

Ms Jodi Triggs
Project Director – Market Operator
Power and Water Corporation
GPO Box 1921
Darwin NT 0801

22 April 2015

Dear Ms Triggs,

Re: Market Operator Procedure Consultation

Jacana Energy welcomes the opportunity to make this submission regarding the proposed Market Operator Procedures to support the implementation of the virtual phase of the Interim Northern Territory Electricity Market (I-NTEM).

The following documents issued have been reviewed:

- IES Deemed Load Profile
- Market Participant Registration Application
- Settlement Statements & Timetable Procedure.

Jacana Energy fully supports the development of a competitive wholesale market and recognises the importance of these early steps in implementing the virtual phase of I-NTEM. Jacana Energy also congratulates PWC on the progress made to achieve this milestone and create the interim market operator function.

The implementation of the I-NTEM provides a strong basis for future implementation of the full NTEM. The virtual settlement function is one which will drive the most insight to the performance of any future market and as such Jacana Energy believes accuracy and consistency in these processes are vital in achieving success in driving competitive market outcomes for the NT. Jacana Energy believes the following issues need to be addressed to ensure a fair and competitive market is created:

- Jacana Energy requires a greater understanding of the accuracy in proposed deeming profile for IES communities and a longer term plan to move away from the use of deemed profiles as part of the settlement process
- For registration and management of customer movements in the market, Jacana Energy suggests more alignment with the tried and tested AEMO methods to assist consistency and ease.
- The proposals for settlement need further works to ensure accuracy and consistency:
 - Participants have adequate time and information to complete reconciliations
 - Consideration be given to the process of verification and substitution to remove the current proposed approach resulting in inaccuracies between billing and market data
 - Timely provision of metering data to avoid high levels of estimations and that estimation procedures proposed are reflected in operational procedures
 - Revision timetable reflects that 100% obtainment of metering data will not always be possible in 13 weeks
 - The settlement procedures and its inputs reflect and align to AEMO processes to provide consistency and ease for participants and customers.



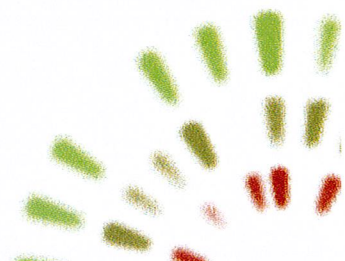
Importantly, Jacana Energy notes that none of these issues prevent the start of I-NTEM. However, all of these issues will need to be resolved in a timely manner to provide confidence in the outputs of the market and transition to a full NTEM.

Should you wish to discuss any aspect of the submission, please do not hesitate to contact me.

Yours sincerely



Danny Moore
Executive Manager – Sales & Strategy
Jacana Energy



Jacana Energy

Submission to the I-NTEM Interim Market Operator in response to the Consultation Documents on:

- IES Deemed Load Profile
- Market Participant Registration Application
- Settlement Statements & Timetable Procedure

22 April 2015



1. IES Deemed Load Profile

1.1 General Comments

Jacana Energy understands that the functional specification suggests there will be no financial flows through the Spot Market component and as a result all commercial cash flows will be under the bilateral commercial contracts at the agreed prices. Market settlements will therefore be virtual and against the I-NTEM pool price.

Jacana Energy is of the view that the IES Deemed Load Profile should only be used whilst the market operates virtually; that is, with no financial settlement. Prior to financial settlement occurring, interval meters at the entry points of all IES communities should be commissioned to avoid uncertainty. In the circumstance where there are embedded Jacana Energy customers in the IES network then interval meters should be fitted to these and a deduct system employed.

Jacana Energy believes that the current market design for the difference settlement process commercially disadvantages Jacana Energy and requires review and modification prior to any move to financial transactions occurring through the market. The IES process would be part of this review.

1.2 Specific Comments

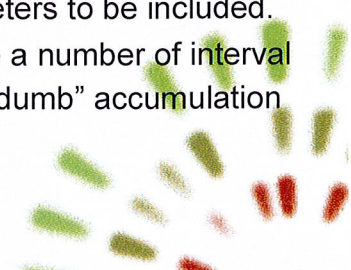
Jacana Energy has a number of comments, questions and points that it would like clarified, these are set out below:

- Statistical Interval Meters – are they calibrated, compliant, revenue standard meters? If yes, when were they calibrated and is the initial load profile used for initial settlement based on the period pre or post calibration? If meters are not revenue standard calibrated meters then this should be rectified as soon as possible.
- How similar are the load profiles of each community? What comparison has been made between the communities with interval meters and what is the expected accuracy of correlation to those communities without interval meters?
- For the non-statistical communities, why not apply a quarterly load profile to the quarterly data, rather than proportion into months (presumably by dividing by 3 or the number of days) then apply the load profile?
- It is assumed that the load profile is always the latest, which is for the actual month in question and not for the same period the previous year, please confirm.
- What reconciliation has been carried out on the IES communities with an interval boundary meter to assess the level of losses – electrical and non-electrical in each community and over how many years of historical data? What is the correlation year to year?

2. Market Participant Registration Application

Comments relate to Attachment C.

- For the initial registration, customers are on contract already.
- For initial registration, start date of contract is not required. Was the intention to obtain supply start date?
- It is not clear whether just large market contract customers are required, or if non-contract and small market customers that have interval meters are required as well. To improve accuracy of the process Jacana Energy would prefer these interval meters to be included.
- Jacana Energy understands from discussions with PWC that there are a number of interval meters (approx.. 3,000) which have been programmed to be read as “dumb” accumulation



read meters and interval data is not collected. To improve accuracy of the process Jacana Energy recommends that the Market Operator arranges for the interval data for these meters to be collected and also used in the settlements process.

- Is site location necessary if the meter identifier/customer Id is provided?
- Jacana Energy understands AEMO has already allocated PWC a sufficient number of NMIs for use in the NT. To aid consistency with national procedures, Jacana Energy recommends that PWC move to utilise and implement use of these NMIs instead of internal PWC identifiers. This will also aid national customers who would be familiar with using NMIs.

3. Settlement Statements and Timetable Procedure

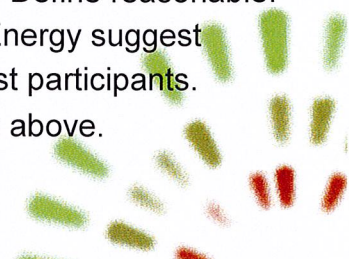
3.1 General Comments

Jacana Energy is of the view that the current market design is broadly suitable for implementing the initial virtual phase of I-NTEM, but is not suitable for financial settlement through the market. Modifications are needed prior to financial settlement occurring whether this in the I-NTEM phase or NTEM.

Details of Jacana Energy's concerns are in its submission on the System Control Technical Code Amendments and are not repeated here.

3.2 Specific Comments

- 5 – The various Settlement Statements are described as being “within two Business days, or within 18 business days”. Jacana Energy's preference is to have statements issued on a defined day as implied in Attachment 3, that is Preliminary – issued business day 2 etc.
- 5.1.1 – Meter data provided in two Business days. Is this raw data or has this data been checked, verified, substituted and so forth, or are these checks yet to happen? If yet to happen then why not wait until verified data is available? If data substitution, estimation is carried out, this needs to be on an agreed basis in accordance with an agreed Metrology procedure.
- 5.1.1 – In addition, currently there is no defined timeframe for PWC networks (as the meter provider) to read meters, thus if delays occur in meter reading processes, the Market Operator may be left with limited data to complete settlement by and require multiple estimations driving inaccuracies into the process. In the absence of regulations and robust rules such as AEMO procedures, Jacana Energy suggests these provisions are implemented through agreements such as the Network Access Agreement between PWC and retailers.
- 5.1.1 – Jacana Energy understands that PWC networks (as the meter provider) do not provide substitute data for estimations and rely purely on the retail billing system to calculate these when billing retail customers. Whilst this works for Jacana Energy, it does not support consistent estimation data for supply to alternative retailers in the market. Jacana Energy suggests this is addressed to enable a fair and competitive market.
- 5.1.2 – “Market Operator substitute data with a reasonable estimate” – Define reasonable. There should be an agreed Metrology procedure for this and Jacana Energy suggest adoption of AEMO procedures for this would reduce confusion amongst participants.
- 5.1.3 – “Reasonable explanation” – should be an agreed procedure as above.



- 5.3 – 10 business days, recommend 15 business days to respond to Preliminary Statement.
- 5.3 - Market Participants review statements – if data is raw as provided by meter provider in 2 business days, and data not fully verified, substituted etc. Market Operator does own estimate, then Meter Provider provides updated data – Market Participants then check settlement statement against updated data will get a different answer. Potential to create work by checking statements against data that is known to be different. More efficient to make sure robust data is used from the outset.
- 5.3 –Market Participants role is not to approve the Preliminary Settlement Statement, only to raise issues and objections.
- 5.5 – 13 weeks Revision. Will 13 weeks be sufficient as Jacana Energy assumes that meter reading within IES communities and urban areas currently results in less than 100% success rate and unlikely to achieve 100% in the future. If not all reads are obtained first time is there a special read or an ad hoc revision after 26 weeks assuming a successful read? At what point is the Settlement Statement deemed final even if 100% actual reads have not been obtained? What is the basis for the estimate? Is there an agreed Metrology Procedure?
- Attachment 3 Market Customer Preliminary Statement – is the Final to be in same form? Jacana Energy would like greater level of detail and breakdown of this statement such that the interval and non-interval can be separately verified. What further detail is the Market Operator intending to provide or give Jacana Energy and other retailers access to?

