers on a quarterly basis for the last three years, with the introduction of Territory border restrictions[27] and update of Jacana Energy's hardship policy[28] highlighted.

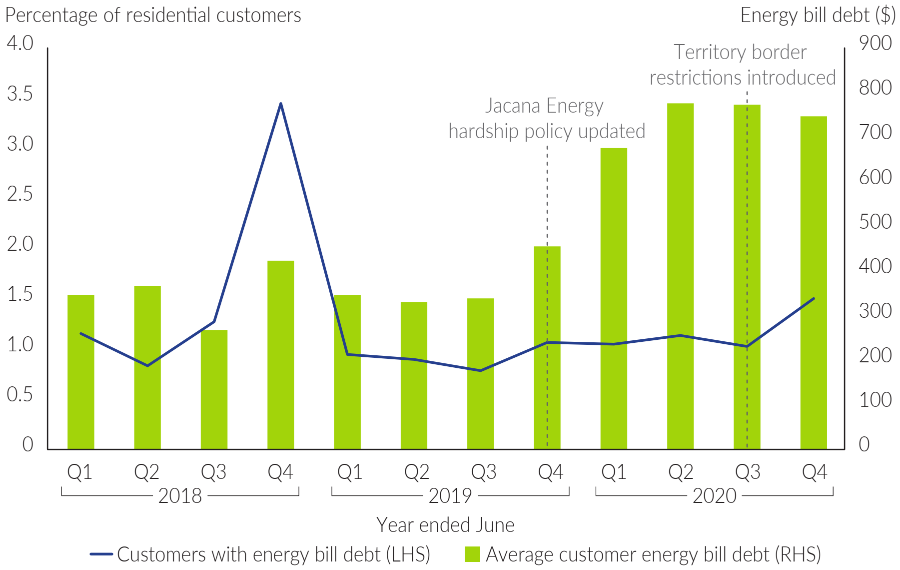
25 Percentage point change from the previous year.

26 Calculated from AER Retail energy market performance update for quarter 4, 2019-20 https://www.aer.gov.au/retail-markets/performance-reporting/retail-energy-market-performance-update-for-quarter-4-2019%E2%80%9320.

27 The Territory Government introduced border restrictions from Tuesday 24 March 2020 https://coronavirus.nt.gov.au/updates

28 Jacana Energy published an updated hardship on its website dated 14 June 2019 https://www.jacanaenergy.com.au/residential/payment_options/Jacana-Energy-Hardship-Policy.pdf.

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



LHS: left-hand side; RHS: right-hand side

Figure 5 shows that generally the fourth quarter of each financial year has a higher percentage of customers with energy bill debt than the remaining quarters in the corresponding year. Therefore, while there is a rise in the percentage of customers with energy bill debt in the fourth quarter of 2019-20, it is unclear whether this is due to seasonal variation or the impacts of COVID-19. The Commission notes that due to billing being on a quarterly cycle, any impact on customers' bills from an event may lag by up to three months, and therefore the potential impacts of COVID-19 are not likely to be seen until 2020-21.

The figure also shows that following an update to Jacana Energy's hardship program, and before the potential impacts of COVID-19, the average debt of non-hardship customers significantly increased. Therefore, the average debt more than doubling in 2019-20, as discussed above, is unlikely to be attributed to COVID-19.

In relation to COVID-19, the Commission notes that on 18 March 2020, the Territory Government announced it would freeze increases to household fees and charges, including electricity prices, until 1 July 2021[29]. For residential customers protected by the Electricity Pricing Order, this was implemented through subsequent pricing orders.

The percentage of small business customers with energy bill debt and the average of that debt is shown in Table 5.

Table 5: Level of small business customer debt in the Northern Territory (90 days or more)

	2017-18	2018-19	Change	2019-20	Change
Small business customers with debt	2.9%	1.4%	- 1.5[30]	3.7%	+ 2.3[30]
Average small business customer debt	$1,531.48	$1,752.37	+ $220.89 (+ 14.4%)	$1,968.77	+ $216.40 (+ 12.3%)

29 https://coronavirus.nt.gov.au/updates/items/2020-03-18-community-update.
30 Percentage point change from the previous year.

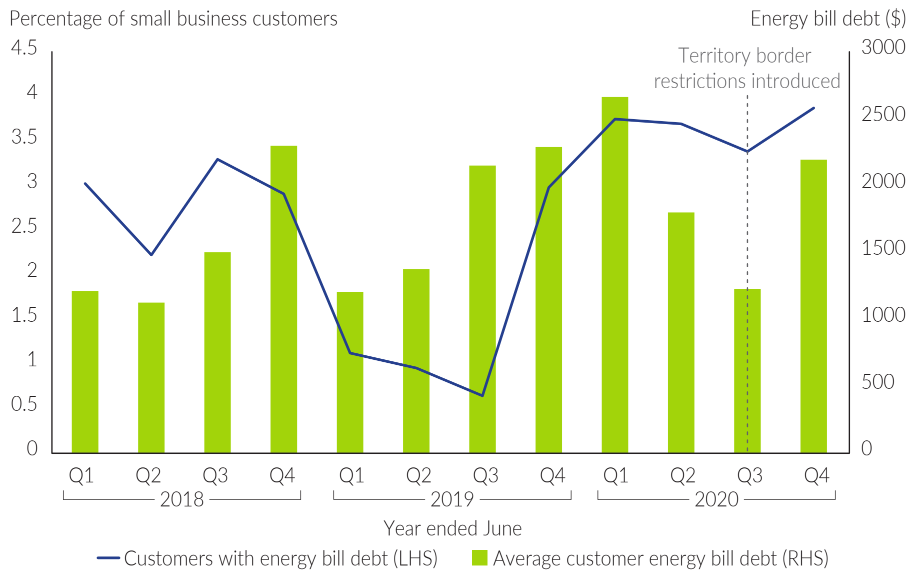
In the Territory, the percentage of small business customers with energy bill debt more than doubled to 3.7% during 2019-20. In NECF jurisdictions, the percentage of small business customers with energy bill debt during 2019-20 was lower than in the Territory, at 2.4%[31], which includes both electricity and gas. The highest percentage of small business customers with debt reported by NECF jurisdictions was New South Wales with a level of 3%[31].

While the percentage of small business customers with debt dramatically increased, the average small business customer energy bill debt increased by a lesser degree of about 12% to $1,968.77. However, this is still slightly lower than the NECF average of $2,033.57 for the same period[31].

The AER noted in its 2018-19 Retail report that jurisdictions with a lower number of business customers are likely to see a large effect on reported numbers and trends due to small fluctuations in the underlying data, which is relevant to the Territory and shown in Figure 6.

As with residential customers, the Commission notes that using the average of the four quarters to show annual performance, as shown in Table 5, does not show the potential impact of COVID-19 on the 2019-20 data. In order to show the impact of COVID-19, Figure 6 shows the percentage of small business customers with energy bill debt and the average debt for those customers on a quarterly basis for the last three years, with the key event of the Territory's border restrictions[32] highlighted. Unlike Figure 5, the update of Jacana Energy's hardship policy is not highlighted as a significant event in Figure 6 as it does not relate to small business customers.

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



LHS: left-hand side; RHS: right-hand side

31 Calculated from AER Retail energy market performance update for quarter 4, 2019-20 https://www.aer.gov.au/retail-markets/performance-reporting/retail-energy-market-performance-update-for-quarter-4-2019%E2%80%9320.

32 The Territory Government introduced border restrictions from Tuesday 24 March 2020 https://coronavirus.nt.gov.au/updates.

Figure 6 shows the increase in the percentage of small business customers with energy bill debt and the average amount of that debt occurred prior to the potential impacts of COVID-19. Consistent with residential customers, the Commission notes that due to billing being on a quarterly cycle, any impact from an event may lag by up to three months in terms of the impact on customers' bills, and therefore the impacts of COVID-19 are not likely to be seen until 2020-21.

In addition to the assistance provided to Territory residential electricity customers under the Electricity Pricing Order, discussed above, the government also announced (on 15 May 2020) assistance for businesses impacted by hardship associated with COVID-19, the Business Hardship Package[33]. Businesses that applied and were subsequently approved for the Business Hardship Package were issued with a Business Hardship Certificate, which provided the relevant business with various assistance, including a 50% reduction in electricity prices under the Electricity Pricing Order from the date the hardship entitlement commenced until 30 September 2020. This date was later extended twice, until 31 May 2021, and then 30 June 2021, for applicable businesses.

Payment plans

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 circumstances, such as a temporary job loss, an unexpected repair bill or a minor illness. A payment plan is a standard approach that could be considered a 'one size fits all' solution, as it does not necessarily consider a customer's circumstances on an individual basis.

As with debt, the AER's 2019-20 Retail report uses data from the fourth quarter to show and compare performance, which may not allow meaningful or equitable comparisons to be made between jurisdictions due to seasonal variation. Therefore, the Commission has used the average across all four quarters for both the Territory and NECF jurisdictions' data to improve comparisons.

The percentage of residential customers on a payment plan, excluding hardship customers, is shown in Table 6, noting the requirement to report on this indicator under the EIP Code only commenced in 2017-18.

Table 6: Percentage of residential customers on a payment plan

	2017-18	2018-19	Change	2019-20	Change
Jacana Energy	2.2%	2.1%	- 0.1[34]	2.6%	+ 0.5[34]
Other	0.0%	0.0%	0.0[34]	0.0%	0.0[34]
Territory	2.2%	2.1%	- 0.1[34]	2.6%	+ 0.5[34]

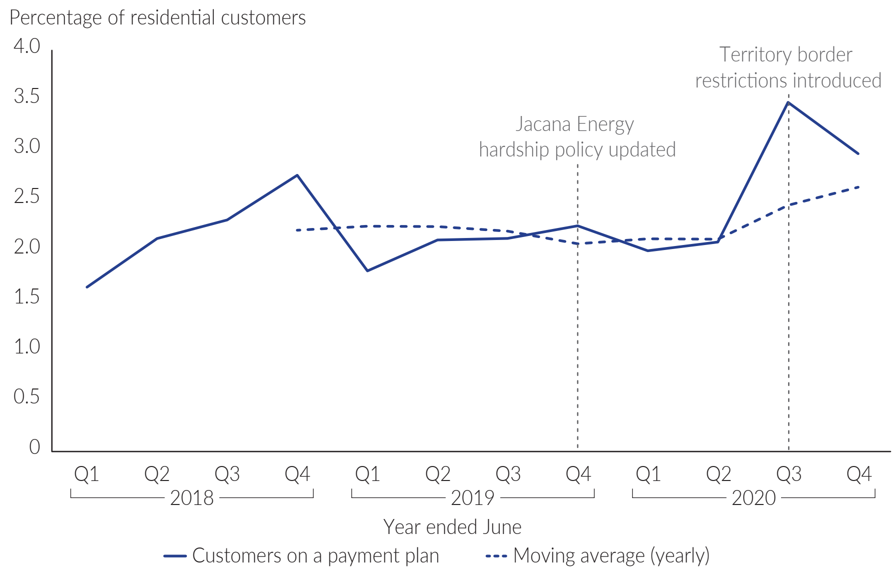
33 https://business.gov.au/grants-and-programs/Business-Hardship-Package-NT.

34 Percentage point change from the previous year.

The percentage of residential customers in the Territory on a payment plan (2.6% in 2019-20) is higher than reported by NECF jurisdictions (1.7%).[35] Given the Territory has a lower percentage of residential customers with energy bill debt and a slightly lower average amount of energy bill debt for those customers compared to NECF jurisdictions, the number of customers on a payment plan is considered a positive result, and may indicate Territory retailers, in particular Jacana Energy, are identifying customers with less serious payment difficulties early and working with those customers in terms of offering assistance.

To understand the potential impact of COVID-19 and Jacana Energy's review of its hardship policy, noting Jacana Energy has the majority share of small customers, Figure 7 shows the percentage of residential customers on a payment plan on a quarterly basis for the last three years, with the introduction of Territory border restrictions[36] and the update of Jacana Energy's hardship policy[37] highlighted.

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



Although there is not an immediate increase in the number of residential customers on a payment plan following the update to Jacana Energy's hardship policy, a significant increase is seen in the third quarter of 2019-20 before the impacts of COVID-19.

The Commission notes that due to billing being on a quarterly cycle, any impact from an event may lag by up to three months in terms of the impact on customers' bills, and therefore the impacts of COVID-19 are not likely to be seen until 2020-21.

Hardship programs

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. It is generally appropriate for customers facing longer term and more entrenched financial difficulties, such as systemic budget management issues, or loss of an income source due to a family death or serious illness.

35 Calculated from the AER Retail energy market performance update for quarter 4, 2019-20, https://www.aer.gov.au/retail-markets/performance-reporting/retail-energy-market-performance-update-for-quarter-4-2019%E2%80%9320.

36 The Territory Government introduced border restrictions from Tuesday 24 March 2020 https://coronavirus.nt.gov.au/updates.

37 Jacana Energy published an updated hardship on its website dated 14 June 2019 https://www.jacanaenergy.com.au/residential/payment_options/Jacana-Energy-Hardship-Policy.pdf.

A hardship program is ideally tailored to the individual customer and actively managed by the retailer. A hardship program should keep a customer engaged with their retailer, and where possible strive to reduce debt and move a customer back to a 'regular bill cycle customer'.

As with debt and payment plans, the AER's 2019-20 Retail report uses data from the fourth quarter to show and compare performance, which may not allow meaningful or equitable comparisons to be made between jurisdictions due to seasonal variation. Therefore, the Commission has used the average across all four quarters for both the Territory and NECF jurisdictions' data to improve any comparisons, including for 2017-18 and 2018-19.

The percentage of residential customers on a hardship program by retailer and the Territory overall for the past three years is shown in Table 7.

Table 7: Residential customers on a hardship program

	2017-18	2018-19	Change	2019-20	Change
Jacana Energy	0.2%	0.3%	+ 0.1[38]	0.7%	+ 0.4[38]
Other	0.0%	0.0%	0.0[38]	0.0%	0.0[38]
Territory	0.2%	0.3%	+ 0.1[38]	0.7%	+ 0.4[38]

The percentage of small customers on a hardship program in the Territory (0.7%) has more than doubled in 2019-20. This level still appears low when compared to that reported by the AER for NECF jurisdictions (1.1%).[39] However, as shown by Figure 8 there has been an increase in the number of hardship customers across all four quarters of 2019-20, with 1% of customers on a hardship program in the fourth quarter of 2019-20, compared to 1.1% for NECF jurisdictions in the same period.

The Commission has acknowledged in previous reviews that the Territory has a lower percentage of customers with energy bill debt and a higher percentage of customers on a payment plan than NECF jurisdictions, which may suggest Territory retailers, and in particular Jacana Energy, are identifying and assisting customers experiencing payment difficulties earlier, before the need for a hardship program.

This is supported by previous Jacana Energy advice that the lower percentage of customers on its hardship program, relative to NECF jurisdictions, may relate to the greater availability of payment options available to customers outside the hardship program, such as payment extensions and payment plans. These options help avoid the need to place a customer experiencing financial difficulties on the hardship program.

To understand the potential impact of COVID-19 and Jacana Energy's review of its hardship policy, noting Jacana Energy has the majority share of small customers, Figure 8 shows the percentage of residential customers on a hardship program on a quarterly basis over the last three years, with the introduction of Territory border restrictions[40] and the update of Jacana Energy's hardship policy[41] highlighted.

38 Percentage point change from the previous year.

39 Calculated from the AER Retail energy market performance update for quarter 4, 2019-20, https://www.aer.gov.au/retail-markets/performance-reporting/retail-energy-market-performance-update-for-quarter-4-2019%E2%80%9320.

40 The Territory Government introduced border restrictions from Tuesday 24 March 2020 https://coronavirus.nt.gov.au/updates.

41 Jacana Energy published an updated hardship on its website dated 14 June 2019 https://www.jacanaenergy.com.au/residential/payment_options/Jacana-Energy-Hardship-Policy.pdf.

Figure 8: Residential customers on a hardship program, quarterly

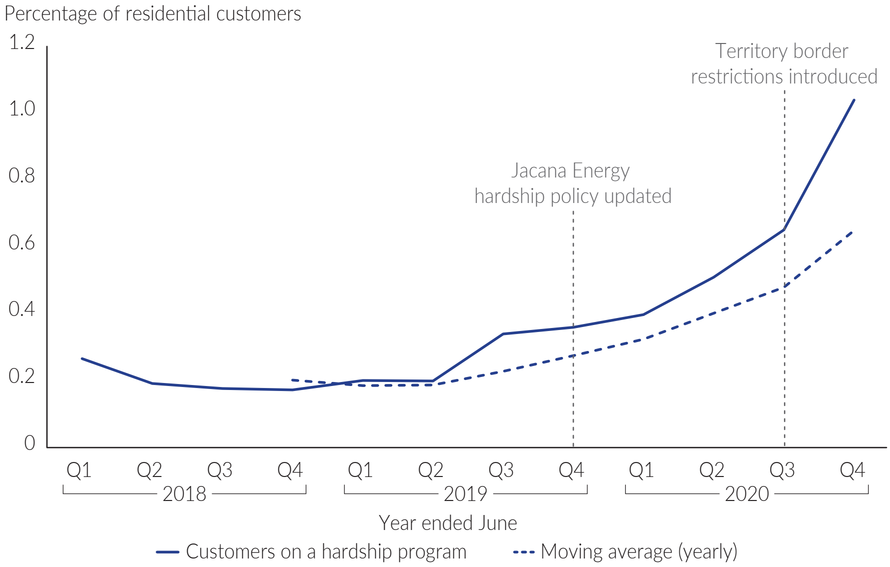


Figure 8 shows that following the update of Jacana Energy's hardship policy, and before the potential impacts of COVID-19, there was a significant increase in the percentage of customers on a hardship program. In fact, the increase started before the update, which the Commission considers may be a result of Jacana Energy implementing a number of changes to its processes and procedures before its hardship policy was formally updated. In light of the increase in customers on a hardship program compared to previous years, the Commission consider this is likely a positive impact from Jacana Energy's review of its hardship program.

While there is a significant increase in the percentage of customers on a hardship program in the fourth quarter of 2019-20, the Commission notes that due to billing being on a quarterly cycle, any impact from an event may lag by up to three months in terms of the impact on customers' bills, and therefore the potential full impacts of COVID-19 are not likely to be seen until 2020-21.

The average Jacana Energy residential customer energy bill debt on entry to a hardship program in 2019-20 was $1,505.38. This compares to the average Territory residential customer energy bill debt (excluding hardship customers) of $743.21. While the ratio of debt on entry to a Jacana Energy hardship program and the average Territory customer energy bill debt has reduced in 2019-20, it is still higher than the average of NECF jurisdictions, and suggests a delay in providing hardship assistance by Jacana Energy compared to NECF jurisdictions.

Therefore, while it appears Jacana Energy may be identifying less serious payment difficulties early, and assisting those residential customers with a payment plan, the larger gap between the average Territory residential customer energy bill debt and energy bill debt on entry to a hardship program when compared to NECF jurisdictions, may suggest there is further improvement for Jacana Energy to quickly and effectively identify more serious payment difficulties and provide assistance through its hardship program.

Figure 9 shows the distribution of debt levels on entry to a hardship program for Jacana Energy and NECF Jurisdictions[42] in 2019-20.

42 AER Retail energy market performance update for quarter 4, 2019-20 https://www.aer.gov.au/retail-markets/performance-reporting/retail-energy-market-performance-update-for-quarter-4-2019%E2%80%9320.

Figure 9: 2019-20 debt on entry to a hardship program

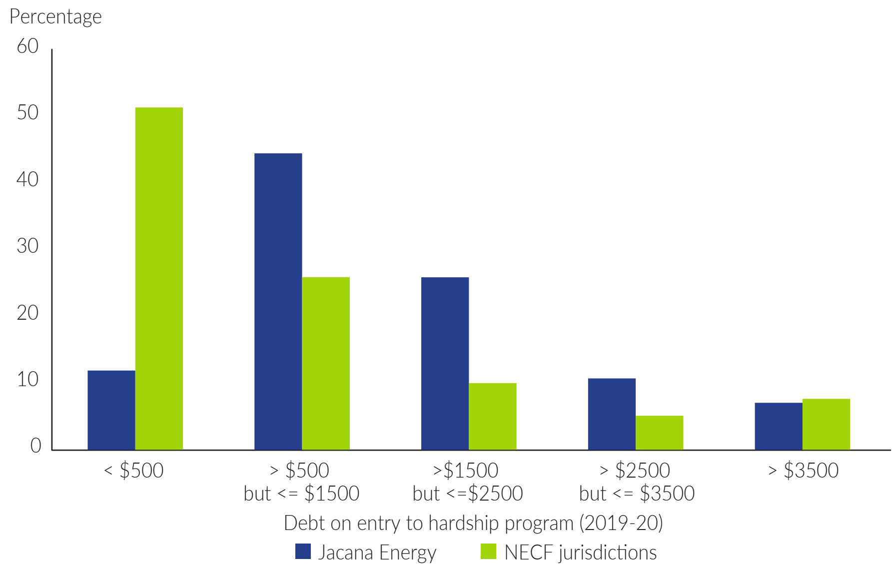


Figure 9 shows that a much higher percentage of hardship customers are being assisted by a retailer through a hardship program at lower levels of debt in NECF jurisdictions than by Jacana Energy in 2019-20. While Jacana Energy has advised there is greater availability of payment options available to its customers outside the hardship program, such as payment extensions and payment plans, the result shown in Figure 9 may indicate these payment options are not preventing some customers from becoming a hardship customer, and may in fact be resulting in customers entering a hardship program with a higher level of debt.

The average debt of a Jacana Energy customer in the hardship program in 2019-20 was $761.20, which suggests its hardship program may be successful in lowering a customer's debt once hardship assistance is provided. This was not the case in 2018-19, when the average debt of a hardship customer was higher than the average debt on entry to a hardship program.

Jacana Energy reported 96.9% of its customers exiting its hardship program during 2019-20 did so due to being excluded or removed for noncompliance with the program, compared to 3.1% who exited due to successfully completing the program. This is an increase in the number of customers exiting the hardship program due to being excluded or removed for noncompliance with the program compared to 2018-19, and is also a reduction in the percentage of customers exiting due to successfully completing the program, from an already low level. However, compared to 2018-19 where 4.7% of customers were reported to have exited a hardship program due to having switched, transferred or left the retailer, no customers were reported in this category in 2019-20. The Commission understands this is due to a definition clarification, rather than significant changes in the data and level of performance.

In comparison, the average reported for NECF jurisdictions was 58.4% of customers exiting a hardship program due to being excluded or removed and 31.7% exiting due to successfully completing the program. This indicates there is still significant room for improvement with Jacana Energy's hardship program to ensure it is achieving its objectives. However, as discussed further in this chapter, the Commission notes there is no legislative requirement for electricity retailers in the Territory to have a hardship policy in place, and therefore retailers are left to determine what is appropriate regarding hardship provisions, which appears to be insufficient given the reported result. The Commission will continue to closely monitor performance in subsequent reviews.

Disconnections

Disconnections for non-payment should be considered as a last resort and avoided where possible. Disconnection should only occur where a payment plan or hardship program has been unsuccessful.

The percentage of residential customers disconnected for non-payment in the last four years is shown in Table 8.

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

	2016-17	2017-18	Change	2018-19	Change	2019-20	Change
Jacana Energy	3.5%	3.1%	- 0.4[43]	3.5%	+ 0.4[43]	1.8%	- 1.7[43]
Other	0.0%	0.0%	0.0[43]	0.0%	0.0[43]	0.0%[44]	0.0[43]
Territory	3.5%	3.1%	- 0.4[43]	3.5%	+ 0.4[43]	1.7%	- 1.8[43]

The percentage of residential customers disconnected for non-payment in the Territory has dramatically decreased in 2019-20 compared to the previous three years. In 2019-20, 1.7% of residential customers were disconnected for non-payment, however while a big improvement, this is considered to be high when compared to NECF jurisdictions, which reported 0.7%[45] for the same period. During 2019-20, of the 1.7% of customers disconnected for non-payment, 55.5% of customers disconnected for non-payment were reconnected within seven days.

To understand the potential impact of COVID-19 and Jacana Energy's review of its hardship policy, noting Jacana Energy has the majority share of small customers, Figure 10 shows the percentage of residential customers disconnected for non-payment on a quarterly basis over the last three years, with the introduction of Territory border restrictions[46] and update of Jacana Energy's hardship policy[47] highlighted.

43 Percentage point change from the previous year.

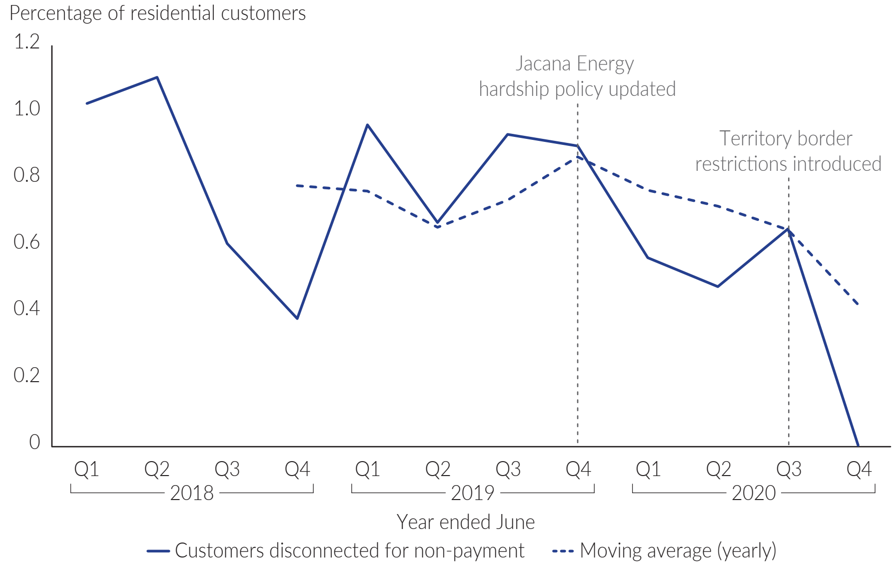
44 On 1 March 2021, the Commission was advised by a retailer (included in the 'other' retailer category) of an independent audit report of its compliance with the EIP Code found that while the retailer stated it had not disconnected any customers for non-payment, the auditor was not able to verify this statement from the evidence provided.

45 AER Retail energy market performance update for quarter 4, 2019-20 https://www.aer.gov.au/retail-markets/performance-reporting/retail-energy-market-performance-update-for-quarter-4-2019%E2%80%9320.

46 The Territory Government introduced border restrictions from Tuesday 24 March 2020 https://coronavirus.nt.gov.au/updates.

47 Jacana Energy published an updated hardship on its website dated 14 June 2019 https://www.jacanaenergy.com.au/residential/payment_options/Jacana-Energy-Hardship-Policy.pdf.

Figure 10: Percentage of residential customers disconnected for non-payment, quarterly



Although Figure 10 shows a large degree of variation, there was a slight downward trend following the update of Jacana Energy's hardship policy and prior to initiatives introduced by Jacana Energy in the second half of 2019-20 to mitigate the potential hardship associated with the impacts of COVID-19. The combination of changes to Jacana Energy's hardship program and, to a much greater degree, its initiatives to mitigate the potential hardship associated with the impacts of COVID-19, are behind the significant reduction in residential disconnections for non-payment across the Territory in 2019-20, which are shown in Table 8.

In relation to the initiatives introduced by Jacana Energy to mitigate the potential hardship associated with the impacts of COVID-19, Figure 10 shows the initiatives effectively reduced the number of residential customer disconnections for non-payment to zero in the fourth quarter of 2019-20. When asked by the Commission, Jacana Energy advised it provides hardship relief to its customers as part of its normal business operations, however has applied additional mechanisms to support customers impacted by COVID-19. These mechanisms included not disconnecting customers for non-payment and the deferral of credit default listings. The approach was consistent with energy network and retailer obligations prescribed by the AER in other jurisdictions across Australia, which have also been adopted by PWC.

The AER's energy network and retailer obligations, which Jacana Energy refers to, relate to the AER's Statement of expectations of energy businesses: Protecting consumers and the energy market during COVID-19[48] (Statement of expectations). The Statement of expectations, published on 9 April 2020, lists a number of principles that the AER states are intended to ensure the protection of customers and the energy market through the difficult time of COVID-19. Further, to ensure the continued safe and reliable supply of energy to homes and businesses, and to support residential and small business customers experiencing financial stress, the AER expects retailers, distributors and exempt sellers to adhere to the principles to the maximum extent possible. The AER's Statement of expectations was subsequently updated in July and November 2020.

48 https://www.aer.gov.au/publications/corporate-documents/aer-statement-of-expectations-of-energy-businesses-protecting-customers-and-the-energy-market-during-COVID-19.

While the AER's Statement of expectations does not apply in the Territory, the Commission considers it positive that Jacana Energy is proactively aligning with best practice, particularly in relation to the protection of customers experiencing payment difficulties and hardship. However, with the rising level of debt shown earlier in this chapter, the Commission notes this initiative may have financial implications for Jacana Energy, the Territory Government and, in turn, Territory taxpayers. Further, when the initiative ceases, there may be a risk of increased customer disconnections for non-payment. Accordingly, these underlying debt issues will need to be carefully managed by Jacana Energy.

The percentage of small business customers disconnected for non-payment in the last four years is shown in Table 9.

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

	2016-17	2017-18	Change	2018-19	Change	2019-20	Change
Jacana Energy	0.9%	2.4%	+ 1.5[49]	1.2%	- 1.2[49]	1.0%	- 0.2[49]
Other	0.0%	16.9%[50]	+ 16.9[49]	0.0%	- 16.9[49]	0.0%[51]	0.0[49]
Territory	0.8%	2.5%	+ 1.7[49]	1.1%	- 1.4[49]	1.0%	- 0.1[49]

The percentage of small business customers disconnected for non-payment in the Territory during 2019-20 (1%) has slightly improved from 1.1% the previous year. In comparison, NECF jurisdictions reported 0.4% of small business customers were disconnected for non-payment, with the percentage reported in the Territory for 2019-20 over double this level. This may be considered reasonable given the Territory's challenging economic and climatic conditions, with both providing challenges prior to the potential impacts of COVID-19. The Commission notes, consistent with residential customers, the level of small businesses disconnected for non-payment in both NECF jurisdictions and the Territory is influenced by retailers aligning with the AER's Statement of expectations, particularly in the second half of 2019-20.

During 2019-20, 39.8% of small business customers disconnected for non-payment were reconnected within seven days.

Consistent with the discussion in the debt section of this chapter, due to the small number of business customers in the Territory, there is likely to be a large impact on reported numbers and trends due to small fluctuations in the underlying data.

To understand the potential impact of COVID-19, Figure 11 shows the percentage of small business customers disconnected for non-payment on a quarterly basis over the last three years, with the introduction of Territory border restrictions[52] highlighted.

49 Percentage point change from the previous year.

50 In 2017-18, other retailers reported 16.9% of small business customers were disconnected for non-payment compared to zero in previous years, which is well above Jacana Energy and NECF jurisdictions. However, the Commission notes all of the small business customer disconnections by other retailers were related to one retailer and one account with multiple premises.

51 On 1 March 2021, the Commission was advised by a retailer (included in the 'other' retailer category) of an independent audit report of its compliance with the EIP Code found that while the retailer stated it had not disconnected any customers for non-payment, the auditor was not able to verify this statement from the evidence provided.

52 The Territory Government introduced border restrictions from Tuesday 24 March 2020 https://coronavirus.nt.gov.au/updates.

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

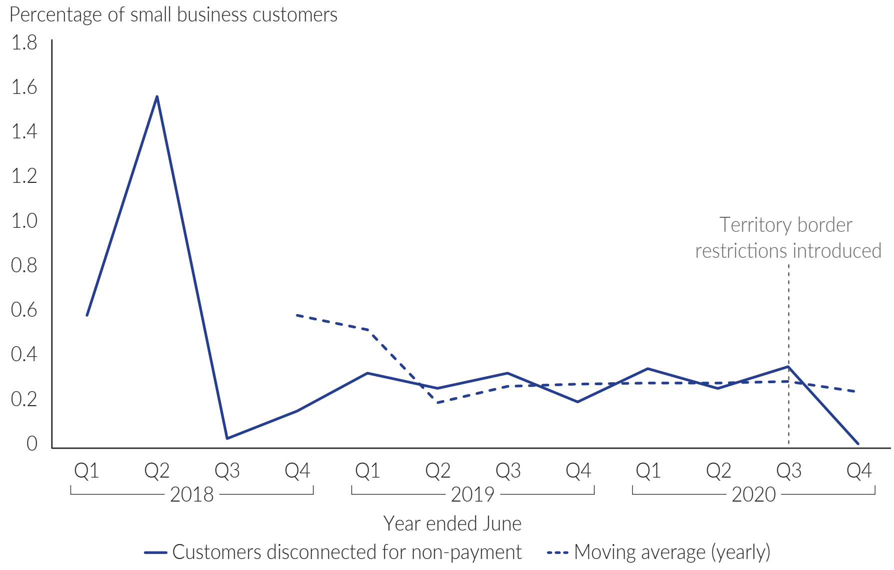


Figure 11 shows that following the introduction of initiatives by Jacana Energy to mitigate the potential impacts of COVID-19 in the second half of 2019-20, which are discussed above, small business customer disconnections for non-payment reduced to almost zero in the fourth quarter of 2019-20.

Pre-payment meters

A pre-payment meter is a type of meter that requires the customer to pay for electricity usage in advance. It works similar to a pay-as-you-go mobile phone plan and is an option to assist in managing consumption and help avoid payment difficulties. Pre-payment meters allow for small regular payments prior to consumption, rather than receiving a potentially large bill in arrears (post-payment), and provide real-time feedback regarding consumption. Real-time feedback regarding consumption avoids bill shock, which can occur with varying consumption due to a number of factors including, but not limited to, climatic conditions and changes to occupancy levels at a residence. The Commission considers, at a high level, pre-payment meters have both positives and negatives compared to traditional post-payment meters for some customers, and consider pre-payment meters to be one option, among others, for managing payment difficulties and hardship.

Historical and comprehensive data related to pre-payment meters in the Territory is limited due to the obligation to report pre-payment meter data only being introduced relatively recently with the commencement of the EIP Code, retailer delays in aligning reporting to the EIP Code and the limited number of smart pre-payment meters installed up until around mid-2018-19. Further, due to the small number of residential customers in other Australian jurisdictions using pre-payment meters, there is limited publicly available data for benchmarking, although some historical data does exist for pre-payment meter customers in Tasmania, noting pre-payment meters have been gradually phased out in Tasmania since 2018[53].

53 AER Annual Retail Markets Report 2019-20 https://www.aer.gov.au/retail-markets/performance-reporting/annual-retail-markets-report-2019-20.

Given the lack of appropriate benchmarking, the Commission has only sought to reproduce the data from 2019-20 at a Territory level, as shown in Table 10. Notably, the Commission does not consider comparisons between the level of disconnections for non-payment of post-payment meter customers (as shown in this review) and self-disconnection[54] (referred to in this review as pre-payment meter disconnection (PPM disconnection)) events of pre-payment meter customers to be appropriate.

The Commission notes the data in Table 10 regarding the 'total pre-payment meters' and 'total pre-payment meters capable of reporting PPM disconnections' performance indicators relate to the last day of the reporting period (compared to other performance indicators, which relate to the total across the reporting period), and that during the reporting period not all pre-payment meters were capable of reporting the number and duration of PPM disconnection events.

Table 10: Pre-payment meters

	2019-20
Pre-payment meters	2 049
Pre-payment meters capable of reporting PPM disconnections	2 049
Total PPM disconnection events	69 888[55]
PPM disconnection events per pre-payment meter	34.1[55]
Average duration of PPM disconnection events (minutes)	400[55]

The Commission notes that in isolation, with no comparison to historical data or benchmarks, the total number of PPM disconnection events, including on a per pre-payment meter customer basis, and the average duration of PPM disconnection events appears very high, particularly the number of PPM disconnection events.

In comparison to customers in Tasmania that had pre-payment meters capable of reporting PPM disconnections, from 2012-13 to 2018-19, the average duration of PPM disconnection events was about 263 minutes and number of PPM disconnection events per pre-payment meter customer was 0.32 in a financial year, which is significantly shorter and less frequent than the Territory in 2019-20.

Hardship policy

Despite the EIP Code requiring Territory retailers to report to the Commission on indicators regarding debt, payment plans, hardship, disconnections for non-payment and pre-payment meters for small customers, there is no legislative requirement for electricity retailers to have a hardship policy in place. Accordingly, retailers in the Territory are left to determine what is appropriate regarding hardship provisions. However, the Commission has observed and discussed in previous NTERRs that leaving it to retailers to determine what is appropriate regarding hardship provisions may not always result in the best outcome for customers or alignment with best practice.[56]

54 The NERR defines a self-disconnection as 'an interruption to the supply of energy because a prepayment meter system has no credit (including emergency credit) available.'

55 Does not include July 2019 as data was unavailable.

56 See the Commission's 2017-18 Northern Territory Electricity Retail Review for further discussion, page 29, https://utilicom.nt.gov.au/publications/reports-and-reviews/northern-territory-electricity-retail-review-2017-to-2018.

The Commission notes Jacana Energy reviewed its Hardship Policy and Credit Management Policy (Stay Connected Program, which now includes a new Domestic and Family Violence Policy) in consultation with stakeholders during 2018-19 and made a number of positive changes. Jacana Energy's revised policy includes many of the standardised statements required under the AER's Customer Hardship Policy Guideline (which does not apply in the Territory, however is a requirement in other jurisdictions under the National Energy Retail Rules (NERR)).

Further, Jacana Energy has previously advised the Commission its dedicated Stay Connected Program staff as well as other relevant staff have undertaken significant training to be able to provide tailored, appropriate assistance to customers experiencing hardship, including domestic and family violence.

The Commission commends Jacana Energy for the improvements it has made and is looking forward to future versions of Jacana Energy's Stay Connected Program to further align with the national standard and best practice. Further, the Commission notes that data from 2019-20 indicates Jacana Energy's review of its hardship policy may be having some positive impacts on customers with payment difficulties and hardship, prior to COVID-19.

As previously mentioned, nationally all jurisdictions except the Territory have customer protection obligations in place in relation to customer hardship.

For NECF jurisdictions, the AER is obligated by the NERR to produce and publish a customer hardship policy guideline. A retailer must submit a customer hardship policy to the AER for approval that complies with the customer hardship policy guideline. Further, the NERR deals with the disconnection of customers for non-payment, and places a number of obligations on retailers that must be complied with prior to progressing to disconnection.

While Jacana Energy has made significant improvements to its hardship policy, the Commission notes it is not fully aligned with the national obligations. Given hardship policy gaps may still exist, which could be contributing to fewer customers successfully completing Jacana Energy's hardship program compared to NECF jurisdictions and more disconnections due to non-payment than necessary (prior to COVID-19), consistent with previous reviews, the Commission continues to recommend formal fit-for-purpose obligations on retailers to have in place an approved hardship policy for small customers appropriate for the Territory's circumstances, in line with electricity industry best practice.

As discussed elsewhere in this review, the former Minister for Renewables, Energy and Essential Services advised the Commission that she acknowledged the Commission's recommendations for government regarding customer protections for Territory electricity customers and DTBI, now DITT, has identified the investigation of an appropriate Territory energy customer protection framework as a priority task in the four-year work plan for the Office of Sustainable Energy. However, the Commission notes a customer protection framework is not identified as part of government's Northern Territory Electricity Market Priority Reform Program[57].

The Commission will continue working within its powers and with the Territory Government to understand its position and, where appropriate, assist in the implementation of this initiative.

The Commission will also continue to monitor all Territory electricity retailers' future performance regarding customers experiencing financial hardship and keep government informed of its findings.

57 https://industry.nt.gov.au/projects-and-initiatives/business/northern-territory-electricity-market-priority-reform-program.

Glossary

AER	Australian Energy Regulator
Commission	Utilities Commission of the Northern Territory
CSO	A community service obligation payment is provided to retailers by government to account for the difference between the regulated maximum electricity tariff and cost of supply.
DITT	Department of Industry, Tourism and Trade
DTBI	former Department of Trade, Business and Innovation
Electricity Pricing Order	Issued by the relevant minister under section 44 of the ER Act and sets the maximum price that may be charged in the Territory under various tariffs for customers consuming less than 750 MWh per annum.
EIP Code	Electricity Industry Performance Code
ER Act	*Electricity Reform Act 2000*
ERS Code	Electricity Retail Supply Code
Jacana Energy	The power retail corporation, a government owned corporation established in accordance with the *Government Owned Corporation Act 2001* and trading as Jacana Energy.
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, this review
Ombudsman	Ombudsman NT, established under the *Ombudsman Act 2009*
PV	Photovoltaic
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 in the regulated power systems and to perform system control operations. It also holds retail and generation licences in respect to supplying electricity to remote and indigenous communities.
regulated power system	Territory power systems where network access legislation applies, namely the Darwin-Katherine, Alice Springs and Tennant Creek power systems.
residential customer	A customer with consumption less than 160 MWh per annum and charged a domestic tariff in accordance with the Electricity Pricing Order.
Retail report	AER's Annual Retail Markets report
small business customer	A customer with consumption less than 160 MWh per annum and charged a commercial tariff in accordance with the Electricity Pricing Order.
Territory	The Northern Territory of Australia