

16 January 2026

By email: market.operator@powerwater.com.au

Dear NTESMO

NTESMO FY2028-32 System Control and Market Operator Charges Review

Thank you for the opportunity to make a submission in response to the Northern Territory Electricity System and Market Operator's (NTESMO) System Control and Market Operator Charges Review for period commencing 1 July 2027 to 30 June 2032 Consultation Paper released by the NTESMO on 5 December 2025.

Refer to Appendix A for Jacana Energy's detailed response to the questions raised NTESMO within the Consultation Paper.

If you have any questions or wish to discuss any matters raised in Appendix A, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in blue ink, appearing to be "Tom Korecki".

Tom Korecki
A/Chief Executive Officer

Encl. Appendix A: Jacana Energy Response to NTESMO Questions

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Ref.	Question	Jacana Energy Response
Expected Revenue Requirement		
1.	Do you agree with our proposed opex step changes and the associated value propositions?	<p>The value proposition from the regulatory proposal prioritises essential system security and reliability. Some opex step changes provide a negligible or indirect benefit to electricity retailers and therefore customers. Where benefits can be seen (i.e. potential savings in gas prices through Territory Dispatch Engine) the meaningful efficiency gains are not shown through reduced costs to end consumers. Whilst Jacana is in agreement that the listed stepped costs will deliver higher confidence to achieve the current KPIs (which indirectly can provide cost savings to end consumers), the value proposition outlined in the proposal heavily leans towards security and reliability.</p> <p>Jacana Energy would like to see the proposal consider guiding principles that focus on Efficiency and Economic Solutions. Overall, we believe NTESMO should aim for system security and reliability in the most economic and efficient way.</p>
2.	Do you have any questions or comments regarding the approach taken to forecasting opex?	<p>The base-step-trend approach for personnel, professional fees and residual costs did not, in aggregate, vary significantly from the approved revenue recovery for 2024-25. However, the reallocations between the two functions of System Control and Market Operator have raised questions as to whether this is a stable or efficient starting point for the five-year forecast.</p> <p>The uncertainty around potential operational expenditure arising from the establishment of NTESMO as a standalone entity remains a concern for Jacana Energy. How will NTESMO review these costs to confirm there is no double-counting or overlap between the business-as-usual costs already provided and the new costs of establishing standalone corporate functions?</p>
3.	Do you support investment in the system tools project and its proposed value proposition?	<p>The \$2.05 million investment in capital expenditure is proposed as a need for efficient technical operations but does not provide clarity on the measurable performance improvements. The investment in the mixture of tools is not backed through a proposed productivity factor, which is detailed later in the document. The exclusion of a productivity factor suggests the investment in the system tools does not result in value returned to end consumers through a reduced / lower base operating cost. The investment in tools for overall efficiency is supported, the exclusion of any notable future benefits to end consumers is not supported.</p>
4.	Is there anything specific you would like to see detailed in our Regulatory Proposal related to forecast revenues, particularly in relation to corporate overheads?	<p>Jacana Energy would appreciate the detail or comments regarding comparative alternatives to the single-site property investment i.e. an alternative of leasing an asset. Page 15 of the Regulatory Proposal states that the main driver of expenditure is the shared corporate-related investments allocated to NTESMO's functions from Power and Water (72% of the forecast). The draft proposal does not provide enough information to determine if the investment would provide long-term value to NTESMO as a fit-for-purpose office space or if it represents an inefficient allocation for an asset that may not be fully utilised.</p> <p>Additional detail, as it becomes available, on the transition of NTESMO post-separation would be appreciated. This would cover the breakdown of corporate costs such as human resources, finance etc.</p> <p>It is noted in the draft regulatory proposal that overheads have continued to be allocated to each business unit within Power and Water in accordance with the AER approved Cost Allocation Methodology (CAM). In the Utilities Commission's approved final decision on the 2024-27 Review of System Control and Market Operator Charges,</p>

		Cambridge Economic Policy Associates (CEPA) noted that the AER approved cost allocation methodology requires update to reflect PWC's current business structure and new cost areas. Noting this feedback, has the CAM been updated to reflect the standalone NTESMO structure to ensure allocations are equitable?
Productivity Factor		
5.	Do you agree with our current proposal for the FY2028–32 productivity factor?	<p>Jacana Energy believes that a non-zero productivity factor should be considered to incentivise NTESMO to minimise operating expenditure over time. NTESMO is undertaking a vast amount of investment into systems, tools and people, and a non-zero productivity factor may encourage the realisation of the benefits from these investments.</p> <p>NTESMO has referenced three key reasons to support a productivity factor of zero, being:</p> <ol style="list-style-type: none"> 1. The scale of the Northern Territory electricity market and NTESMO 2. Changing operating environment 3. Northern Territory electricity market reforms <p>Jacana Energy believes that the matters raised in items 1 and 2 above do not adequately justify a productivity factor of zero as they appear 'business-as-usual' in nature for the industry that NTESMO operates within.</p> <p>Jacana Energy agrees that item 3, relating to the Northern Territory Electricity Market Reforms, is an external factor impacting NTESMO. Jacana Energy does not agree, however, that this alone justifies a productivity factor of zero across all OPEX. See Jacana Energy's response to question 6 below for further details.</p>
6.	Are there other jurisdictions, or approaches, NTESMO should review to inform its approach to proposing a productivity factor?	<p>NTESMO could explore with the Utilities Commission whether it be appropriate to ringfence costs relating to market reform and only apply a productivity factor to non-reform costs.</p> <p>NTESMO has noted that many of the costs of reform have not been considered within the revenue proposal as they cannot be quantified. Therefore, it may be appropriate to apply a productivity factor to the costs currently known as they are likely to be reflective of core operating costs.</p>
Performance Incentives		
7.	Do you agree with the KPIs we have proposed to monitor, the indicative targets, and the number of KPIs proposed?	No, refer to our response to question 8 below.
8.	Are there any further KPIs you see value in being included in the performance incentive framework?	<p>Jacana Energy would value the inclusion of cost effective KPIs that focus on economic, effective and efficient solutions. This could include a KPI that considers the risk-adjusted cost of electricity, to incentivise NTESMO to focus on economic dispatch.</p> <p>Jacana Energy notes that the KPIs only cover NTESMO's existing functions. It is unclear whether NTESMO's new functions have been considered when setting the KPIs. Jacana Energy recommends this be clarified within the proposal.</p>

Accommodating Reform		
9.	Do you have any questions regarding the impacts on NTESMO arising from the TEM reforms?	Jacana Energy would find it beneficial if both a pre and post reform business structure could be provided to support understanding the future operating model / size of NTESMO when compared to the pre-reform state.
10.	Do you have any suggestions on how NTESMO can accommodate the reform efficiently?	<p>Jacana Energy appreciates that there are uncertainties regarding the cost of market reform and that when NTESMO's revenue determination is approved, there will still be unknown market reform costs.</p> <p>It could be beneficial within the regulatory proposal to summarise the known and unknown costs of market reform, along with the expected timing for the unknown costs to be quantified. Any indication that can be provided for the unknown costs would be beneficial for market participants to understand what the future additional costs may look like.</p>
11.	Do you agree with the proposed approach to including reform costs in the Regulatory Proposal?	Jacana Energy agrees that reform costs should be included within the Regulatory Proposal. Our preference is that reform costs are ringfenced from other costs so that the cost of market reform is clear and transparent. Jacana Energy's preference would be recovery of market reform costs via fixed monthly invoices.
Tariff Structure		
12.	What are your preferences for the structure of the tariff?	<p>Jacana Energy's preference is for the tariff structure to remain in its current state as changing the structure would require implementation investment by retailers.</p> <p>However, we would support an alternative model if it was demonstrated that it results in a fairer and more equitable allocation of cost and that it does not expose retailers to cost recovery challenges. To this end, Jacana Energy does agree that the current method is flawed in that rooftop solar customers are not equitably charged for their network usage. However, we note the majority of rooftop solar comes from residential customers who fall under the Electricity Pricing Order (EPO), who receive a bundled rate based on their consumption. Under the current EPO, customers would not be impacted by an alternative charge approach, and this would only be noted in Community Service Obligation calculations.</p>
13.	Do you have any concerns about moving from a fully variable charge to recovering some or all NTESMO's costs using a fixed monthly charge applied to each connection point?	<p>Jacana Energy is concerned that a change in method will redistribute how costs are allocated between customers. In general, the current method sees higher users pay more and lower users pay less. Lower use customers that are subsequently charged more under a fixed monthly charge method are likely to react adversely to this change. Jacana Energy notes this is an issue for customers which see pass-through of market operator and system control charges (>750 MWh usage, Government customers etc.). Customers covered under the Electricity Pricing Order will not see a direct impact.</p> <p>The current proposal has not provided enough context to what a partially fixed tariff may look like in practice. Where NTESMO has stated it is "exploring options" there has not been enough definition of the percentage of revenue to be recovered via fixed and variable. This lack of granularity makes it difficult to respond with detail on the overall impact to end users. Jacana Energy encourages inclusion, in the next proposal, of comparative scenarios that model varying tariff structures and their impact to customers.</p>

Territory Dispatch Engine

14.	Do you have any questions on the implementation process and timeline?	Jacana Energy does not have any questions on the implementation process or timeline for the Territory Dispatch Engine (TDE).
15.	Do you have any feedback or suggestions as to how we could communicate implementation progress?	Jacana Energy welcomes progress updates on the implementation of TDE. Jacana Energy's only preference for the form of the update is that it is written (i.e. not a verbal update). An efficient way for NTESMO to communicate these updates could be via email, in which case Jacana Energy requests updates be sent to compliance@jacanaenergy.com.au .