

Review of AER Issues Paper: PWC Electricity Distribution Determination 1 July 2024 – 30 June 2029

Jacana Energy Responses

Question as set out in Issues Paper	Jacana Energy's response
Consumer engagement	
<p>1. To what extent do you consider you were able to influence the topics engaged on by PWC? Please give examples.</p>	<ul style="list-style-type: none"> • Jacana Energy has had a number of engagements with PWC on its regulatory proposal prior to lodgement with the AER. • Jacana Energy considers that whilst PWC recognised the topics that Jacana Energy raised during these engagements, PWC's regulatory proposal does not clearly specify proposed solutions or actions for some of the key topics. • In particular, Jacana Energy proposed a number of indirect ways in which PWC could assist in improving affordability for low income residential customers. Whilst PWC's regulatory proposal recognises low income residential customers as a separate group, Jacana Energy is of the view that PWC's regulatory proposal fails to clearly outline or propose any specific protections for this customer group. PWC's regulatory proposal simply notes that PWC: <ul style="list-style-type: none"> ○ will continue to partner with energy providers and other stakeholders, particularly retailers, to improve the accessibility and affordability of renewable technologies; ○ is currently developing a customer experience strategy of which a focus will be low income customers; and ○ is investigating options to support vulnerable customers. • Jacana Energy also notes that a number of key new issues (namely the proposed site consolidation at the Ben Hammond complex, increased non-network ICT capex, increased scope and cost for the future network program and operational technology capability uplift) have been included in PWC's regulatory proposal that were not raised or discussed by PWC during any of its engagements with Jacana Energy. Consequently, Jacana Energy was not able to engage with PWC on these particular issues and it is unclear as to why these were not referred to in any previous engagements with PWC.
<p>2. Do the key themes from PWC's engagement resonate with your own preferences? Are there additional issues you would like to see influence PWCs proposal and our assessment of the proposal?</p>	<ul style="list-style-type: none"> • Jacana Energy is of the view that the key themes from PWC's engagement generally resonate with Jacana Energy's interests and the preferences of many of Jacana Energy's customers and suppliers. • It is important to note that Jacana Energy's primary interest is customer affordability and satisfaction. When considering PWC's regulatory proposal, Jacana Energy's key consideration is the impact that the regulatory proposal will have on Jacana Energy's customers. • However, it is important to note that Jacana Energy is of the view that the theme of 'Affordability' is much broader for customers than the cost of network services in isolation, as a significant number of customers are protected from any changes in the costs of network services because the Electricity Pricing Order prescribes a bundled tariff

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	<p>which sets a cap on the amount that customers to which the Electricity Pricing Order applies can be charged for their electricity usage and supply.</p> <ul style="list-style-type: none"> • Consequently, Jacana Energy is of the view that PWC's focus should be on optimising the cost and efficiency of the Territory electricity supply chain, not just the cost of the provision of network services in isolation. To achieve this, PWC will need to engage with other industry participants to work together towards this common goal. • In addition, a key focus of PWC should be prioritising renewable energy in order to assist in achieving the Territory Government's target of 50% renewables for electricity supply by 2030. PWC's regulatory proposal should set out specific goals and targets of PWC so that PWC has some clear accountability of its involvement in working towards the Government's target. • If the Territory is going to achieve the Government's target, then PWC needs to be moving towards a more dynamic and interactive grid that supports and encourages renewable energy and customer autonomy. Jacana Energy acknowledges that additional investment is certainly required to achieve this outcome, however there are many avenues to fund these required changes and greater collaboration between PWC and industry stakeholders would help facilitate this outcome as the industry strives to achieve mutually rewarding outcomes.
<p>3. Do you think PWC has engaged meaningfully with consumers on all key elements of its 2024–29 proposal? Are there any key elements that require further engagement?</p>	<ul style="list-style-type: none"> • The AER Better Resets Handbook sets out its principle based expectations for network's consumer engagement. One of the principles is 'the nature of the engagement' which involves considering whether consumers have been adequately equipped to enable them to effectively engage with and provide informed feedback to the network. • Whilst PWC engaged with a number of stakeholders, there were several material changes made to the various interactions of PWC's regulatory proposal and Jacana Energy is of the view that: <ul style="list-style-type: none"> ○ it was often unclear to the stakeholders involved in the consultation process what these material changes were, why they were made and what the rationale behind the change was; ○ there were limited opportunities for stakeholders to provide feedback on those material changes; and ○ it was difficult to give meaningful feedback when there were material changes being made to the various iterations. • Jacana Energy is of the view that PWC should provide more clarity regarding: <ul style="list-style-type: none"> ○ its consumer and stakeholder engagement process generally; ○ the purpose of its engagement with particular consumers and stakeholders; and ○ the processes taken following engagement with consumers and stakeholders to take into consideration the issues raised and discussed.
Regulatory asset base	
<p>4. Do you have views on PWC's proposed depreciation approach, particularly the updates to standard lives for its leases asset classes and the inclusion of a new</p>	<ul style="list-style-type: none"> • PWC has proposed to recalculate standard lives for capitalised property and fleet leases but has not provided any information regarding why these changes are required, nor the revenue impact of the changes. The AER should

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<p>asset class for batteries, as set out in its 2024–29 proposal?</p>	<p>request that this information be provided by PWC to assist consumers in understanding the need for, and impact of, the changes.</p> <ul style="list-style-type: none"> • PWC has also proposed the inclusion of a new asset class for batteries given that it is exploring potential battery investment. PWC has proposed a standard life which appears to be consistent with the 'financing period' specified in a CSIRO report commissioned for AEMO in 2022. It is not clear how this relates to the 'asset life' of 5000 cycles specified in that report. • Essential Energy has proposed a similar new asset category called 'distributed energy resources' with a standard life calculated to appropriately categories new technologies like solar panels, batteries and generators. • Jacana Energy relies on the AER to assess the need for a separate asset category covering these types of assets in further detail, particularly given the nascent and emerging status of battery services markets, the role that batteries are set to play in the energy system, and the application of the current AER Ring Fencing Guidelines to batteries in the NT. and expects that a consistent approach will be adopted for all Australian DNSPs. • Jacana Energy also notes that using PWC's forecast capex to develop a depreciation schedule could result in an over-recovery of actual capex, impacting prices to customers, for the reasons discussed in further detail below.
Capital expenditure	
<p>5. Do you consider PWC's capex proposal addresses the concerns of electricity consumers as identified in the course of its engagement on the proposal?</p>	<ul style="list-style-type: none"> • Jacana Energy is supportive of the replacement and augmentation capex initiatives proposed by PWC, as these are strongly aligned with maintaining the reliable supply of electricity to customers across the Territory and supporting further uptake of renewable energy. • The Dynamic Operating Envelopes (DOE) capex project and the Future Networks program opex step change, which are both part of PWC's Future Network Strategy, are strongly aligned with the 'Affordability' and 'Enabling Renewables' objectives. Jacana Energy is very supportive of these initiatives, including the DOE project as outlined in the Regulatory Business Case (RBC) at Attachment 8.61. These initiatives further enable renewable energy uptake and increasing the penetration of low cost electricity back into the grid where it has historically been heavily limited. However, Jacana Energy has not been engaged in the development of these initiatives as part of the PWC stakeholder engagement process. Similarly it is not clear how PWC has engaged with consumers. • In relation to the RBC for the DOE project, Jacana Energy notes that: <ul style="list-style-type: none"> ○ The full benefits of the preferred Option 2 have not been provided. The indicative benefits of \$124.9M create a Net Present Value (NPV) of \$32M however it is not clear how these benefits have been captured in other elements of PWC's regulatory proposal. ○ Many points refer to assumptions that static export limits are not complied with by up to 30% of customers. Jacana Energy would like PWC to qualify its assumption. ○ Benefits of reduced solar export curtailment of Commercial and Industrial (C&I) customer solar installations have yet not been estimated but are expected to be significant. These benefits should be confirmed by

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		<p>empirical evidence in a subsequent version of the RBC to demonstrate that the proposed capex is prudent and efficient.</p> <ul style="list-style-type: none"> ○ There is inconsistency in the WACC assumptions in the RBC and other parts of PWC's regulatory proposal – the RBC includes a WACC of 2.69% whereas other parts of the proposal include a WACC of 5.67%. ● Continued investment in improving IT and OT systems that improve data quality and availability, particularly where there are flow on benefits to other industry participants are also welcomed as they enable the industry to better understand challenges and opportunities. ● However, Jacana Energy relies on the AER to review the forecast capex for each of these initiatives to ensure that they are efficient and prudent, and meet the requirements in the NT NER and the AER's Better Resets Handbook. Jacana Energy has some concerns that PWC's forecast capex does not meet these requirements as discussed in further detail below.
6.	<p>Do you consider that PWC has adequately engaged with customers regarding its proposed increase in property and non-network ICT capex? In particular, do you consider PWC has adequately explained the rationale for the new site expansion and consolidation at the Ben Hammond complex?</p>	<ul style="list-style-type: none"> ● The Draft Plan foreshadowed that PWC would continue its ICT refresh in the 2024-29 period. However, it did not include any mention of the new site expansion and consolidation at the Ben Hammond complex which is a material proportion of the total capex spend. Whilst it is understood that the proposed site expansion is expected to result in cost, productivity and operational efficiencies, the benefits are not adequately quantified to justify the level of investment proposed. ● This is recognised by PWC in its proposal where it states that it is at the early stages of business planning in relation to the proposed site consolidation and initial analysis suggests that there may be a net benefit in consolidating staff to one site, but deeper analysis of benefits and costs are required. This cost-benefit analysis will need to be carried out by PWC to demonstrate that the proposed capex is prudent and efficient, and Jacana Energy expects that any reduction in lease costs, improved efficiency of staff and response to faults and outages would be reflected in reductions to its other non-network capex and opex. ● As set out in the AER's Better Resets Handbook, Jacana Energy expects PWC to provide for all of its capex projects (1) evidence that the expenditure is needed to achieve the capex objectives, (2) cost benefit analysis assessing all feasible options to show the preferred option maximises net benefits, and (3) (where relevant) trade-offs between capex and opex to show the preferred option is prudent and efficient. ● The last consideration is particularly relevant for non-network ICT capex projects. It appears that PWC has reduced its replacement capex to take into account the cost of deferred replacement capex work, but has not proposed a capex/opex trade off step change for any of its non-network ICT capex projects which Jacana Energy expects given the magnitude of the proposed non-network ICT capex. ● Jacana Energy also has concerns in relation the deliverability of the overall ICT capex proposed by PWC, particularly given the significant increase in expenditure as compared to the 2019-24 period and that some of the system replacements had initially intended to commence in that period. PWC's ICT Strategy notes it uses a combination of internal and external resources to deliver ICT projects but it is not clear if contingency time for

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		delays in delivery has been accounted for. If this is the case, adjustments may need to be made to allow for delays in delivery.
7.	Do you consider PWC approach to forecasting replacement capex is appropriate and likely to produce a forecast of efficient replacement capex?	<p><u>Proposed asset replacement strategy and replacement capex approach</u></p> <ul style="list-style-type: none"> • The age of an asset is no longer the key determinant in replacement decisions – instead the primary reason for replacing assets are degradation in condition. Over the years, DNSPs have found many innovative approaches when managing their assets, which extend the assets life. One such approach involves investing in ICT systems to improve asset data and risk based asset management practices. It appears that PWC has recognised this and is seeking to change its asset management strategy to only replace assets upon failure or where asset condition has deteriorated such that there is a safety or reliability risk. • Jacana Energy understands that PWC's proposed replacement capex (or repex) has been reduced as compared to Draft Plan to take into account the cost of deferred repex under this strategy and approach. However, this will need to be confirmed by empirical evidence to ensure that the proposed capex is prudent and efficient. • Further, when assessing PWC's proposed modelled repex, regard should be had to modelling outcomes from the AER's repex model. While PWC's proposed modelled repex is lower than forecast under the historical scenario (which Jacana Energy expects given PWC's historical practices and transition to the NT NER in 2018), it is higher than the cost, lives and combined (or threshold) scenarios by almost 40%. This suggests that despite the changes to PWC's asset management strategy and repex approach, PWC's repex is not prudent and efficient. <p><u>Deliverability</u></p> <ul style="list-style-type: none"> • Whilst Jacana Energy is not well placed to evaluate the merits of the specific repex projects identified, PWC has historically experienced challenges in deliver its approved forecast capex. • By way of example, the AER approved repex for the Berrimah zone substation in the 2019-24 period but PWC was unable to deliver the project as expected. As the project is ongoing PWC is asking for a portion of the replacement capex again. It is not clear why PWC should be provided with funding for the same project twice. • With forecast capex proposed to increase, consideration for delivery capability and capacity should be a key factor, particularly where there is overlap with the systems and resources required to deliver the substantial portfolio of proposed contingent projects. • Jacana Energy relies on the AER to review the forecast repex to ensure it is efficient, prudent and deliverable, and meets the requirements in the NT NER and the AER's Better Resets Handbook.
Contingent Project		
8.	Do you consider PWC's proposed contingent projects should be included as contingent projects for the 2024–29 period? Are the proposed project triggers appropriate?	<p><u>Proposed contingent projects</u></p> <ul style="list-style-type: none"> • The scope and cost of the proposed contingent projects are of extremely material scale to the Territory and could deliver considerable value to consumers.

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	<ul style="list-style-type: none"> • Jacana Energy is supportive of the use of the contingent project mechanism for these projects due to their apparently uncertainty. However, in order for a proposed contingent project to be approved as a contingent project for PWC, Jacana Energy relies on the AER to confirm (amongst other things) that: <ul style="list-style-type: none"> ○ the proposed contingent project is reasonably required to be undertaken in order to achieve the capex objectives; ○ the proposed contingent project is not otherwise provided for in the total forecast capex, reasonably reflects the capex criteria taking into account the capex factors, and exceeds \$15M; and ○ the trigger events in relation to the proposed contingent project are appropriate. • Jacana Energy is of the view that PWC needs to provide a more detailed description of the requirements with respect to the capex objectives, including to identify the specific network location(s) associated with the projects and how the proposed scopes would address the identified needs. • PWC also needs to provide further evidence to demonstrate that there are current capacity limits or likely capacity limits to justify the proposed contingent projects. <p><u>Proposed trigger events</u></p> <ul style="list-style-type: none"> • The trigger events for each proposed contingent project, as drafted, are not consistent with trigger events recently approved for other DNSPs so may not be appropriate. • Jacana Energy is supportive of the two proposed contingent projects that will unlock renewable energy in the Darwin-Katherine region and assist in more efficient and streamlined investment in infrastructure that connects renewables. Therefore would welcome any changes to the trigger events that are required to ensure they are appropriate. • By way of example, Jacana Energy understands that: <ul style="list-style-type: none"> ○ triggers relating to a notification from the Territory Government Minister may need to be reframed as a requirement imposed on PWC to carry out the project in a timeframe that necessitates investment within the 2024-29 period; ○ the wording of the load and location related triggers may need to specifically refer to the required capacity and location; ○ triggers relating to the RIT-T may need to refer to the 'successful completion' of a RIT-T; and ○ triggers relating to a PWC board commitment to proceed with the relevant project subject to the AER amending the distribution determination pursuant to the NT NER may need to be included. • Similarly, in relation to the other three proposed contingent projects: <ul style="list-style-type: none"> ○ the wording of the load and location related triggers may need to specifically refer to the relevant connection applications or executed connection agreements to eliminate the possibility of organic load growth acting as a trigger event;

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	<ul style="list-style-type: none"> ○ triggers relating to the RIT-D may need to refer to the 'successful completion' of a RIT-D, including details of the need to undertake the works, an assessment of credible options, and identification of the preferred option; and ○ triggers relating to a PWC board commitment to proceed with the relevant project subject to the AER amending the distribution determination pursuant to the NT NER may need to be included.
Operating expenditure	
<p>9. Do you consider PWC's forecast opex for the 2024–29 period reasonably reflects the efficient costs of a prudent operator?</p>	<ul style="list-style-type: none"> ● The proposed step changes represent a \$31.4 million increase compared with estimates in the Draft Plan even though overall forecast opex remains below the opex expected to be incurred in the 2019-24 period. ● Changes to PWC's capitalisation approach appear to have resulted in much of the decrease to base opex in the 2021-22 regulatory year and it is not clear whether the proposed opex step changes are warranted or whether the reduced opex from the change in capitalisation approach has simply provided an opportunity to add step changes to maintain the current overall level of opex. ● Jacana Energy relies on the AER to assess PWC's proposed opex for prudence and efficiency, particularly given its relatively recent transition to the NT NER. Jacana Energy would support any move by the AER to include PWC in its benchmarking to ensure that PWC's overall opex aligns with its peers and customers pay no more than they should for safe and reliable electricity.
<p>10. Do you consider PWC's opex in its base year of 2021–22 provides an efficient basis for forecast base opex for the 2024–29 period?</p>	<ul style="list-style-type: none"> ● PWC has proposed that 2021-22 is an efficient base year because it is less than the opex allowance set for the 2019-24 period which included an efficiency adjustment to reflect that it was the first time that PWC had been regulated by the AER under the NT NER. ● Jacana Energy has some concerns with this given that the reductions in opex are primarily driven by the change made by PWC to reallocate corporate and network overheads from opex to maintenance and project-related capex. ● Jacana Energy would support the AER using a 'top-down' assessment approach to assess PWC's proposed opex, including base year and total opex, to ensure that it continues to transition to a lower opex base that aligns with its peers.
<p>11. Do you support the step changes, particularly the operational technology capability uplift and future network programs, and consider that they meet stakeholder expectations, including on affordability?</p>	<ul style="list-style-type: none"> ● The step changes – and particularly the future network program step change – will be vital if the Territory is to achieve 50 percent or greater renewable energy generation. The transition to renewables is not only fundamental for climate change mitigation but the way it is done will help to create the opportunity for cheaper, cleaner and secure electricity for Territorians. ● As discussed above, PWC needs to be moving towards a more dynamic and interactive grid that holds renewable energy and customer autonomy in as high regard as reliability. These concepts need not be mutually exclusive and while additional investment is certainly required, there are many avenues to fund the future network program, including by enabling greater collaboration with industry and stakeholders to achieve mutually rewarding outcomes.

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	<ul style="list-style-type: none"> • In that regard, Jacana Energy is concerned that PWC has <u>not</u> actively engaged with Jacana Energy in developing its future networks program and it is unclear what its engagement has been with customers and industry as to the suitability and appropriateness of the technical and commercial directions, particularly as this is a new component of its proposal and a material increase in opex from \$4M to \$14.1M. • This is also the case for the OT capability uplift step change which has increased from \$3M to \$18.8M. • A significant number of step changes have also been proposed that were not raised in the Draft Plan and it is not clear why this was the case given that they largely relate to regulatory obligations and requirements or circumstances that PWC would have been aware of at the time (e.g. changes to the <i>Security of Critical Infrastructure Act</i> (Cth) that occurred in 2021 and 2022 and increases in insurance premium costs that Jacana Energy understands DNSPs have been discussing with the AER for a few years now). • The AER's Better Resets Handbook states that forecast step changes should be limited to a few well justified ones, or none at all. This does not appear to be the approach adopted in PWC's proposal which includes six step changes amounting to \$52.2M which is not insignificant given that total opex proposed for the period is \$415.3M. • New regulatory obligation step changes need to be clearly linked to new obligations and represent a major upward step to comply that is demonstrated as not capable of being managed otherwise under forecast opex. It is not clear that PWC's regulatory obligation step changes would meet these requirements given that they appear to be driven by: <ul style="list-style-type: none"> ○ recent audits of compliance capabilities that identify required improvements; and ○ the identification of new activities to allow the business to comply with obligations that commenced in prior periods, and to contribute to the ongoing development and evolution of those obligations. <p>Jacana Energy appreciates that the Territory regulatory framework is complex and developing but PWC does not appear to have demonstrated why it is not capable of managing this under its current allowances and that these costs are not already accounted for in its base year opex.</p> • Jacana Energy relies on the AER to ensure that any proposed step change included as forecast opex is prudent and efficient, and well justified.
<p>12. Do you consider PWC's opex proposal adequately addresses the issues identified by electricity customers and other stakeholders during its engagement on the 2024–29 proposal?</p>	<ul style="list-style-type: none"> • As mentioned above, it appears that PWC has not engaged with Jacana Energy, consumers or other stakeholders on significant parts of its opex forecast so stakeholders and consumers have not been given the opportunity to identify their concerns. • Jacana Energy expects that consumers would have affordability concerns with the significant step changes proposed by PWC.
Corporate income tax	
<p>13. Do you have views on the approach to corporate income tax in PWC's 2024–29 proposal?</p>	<ul style="list-style-type: none"> • The approach to corporate income tax appears to be in line with other DNSPs. Although Jacana Energy relies on the AER to investigate why the proportion of actual capex claimed for immediate expensing over the current period is higher than what was previously forecast for that period.

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Incentive schemes and allowances: EBSS	
14. Do you consider applying the EBSS to PWC in the 2024–29 period would provide it with a continuous incentive to reduce its opex?	<ul style="list-style-type: none"> Jacana Energy strongly supports the application of the EBSS to PWC to ensure that it has a continuous incentive to pursue efficiency improvements in opex and share those improvements fairly with consumers. This will, however, depend on whether the AER can be satisfied that PWC's base year (or revealed cost) is efficient and used to forecast opex for the period. If this is not the case, then Jacana Energy expects that the AER will not apply the EBSS to PWC as was the case in the 2019-24 period.
Pricing: Control mechanisms	
15. What do you consider to be an appropriate rate for a margin recovered on quoted services? Should this be set at the average nominal WACC for the period, or some fixed number (e.g., 6%)?	<ul style="list-style-type: none"> PWC has proposed that the margin recovered on quoted services be set at a WACC of 5.67% using the AER's 2018 Rate of Return Instrument. Jacana Energy relies on the AER to assess whether PWC's proposed margin based on a WACC of 5.67% is appropriate taking into consideration the basis on which the margins proposed and approved for other Australian DNSPs are set. Further, Jacana Energy notes that the AER's 2022 Rate of Return Instrument is now available and assumes that if the margin on quoted services is based on the WACC, for the 2024-29 period then that instrument will be used to determine the margin.
16. Do you consider the tax component of the quoted services price control formulae should be set at the corporate tax rate of 30%, or an alternative rate?	<ul style="list-style-type: none"> Jacana Energy expects that the AER will require PWC to adopt a corporate tax rate that aligns with the corporate tax rate adopted and approved for other Australian DNSPs.
17. Do you consider the AER should review the current price cap form of control for metering services for consistency with other jurisdictions following the AEMC's decision?	<ul style="list-style-type: none"> Yes. Jacana Energy is of the view that, in the absence of metering services competition in the Territory, benchmarking against other jurisdictions would be valuable as a mechanism of ensuring the efficient delivery of metering services.
18. More generally, do you have any comments on PWC's proposed control mechanisms?	<ul style="list-style-type: none"> Given that PWC doesn't have the same history of preparing regulatory proposals as the NEM DNSPs, Jacana Energy expects the AER to consider PWC's proposed control mechanisms in the context of learnings from other Australian DNSP's and similar proposed control mechanisms. Jacana Energy is of the view that PWC's control mechanisms should align with other DNSPs to the extent possible and practical (however, noting that in some circumstances this is not possible given the nuances of the Territory electricity supply industry).

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Pricing: Tariff structure statement	
<p>19. Do you consider PWC has demonstrated its proposed super users tariff for HV customers consuming more than 10,000 GWh pa meets the requirements of the pricing principles?</p>	<p><u>Pricing principle requirements</u></p> <ul style="list-style-type: none"> • Jacana Energy expects that the AER will give careful consideration to whether PWC has demonstrated its proposed super user tariff meets the requirements of clause 6.18.5 of the NT NER. • It is important to note that retail customers are provided little option for mitigating costs for network charges. • Jacana Energy also notes that: <ul style="list-style-type: none"> ○ generators of a capacity below 30kW require a costly connection process and generators of a capacity greater than 200kW require costly additional control equipment; and ○ many of these generators are limited to zero export, consequently, less customers are considering installing on-site generation (including solar) because they are becoming increasingly uneconomic. <p>PWC should be considering options that encourage customer's ability to install renewable generation sources and encourage customer flexibility, rather than creating a new tariff for the customers who are most likely to consider innovative on-site generation options.</p> <p><u>General comments on proposed Super Users Tariff</u></p> <ul style="list-style-type: none"> • As there are only a handful of customers that would fall into the super user tariff category, Jacana Energy is of the view that creating new tariff structures and potentially new contracts only for these customers will be inefficient. • Whilst Jacana Energy understands the need for cost reflectivity, the lack of transparency on the 'capacity costs' charged to super users through their Network Supply Agreement with PWC will add complexity to end users when seeking to understand and manage their cost of electricity as it is something of a hidden cost. • The lack of transparency also limits the retailer's ability to work with these customers to develop innovative tariff structures and solutions that optimise their electricity supply arrangements.
<p>20. Do you consider there are any aspects of PWC's proposed TSS that requires adjustment?</p>	<p><u>Seasonal time of use network tariffs</u></p> <ul style="list-style-type: none"> • Jacana Energy queries the benefits of introducing seasonal time of use network tariffs to Tariff 3 customers who are protected by the Electricity Pricing Order. Not only do these price signals not reach the customer, but the changes will also add considerable complexity to the transactions between the retailer and PWC, and the calculation of Community Service Obligation payments by Government for no added benefit. • Additionally, Jacana Energy is of the view that there is limited support to suggest that time of use tariffs influence long-term customer behaviour. • Further, Jacana Energy notes that there are difficulties associated with introducing seasonable time of use network tariffs where accumulation meters are in use and queries how PWC will address this issue.

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	<p><u>Increase to network tariffs</u></p> <ul style="list-style-type: none"> The proposed overall increase to network tariffs is extremely significant, particularly for small customers. Whilst these customers are protected from these cost increases, Jacana Energy questions whether proposed pricing for these customers is cost reflective and that the additional costs included in PWCs forecasts are appropriately shared between customer segments. Whilst the forecast average increase in network charges is useful, by definition, many customers will experience a greater-than-average impact. Further analysis on the impact to 'non-average' customers, particularly those who will be more adversely impacted, is required to ensure that the impacts of both new tariff structures and price increases are understood. <p><u>Trialling new tariff structures</u></p> <ul style="list-style-type: none"> Jacana Energy supports PWC's proposed approach to trialling new tariff structures, including export and EV tariffs, and looks forward to collaborating on these trials over the coming years with PWC. <p><u>Interaction of TSS and Electricity Pricing Order</u></p> <ul style="list-style-type: none"> Jacana Energy notes that the majority of its customers are regulated by the Electricity Pricing Order and Jacana Energy: <ul style="list-style-type: none"> can only charge those customers the bundled tariff in accordance with the Electricity Pricing Order; and is responsible for paying PWC the network tariffs on behalf of its customers. As there is limited ability to adjust the TSS once it is approved and PWC's annual pricing proposals during the 2024-29 period will need to comply with the approved TSS, it is important that consideration is given to the link between the TSS and the Electricity Pricing Order.
Ancillary network services	
<p>21. Do you consider that sufficient justification has been provided in the provision of new services?</p>	<ul style="list-style-type: none"> PWC has proposed to add two new fee-based services: <ul style="list-style-type: none"> the installation of a modem on a smart ready meter; and an after-hours fee for all non-reconnection services which is 1.23 times the equivalent business hours charge. PWC has provided that the afterhours service will be provided 'at the customer's or retailer's request'. Jacana Energy is of the view that PWC has not provided sufficient justification on why this new service should be included and why the associated fee is so high. There needs to be more clarity around when this fee will be imposed and in what circumstances this service can be requested. Jacana Energy is of the view that the inclusion of the installation of modem on a smart ready meter service is reasonable.

Question as set out in Issues Paper	Jacana Energy's response
22. Do you consider the proposed labour rates and fee-based prices to be reasonable?	<ul style="list-style-type: none"> • Jacana Energy is of the view that the proposed fee-based prices for 2024-29 period are quite high and have been increased significantly compared to the pricing for the 2019-24 period. • Jacana Energy is particularly concerned about the fee-based prices for the re-energisation and de-energisation services. The current PWC fee for reconnection and disconnection services is \$68.56, while the proposed PWC fee for disconnection ranges from \$111.10 - \$114.91 and for reconnection ranges from \$113.64-\$117.55. Further, Jacana Energy notes that this pricing does not include the small administration fee that Jacana Energy charges its customers for organising these services with PWC (currently \$48.60 for re-energisation and \$18.70 for de-energisation). • These price increases will have significant financial impact on Jacana Energy's customers as Jacana Energy passes on the PWC fees to customers on PWC's behalf. For example, a customers who requests a 'Move In and Move Out' service with Jacana Energy during the 2024-29 period will have to pay around \$300 compared to the current fee of \$204. Jacana Energy constantly receives feedback from customers that the fees are excessive and not in line with what customers have to pay in other jurisdictions for an essential service like electricity. • Further, Jacana Energy would like clarity from PWC as to if its fee-based prices will be impacted by its smart meter replacement program, in particular: <ul style="list-style-type: none"> • Will PWC's fees for re-energisation and de-energisation be impacted if and when PWC has the ability to re-energise and de-energise connections remotely? • Currently, when a property is energised and the customer requests a transfer to another retailer, PWC charges the same fee for both basic and smart meters. Jacana Energy understands that for basic meters the process is more labour intensive as a meter reader would have to physically visit the site to gain a meter read, however, this is not required where the customer has a smart-meter as this can be done remotely. Has PWC given consideration to having different fee-based prices to account for the different processes for basic and smart meters?
23. Do you consider the allocation of corporate overheads to ancillary network services to be reasonable?	<ul style="list-style-type: none"> • Jacana Energy supports changes that improve the cost reflectivity and transparency in pricing, however is of the view that more details and justification as to the allocation of the corporate overheads to ancillary network services should be provided. • Jacana Energy expects that the AER will ensure that PWC's allocation of corporate overheads will be consistent with the other DNSP approaches.
Metering	
24. Do you consider PWC's proposed rate of smart meter rollout appropriate?	<ul style="list-style-type: none"> • Jacana Energy is of the view that an accelerated smart meter rollout would be more appropriate and would provide long-term benefits that far outweigh the short-term costs. • There are significant customer benefits to having smart-meters and many of the complaints that Jacana Energy currently receives from its customers would be resolved if those customers had smart meters.

	Question as set out in Issues Paper	Jacana Energy's response
		<ul style="list-style-type: none"> • PWC's proposed rollout schedule is materially slower than other jurisdictions in Australia and the lack of smart meters and their associated benefits is already impacting the Territory electricity industry and this issue is likely to compound overtime as the Territory falls further behind. • Jacana Energy acknowledges that the rollout of smart meters in the Territory is particularly challenging due to the tyranny of distance and national competition for capability and labour. This also makes the benefits of smart meters, such as remote reading, improved data and access to new technologies particularly impactful. However, Jacana Energy also notes that there are a significant number of customers in the Darwin-Katherine area that are yet to have smart-meters installed. • There should be more clarity and direction provided around PWC's proposed roll-out program to enable PWC's progress to be clearly tracked and for customer's to have a clearer understanding on when they can expect to have smart-meters installed. • In addition, Jacana Energy notes that there is broader financial efficiency that will be achieved by PWC relating old meters that are not calibrated correctly and consequently not providing accurate meter reads. This leads to discrepancies between meter reads and actual electricity consumed.
25.	Do you consider the cost recovery framework of combining legacy meter and smart meter cost recovery appropriate?	<ul style="list-style-type: none"> • Jacana Energy is of the view that there needs to be more clarity provided by PWC in relation to its smart-meter roll out program and its legacy meter replacement program and the cost recovery framework linked to these programs.
26.	More generally, do you have any comments on PWC's proposed cost recovery for legacy metering services?	<ul style="list-style-type: none"> • Basic meters will continue to have a material presence in the Territory under PWC's proposed smart meter rollout schedule. • The cost of the network services supplied to a customer are independent to their metering arrangement; an upgrade to a smart meter in isolation should not result in a material change in costs on average. • Jacana Energy is supportive of in any changes that improve this alignment. However, the rationale for significantly increasing the average basic meter network charges to align with the average smart meter charges, rather than rebalancing both charges to better reflect the combined cost to service these customers, is unclear. • Due to the different charge structures between basic and smart meters, and to support any future pricing reform, Jacana Energy believe that further analysis on the impact to 'non-average' customers is required to ensure that the outcomes of proposed changes are properly understood.