

To: Secretary
Committee on Northern Territory's Energy Future
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Submission – Electricity Pricing Options

Summary

Thanks for the opportunity to make a submission of electricity pricing options on behalf of COTA-NT which represents some 50,000 Northern Territorians.

Key points

1. Northern Territory electricity supply, management, transparency and pricing.
2. Electricity pricing will play an important part in the “Developing the North” plan to be successful.
3. Northern Territorians have far fewer options in managing the electricity costs that other jurisdictions.
4. Senior's electricity concession is determined by the Health Department but there are factors that should be taken into account. Recommendations

Point 1. Northern Territory electricity supply, management, transparency and pricing.

- The continuing reliance on the Power and Water Corporation (JACANA ENERGY) to be the dominant provider of electricity is concerning. Elsewhere in Australia, the opening up of competition to the state owned vertically integrated electricity providers has resulted in many benefits to consumers. There have been opportunities for increased competition to JACANA ENERGY generation by strong interconnection with other generators in the region (this especially applies to the Darwin-Katherine network) would have resulted in considerable benefits to all.
- We are aware that the Territory is faced with challenges in making its energy markets more efficient - a large land area and a modest population primarily located in the Darwin/Katherine region - but it has countervailing benefits such as large amounts of developable natural gas nearby and two large LNG facilities located close to its population centre.
- Current pricing

Electricity tariffs – Jacana Energy

Effective 1 July 2014

Power tariffs are GST inclusive.

Domestic

| Type of meter | Tariff |
|---------------|--------|
|---------------|--------|

| | |
|----------------|---|
| Standard meter | 25.60 cents per kilowatt hour plus fixed charge of 50.48 cents per day. |
|----------------|---|

| | |
|------------------|--------------------------------|
| Prepayment meter | 28.15 cents per kilowatt hour. |
|------------------|--------------------------------|

Commercial

Type of meter Tariff

Standard meter 29.79 cents per kilowatt hour plus fixed charge of 78.82 cents per day.

Time of use meter 38.12 cents per kilowatt hour from 6am to 6pm and 21.46 cents per kilowatt hour from 6pm to 6am plus fixed charge of 78.82 cents per day.

- Carbon Tax repeal has resulted in a reduction in tariff Domestic by 5.64% and Commercial by 4.88% it raises the query;
 - Web site is conflicting effective date either 1 July 2014 or 1 August 2014
 - It was predicted that Carbon Tax resulted in an 8% increase, why is the reduction at 5%?

Victoria our initial modelling estimates savings for an average Origin household energy bill, weighted across our entire customer base, of around 7 per cent for electricity

That percentage is an average. Households in the ACT — where carbon is a bigger component of bills — can expect to save more. (8%)

Cash back ... most major electricity retailers are likely to refund any carbon tax in your bill since July 1.

Tasmanians and South Australians will experience smaller reductions (less than 8 per cent).

Received notification 18 September 2014. Reduction effective 1 July 2014

- Lack of Transparency, it is surprising that more details are not provided to users, such as;
 - Tariff reduction due to the repeal of Carbon tax, why only 5% effective July or August.
 - Office of Senior Territorians unable to provide electricity concession for seniors in over 6 months
 - The amount of information by Jacana Energy is minimal compared to information by electricity providers in other jurisdictions.
 - No mention on the Jacana Energy web site regarding the basis of Outage Payment, appreciated but what are the guidelines?

Point 2. Electricity pricing will play an important part in the “Developing the North” to be successful.

- To attract overseas investors, NT manufacturing and employees to operate will require an improved electricity supply and energy at a comparative price to alternative jurisdictions.
- We see that the rules for electricity supply should be drafted to actively encourage all standby and islanded generation to seek to connect to the networks; this would ensure that there is an increase in the amount of generation connected and available within the network.
- The effect of increasing supply reliability will result in increasing competition to JACANA ENERGY Generation. In particular, enabling the generation capability of the LNG plants in Darwin to be interconnected with the JACANA ENERGY Networks would have a significant impact on the main NT network but encouraging the more remote generators (such as Rio Tinto Gove and ERA plants) to interconnect would also be extremely beneficial to the market and increase competition.

- Whilst aware of the Federal government's opposition to gas reservation for domestic use and that the price for gas reserved for domestic use in WA is high, it is considered that the NT government must use its considerable leverage to ensure that not only is gas made available widely for domestic use in the Territory, it should use its powers to ensure that the price for this gas is constrained so that it can be readily used to increase the industrial base in the Territory.
- Failure to reduce the cost of energy in the Territory will continue the overall constraint on growth and general employment opportunities, and limit the preparedness of industry to train young local employees.
- The government should ensure: There is availability of gas and a competitive market where a new generator can set up in fair competition with JACANA ENERGY rather than continue to source electricity from JACANA ENERGY. The fact that JACANA ENERGY has contracted output of the few independent generators that can connect to the JACANA ENERGY networks clearly shows that the electricity market structure does not encourage competition for JACANA ENERGY
- The benefits and detriments facing the Territory will require an interventionist approach in the energy markets by government to maximize the benefit of the resources the Territory holds. In this regard, in terms of energy, the Territory is at a similar stage to where WA was in the early 1970s. In the late 1970s and 1980s, the WA government took a strong interventionist role and invested considerably in infrastructure and the addressed the impositions faced by energy developers to ensure that the best outcome for the state was achieved. Bearing this in mind, the NT government should act now as the WA government did then so that a fully competitive market can emerge in the Territory to provide the basis for productive and efficient markets in the future

Point 3. Northern Terrorians have far fewer options in managing the electricity costs that other jurisdictions.

- JACANA ENERGY operates more on a "cost plus" operation than other providers of generation and networks. This does not provide consumer with the most efficiently priced energy supplies and does not enforce the pressures of competition onto JACANA ENERGY operations which would result in efficient costs and practices and so achieve outcomes in the long term interests of consumers.
- One of the significant changes seen in all other jurisdictions is a pricing approach to energy supplies which encourages greater demand side involvement in the energy markets. As it currently stands, both in the Territory and other jurisdictions, is there increasingly sharper peak demands where the large amounts of the energy are used over relatively short periods. This peakiness in demand requires increased fuels supplies, increased infrastructure in generation and networks and exhibits lower thermal efficiency in energy conversion. All of these outcomes from a peaky demand increase costs and reduce efficient use of resources.
- We are advised that this "cost plus" mentality within JACANA ENERGY has not driven JACANA ENERGY to operate efficiently in their relationships with consumers. There is an over-riding concern that the "ring fencing" of the different JACANA ENERGY operations is not as strong as it should be and that there is cross-subsidizing between the different operations within JACANA ENERGY which, again, does not lead to the most efficient outcomes for consumers.

- It is noted that JACANA ENERGY has acted to ensure its energy retail arm, JACANA ENERGY Retail, has retained its dominant position as the primary provider of energy retailing. We active support the entry of new energy retailers and observed first hand the difficulties in getting changes to the retail code to enable a new energy retail entrant into the Territory to be able to compete with JACANA ENERGY Retail on a "level playing field" basis. The ability of JACANA ENERGY Networks to support its retail arm so that there was no "level playing field" for new retail entrants is most concerning, as is the fact that a new energy retailer has to source generation from its dominant competitor. Until there is competition in generation and equality for all retailing, JACANA ENERGY Retail will remain the dominant player in the market with the resultant negative impact on consumers.
- To overcome this loss of efficiency, other jurisdictions have structured the markets so there is an incentive for consumers to change their usage habits and so cause a flatter demand profile to make better use of resources and reduce the need for infrastructure investment - investment in infrastructure not only causes a cost to current consumers but also increases costs for future users. Energy costs in some jurisdictions have now reached a level where demand and consumption of energy are falling. This has resulted in existing infrastructure being under-utilized and causing increased costs per unit of energy for all consumers.
- It is considered that increased demand side participation must be implemented in the Territory and this can only be achieved if government ensures there are strong incentives for consumers to change their energy usage habits.
- The Territory is located close to large natural gas fields which are also adjacent to its largest centre of population and industry. Despite this, the amount of gas that is available for domestic use is quite modest. The bulk of gas currently used domestically is for power generation although there is some industrial use of gas as well.

Point 4. Senior's electricity concessions are determined by the NT Health Department but there are factors that should be taken into account.

- Electricity Concession for Seniors

Northern Territory \$1.255 per day of billing period plus \$0.84 per Kilowatt used. The concession granted cannot be greater than the bill issued by Power and Water Corporation JACANA ENERGY

Example 2 Seniors in a unit prior to 1 July 2014 (ie prior to adjustment for Carbon Tax repeal)

| | | |
|--|------|----------------|
| Electricity 1380 kWh by \$0.2713+ 91 days \$0.5048/per day | | \$425.21 |
| Concession \$1.255/day * 91 days = \$114.21 | | |
| Concession \$0.084 * 1398 KW/hr = \$117.44 | less | \$231.64 (55%) |
| Charges (compensation blackout) | Less | \$ 80.00 |
| Current Charge | | \$113.57 |

Excellent concession but could further consider senior opportunity to reduce CO2 and control their expenses.

Victoria Potential electricity concessions available to customers include:

Annual Electricity Concession

Off-Peak Concession

Service to Property Charge Concession

Transfer Fee Waiver

Medical Cooling Concession

Life Support Concession

Winter Energy Concession for gas

The Annual Electricity Concession reduces the amount you pay for electricity and is available to eligible concession cardholders. The Annual Electricity concession provides customers with a concession equal to 17.5 per cent off their electricity usage and supply charges for the year. The Off-Peak Electricity Concession provides a 13 per cent reduction on off-peak electricity usage charges.

The Service to Property Charge Concession is only applicable to electricity accounts where the service to property charge is higher than the electricity usage charges.

The Medical Cooling Concession provides a 17.5 per cent discount on electricity bills over the summer period and is paid in addition to the Annual Electricity Concession.

Energy Australia can process applications for:

Multiple sclerosis

Lymphoedema

Parkinson's disease

Fibromyalgia

Post-polio syndrome/poliomyelitis

Motor neuron disease

The Life Support Concession provides a discount that is equivalent up to the value of 1,880 kilowatt hours of electricity per annum (or 470 kilowatt hours of electricity per quarter) for eligible life support machines.

The concession is available only for the following types of life support machines:

Oxygen concentrators

Haemodialysis machines

Intermittent peritoneal dialysis machines

Other machines as approved by the supervising officer at the Department of Human Services

NEW SOUTH WALES

Rebates available to customers holding an eligible concession card are:

Low Income Household Rebate

Medical Energy Rebate

Life Support Electricity Rebate

Family Energy Rebate

Low Income Household Rebate increased to **\$225** per year. The rebate is paid as a daily rate on each electricity bill.

Long-term residents of residential parks (caravan parks and mobile home estates) who pay the park operator for their electricity usage can also access the Low Income Household Rebate.

The Medical Energy Rebate is a single, flat rate available where a person has an inability to self-regulate their body temperature and the account holder for their residence holds one of the required concession cards.

Medical Energy Rebate increased to \$225 per year (updated annually on 1 July). The rebate is paid daily on each electricity bill.

A Life Support Electricity Rebate is also available for non-concession card holders who use approved life support equipment at their principal place of residence. The Life Support Electricity Rebate is applied on a daily basis. The current daily rates for eligible machines are:

| Equipment | Rebate Rate (per day) |
|----------------------------------|------------------------------------|
| Positive Airways Pressure Device | \$0.16 \$0.32 for 24 hour usage |

| | |
|---------------------------------------|------------------------------------|
| Enteral feeding pump | \$0.20 |
| Phototherapy equipment | \$1.66 |
| Home Dialysis | \$0.69 |
| Ventilators | \$1.66 |
| Oxygen Concentrators | \$0.83 \$1.40 for 24 hour usage |
| Total Parenteral Nutrition (TPN) pump | \$0.38 |
| External Heart Pump | \$0.05 |

The Family Energy Rebate is available to electricity account holders who are found to be eligible for the Commonwealth Government's Family Tax Benefit A or B.

Be eligible for the Federal Government's Family Tax Benefit A or B at any time during the 2012-2013 financial year, and have received a relevant payment; and

Be a NSW resident; and

Have your name listed on electricity bills from an electricity retailer, solely or jointly or be a resident of a caravan or mobile home park and receive electricity bills from a park operator.

AUSTRALIAN CAPITAL TERRITORY

Energy and Utility Concession

Life Support and Medical Heating and Cooling Concession

Energy/Utility rebate is approximately \$0.524 per day from 1 November to 31 May, and the Winter daily rate for the combined Energy/Utility rebate is approximately \$1.928 per day from 1 June to 31 October.

The Energy Concession covers both electricity and natural gas, and is calculated on a daily basis. The maximum annual rebate amount is \$ 322.10.

The Utility Concession provides an additional \$84.05 rebate to eligible concession card holders to minimise the cost of living. The rebate is added to the existing Energy Concession to offset the rise in basic utility costs, including water bills.

The maximum annual combined Energy/Utility rebate for 2013-14 is \$406.15, as shown below:

| Concession | 2013-14 |
|------------------------------------|----------------|
| Energy Concession | \$322.10 |
| Utility Concession | \$84.05 |
| Combined Energy/Utility Concession | \$406.15 |

Life Support and Medical heating and Cooling Concession, which is currently \$121.87 per annum.

If you use electrically-operated life support equipment as prescribed by an ACT medical practitioner necessary in the treatment of a life-threatening condition, you will be entitled to a rebate on your electricity account.

Dialysis machine

Oxygen concentrator

Respirator

CPAP regulator

Longstay life support

Nebuliser

LS reference

TPN device
Other apparatus, subject to approval

Medical heating and cooling concession component:

hold an eligible concession card; AND have a medically diagnosed inability to self-regulate body temperature; AND meet at least one primary and one secondary qualifying medical condition requiring heating or cooling to prevent severe exacerbation of the condition; AND provide certification from their medical practitioner that the medical condition requires heating or cooling to prevent severe exacerbation of their condition or risk of complications; AND the property relating to the account has to be the sole or principal place of residence of the applicant.

Qualifying Medical Conditions for the Medical Heating and Cooling Rebate:

Primary

Multiple Sclerosis
Parkinson's Disease
Fibromyalgia
Muscular Dystrophy
Systemic Lupus Erythematosus
Motor neurone disease
Lymphoedema
Post polio Syndrome/Poliomyelitis

Secondary

Severe immobility resulting in problems with the self regulation of body temperature due to a loss of sympathetic nervous system control
Demonstrated significant loss of autonomic regulation of sweating, heart rate or blood pressure
Demonstrated loss of physiological function or significant aggravation of clinical condition at extremes of environmental temperature

QUEENSLAND

Energy Australia provides Queensland electricity & gas concessions on behalf of the Department of Communities to customers holding an eligible Queensland Government Seniors Card, Centrelink Pensioner Concession Card, Department of Veterans' Affairs Pensioner Concession Card or a Department of Veterans' Affairs Gold Card.
Department of Veterans' Affairs Gold Card holders must however be in receipt of one of the following payments to be eligible:

- War Widow or War Widower Pension
- Special Rate Veterans (formally Totally and Permanently Incapacitated (TPI)).

QLD Electricity Concession

Electricity Life Support Concession

Medical Cooling and Heating Electricity Concession Scheme

Electricity Concession is \$0.7037 per day (excluding GST). This rebate is applied as a daily amount and is paid in instalments through the customer's electricity bill.

If you live in a residential home park or in multi-unit residential premises, you may also be eligible for an electricity rebate, provided the proprietor of the premises participates in the rebate arrangements.

Electricity Life Support Concession for seriously ill people who use:

An oxygen concentrator, which has been issued free of charge by Queensland Health under the Medical Aids Subsidy Scheme; or

A kidney dialysis machine, which has been issued free of charge by Queensland Health.

A concession of \$47.95 per month is paid for oxygen concentrators and \$32.11 per month for kidney dialysis machines.

Medical Cooling and Heating Concession is available to assist low-income concession card holders in Queensland who have a medical condition that requires the use of electricity for cooling or heating. Eligible individuals will be entitled to a concession to assist with increased electricity costs incurred by frequent operation of an air-conditioning unit in order to regulate body temperature.

Western Australia

Electricity tariffs decreased on 1 September 2014 due to the removal of the carbon cost. This is in line with the Federal Government's repeal of the carbon tax legislation.

The A2 tariff is the standard residential tariff, which is available to private dwellings (houses, home units, flats, apartments, etc.) used solely for residential purposes. It offers customers the same flat rate energy charge regardless of when and which time of day electricity is used.

Prices from 1 September 2014

| | |
|--|---------|
| Supply charge - cents per day | 45.1516 |
| Supply charge for additional residences* - cents per day | 35.0581 |
| Electricity charge - cents per unit | 24.5961 |

- **Carbon Tax Repeal**

Northern Territory reduction Domestic 5.64% it is difficult to know if this applied to senior concession electricity tariff.

ACT Households — where carbon is a bigger component of bills — reduction 8%

Tasmanians and South Australians will experience smaller reductions (less than 8 per cent).

"OUR INITIAL MODELLING ESTIMATES SAVINGS FOR AN AVERAGE ORIGIN HOUSEHOLD ENERGY BILL, WEIGHTED ACROSS OUR ENTIRE CUSTOMER BASE, OF AROUND 7 PER CENT FOR ELECTRICITY

- **RECOMMENDATION**

1. Minimum one representative of the Peak Body (COTA-NT) be appointed to the NT Pensioner & Career Concession Scheme.
2. The electricity concession to be limited to holder of relevant cards holders and to a maximum of 2,000 kWh per quarter. To avoid routing and to utilize the saved funds for replacement of Photoelectric smoke alarms
3. Electricity concession be based on a percentage of the account (55%) to allow accounts to easily checked and overcomes tariff movement. (Complaint by Dept Health in response to queries)
4. Further discounts for medical conditions plus register to assist when sustained blackout occur.
5. Further investigation why NT reduction due to Carbon Tax repeal is below other states.
6. Offer of energy audits by electricity supplier to not only concession holders but to all users.

Should you wish for future explanation of the points made above, please contact the undersigned

Council of the Ageing NT

A handwritten signature in dark ink, appearing to read 'K. Cohalan', written in a cursive style.

Ken J.Cohalan OAM
Chair