

**LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY**

**WRITTEN QUESTION**

Mr Higgins to the Treasurer:

**GOVERNMENT OWNED CORPORATIONS**

**Annual Report – Power and Water Corporation**

1. What will be the financial impact of the anticipated increase in rooftop renewable energy capacity in Darwin and Katherine?
2. Given the 25% growth in contestable meters over 2016-17, has Power Water Corporation forecast future growth in numbers of contestable meters?
3. What is the anticipated financial impact over the five years of losing the deal to supply gas to Energy Developments Limited? How did Power Water Corporation lose this tender?
4. Did the board make any disclosures under s 15 (3) of the Government Owned Corporations Act during the period of the annual report?

**Annual Report – Jacana Energy**

1. The annual report states that Jacana Energy is “acting as the consumer advocate to make it easier to deal with other industry participants.” Can you please provide more information on how you act as the consumer advocate and how this makes it easier to deal with other industry participants?
2. Did the Shareholding Minister approve the power purchase agreement with Energy Developments Limited?
3. Can you provide more reasons around the large increase in Community Service Obligation paid to Jacana Energy between 2015-16 and 2016-17?

**Annual Report – Territory Generation**

1. The Annual Report mentions on a number of occasions the Northern Territory Government’s renewable energy target of 50% by 2030. How was this target communicated to Territory Generation and were any further details around this target communicated?

2. In Territory Generation's Renewables and Alternative Energy Strategy and implementation roadmap what assumptions were made around the NT Government's Roadmap to Renewables Report?
3. Has the delay in the Roadmap to Renewables Report postponed T-Gen implementing its own renewables strategy? Can you please provide information on examples of investments/purchases/upgrades which have had to be delayed because of the Roadmap to Renewables taking so long to be finalized?
4. On page 65, the annual report states that EDL cancelled their PPA with Territory Generation. Is this related to Power and Water Corporation losing the deal to supply gas to Pine Creek Power Station? What was the cost to Territory Generation of Power and Water's failure to win the deal and what will be the cost over the 5 years?
5. What are the longer term consequences to Territory Generation of the large uptake in rooftop solar generation in the Darwin and Katherine market?

## ANSWER

### Annual Report – Power and Water Corporation

1. ***What will be the financial impact of the anticipated increase in rooftop renewable energy capacity in Darwin and Katherine?***

Power and Water Corporation's Darwin-Katherine electricity network is subject to a revenue cap form of price regulation and therefore no direct financial impact is anticipated.

2. ***Given the 25% growth in contestable meters over 2016-17, has Power Water Corporation forecast future growth in numbers of contestable meters?***

The 'contestable meters' referred to in the question are known as 'smart-capable' meters and Power and Water Corporation is continuing with the roll out of smart-capable meters to customers above 40MWh per annum as per the 2014 Network Price Determination and as its fleet of non smart-capable meters are retired.

3. ***What is the anticipated financial impact over the five years of losing the deal to supply gas to Energy Developments Limited? How did Power Water Corporation lose this tender?***

Power and Water has never supplied gas directly to EDL's Pine Creek Power Station. The Power and Water Corporation supplied gas to Territory Generation, which in turn provided gas to enable EDL to generate electricity for Territory Generation's own use.

Once EDL terminated its agreement with Territory Generation, a competitive procurement process was conducted by EDL for the supply of gas for their Pine Creek Power Station. Power and Water made a commercial decision not to pursue the particular deal on the terms presented.

New sales have emerged which are expected to consume the gas previously supplied to Territory Generation for use in the Pine Creek Power Station. Given the prices and volumes expected for the new gas sales, the net financial impact will not be materially different between either scenario.

4. ***Did the board make any disclosures under s 15 (3) of the Government Owned Corporations Act during the period of the annual report?***

No.

## Annual Report – Jacana Energy

1. ***The annual report states that Jacana Energy is “acting as the consumer advocate to make it easier to deal with other industry participants.” Can you please provide more information on how you act as the consumer advocate and how this makes it easier to deal with other industry participants?***

Through forums such as the Jacana Energy Customer and Community Reference Council, we are able to consult and collect information from representatives of customer and community groups to use when interacting with other industry participants. This may be in relation to future customer needs, emerging issues, development of relevant policy, and future services.

2. ***Did the Shareholding Minister approve the power purchase agreement with Energy Developments Limited?***

The Treasurer supported Jacana Energy entering the PPA on the basis that it would ease upward pressure on retail electricity tariffs and the Community Service Obligation and that the arrangement aligned with the Government’s objective to establish a competitive wholesale electricity market in Darwin and Katherine.

3. ***Can you provide more reasons around the large increase in Community Service Obligation paid to Jacana Energy between 2015-16 and 2016-17?***

The main driver of the Customer Service Obligation increase is the 5 per cent decrease in electricity tariffs effective from 1 January 2016.

## Annual Report – Territory Generation

- 1. *The Annual Report mentions on a number of occasions the Northern Territory Government’s renewable energy target of 50% by 2030. How was this target communicated to Territory Generation and were any further details around this target communicated?***

The Government’s target was first made known to Territory Generation as part of the Labor Party’s key election platforms before and during the General Election in 2016. This included the Roadmap to Renewables – Labor’s Plan to Transition to a Renewable Energy Future in NT on its website.

Since coming to Government in late August 2016, the target was communicated with the announcement of the terms of reference for the Renewable Energy Expert Panel.

Territory Generation was consulted and provided submissions to the Renewable Energy Expert Panel on several occasions.

- 2. *In Territory Generation’s Renewables and Alternative Energy Strategy and implementation roadmap what assumptions were made around the NT Government’s Roadmap to Renewables Report?***

Territory Generation was consulted and provided submissions to the Renewable Energy Expert Panel on several occasions on the assumption that it will have an ongoing role in new renewable generation.

- 3. *Has the delay in the Roadmap to Renewables Report postponed T-Gen implementing its own renewables strategy? Can you please provide information on examples of investments/purchases/upgrades which have had to be delayed because of the Roadmap to Renewables taking so long to be finalized?***

Territory Generation’s application for land access for the development of renewable energy projects on crown land parcels in Alice Springs, Tennant Creek and Katherine were placed on hold due to a range of reasons including restrictions placed on any approvals for land specifically for solar installations ahead of the Government’s consideration of the Roadmap’s recommendations.

Nevertheless, Territory Generation has been able to progress solar and alternative energy projects ahead of the release of the Roadmap to Renewables Report including the Alice Springs Energy Storage Project and the Expression of Interest for the Darwin-Katherine Alternative Energy Storage Project.

- 4. On page 65, the annual report states that EDL cancelled their PPA with Territory Generation. Is this related to Power and Water Corporation losing the deal to supply gas to Pine Creek Power Station? What was the cost to Territory Generation of Power and Water's failure to win the deal and what will be the cost over the 5 years?**

The cessation of the agreement for EDL to supply power to Territory Generation was a commercial decision for EDL.

The financial impact on Territory Generation will be reported in the 2017-18 Annual Report.

- 5. What are the longer term consequences to Territory Generation of the large uptake in rooftop solar generation in the Darwin and Katherine market?**

The take-up of rooftop solar generation reduces Territory Generation's market share and will, over time, have an impact on the financial outcomes for the business.