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Public Briefing Transcript

Inquiry into the National Electricity (Northern Territory) (National Uniform Legislation) Legislation Amendment Bill 2026

10.15 am – 11.00 am, Monday 31 August 2026
Litchfield Room, Level 3, Parliament House

Members: Mr Clinton Howe MLA, Deputy Chair, Member for Drysdale
Justine Davis MLA, Member for Johnston
Mr Dheran Young MLA, Member for Daly
Mrs Laurie Zio MLA, Member for Fannie Bay

Substitution: Mr Andrew Mackay MLA, Member for Goyder, for Mrs Oly Carlson MLA, Chair, Member for Wanguri

Witnesses: ***Department of Mining and Energy***
Zoe McManus: Executive Director, Sustainable Energy Development
Chris Wicks: Director Energy Reform, Sustainable Energy Development

INQUIRY INTO THE NATIONAL ELECTRICITY (NORTHERN TERRITORY) (NATIONAL UNIFORM LEGISLATION) LEGISLATION AMENDMENT BILL 2026
Department of Mining and Energy

Mr DEPUTY CHAIR: On behalf of the committee, I welcome everyone to this public briefing into the National Electricity (Northern Territory) (National Uniform Legislation) Legislation Amendment Bill 2026.

I welcome to the table to give evidence to the committee from the Department of Mining and Energy, Zoe McManus, Executive Director, Sustainable Energy Development; and Chris Wicks, Director, Energy Reform, Sustainable Energy Development. Thank you for coming before the committee. We appreciate you taking the time to speak to the committee and look forward to hearing from you today.

This is a formal proceeding of the committee and the protection of parliamentary privilege and the obligation not to mislead the committee apply. This is a public briefing and is being webcast through the Assembly's website. A transcript will be made for use of the committee and may be put on the committee's website. If at any time during the hearing you are concerned that what you will say should not be made public, you may ask that the committee go into a closed session and take your evidence in private.

Could you please each state your name and the capacity in which you are appearing.

Ms McMANUS: Zoe McManus, Executive Director of Sustainable Energy Development.

Mr WICKS: Chris Wicks, Director Energy Reform, Sustainable Energy Development.

Mr DEPUTY CHAIR: Ms McManus, would you like to make an opening statement?

Ms McMANUS: I thank the committee for the opportunity to present to you this morning and outline the objective and purpose of the National Electricity (Northern Territory) (National Uniform Legislation) Legislation Amendment Bill 2026. The purpose of this Bill is to set the application of the National Electricity Rules in the Northern Territory at a point in time, in effect freezing the NT version of the National Electricity Rules and giving the Territory control over which future national rule changes are adopted.

The National Electricity Rules govern the operation of the National Electricity Market which covers all jurisdictions except for the Northern Territory and Western Australia. The National Electricity Rules exist so that market participants understand their rights and responsibilities and to ensure there is appropriate regulation so that consumers do not pay more than necessary for their electricity.

In 2016 the Territory applied a modified version of the National Electricity Rules called the NTNER. This was done through local legislation to regulate NT electricity industry participants, including the Power and Water Corporation, as previous regulation was insufficient and did not encourage efficiencies. Because the Territory's electricity systems are so different from the National Electricity Market, significant modifications had to be made to the National Electricity Rules to create the NTNER.

Some chapters of the National Electricity Rules apply in full, or in part, or with modification in the NTNER, while other chapters are not applied at all as they are irrelevant to the NT context. The key chapter applied in the Territory is Chapter 6, which outlines the manner and form by which the Australian Energy Regulator (AER) determines prices and conditions associated with the provision of electricity network services.

The National Electricity Rules are maintained by the Australian Energy Market Commission (AEMC), which can make rule changes when requested by any party or where it considers it appropriate. Typically, these rule changes automatically apply in the NTNER unless it relates to a matter the NT has modified to have no effect or where it will be inconsistent with NT modifications.

The National Electricity Rules can also be amended by the South Australian minister via regulation at the request of Energy ministers. South Australia is the lead legislator, with the South Australian laws and regulations then adopted by all participating jurisdictions.

The frequency and scale of these rule changes is material. Between July 2019 and January 2026 the National Electricity Rules have been changed 120 times, leading the Australian Energy Market Commission to make on average one extensive update per month to the NTNER. Consequently, the NTNER has grown from 1,053 to 1,305 pages over this time. As the National Electricity Rules have developed and been modified over time, the degree of difference from the NTNER has become unmanageable. In mid-2025 the Australian Energy Market Commission recommended steps be taken to better manage the NTNER.

After consideration of options, it is proposed to freeze the NT version of the National Electricity Rules at a point in time to disallow the automatic application of further national rule changes. This requires amendments to the *National Electricity (Northern Territory) (National Uniform Legislation) Act 2015*, which is the Territory's local enabling legislation; and the National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations 2016, which are the NT regulations. These make all the necessary modifications to the National Electricity Rules.

The amendments in the Bill consist of variations limited to key definitions, replacing references to legislation and published guidelines as being in force from time to time to legislation as in force at 31 July 2025; modifying the Australian Energy Market Commission's and the South Australian minister's rulemaking powers so they no longer extend to the Territory; and variations to ensure the exercise of powers by others to make or change the National Electricity Rules would no longer have effect in the Territory. This step will allow the Territory and the Australian Energy Market Commission time to consider a longer-term solution to better manage the NTNER.

We welcome any questions the committee may have on the Bill, or if you would like us to step through any aspect or context in more detail.

Mr MACKAY: Thank you for appearing today.

Why was 31 July 2025 the cut-off point determined as the set of rules we are going to stick by? It was over a year ago, so why was it 31 July 2025 and not another date?

Ms McMANUS: It is an excellent question. I will provide a little bit of an overview, but then I will throw to Chris for the complex detail.

I think the practical effect illustrating the complexity of the NTNER was most recently seen in 2025 when the Australian Energy Market Commission decided on a differential rule. A differential rule is one that applies differently in the Northern Territory compared to the National Electricity Market. The differential rule is so that the rule change does not have effect in the Territory. The Department of Mining and Energy agreed that the imposition of that rule change as written would have a detrimental effect on the Northern Territory. The department's preference was for the AEMC to develop an alternative but more complex differential rule that adopted only parts of the new rule in the NTNER. However, the AEMC identified no benefit in assigning their resources to develop the more complex NT-specific differential rule in this instance.

In light of that, the AEMC decision was that the challenges in implementing the rule change in the Northern Territory, a simple differential rule to not apply the full rule, was the best outcome. A consequence of that was that any future rule changes that would incorporate changes to or references to the parts of the National Electricity Rules that were not applied in the Northern Territory would also not apply. That point of difference was a clear line in the sand that the difference between the National Electricity Rules and the NTNER was widening and illustrated to be more and more unmanageable.

The point of the National Electricity Rules version 233, which is the one that is in effect from 31 July 2025—I will pass to Chris to explain in more detail specifically why that version was selected.

Mr WICKS: When the rule change was made and we tried to make it work, when we came to the decision that it is not going to work moving forward, they have been making significant numbers of amendments since then that they have just had to not apply or differentially disapply to the Northern Territory.

We went back and we did a really complex grid of when changes were made and when the critical changes were going to occur because not everything is going to occur immediately; there are some significant transitional phases. We chose 31 July as a clear date beyond which there would be untenable changes or it would be difficult for us to fix and before that it would be simpler for us to fix, remembering always that the NT version of the NER is simply a modification of the National Electricity Rules, so we work back to the National Electricity Rules and we make the modification to that. We do not make modifications to what has been created by our regulation already.

Mr MACKAY: Pardon my ignorance of the national stage, is WA signed up to these rules? Is their grid connected to the rest of the states?

Mr WICKS: I do not know whether you are aware there is an intergovernmental agreement in this space—that is, the Australian Energy Market Agreement. They have signed up to that. Western Australia manage their electricity systems through their own local legislation that emulates the national legislation. They have the same arrangements in the gas world, but they do simple variations on that as well. It got very complicated for them. They do not have the problems we do because they do it entirely themselves; they have a huge team to do everything, whereas we just copy on from the NER.

Mr MACKAY: My understanding is that the NT is not connected to the rest of the states. Are there any other key differences in the way our electricity system works to WA or the rest of the country?

Mr WICKS: The huge difference is that we have three local systems: the Darwin–Katherine system with the interconnector, which is the transmission line you see running between them; Tennant Creek system, which is a standalone system; and the Alice Springs system. They are all very small systems. The rules were established to work with very large systems and to manage how electrons are moved from Queensland to Tasmania to South Australia. It is all about ensuring the efficiency of that system, consumers are getting their best bang for buck and investments are made appropriately. A perfect example of how small we are in comparison is that we call the Darwin–Katherine line a transmission line. In the rest of Australia, it is simply a 'distribution line'; we are that small. The system does not quite work for us.

Mr MACKAY: You talked about the rules that do not necessarily apply to the Territory context. Can you give an example of some of the rules that have been carved out of the framework that do not make sense?

Mr WICKS: There are entire chapters. A perfect example is that in the NER (National Electricity Rules) there is Chapter 6A, Economic Regulation of Transmission Systems. Obviously, we do not have a transmission system; the Darwin–Katherine system sits inside the distribution system. We had to copy a little bit of Chapter 6A across and then the rest of it we un-impose.

Another beautiful example is—this is getting really complicated, so bear with me—Chapter 2 in the NER. It is how you register your market participants—your retailers, wholesalers, VPPs, transmission. We do not do any of that. We do that under the *Electricity Reform Act* which is regulated by the Utilities Commission. There are over 30 different types of market participants in the National Electricity Rules, and growing; we have three types of participants, again because of our system size.

Mr MACKAY: If the national legislation agreement does something that we think should apply to the Territory and which came into effect after 31 July, how will they be implemented? How will it be managed if they do something that makes sense?

Mr WICKS: We are proposing an adoption framework. It is akin to how we look at it now, but in inverse. Currently we look at a change and say, 'Do we need to get them to disapply it or do we need to disapply it?' What we are doing is going to flip that. We will be looking at all the changes for adoption but we will not be looking at changes about registration—that is in Chapter 2—so if they want to change market participants and registration, we will not be doing that; technical specifications for connections and operations, because that is handled in the Northern Territory by a sublevel of codes owned by Power and Water Corporation and NTESMO and that is another point of difference because we operate at a lower level again than what they do in the national system; and things like metering because we operate our own metering system and do not use the same metering framework that they use in the NEM (National Electricity Market).

J DAVIS: In terms of the date that this has been brought in and what is happening nationally and how it might align or not with what is happening nationally, my understanding is that the new NEM access standards from 21 August are designed specifically to make it faster and cheaper for renewable generators to connect to the grid, and with a focus on renewables. Following on from the question from the Member for Goyder, how or will that be taken into account? The timing is interesting, really, that it has come in just before that change nationally.

Mr WICKS: That was the very change that caused us to have to go down this pathway. We like what that is doing. It would work; it will make things faster and cheaper. Unfortunately, the differential rule to create that for the Northern Territory was felt to be above and beyond AEMC's remit. They said the Northern Territory would have to do that, and we could not adopt it as is because it refers to—this gets really complicated—Chapter 2 and it pulls across to a schedule in Chapter 5 which we have not applied. Member for Johnston, I could spend days trying to educate you about how everything in the National Electricity Rules is interconnected. You cannot just make a single change and expect it to flow down; you have to make multiple changes. What the AEMC (Australian Energy Market Commission) were doing in terms of those connections and all that—and there are two phases to that—was going to occur in a way that could not happen in the Northern Territory as they wrote it. That was the major shift in everything that is going on inside the NER that was affecting us. That is why it is not being applied.

J DAVIS: This might be outside the scope of the briefing, but I heard you say that you are very interested in those kinds of changes to electricity generation here. Are you able to comment on that at all?

Ms McMANUS: I can probably add a little bit more strategic context, and that goes to the Member for Goyder's question around the date as well. This particular rule change that was being proposed was the key catalyst for us. In fact, it was a suggestion by the Australian Energy Market Commission for the Northern Territory to consider more explicitly how to manage the NTNER on an ongoing basis.

It is really important to acknowledge that there are a number of aspects of this, particularly to Chris' point. With that particular rule change, there were aspects of that we wanted to adopt and it would have been beneficial to the NT for both the industry participants but also consumers, but that point of difference—we could not get the more detailed differential rule that would have allowed us to embed those beneficial aspects in our rules. It was a simple differential rule that disallowed it.

Exactly to the point, this has been raised through external consultation on the Bill and is something we are acutely aware of as a key risk, is that there are amendments to the national rules that we want to continue to apply here, but the sheer magnitude of managing this in an efficient way—clearly, we have limited resources in the Northern Territory compared to our colleagues in WA.

This option is to freeze the version as it is now so that we can undertake a process of cleaning it up and determining how we manage it in a more effective way going forward. To your point, there are a multitude of national rules that we would like to apply in a more efficient way here, but by freezing, as of 31 July, we will—Chris has just pointed out that there is also a very significant program of market reform underway in our department which is looking at electricity market reform. The timing of this is aligned with that. We have a team in our department that is doing extensive work on the market arrangements for the future Northern Territory electricity system. This point of freezing and then fixing and then working out, along with the Australian Energy Market Commission, how we will better manage this going forward is aligned with the Territory electricity market reform program so that we can dovetail into that in an effective way.

Mr YOUNG: I was just picking up on the freeze with the NER. I want to get an understanding of whether there would be any potential risk to current or future employment opportunities, particularly within the electricity sector?

Ms McMANUS: No. Just to clarify, employment opportunities—are you talking about within the industry?

Mr YOUNG: Yes, within the industry itself and then those requirements that will come.

Ms McMANUS: No. What we are looking at is being more efficient in terms of how regulation is applied here and that will not have any impact on employment opportunities. In fact, it will be quite welcomed by the sector in them being able to do things in a more fit-for-purpose manner in the Northern Territory. No, is the answer to your question.

Mr YOUNG: With those changes, will there be any training requirements to upskill workers?

Ms McMANUS: I think it is important to clarify that we are talking regulatory reform. Currently the NTNER is very complex. We are looking at improving how that is managed—that it is cleaner, more fit for purpose and easier to manage. Hopefully this will improve things. I do not anticipate there will be any additional training as such required.

Mrs ZIO: My question concerns the reform you were talking about in relation to freezing and then doing the reform work. Do you have a timeframe for how long that will take to get to a point where we can unfreeze?

Ms McMANUS: Yes. Essentially this is the first stage in the process. What this Bill is seeking to do is to freeze the NTNER as of 31 July. We will then undertake a program of tidying up. We are starting that immediately, so later this year it is proposed that we will work through removing a large number of inconsistencies between the National Electricity Rules and the NTNER with the goal of ensuring that the NTNER is fit for purpose.

After that, in consultation with our NT electricity market reform team and other major stakeholders, including the Australian Energy Market Commission, we will work towards a longer-term solution, basically looking at how that ongoing management will be managed. At this stage, in line with the program for electricity market reform, we are targeting having a permanent solution in place by 2028.

Mrs ZIO: In relation to going through this process, can you tell us about industry consultation and what the feedback from industry has been? Are they coming along for the ride on this one? Has there been much opposition or are people pretty much on the same path?

Ms McMANUS: This proposal is supported by key agencies, including the Power and Water Corporation, the Australian Energy Regulator and the Australian Energy Market Commission. In fact, those three agencies have assisted in developing the drafting instructions of the Bill.

We have also undertaken consultation of the draft Bill at officer level with a number of other very important stakeholders, including the Utilities Commission, Jacana Energy and Territory Generation, as well as relevant commercial operators, including Rimfire Energy, EDL, ENI Australia Ltd and Merricks Capital.

Broadly, no specific concerns were raised regarding the proposed amendments in this Bill. However, two commercial operators did raise concerns, to the point made earlier, regarding how future rule changes made nationally that would benefit the Northern Territory would be adopted. We have developed an interim maintenance approach to that. We intend to publish a fact sheet shortly, outlining how that will be managed in the interim because we want those national rules that are of benefit to NT consumers to be adopted.

J DAVIS: Will any of this have an impact on people's electricity bills, very basically?

Ms McMANUS: Very basically, no. There is a number of facets which determine the power bills that are paid by households in the Northern Territory. This is, for want of a more technical term, the backend regulatory rule aspect. None of that will have flow-through implications to electricity bills.

J DAVIS: And less basically? When you say 'very basically', are there implications for people's power bills?

Mr WICKS: Let us step back a sec. The reason we have the National Electricity Rules in totality is because of Chapter 6, which is the economic regulation of Power and Water Corporation as a distribution network service provider. The Australian Energy Regulator determines every five years how much money Power and Water are allowed to raise and where they shall spend it. That is exactly the same framework as they use for every other DNSP (distribution network service provider) around Australia. That is why we have Chapter 6.

When we have improved connections, more streamlined and more Territory-specific processes, the amount of time and money people need to spend on getting connections and making large-scale—by the way, Member for Johnston, this is all large scale; retail is already well covered. When you are talking about having to spend $10m on modelling and engineering and suchlike versus we might be able to—under greater efficiencies and a system which is more Territory-specific—bring that back down to $8m, that will flow down the line. It is, as Zoe said, a very small proportion of what the total bill is, but it is a proportion.

The whole point about the National Electricity Rules is that all these operators are often operating a monopoly, so we need to have strong economic regulation to ensure consumers are not paying through the nose for what is an essential service.

Mr DEPUTY CHAIR: If the committee has any further questions, please note we will write through.

That will close hearings for today. I would like to thank everyone who has made the time and my fellow committee members.

The committee concluded.
