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Andrew Ferreira  
Power Services, Business Engagement Manager  
Power and Water Corporation  
Ben Hammond Complex  
15 Iliffe Street, Stuart Park NT 0820

Dear Andrew,

### **Network tariffs – Regulatory Proposal**

Thank you for the opportunity for Jacana Energy to attend Power and Water's Network Tariff Forum on Thursday, 8 November 2018, at which Power and Water's proposed 2019-2024 Tariff Structure Statement was reviewed and discussed.

With respect to the Alternate Control Service (**ACS**) charges presented at the Forum, Jacana Energy wishes to submit the feedback outlined below.

#### **Connection Services: Disconnection (and Final Read) charge**

We note the introduction of a new 'Disconnection (and Final Read)' charge for a customer that fails to pay or after a customer moves out of the relevant premises. This type of disconnection charge, especially in relation to failure to pay, exposes retailers to customer charges that often cannot be recovered from the customer thereby potentially increasing bad debt levels. Taking into consideration the principles of customer equity, and potential hardship implications, Jacana Energy has a strong preference for the cost of disconnection to be included in the connection charge

#### **Network tariff change request: Non Standard Data Services \$/request & Misc. Services \$/hour charges**

We understand that the assignment of customers to a tariff class and network tariff will be undertaken once a year by Power Water taking into consideration a customer's annual consumption. Any changes requested by retailers outside of that annual assignment will incur a 'network tariff change request' ACS charge. Jacana Energy has the following concerns with respect to this approach:

- the assignment of customers to a network tariff is the responsibility of the Network Provider. It follows that the costs associated with processing tariff changes should be borne by the Network Provider and not the retailer or the customer; and
- the annual assignment of customers results in increased financial risk to retailers due to the misalignment that will arise between the network and retail tariffs levied on those

customers whose consumption moves under the annual threshold during the course of the year. The assignment of customers to a network tariff should be subject to review on an ongoing basis to ensure that customers are assigned to the appropriate network tariffs which are reflective of consumption and consistent with applicable retail tariffs.

### **Tariff Structure: demand charges to small customers when interval metering is installed**

Retailers and customers have no control over the rollout of smart metering and little visibility of which customers will have new smart meters installed and when. The proposed application of a seasonal demand charge (\$/kVA) (**Demand Charge**) to small customers when a smart meter is installed therefore results in increased financial risks for retailers for the following reasons:

- it increases the likelihood of a disconnect between the network tariffs and retail tariffs levied on these customers, the difference between which will have to be absorbed by the retailer.
- retailers will be unable to undertake financial modelling on impact of interval metering.

Another concern is that a tariff change such as this will increase customer engagement costs for retailers as small customers are generally not familiar with these kinds of charges.

In addition, one of the pricing objectives and principles used in designing network tariffs is customer equity. Applying a Demand Charge to small customers because a smart meter has been installed that enables that charge to be levied, and not applying that same charge to customers without a smart meter, does not seem to be equitable from a customer perspective. Particularly as the installation of the smart meter may not be at the request of the customer. Jacana Energy therefore suggests that a Demand Charge for small customers should only be considered when all small customers have smart metering. Alternatively, if the Network Provider wishes to act sooner, we recommend that impacted customers be afforded adequate time to understand their usage patterns (and options to change their usage) before such charges are imposed upon them. Jacana Energy would expect the cost of this customer engagement and education to be borne by the Network Provider prior to rollout.

Thank you again for the opportunity to comment on the proposed tariff structures for 2019-2024. Please do not hesitate to contact me should you wish to discuss the contents of this letter.

Yours sincerely,



David Brown  
Acting Chief Executive Officer