



LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY

12th Assembly

Committee on the Northern Territory's Energy Future

Public Hearing Transcript

12.30 pm, Thursday, 20 March 2014

Litchfield Room, Level 3, Parliament House

- Members:**
- Mr Gary Higgins, MLA, Chair, Member for Daly
 - Mr Kon Vatskalis, MLA, Deputy Chair, Member for Casuarina
 - Mr Gerry McCarthy, MLA, Member for Barkly
 - Mr Gerry Wood, MLA, Member for Nelson
- Witnesses:**
- Mr Ken Clarke: Board Chairman, Power and Water Corporation
 - Mr John Baskerville: Managing Director, Power and Water Corporation
 - Mr Trevor Horman: Manager Sustainable Energy, Power and Water Corporation
 - Mr Robert Ross: Acting General Manager System Control, Power and Water Corporation
 - Mr Jim Bamber: General Manager Remote Operations, Power and Water Corporation
 - Ms Djuna Pollard: Senior Executive Manager Strategy, Economics and Regulation, Power and Water Corporation
 - Ms Megan Jolly: Acting Senior Manager Strategy, Power and Water Corporation

The committee commenced at 12.30 pm.

Mr CHAIR: Thank you all for coming today.

On behalf of the committee, I welcome everyone to this public hearing into key challenges and opportunities associated with meeting the Northern Territory's future energy needs.

I welcome to the table to give evidence to the committee from Power and Water Corporation Mr Ken Clarke, Board Chairman; John Baskerville, Managing Director; Trevor Horman, Manager Sustainable Energy; Robert Ross, General Manager System Control; Jim Bamber, General Manager Remote Operations; Djuna Pollard, Senior Executive Manager Strategy, Economics and Regulation; and Ms Megan Jolley, Acting Senior Manager Strategy. Thank you all for appearing before this committee. We appreciate you taking the time to speak with the committee and look forward to hearing from you today.

As you know, this is formal proceeding of the committee and the protection of parliamentary privilege and the obligation not to mislead the committee apply. This is a public hearing and is being webcast throughout the Assembly's website. A transcript will be made for the 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 the committee to go into a closed session and take your evidence in private.

I will ask each person or witness to state their name for the record and the capacity in which they appear. I will then ask you to make a brief opening statement before proceeding to the committee's questions. Could you all please state your name and the capacity in which you appear. Mr Clarke, if you want to be last you could then make an opening statement, if you please. Thank you.

Mr HORMAN: Trevor Horman, Manager Sustainable Energy, Power and Water.

Mr BAMBER: Jim Bamber, General Manager Remote Operations, Power and Water.

Mr BASKERVILLE: John Baskerville, Managing Director, Power and Water.

Ms POLLARD: Djuna Pollard, Senior Executive Manager Strategy, Economics and Regulation.

Mr ROSS: Robert Ross, Acting General Manager System Control, Power and Water.

Ms JOLLEY: Megan Jolley, Acting Senior Manager Strategy, Power and Water Corporation.

Mr CLARKE: Ken Clarke, Chairman of the Board.

Mr CHAIR: Ken, would you like to make an opening statement?

Mr CLARKE: No, I do not think so, Mr Chair.

Mr CHAIR: Okay. We have some questions and I am sure this will prompt discussion. Other members will ask questions as and when required.

Can you clarify for the committee the power purchase arrangements for Jabiru and Alyangula, specifically the type and capacity of ERA and GEMCO's power generation facilities, what their requirements are and the domestic and commercial power requirements of Jabiru, Alyangula township and any other communities?

Mr CLARKE: We have some information in respect of Alyangula, Gove and Jabiru, and it is a fairly similar arrangement for all of them. These were all mining towns. They developed many years ago so we have legacy issues with all of them. The general principle is we – the mine supplies the power to the whole community, they also supply power to some of the Indigenous communities nearby. We apply the uniform tariff to the non-mining staff in all these communities, and we have a contract with the mining company to buy the power from them.

This is good for everybody. They can be a bit bigger because they are supplying everybody. It is much cheaper for us to buy power off a large producer - we get the benefit of their economies of scale so it is a win/win. The bottom line is the uniform tariff is less than what we pay the mining companies, but it would cost us a lot more if we were try to do it ourselves.

I have some responses on each of these communities which we will table, but that is the essence of the arrangements. If you like I can tell you a bit about the relative size of the – the amount of power we use is relatively small compared to the amount the mines generate because they are producing for their mine, like Gove for example. There is a massive plant out there and we draw off something a lot less than the equivalent of Tennant Creek. The amount we draw in all of these cases is relatively modest.

The other thing I will just mention, which Jim was talking about on the way here, is that a place like Jabiru – I mean this is an opportunity - it is the type of thing we need to be keeping track of all the time – umpteen years ago we sought to build a transmission line from Darwin to Jabiru, but because of national parks considerations it was rejected. Jim tells me they have recently been talking to national parks about having a transmission line from Jabiru to Oenpelli and national parks are saying, 'Yes, that's probably not a bad idea'. We are thinking, 'Goodness, that's fantastic because it shows how the environment changes, opportunities emerge and we have to be abreast of them'. This is one we will address.

I suspect it is a function of lots of things, one of which is whether the Jabiru Power Station is getting close to the end of its life, but if it is it will be a win/win. They will be happy to buy power from us and will not have to replace their plant, and we will be able to use our plant to its optimum capacity and any excess gas we have. It is a real opportunity for us.

Mr WOOD: Are you saying build a power line from Darwin to Jabiru and then one to Oenpelli?

Mr CLARKE: Oenpelli to Jabiru was the one Jim mentioned which sparked the debate. I am just giving this as an example of something where opportunities emerge.

Mr WOOD: We were having a bit of a discussion before the formal part of the meeting, but do people work out what the energy loss is for a power line going over long distance versus a community having its own power station?

Mr CLARKE: Absolutely.

Mr WOOD: Is there a formula which says: this distance, forget it, have your power house?

Mr CLARKE: I am sure there is a very clear formula based on the size of the pipe and the amount of input that goes into it at the start. Does anyone want to say? Robert, you are probably best placed to answer that one.

Mr ROSS: In general, we have a line between Darwin and Katherine, so it is technically able to do it. As far the costs, we would usually give that analysis to our consultants in the planning process, and they would do those calculations. Off the top of my head, no, I do not have a figure for you.

Mr WOOD: If someone was to ask how much energy is lost between Darwin and Katherine – obviously, you have to pump more electricity, I suppose, if that is the case, do you?

Mr Ross: You do. There are probably two parts in that answer. There is the cost of losses along the line. As I said, I do not necessarily have the figure off the top of my head. The other component is the dynamics of the system. It generates reactive load vars, and that plays into your system. So, you have to be aware of how a long, lightly-loaded power line of that distance would affect the dynamics of our system.

I was just going to say that I know down south, when there are long distances, they crank up the volts. That is one the means by which they do it. The technical people work out what is the most economical means of transmitting that amount of power to the end point. Of course, at the other end, then you have to have the transformers that churn that - whatever the high voltages are – 66 000 down to what we, ultimately, use in the household.

Mr WOOD: I was leading to the question about whether - there has been talk a few elections ago about putting us into a vast network interstate. It was headlines just before one election some years ago. So, I am wondering what is the state of having networks versus keeping local power generation?

Mr BAMBER: If I could speak for the remote communities . We are continually scanning for alternatives to running diesel power stations. We have a remote energy strategy where we have looked at all the power stations we have, and opportunities to connect communities to each other. We have done that for a number of communities, and have been able to shut five power stations down in recent times.

We have also looked at opportunities to connect into the main grid, for example Hermannsburg. We have just constructed 120 km line from Hermannsburg back to Alice Springs. We are just waiting for that final tie-in at the Brewer Power Station because it is a lot cheaper to take the power from the main power station than to run our own power station.

With regard to the Jabiru situation, what we are trying to illustrate with that is, over the years, situations do change. We have looked variously at gas pipelines through, transmission lines through, all along the easement and, then, at virtual gas pipeline. A virtual gas pipeline is probably looking a better prospect at the moment. But, we are definitely continuing scouring, looking for alternatives to diesel, gas, and solar. We are looking at all of those.

Mr BASKERVILLE: We are also looking at the LNG for Jabiru - trucking it down.

Mr VATSKALIS: Ken, the power companies provide us with the energy. The system and the network belongs to Power and Water, doesn't it?

Mr BASKERVILLE: Where? It ...

Mr VATSKALIS: In Jabiru, in Gove.

Mr CLARKE: There is actually a bit of a dispute going on about who owns the network. We say they own it and they say we own it. So, there is a lot of discussion going on about who does own it. Most probably leave it there for now.

Mr VATSKALIS: Are the towns of Jabiru and Gove gazetted towns?

Mr CLARKE: I do not know about that.

Mr BAMBER: I think they are designated as mining towns.

Mr VATSKALIS: Yes. As an ex-Western Australian, I know very well about the mining towns in Western Australia, such as Newman. The Western Australian government did not pay anything for infrastructure and distribution. That all belonged to the mining company. The agency acted to collect the money and pay the fees to – have we looked at the legal status of the towns, if we have an argument who owns what, and who pays for what?

Mr CLARKE: I am pretty sure they would have. Jabiru is quite a different arrangement to Alyangula and the other one, Gove. In fact, the loss that is made there, Treasury actually pay ERA - last year \$1.6m. They are the ones that are dealing with it. It, obviously, has quite a different status to the other two. But, we will just have to confirm, Mr Vatskalis, whether it is a gazetted town or what the status is. We will clarify that.

Mr VATSKALIS: Another question. Who determines the price we pay per kilowatt hour that we buy from the companies?

Mr CLARKE: It is a negotiation.

Mr VATSKALIS: Yes.

Mr CLARKE: It is supposed to be cost-reflective. It is part of what our people have to monitor this and have a look at it and make sure it is fair. You will never know exactly because you are relying on information being provided by the miners. But, of course, we have people who are pretty good at this sort of stuff. They will know a band within which it is a reasonable cost and we can form a judgment, but we cannot be absolutely certain that it is right.

Mr VATSKALIS: We have Jabiru, Gove and Alyangula?

Mr CLARKE: Yes.

Mr VATSKALIS: What happens at Borroloola? Who generates power there?

Mr CLARKE: Do not know.

Mr BAMBER: Borroloola is a gazetted township. The Borroloola power station is operated by Power and Water. Because it is a gazetted township, it is operated by Power and Water mainstream generation. In actuality, all remote operations operate the power station as an agent, if you like, for mainstream generation.

Mr McCARTHY: Designed in 1885. Do not get caught calling it an Aboriginal community.

Mr BAMBER: There are five minor townships where remote operations operate on behalf of mainstream generation.

Mr VATSKALIS: Jim, the mine has its own generator and generates its own power?

Mr BAMBER: That is correct.

Mr VATSKALIS: They have a gas pipeline that brings gas to their generation?

Mr BAMBER: Yes.

Mr VATSKALIS: I understand the power the mine generates is subsidised by Power and Water.

Mr CLARKE: The mine?

Mr VATSKALIS: Yes.

Mr BASKERVILLE: Is this McArthur River?

Mr VATSKALIS: Why, if we subsidise the mine to produce energy, do we not ask to run power to Borroloola instead of duplicating the systems there?

Mr BASKERVILLE: Could you say that again, Kon?

Mr VATSKALIS: If we subsidise the power generation of the mine, and if you go back and look at the agreement you will find there is an agreement in place to subsidise the mine - I remember because they came back to me and wanted a better subsidy and I said no and they were not very happy. Why do we not ask the mine, if we subsidise them, to provide power to their towns rather than have to run plant and equipment and everything else to the mine? It would make better sense, would it not.

Mr CLARKE: I imagine the sums would have been done. I mean, how far is the town?

Mr HORMAN: The distance from McArthur River mine to Borroloola is at least 66 km, maybe 100, I am not sure. We have done the sums and we keep doing them annually to see whether it stacks up, but the power price at McArthur River would need to be substantially below our production costs at Borroloola to justify the investment in the power line between the two and we have not hit that point yet.

Mr VATSKALIS: Is Borroloola power station diesel generated?

Mr HORMAN: Diesel power station, yes.

Mr VATSKALIS: There is a gas pipeline going to Borroloola which Power and Water borrowed the money to put there.

Mr HORMAN: The pipeline goes from Daly Waters to McArthur River Mine.

Mr VATSKALIS: Why do we not extend that pipeline into Borroloola so we can find an alternative?

Mr HORMAN: It is 66 km of pipeline. It is a similar price to building a transmission line.

Mr BAMBER: We are continually scanning for opportunities like that and it still does not stack up.

Mr CLARKE: It is a good one; it is a classic example of the sort of thing we have. Sixty six kilometres does not sound very far to me, so I am interested in the numbers.

Mr McCARTHY: Going back to the three mining towns, who services the networks?

Mr CLARKE: I think we do in all cases, don't we?

Mr BAMBER: No, our power networks division has a crew and services THE network in Jabiru under an SLA arrangement, because remember we do not have any asset, we just operate it. With the other towns it the company provides that.

Mr McCARTHY: Like in the Jabiru case, who provides the new infrastructure upgrades - new parts?

Mr VATSKALIS: Transformers and so on.

Mr CLARKE: I think that is the bit in dispute because it is a question of who owns the assets. Nobody wants to own the assets.

Mr VATSKALIS: How are we going to resolve this? We have a dispute that has been going on for years. How are we going to resolve it?

Mr BASKERVILLE: It is on our radar, Kon. One other thing in Jabiru with power and water, the water services are looked after by the council.

Mr BAMBER: West Arnhem Shire Council.

Mr CLARKE: At the end of the day, quite frankly, provided all arrangements are in place it does not matter who owns the assets. Provided the charging is appropriately reflected, whoever owns the assets gets the money to get a return on and return off capital and the cost of maintaining. That really goes to the heart of the issue. You do not just look at who owns the asset. It is what overall arrangement is best for the town of Jabiru. That is what they have to work out.

Ms POLLARD: If I could just add to that, the Department of Community Services is chairing a Jabiru infrastructure working group currently and there are members from Power and Water Corporation, West Arnhem Shire, the JTDA/ERA mine and one of the other Aboriginal councils is participating in the infrastructure working group to try to resolve some of these issues.

Mr WOOD: The network goes over land and, unless there is an easement or reserve over that land then the network belongs to whoever owns the land. Who owns the land the network is on?

Mr CLARKE: In Jabiru?

Mr WOOD: Does it move outside of Jabiru? Are there any places where it is delivering power, like to Parks and Wildlife?

Mr CLARKE: I am not sure. Jim, do you know this?

Mr BAMBER: Yes, but only to the ranger station on the way into Jabiru, so it is immediately outside. There is no spur.

Mr WOOD: All right. My question really is: if I have a house on someone else's land, technically that house belongs to the owner of the land. So, if you have your network on someone's land, who owns the land, therefore, do they not own the network?

Mr CLARKE: Yes, that, ultimately, I suspect will be the determining feature in Jabiru. I just cannot remember. I was involved in setting up the cost-sharing agreement in 1982, but I cannot remember that bit.

Mr BAMBER: Jabiru is a really unusual situation because you have a township cut out of a national park. It is quite an unusual setup, and I think ...

Mr VATSKALIS: Is it part of the mining lease, Jim?

Mr BAMBER: No, it is an enclave. It is a really unusual setup.

Mr CLARKE: I am pretty sure it is, in fact, the JTDA, the Jabiru Town Development Authority. Jim, they still exist, do they not?

Mr BAMBER: Yes, definitely. And the Executive Director Town Leasing based in Canberra also is part of that as well. It is complex.

Mr CLARKE: Okay. You are dead right, Mr Wood, it is who owns the land, that is where the assets are going to belong. It does not matter, they just have to come to an arrangement about how the costs are going to be shared.

Mr VATSKALIS: Since we talk – sorry, Gary.

Mr CHAIR: We originally started with ERA and GEMCO. Kon has actually raised Rio Tinto as well. I would like to bring in the Rio scenario. With the operations down there winding down and the potential decrease in the town's population, all of that is going to impact on the electricity generation and demand. I would like to get some feel on what requirement change we are going to get pre and post the winding back of that operation there.

Mr CLARKE: I do not think we know the answer to that yet. I will just check my notes here. We know what our consumption is. Gove, okay. The people that Power and Water are responsible for only draw about 6 GW. The power station currently generates about 180 GW - gigawatt hours sorry. Ours is a very small proportion of the overall total.

It will entirely be a matter for them as to what they do. They will have redundant assets and will scale that back to those they need for just running the mine. Most of that power would have been needed for the processing, because it is a highly electricity intense industry. We will not know. It will be a matter belonging to them. What it might do, though, when they scale it back, it might affect the economies of scale and our costs might rise a bit, but ...

Mr VATSKALIS: That was my question I was going to ask, because they have several sets of generators and, if they only use 6 GWH, they do not have the refinery, so their demand is reduced. They can actually have two 40 GWH. How much is it going to cost us because, if they have to run it but they do not have smaller units, they will probably come back to you and say, 'You pay for it because we are running it for your benefit'.

Mr CLARKE: Yes, well, it depends. If they have to shut off the really big engines, then it will probably cost us because they will be the least cost machines. If, however, the engines they chop off are ones that are at the bottom end, then it probably will not affect the cost at all. So, it is a question of which engines they cut off.

Mr VATSKALIS: Do we know what the configuration is?

Mr CLARKE: No. Well, I do not think we do. We do not have a lot of information. We have to be just a little careful about it. It is okay to talk about quantities. We cannot talk about dollars for them, even prices, because people can then calculate back what their costs are.

Mr VATSKALIS: Shouldn't that be the discussion we are having with them now to find out how they are going to configure their generating capacity, so they do not present us with a huge bill and say, 'You pay for this because we run a really big machine' - or a really small big machine? You know what I mean.

Mr CLARKE: Given that we will still be a relatively small part of the overall total, they will be seeking the least cost. It is one of these natural incentives you want to have. They may well try to bump the price up a bit, but we have people who do that sort of analysis, as I was saying at the start. Once we understand the configuration, we will know about what the cost should be.

Mr WOOD: Are places like Yirrkala on the grid for Gove?

Mr CLARKE: Yes.

Mr WOOD: If Gove is winding down, is there a possibility of any other community being close enough to be put onto a grid to try to improve those efficiencies?

Mr BAMBER: Not within economic distance at this stage. It is a fair point Mr Vatskalis has through; if the price escalated to a point where the economies were there for a power station then we would have to look at that.

Mr CHAIR: If we move on to solar PV domestic roof top. What is the average time frame for an application approval process and the steady increase in uptake of this? Has it had an impact on the capacity to process those applications? Is that causing some delay?

Mr HORMAN: We are currently processing about 70 applications per week, so it is quite dramatic the uptake of solar PV. We have increased the resource in the area to handle it. The processing time for applications is actually quite fast, and then you have the installation time where the installer goes out. Sometimes after that there is a delay in getting the metering done, but we are well placed compared with southern performance. If it is in Katherine - we send a crew to Katherine every four weeks, so it just depends on which week your system is completed. However, that is much better than the three months' times experienced down south.

It is one of those issues that we need to deal with as the situation evolves, but we have increased staff in our customer connection office to deal with it.

If someone wants a larger system it would be normal for that type of application to go through a study period and it can take up to six weeks to do the study.

Mr CHAIR: That would be more the commercial applications?

Mr HORMAN: That is right.

Mr McCARTHY: The situation in Tennant Creek is about eight consumers invested in PV panels and the installer did not do the right job. It was then uncovered and now many of them are left without the ability to operate that system. How does the regulation process work?

Mr HORMAN: It is quite unfortunate. We have had discussions recently with the Solar Energy Industry Association about how to deal with that and we did not come up with any bright ideas. If someone walks in from the Gold Coast, knocks on your door and says, 'Have I got a deal for you, give me your money and I will stick it on the roof tomorrow. See you later', it is very hard to police it. However, the industry association is trying to establish a code of conduct for its members so you get some legitimacy into the industry.

Mr CLARKE: Mr McCarthy, we do not and should not have a role in that. Consumer Affairs is set up to do that and if anyone has a problem they should go to Consumer Affairs.

Mr WOOD: Can I ask a question on solar panels? As you know, the government is moving to competition and trying to encourage more people to get into the market. Do you regard the private photovoltaic industry as being a player in the market? In other words, should they have to pay for the use of the network?

Mr CLARKE: Absolutely.

Mr WOOD: Do they pay?

Mr CLARKE: Solar is a fantastic thing; we all think it is tremendous, but we have to understand all the issues associated with it. Trevor and I had a fantastic discussion yesterday about this. The thing with solar is it is not all - it is a fantastic thing, and with battery power it will make society much better. We have to understand the implications, and you have raised one here with the network. There is no doubt one of the issues with solar - apart from technical issues which we touched on briefly - is finance, and there are equity issues.

The thing with solar is it returns less revenue but the costs are not going down. That means someone has to bear that cost and, certainly down south the way that works is the other consumers bear that cost. We are talking about network, but it is not only networks, it is also generation because we have to cater for the peak demand. With solar there is a bit of a peak around four o'clock and as solar comes in it will probably drop that peak and that might help us reduce the need to augment supply. However, the real problem is that when the sun goes down, they turn on their air conditioners, the demand goes up. So, both the generators and the network have to be able to cater for that increased demand. There are real costs there. I am not saying this is a bad thing, I am just saying it is something we have to address and be prepared for it.

That leads into this equity issue that, because the solar people are not contributing an amount that equates to the costs, it means the others are. It is a bit like someone who had a really big air conditioning unit and they turn it on once a year, and there is a little old lady down the street who hardly uses any power. They both might end up paying pretty much the same bill, but the one with the huge air conditioning unit is contributing a huge cost to the system, because both the generation and the network has to be big enough to cater for it.

It is a similar sort of issue with solar - not quite as intense as that one - and we have to come up with policies and approaches that solve that problem.

Mr WOOD: Leading on from that question. That has to be answered. I wonder whether people are getting excited about having solar on the roof, but do not realise that someone else is having to pay for the network. That needs to be an issue, otherwise, it is like having CSO for people who have private photovoltaic cells on their roof.

The other question is in relation to those people privately producing solar power. If you have another company in the system - for instance, Northern Power has said it has an interest in setting up, I believe, a generator down near Weddell. If you are sending electricity back into the line from all these private owners at the present time it only goes back to Power and Water. Power and Water have to adjust, I gather, their voltages and things to match what is coming back.

How does Northern Power fit into that? Do they have a responsibility as well? It is going back through a line which is back - I hope my electricity is right here. That power from the house is going back to the generator but, now, there is another private generator there. How do they fit into the mix?

Mr CLARKE: It will have no effect whatsoever. There are processes, there are technical requirements, which specify, with the new generator, how they connect to the system. People like Robert here will make sure those connections do not interfere with the system.

Mr WOOD: Will that private generator be effected, because it will be connected to the network? The network has all these people developing solar power coming down the line, which Power and Water - from the meeting we had before they showed us something that looked like spaghetti, with all these different movements of – that is it! That is Power and Water's, but is that also going to affect the private company?

Mr CLARKE: No, no, because they have to put their power into system control, before system control.

Mr WOOD: Right okay, now I am with you. It is all right.

Mr VATSKALIS: Ken, that is interesting, because one of the problems we have currently with the people who are putting in photovoltaic on their roof is we cannot take the load they put on it unless we upgrade the network. We are limiting the capacity of the photovoltaic that goes up. How are we going to get an extra, let us say, 100 GWH generation in the system without upgrading the system?

Mr CLARKE: No, it does not matter – it is quite different issues. You are talking about the big generator or are you just talking about solar only?

Mr VATSKALIS: No, I am talking about the big generator. I Northern Power comes in, they are not going to put a 5 GW power generator, they are going to put 100 GW ...

Mr CLARKE: Yes.

Mr VATSKALIS: ... it makes sense. You are going to have an extra 100 GW put into the system that is probably is not designed for that extra load, so that means you have to upgrade your system. Who is going to pay for it?

Mr CLARKE: No, the whole idea – there is a demand for electricity, so the issue is where does the supply come from ...

Mr VATSKALIS: Do you mean that all the electricity currently generated by Power and Water is taken?

Mr CLARKE: All the electricity taken by – well, other than the bit that is on the solar side. If or when a competitor comes in, they will take part of what power is currently generating. If we are generating say 100 'giga' units, you cannot suddenly have 120 'giga' units being generated and not being used. That is what system control do - they make sure the amount being generated is equal to, or the amount just right, for the users to use.

Mr VATSKALIS: From previous experience, the guys want to come here, they want to pick up the cherry picking - pick up the bigger consumers. That means they will pick them up, and you cannot supply them so you are going to miss clients - lose clients.

Mr CLARKE: If they pick up only the big clients, that is a much lower price. They would prefer to get the high price clients.

Mr VATSKALIS: They will not pick up the average John Roberts and everybody else in the neighbourhood. They will get Channel 9, the Defence establishment, they might get the hospital, and they might get this building ...

Mr WOOD: The abattoir.

Mr VATSKALIS: Yes, the white cake. They are going to – using their own generators, put it an extra system, using our system for which they probably have to pay and they have to connect - supplying the Defence establishment. We will lose these clients.

Mr CLARKE: We may. I think that is more to do with the retailer rather than the generator. We do not really know what the market arrangements will be yet. You talk later about – there is an issue about the market arrangements so how the overall system will work we do not know. One option is ...

Mr VATSKALIS: Have we studied to see – have we models to see what will happen if this happens, or if something different happens what the impact will be on Power and Water and, eventually, on the government? At the end of the day, if what the Treasurer says is right and you will not sell Power and Water ...

Mr CLARKE: That is right.

Mr VATSKALIS: ... you will have a generation corporation, a distribution corporation and a retail corporation all owned by the government. I come in and say, 'I have a new generator - 200 GW. I want to use your system to supply the Defence establishment so I am taking that client away from you.'

Mr CLARKE: Sure.

Mr VATSKALIS: One of your arms will lose money.

Mr CLARKE: Do not forget it will be a competitive environment and the generator - they will also be talking to the Defence department, as they do now.

Mr VATSKALIS: They do, and they will get a better price.

Mr CLARKE: The Defence department gets a much lower price than an ordinary residential customer because they are big. The idea of competition is you have two generators out there competing.

Mr VATSKALIS: I agree when it is a level field in competition, but in the Territory we are not.

Mr CLARKE: Well, it has to be and that is the challenge.

Mr VATSKALIS: I hope when that happens there is a requirement to supply Oenpelli, Ali Curung and Santa Teresa because you will continue to supply these people at enormous cost but he would not. That is not a level playing field.

Mr CLARKE: No, and there will be ring fencing - partitioning. Oenpelli – the Indigenous communities are all treated in a different way anyway.

Mr VATSKALIS: That is what I am saying.

Mr CLARKE: Yes, it has to be a level playing field, I agree 100%. Quite frankly, there are people concerned about it being either way, either ...

Mr VATSKALIS: Absolutely.

Mr CLARKE: What they are concerned about, or their bank is – the private suppliers' bankers are concerned it will be tilted our way. When I say 'our' I mean the Northern Territory or Power and Water or the generator's way, I should say. Of course, you are concerned it will be tilted the other way, and the whole essence of coming up with these arrangements is to make sure it is a level playing field.

Mr VATSKALIS: We will be watching that space very carefully.

Mr McCARTHY: At the moment the trigger for more power would be population growth in the greater Darwin area. I think the demographer has said 70 000 extra people in the next 20 years, so that is a pretty measured growth. At the moment we produce enough power for everybody?

Mr CLARKE: Yes.

Mr McCARTHY: We will create this new world and somebody else can come in and grab the opportunity or there is a trigger in regard to big industry or something like that hits our shores? What is the time frame around that? If you get ...

Mr CLARKE: Time frame for ...

Mr McCARTHY: ... a big industry player coming in, is that when you say, 'Right, we are ready for a new power generator'?

Mr CLARKE: No. The government is saying - and we will operate within whatever framework the government sets – that once the arrangements are in place a competitor can come in immediately providing they have the level playing field. That does mean power may well have some redundant assets.

Mr VATSKALIS: Ken, you cannot put a generator in immediately. You have to plan it. It will take time to set up a generator.

Mr CLARKE: No, I agree, Kon, it will take time. When I say immediately, I mean once the arrangements are set up, you have the level playing field, then a competitor can come in. It will not be dependent upon having a large expansion in demand before a competitor comes in.

Mr VATSKALIS: If somebody wants to come into the Territory tomorrow there are two options. One is to plan ahead for another year or two years to establish the system, or buy one the government thinks it does not need anymore, 'Here, you can have it'.

Mr CLARKE: Yes, I suppose that is not a bad thought. They have ...

Mr VATSKALIS: I thought so too.

Mr CLARKE: Either the government gives them something – and I do not think there is any suggestion of that, but I do not know – or they have a plan, wait for the level playing field to be all set up and the arrangements clear, everybody understands, they know it is working, and then the financier's bankers would say, 'Yes, you can go ahead and do it'.

Mr McCARTHY: From a lay perspective, if I look at Palmerston East, that is a good market – right? - in business model. Yes, I am thinking of investing in that as a power generator. What about Tennant Creek?

Mr CLARKE: I would have thought the economies of scale would be such that they would not be interested.

Mr McCARTHY: Yes, that is my concern, actually. You will be left with us?

Mr CLARKE: I will be left with you.

Mr McCARTHY: Power and Water Corporation will be ...

Mr CLARKE: I do not think of it as being left with you. I think it is a good thing.

Mr McCARTHY: You are going to lose some serious business through competition in the growth area of the Northern Territory and, then, down the line, there are going to be other places you are going to have to look after that will not generate a lot of income.

Mr CLARKE: Yes. I have to remember that I am in the Power and Water Corporation here. The whole idea of competition - why they are introducing it - is to get overall costs down. Power generation, for sure - I say for sure, I was going to say would it be less profitable. In fact, there is a chance it will not be less profitable if, in fact, they operate more efficiently than they are now. If the competition pressures are such that they find ways to get their costs down, and they are out there being very competitive getting the Department of Defence at a better price or better deal than what their competitor can, they may well be more profitable.

Mr VATSKALIS: Why then, if they can go that, can we not do it ourselves to make ourselves more efficient to bring the prices down? A lot of the argument we hear is whether the retail can be more efficient if we do it privately than you do it. We can, somehow, cross-subsidise within the system by setting them up, we will put them in the power and bring the power. Why can we not do it?

Mr CLARKE: That is quite a reasonable question. Because we are quite small is why it is probably harder to grasp why we would split. The logic is that competition is a natural incentive. Natural incentives are the policy maker's dream because, if you have a natural incentive in place, all you have to do is have that framework there and it operates by itself, you do not have to intervene. That is proof, that is the logic.

Mr VATSKALIS: So, if competition is such a fantastic idea for power, why do we not introduce it to sewerage and water then? Nobody anywhere touches sewerage and water.

Mr CLARKE: Yes. I must say I have not even thought about it. I do not know why. I presume - I will have to reflect on that for a minute. I do not think there is anywhere in Australia that water and sewerage is privately owned.

Mr VATSKALIS: That is my point.

Mr BAMBER: UK has got into privatised sewerage services.

Mr CLARKE: Are you suggesting we should have a look at it, Mr Vatskalis?

Mr VATSKALIS: No, my suggestion is that there are some things that can be competition, some things that cannot. Power and Water is one of them you cannot as it is essential services. Electricity remains an essential service. That is our argument about privatisation.

My argument is, why do we want to actually sell assets or bring somebody else in, and not look first at how we can we become more efficient? How can you become more efficient in power generation? How can you become more efficient in distribution? How can we become efficient in retail?

Mr CLARKE: Yes. No, I ...

Mr VATSKALIS: You will be the first step, rather than saying, 'Oh, good idea, let us privatise it'.

Mr CLARKE: No, it is eminently a reasonable question. I have to say it is a decision of the government, and the government's belief is that by breaking it up - and this is a real plus - all the costs and revenues will be far more transparent. That is part of the issue. The other issue is why they are doing it, is this natural incentive. The competition help drive costs down.

There is something else you mentioned - it will come back.

Mr WOOD: Can I just say something? I asked the other day at a briefing why you cannot use the Utilities Commissioner to be the person who introduces the pseudo competition. It does it for the networks and that is all it does it for. The Utilities Commission could do the same for the retail and the generating.

Mr CLARKE: No, no. Sorry, did you finish?

Mr WOOD: No, I was going to say I understand why they are trying to break it up, but you would also think we already have them as divisions. Why can we not work on making those divisions better. There are many costs coming in with this change. There is going to be a board for every division, and that is not going to be cheap. You have to work out how to share the costs between Power and Water, sewerage and water, and the electricity division. I had a meeting with the Utilities Commission last week. I did not realise - I thought they looked at everything, but they only look at the network. Why do they not look at the board?

Mr CLARKE: Yes, the Utilities Commission is the regulator, as they call it. Its role

is to look at those things where there is no chance of competition. Nirvana in southern Australia is to have competition throughout the whole system, but with networks, because it is a natural monopoly, there cannot be competition so you have to have someone to make sure the price the network provider - us as far as the Territory is concerned - is in fact charging a reasonable price. They are not a provider, they are a regulator.

Mr WOOD: You are talking about level playing field and we are talking about generating power, my understanding is Northern Power will have at least two generators which will be highly efficient recycling generators if I can call them that - they will recycle heat from the exhaust to produce more steam which will make them far more competitive than the ones we have at Weddell. I suppose they are far more competitive than the ones we have at Channel Island. You now have someone who can produce electricity at a cheaper price so competition will be uneven because I cannot imagine Power and Water wanting to buy new generators at the present time. Part of the reason you are in debt, I presume, is because of the high capital expenditure over the last few years. You will not quite get a level playing field with them.

Mr CLARKE: That is the essence of competition.

Mr WOOD: I know, but in this case your side of it said it could not afford to compete because you have all the other expenditure like upgrading substations, upgrading sewerage and upgrading power generation. You have had to do a lot of that heavy work which has cost you a lot of money, and someone comes in and basically cherry picks with the latest technology in generation - I am not against that type of generation occurring, but it seems it is not quite a level playing field

because they will have the advantage of everything being set up for them and they can walk into someone and say, 'We can offer you a better price than Power and Water'.

Mr CLARKE: All that aside, we will be doing that anyway. The only issue is whether our generator is competitive with the new generator. You are dead right, they may well be able to come in and produce power at a lower price than we can. They will be in a competitively advantageous position and what will happen is the power generation will either get more efficient, or they will ease out on the market and these people will - the new generators will produce more and the consumer gets the benefit of a lower price.

Mr WOOD: I do not think that will happen. The consumer will be left to Power and Water and they will have to pay - a bit like your solar power people – because the big side of power production will have been taken over by private companies - as Kon said about cherry picking - you will leave Power and Water with us and we will have to pay to try to keep Power and Water going because, as you said, there will be less money coming in to Power and Water but you still have to generate more or less the same amount of electricity. I am not sure if the level playing field is there.

Mr CLARKE: No, the generation will be generating less electricity because the competitor will be generating more. The only part of generation we are – I am talking about 'we' as in generation - will be losing is the machine capacity because we will have more capacity than what we need for the supply.

Mr WOOD: Are you set with a price for gas that you have to pay, because if you are producing less power you are using less gas. Is your contract with ENI that you will pay for X amount of gas per year, including CPI?

Mr CLARKE: That is an excellent question and there is no doubt that is both a risk and an opportunity. The risk is if someone came in and generated a large amount of electricity and did not buy gas from us we would have a substantial take-or-pay obligation. By 'we' I mean ultimately it translates to the community so what we are expecting - and given our gas supply with ENI is quite a good contract – but if a competitor came in they would buy our gas.

Mr VATSKALIS: Will we make a profit because we will be leaving competition? Are we going to make a profit out of the sale of gas because we will be leaving competition?

Mr CLARKE: The commercial gas ...

Mr VATSKALIS: If we are to be in a competitive environment, Power and Water Corporation should have the right to make a profit either by using – if they want to use our distribution we should charge and we should make a profit out of this. It is a competitive environment, and if they want to buy our gas and we pay say 10¢ per kilojoule we should charge them 15. Find out how good the competition would be for the competitor because, as the member for Nelson said, he comes in, he buys generators, connects to systems already there and he can access our gas. I do not think that is real competition; that is a really nice cushy environment that you will not see in any other businesses.

Mr CLARKE: What you are articulating is exactly why they have to separate generation from networks and from retail ...

Ms POLLARD: And gas.

Mr CLARKE: And gas, yes, thanks. If we operated as a single organisation with all those functions, do not worry, we would be out there saying, 'How much can we get out of these guys?' In fact, we will not let them in, because we want to be charging more.

Mr VATSKALIS: I know. Ask Paul Everingham. He knows about it. You remember that, too?

Mr CLARKE: But, that is exactly why they have chosen to take generation out. To stop – I will say us now, us being Power that currently controls all things. Otherwise we would be interested in our overall bottom line, not just the bottom line for generation. We would be out there squeezing whatever we could out of the system, because our charter is to be a commercial organisation - and we would be.

Mr McCARTHY: You notice the committee members refer to 'our'. I like that, the Power and Water Corporation – 'our'. If you are moving into this new market-driven economy with all the market forces, and your revenue is going to change, but the demand on Indigenous Essential Services will not, it will increase.

Mr CLARKE: Yes.

Mr McCARTHY: You are playing in the market here and revenue is going to shift, so, really, the only recourse is then to go to government and ask for more to look after the remote areas?

Mr CLARKE: No, Mr McCarthy, it will not affect the remote areas at all. Are you saying that because you think we will be making less money?

Mr McCARTHY: Yes.

Mr CLARKE: We will only be making – and I say 'we', I have to be careful. The 'we', excluding generation, will not change at all. There will be absolutely no change. The network prices will be determined by the Utilities Commission. We have the gas contracts. We will sell the gas, probably on a back-to-back arrangement with the arrangement we have ENI. The business, other than generation, will not change.

The business that will change is generation, and they have to sharpen their pencil and do it better to be able to compete.

Mr McCARTHY: You are not sure about how that will change?

Mr CLARKE: How ...

Mr McCARTHY: It will be up to the market forces. The government is keen to bring in the competitors.

Mr CLARKE: Yes, but the only impact is on generation. It does not impact us, the rest of Power.

Mr McCARTHY: That must be a big ...

Mr CLARKE: Sorry, Djuna, go for it.

Mr McCARTHY: That must be a big revenue stream, though, for the corporation?

Ms POLLARD: I was just going to add, with the structural separation, it is proposed that the electricity, water and sewerage services agreement would still be in place with the Department of Community Services and the Power and Water Corporation. That would not transfer across to the new power generation GOC or to the power retail GOC.

Mr VATSKALIS: Djuna, I ...

Mr McCARTHY: You do not cross-subsidise at all?

Mr VATSKALIS: Yes, they will.

Ms POLLARD: No, there are specific grant funding that is provided under the IS agreement.

Mr VATSKALIS: Which is different wording for subsidising. Somebody has to pay to run the essential services.

Mr CLARKE: Yes, that is right.

Mr VATSKALIS: The – what do we call it? – the subsidy, special subsidy. The problem is, at the moment, because you make money from generation you can cross-subsidise. We pay the same tariff for kilowatt hour in Oenpelli or Santa Teresa or Darwin, 25.4¢ per kilowatt hour.

You will lose generation because somebody else will take your generation, you make less money. The problem is if you try to recover the money by charging more for transmission, then there is no real competition, is there? But, we lose generation so we lose revenue for generation. At the same time, we have to continue subsidising the same amount of money to the remote communities. Somebody has to pay for it. At the end of the day, it will be the taxpayer of the Territory. So, we are losing the income stream, but the expenditure remains the same.

Mr McCARTHY: That was my question. You will probably answer it easier for me. Kon has a bit more information required. Does the grant programs you receive pay the whole bill for the regional remotes?

Mr CLARKE: Jim, you would be better to answer.

Mr BAMBER: We have a three-year agreement with the Department of Community Services to provide power, water, and sewerage services to 72 communities and 10 outstations. We receive a recurrent grant ...

Mr VATSKALIS: A CSO is what they call it.

Mr BAMBER: It is called a recurrent grant, but it is equivalent to the CSO.

Mr VATSKALIS: Yes.

Mr BAMBER: We supplement that with direct charging of commercial and government customers in those communities. We are entitled to charge at the uniform tariff rate. The residents also pay through power tokens. Again, it is at the uniform tariff rate but the recurrent grant we receive covers the shortfall, if you like.

Mr VATSKALIS: We understand that, because to generate power let us say in Peppimenarti, where you run diesel, it costs five times more than in Darwin. You cannot expect the people there to pay five times more. We understand the subsidisation; there is no problem with that. Our concern is we are losing an income stream because we are privatised and we lose generation. At the same time we have to continue subsidising the same amount of money to remote communities. Somebody has to pay the difference - taxpayers will pay the difference. How will this happen?

Mr CLARKE: The objective of the exercise is for power generation to be more efficient. The objective is - and whether it will be achieved we do not know for sure - they will achieve a return of capital and on capital, and they will make a profit and pay a dividend to the Territory government.

Mr McCARTHY: You do not run a separate budget line for the region remotes. The revenue is, as Kon calls it, cross-subsidised.

Mr BAMBER: We do run a separate line.

Mr McCARTHY: And it runs ...

Mr BAMBER: We have an IES subsidiary ...

Mr McCARTHY: It is even. It does not run at a loss.

Mr BAMBER: It is a not-for-profit subsidiary.

Mr CLARKE: No, I will answer that. Quite frankly, we are – one of the things I was interested in when I first arrived here was to understand the extent of the costing. The numbers I have seen at the moment shows there is a small subsidy or small loss that we are making on the IES. It is very modest - \$5m or \$6m from memory. Quite frankly, that may well be a result of the way in which the cost allocation systems have moved. It is not as though there is a huge subsidy from other parts of the business to IES.

Mr WOOD: Can I ask one question, Mr Chair? I would like to go back to gas. You have a little corporation or body which buys the gas from ENI. It is not the generator, you have some little - are they a wholesaler?

Mr CLARKE: No.

Mr WOOD: Where is the level playing field when they supply the gas to your generator and to a private generator? I thought you would both have to pay the same price for the gas.

Mr CLARKE: Okay, I will retract that. They probably are, effectively, a wholesaler. That is a good analogy; they are, aren't they.

Mr WOOD: I think it is illegal. I have worked in hardware. Is this where you have been the agent for a company as well as being the hardware? You could not sell to consumers at the wholesale price, and you could not sell it to yourself at the wholesale price if you were doing irrigation work, for instance. You had to put the retail mark up in there. When you buy gas from ENI, the gas company, will it sell to the generator at a price above what the little company has brought gas from ENI?

Mr CLARKE: No. The fundamental thing - there may be little bits of a margin, but the fundamental thing is that whatever arrangements we had would have to be back-to-back. The gas unit will be separate from the generation unit and they may, ultimately, be - and this is one of the issues being looked at - they should be completely separate and be able to operate in a fully competitive type environment. I think at the moment the thinking is they probably would remain with the rump, which is us, but we would have to ...

Mr WOOD: I thought that might be illegal, because if you say you will cut yourself up so competition occurs and you do not sell gas to yourself at the same price as to your competitor ...

Mr CLARKE: It is not ourselves. Generation is a separate business.

Mr WOOD: That is right, but should the little company which purchases the gas from ENI, which is the wholesaler, be required to sell it to your generator and say Northern Power at the same price?

Mr CLARKE: Probably. I think that is probably a fair comment. They would have to. I mean ...

Ms POLLARD: You have some third party gas contracts now where PWC sells gas to a small number of other third parties as well.

Mr VATSKALIS: Yes, but not as a direct competitor to you. It is different.

Ms POLLARD: Yes, and then going forward ...

Mr VATSKALIS: One more question before we finish. Jim, the community service subsidy, you have an agreement with the department. When does that agreement expire?

Mr BAMBER: It is a three-year agreement so it will expire in two years.

Mr VATSKALIS: In two years' time?

Mr BAMBER: We signed it 1 July 2013, so three years.

Mr CHAIR: I am very conscious of the time; we need to finish about 1.30 pm. One other subject we want to touch on is in regard to the recent power blackout. The committee understands a circuit breaker failed during routine maintenance that activated the protection systems causing a shutdown in the transmission capacity from Channel Island. After discussions with the Utilities Commission, the committee notes the generation side of the system has the capacity to withstand an M2 event. However, it appears the same safeguards do not apply to the transmission.

Given the potential for a substation to be damaged in the event of a cyclone, can you clarify for us a couple of points? They are: whether any parts between Darwin and Katherine were not affected and, if so, why was this the case; the extent which this event indicates a failing in the overall design of the current transmission system; what needs to be done to ensure that issues in one substation do not then impact on the entire network; whether or not a more distributed electricity system would limit the possibility of such an event disrupting the overall network? There are a couple of questions there.

Mr CLARKE: Obviously, it was a very disturbing event. There are two issues: one is to do with the control system, and the other is to do with the generation. The problem arose in the control system with the circuit breakers. What should have happened is, within four hours the system should have restarted but, in fact, the generation system was out for a long time. We have to understand why that was.

Quite frankly, we are almost deliberately not looking at any one thing at the moment. We are going to wait until we get the full report to understand exactly what it was that has caused the problem - going right back to the original thought of who thought of doing any type of maintenance on this, to when the lights were turned on, to see whether or not, all along these processes, we could do something better to avoid this from happening.

We do not want to get into 'what about if you did this bit over here, or that bit over there'. We are going to wait until we get the report, then we will have a really good understanding of what it is we need to do.

Mr VATSKALIS: Ken, Gary is quite right in that the public want to know answers. But, what is disturbing is, okay, a circuit breaker failed, we understand that, that happens. It isolated the system. There was power generated at the power station, but it could not go anywhere, so the power station shut down.

The problem we have is the whole thing shut down, and we could not start the black-start set. That is the first question we have to have answered: why these things could not be started, or why there was no generator still spinning. We know very well you would never deliberately shut off the generators in a power station.

The other thing is why there was no gas supply. You cannot start a power generator unless you have fuel. The fuel was not there. Why was it not? If there was something to do with our generation or why there was no backup generation somewhere? This is a whole series of events that lead us to think there is a serious fault in the system. I know that, I have had to live with a lemon 6000 for a long time. Jim laughs about it, I used to cry. We cannot start the black-start gen set? It took an hour-and-a-half to start it?

Mr CLARKE: Sure. Kon, can we just ...

Mr VATSKALIS: We have state-of-the-art generators. Weddell has state-of-the-art ones. What was the problem? Why was the gas not there?

Mr CLARKE: Kon, there can be four types of problems you have. You can have mechanical - and there was clearly mechanical failure - and you can have system, like communication system, computer systems, people are looking at screens and that type of thing. Those things can fail. You can have process failures where you should have done this and, instead, you did that - that type of system. Or the design of the process was inappropriate. Or you can have human failure.

Quite frankly, we want – and you are pointing to some technical mechanical-type failure. We do not know the full impact of why all these things happened. To me, it has to be a combination of all of these types of things in some form. The fact that the black-start things would not start – you were talking about the gas - or the gas could not start, but it looks like it was the machine - a reading. We do not want to be looking at one bit at this stage until we know what the whole is.

Mr McCARTHY: One quick question, Mr Chair. We rebuilt Casuarina substation, we learned a lot of lessons out of that. We rebuilt Snell Street substation. Obviously, Hudson Creek has some age, and some serious needs. How attractive are we to attract competitors into this new market-driven economy the government wants to create, when they come in and assess the network system which it would deliver to their new customers?

Mr CLARKE: You are dead right. That would be an impediment to a competitor. They would ask, 'How reliable is this? Will I have to put additional security into my system to cater for a situation?' There might be a sudden surge of power going backwards, so it is not good from that point of view. However, at the same time, competitors will also understand we have supply obligation standards we try to achieve. These events are very rare, thank goodness ...

Mr VATSKALIS: Rare?

Mr CLARKE: Well, pretty rare. There was in 2010, one in – they are pretty rare, and the severity of this one was very rare. The fact the generation could not restart for 12 hours instead of the four, which is what we would have thought if everything worked normally.

Mr McCARTHY: The substation seemed to be a critical point. Transmission lines and those things are a lot – from a lay perspective they are a lot easier to deal with. These are very expensive, very complex and we still have a lot of aging infrastructure in that area, yes?

Mr CLARKE: We definitely have and it is a big issue. There has been quite a lot of money spent, as you would know, on the network but we still need to spend more and it is a function - we go through an annual condition appraisal type thing, but a lot of our gear is 30 years old and the technology has advanced a lot. The fact the circuit breakers zapped is a sure sign they are old. They are old and were due for replacement, so it is something we have to be constantly aware of.

Mr WOOD: The legislation we have to deal with next week - did the Power and Water Board look at this legislation and does it have any comments on it?

Mr CLARKE: I must admit it has not been an issue for the board. We have not addressed it.

Mr VATSKALIS: It is government generated and pushed?

Mr CLARKE: Yes.

Ms POLLARD: It came to Power and Water for comment.

Mr CLARKE: Power and Water management looked at the legislation.

Mr WOOD: Has there been an official response?

Ms POLLARD: Yes.

Mr WOOD: Might see if I can get a copy.

Mr VATSKALIS: If this legislation is to affect Power and Water the board should have input on the legislation - at least look at it. How will it affect the organisation? Is there a cost benefit analysis?

Mr CLARKE: Yes. Kon, we should not have looked at it because we have to operate within the framework created by the government. That is what the government's role is. Where we have to get involved, and we do get involved, is in making sure the arrangements are in place for the structural separation. Djuna and her team are spending umpteen hours going through these literally hundreds of little bits that have to be right in order for the structural separation to be successful.

Mr CHAIR: I will have to put a stop to it there because we have to go back to the Assembly. From the questions we have asked about the blackout, once the report is available you get an indication as to what the concerns are from here plus the legislation, so we look forward to seeing that.

I would like to thank you all for coming. Thank you very much, and I am sure we will ask you to come back again. Thank you.

The committee concluded.