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NTCOSS Submission in relation to establishment of an NT Electricity Market

NTCOSS is a peak body for the community sector in the Northern Territory and is a voice for people affected by social and economic disadvantage and inequality. The community sector in the NT is made up of community managed, non-government, not for profit organisations which work in social and community service delivery, sector development and advocacy.

NTCOSS does not have the capacity or expertise to provide a comprehensive response to the establishment of the NT Electricity Market in general or the Reliability Standard in particular. Instead, we provide some comments and statements of principle. We are particularly concerned about the risks to low income and disadvantaged Territorians, and about an increasing divide between remote and urban NT.

The objective “to reduce the cost of electricity supply for consumers in the Territory and facilitate the effective entry of renewable power” is appropriate and should be embedded in every aspect of the NTEM. Likewise, those objectives should be applied to the generation and distribution of electricity throughout the NT.

Ensuring that all Territorians have access to reliable, affordable, safe and clean energy is essential. It is also essential that any reforms to be introduced in relation to any part of the energy generation, distribution and retail system are consistent with the transition to a low carbon economy, and do not undermine NT renewable energy and zero net emissions targets.

The consultation paper notes that “inherent in these objectives is that competition in the electricity market serves as the primary means of achieving efficiency in the production, transport and consumption of electricity for the long term benefit of consumers and the economy”. We note that the impact on the environment is not included in this statement.

Competition does not always provide the best outcomes for everyone, often leaving disadvantaged and marginalised people behind. Measures will need to be put in place that effectively operate as a safety net for people, the economy and the environment. Previous instances of privatisation of state-owned assets and monopolies in Australia have not always been positive for consumers.

If the NT government goes ahead with the establishment of an NT Electricity Market, it should include clear and enforceable renewable energy and emissions reduction targets built in so that affordability and reliability do not come at the cost of increased emissions. Likewise, consumer protection should be built into the system. An NTEM should be regulated and monitored to ensure each of these objectives are met.

In general, feedback from our members indicates a high degree of scepticism about the introduction of an electricity market into some regions in the NT, with members expressing concerns about the risks to consumers in the NT and fear that it may hinder the transition to a low carbon economy.

Members' comments generally focussed on the experience in other jurisdictions where the introduction of an electricity market has not led to reduced prices or more reliable supply, nor led the way on increasing generation of renewable energy.

Some members hoped that having more than one retailer may be advantageous for customers but noted that without appropriate safeguards, there is a risk that some customers could be worse off as a result of changing providers. There have been many notable examples of traders – including door-to-door sellers – in the NT engaging in misleading sales practices.

In any reform, the following concerns should be taken into account

- The NT's renewable energy target of 50% renewables by 2030 must be embedded in the system and be enforceable
- Affordability – low income and otherwise disadvantaged people should have access to energy at a reasonable cost
- All energy retailers operating in the NT should be required to have high standards of customer service that reflect the realities of the NT population and appropriate dispute resolution procedures.
- All energy retailers operating in the NT should be required to have a hardship policy consistent with AER standards.
- There needs to be access to an independent external dispute resolution scheme for customers of energy retailers eg an independent energy ombudsman, or the NT Ombudsman should be empowered to establish a specialist energy ombudsman function
- Safeguards must be put in place to avoid excessive price rises and misleading sales practices
- Information about electricity plans must be readily available in a range of media, formats and languages
- Smart meters capable of providing real time usage and cost data should be available
- No energy discrimination against people living in remote areas
- If transfer of data between providers is allowed, ensure it benefits rather than penalises customers
- Focus on reducing peak demand through demand management practices and increased efficiency through improved building standards
- Accountability requirements should include regular reporting by energy generators and retailers and a community feedback mechanism. Energy industry reporting should include number of disconnections
- All energy retailers in the NT should be listed on the comparison website Energy Made Easy <https://www.energymadeeasy.gov.au/>
- The Reliability Standard should not be used to undermine the transition to production of electricity by renewables. Rather, it should be established as a driver of renewable energy.
- Costs of creating an electricity market should not be borne by consumers
- Ensuring generation, distribution and retailing of electricity in regions not covered by the NTEM is underpinned by the same principles: affordability, reliability and a pathway to renewable energy; and that energy consumers in areas outside the NTEM are not exposed to additional

costs and additional risks due to poor quality infrastructure and outdated and/or unsafe methods of production (eg transporting diesel fuel to remote communities to power generators)

- There should be on-going investment in the development of safe, clean, reliable energy infrastructure in remote NT
- Any new system should maximise opportunities for development of renewable energy within the NTEM area and elsewhere in the NT

The NT should learn from the experiences elsewhere in Australia where marketization has led to poor outcomes for some or even the majority of consumers. Development of an NTEM – or alternative system – needs to be held to the twin objectives of reducing the cost of electricity supply for consumers and development of renewable energy in the NT and investment must be made throughout the NT to ensure all Territorians have access to electricity based on the same standards.

Any new approach to energy supply in the NT should be monitored and evaluated before any expansion to rest of the NT. The review should specifically address the stated objectives.

Please contact NTCOSS Senior Policy Officer Caitlin Perry on 8948 2665 or caitlin@ntcoss.org.au if you have any questions or require any further information.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Wendy Morton', is positioned above the printed name.

Wendy Morton
Executive Director