

NORTHERN TERRITORY
ENERGY LOSS FACTORS
CODE

APRIL 2006



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ENERGY LOSS FACTORS CODE

This Energy Loss Factors Code is published by the Utilities Commission of the Northern Territory pursuant to section 24 of the Utilities Commission Act 2000 and is to take effect from 19 April 2006.

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Northern Territory Energy Loss Factors Code

1. Authority

- (a) This **Code** is made by the **Commission** under section 24 of the **Act** and in accordance with the authority granted to the **Commission** by, and as necessary or convenient to be done for or in connection with or incidental to the performance of its functions under:
 - (i) section 10 of the **Network Access Act**;
 - (ii) clause 82(2A) and Schedule 13 of the **Network Access Code**; and
 - (iii) section 6 of the **Act**.
- (b) In making this **Code**, the **Commission** has had regard to the matters listed in section 6(2) of the **Act**.

2. Application

This **Code** will apply to all **Regulated Electricity Entities** in the Northern Territory as and from the **Commencement Date**.

3. Objectives

The objectives of this **Code** are to:

- (a) establish the principles and procedures by which **Energy Loss Factors** are to be established and applied in the **Electricity Supply Industry** and **Electricity Networks Industry**;
- (b) provide for the calculation of **Energy Loss Factors** in place of the method of calculation set out in Schedule 13 of the **Network Access Code**;
- (c) develop, monitor and enforce compliance with procedures for the establishment and application of **Energy Loss Factors** by **Network Providers** in the Northern Territory; and
- (d) reflect the fact that there are a number of possible means by which **Energy Loss Factors** may be estimated or derived by a **Network Provider** and that in those circumstances the method presently prescribed by Schedule 13 of the **Network Access Code** may be inappropriate.

4. Approval by Commission of Energy Loss Factors

- 4.1 A **Network Provider** must within three months of the **Commencement Date** submit to the Commission for approval a draft **Calculation Methodology** for determining **Energy Loss Factors** for the financial year commencing 1 July 2006 and each year thereafter.
- 4.2 The draft **Calculation Methodology** submitted by a **Network Provider** under clause 4.1 must:
- (a) be consistent with the principles set out in Schedule 1 of this **Code**; and
 - (b) be developed in conjunction with the **Commission** so as to ensure that the final draft **Calculation Methodology** when submitted can be approved by the **Commission** without the need for substantial amendment.
- 4.3 The **Commission** will approve the draft **Calculation Methodology** submitted by a **Network Provider** under clause 4.1 unless, in the opinion of the **Commission**:
- (a) the draft **Calculation Methodology** does not comply with the principles set out in Schedules 1 of this **Code**; or
 - (b) is otherwise inconsistent with the matters referred to in section 6(2) of the **Act**.
- 4.4 The **Commission** may grant its approval of the draft **Calculation Methodology** submitted by a **Network Provider** under clause 4.1 subject to such conditions as the **Commission** considers are appropriate in the circumstances including conditions:
- (a) requiring that specific amendments be made to the draft **Calculation Methodology** submitted by the **Network Provider**;
 - (b) requiring resubmission of the **Calculation Methodology** for approval following any change to any applicable law affecting the **Energy Loss Factors** or when otherwise requested by the **Commission**; and
 - (c) requiring that the **Network Provider** report to the **Commission** concerning the implementation or application of the **Calculation Methodology** when requested by the **Commission**.
- 4.5 A **Network Provider** must comply with any **Calculation Methodology** or **Energy Loss Factors** approved by the **Commission** from time to time under clause 4 and any conditions attaching to the **Commission's** approval of the **Calculation Methodology** or those **Energy Loss Factors**.
- 4.6 If a **Network Provider**:
- (a) fails to submit any of the draft **Calculation Methodology** to the **Commission** within the time period specified in clause 4.1; or

- (b) submits a draft **Calculation Methodology** to the **Commission** which in the opinion of the Commission requires substantial amendment in order to be approved by the **Commission**,

the **Commission** may issue its own **Energy Loss Factors** which will be deemed for the purposes of this **Code** to be the **Energy Loss Factors** applying to that **Network Provider** until such time as an appropriate draft **Calculation Methodology** is submitted to the **Commission** and approved.

5. **Power System Controller**

- 5.1 The **Energy Loss Factors** determined by the **Network Provider** in accordance with the **Calculation Methodology** approved by the Commission under this **Code** or as issued by the Commission from time to time under this **Code** must be applied by the **Power System Controller** as the Commission's determination under clause 82(2A)(b) of the **Network Access Code**.

6. **Schedule 13 of Network Access Code**

- 6.1 For the avoidance of doubt, from the first day of the next financial year after the **Commencement Date** of this **Code**:
- (a) the steps for determining an energy loss factor for a connection point set out in Schedule 13 of the **Network Access Code** cease to have application;
 - (b) the procedures in this **Code** for determining an energy loss factor for network user take effect instead for the purposes of Schedule 13 of the **Network Access Code**; and
 - (c) for the purposes of clause 82(2A) of the **Network Access Code** network energy losses are not to be estimated in accordance with Schedule 13 of the **Network Access Code** by the **Network Provider** applying the steps set out in Schedule 13.

7. **Adding to or Amending this Code**

- 7.1 The **Commission** may at any time vary or revoke this **Code** (or any part of this **Code**) in accordance with section 24 of the **Act**.
- 7.2 A **Regulated Electricity Entity** may request that the **Commission** vary or revoke any part of this **Code** .
- 7.3 In deciding whether to vary or revoke this **Code** (or any part of this **Code**) under clauses 7.1 or 7.2, the **Commission** will have regard to matters considered by the **Commission** to be relevant including without limitation the matters listed in section 6(2) of the **Act**.
- 7.4 A **Regulated Electricity Entity** must comply with any additional or varied obligation imposed upon that **Regulated Electricity Entity** under this clause 7 as and from the date upon which that obligation takes effect under section 24 of the **Act**.

- 7.5 A notice in relation to a variation or revocation will have effect 30 days after the notice is given to the relevant **Regulated Electricity Entity** (or such later date as the **Commission** specifies in the notice).

8. Preservation of Other Obligations

Nothing in this **Code** will derogate from any other obligation imposed upon a **Regulated Electricity Entity** under the **Act**, the *Electricity Reform Act 2000*, the **Network Access Act** and the associated **Network Access Code**, any regulation made under those Acts, any condition of a licence issued to the **Regulated Electricity Entity** or any code or other determination made by the **Commission** under the **Act**.

9. Interpretation

- 9.1 In this **Code**, words appearing like **this** will have the meaning set out in clause 9.2.

- 9.2 In this **Code**, unless the contrary intention appears:

"**Act**" means the *Utilities Commission Act 2000*;

"**Calculation Methodology**" means the methodology by which the **Network Provider** determines **Energy Loss Factors** from time to time in accordance with this **Code**;

"**Commencement Date**" means the date set out in the notice published in the *Gazette* making this **Code** from which this **Code** will take effect;

"**Commission**" means the Utilities Commission of the Northern Territory established by the *Utilities Commission Act 2000*;

"**Code**" means this Energy Loss Factors Code;

"**Electricity Supply Industry**" means the industry involved in the generation, supply and sale of electricity or other operations of a kind prescribed by the *Electricity Reform (Administration) Regulations*;

"**Electricity Networks Industry**" means the industry relating to the electricity networks prescribed as covered by the **Network Access Code** by the Minister under the **Network Access Act**;

"**Energy Loss Factor**" means a factor for a network user or a group of similar network users for the estimation of transfer energy losses and network energy losses of the type described in Schedule 13 of the **Network Access Code**;

"**Network Access Act**" means the *Electricity Networks (Third Party Access) Act 2000*;

"**Network Access Code**" means the *Electricity Networks (Third Party Access) Code*, which is a schedule to the *Electricity Networks (Third Party Access) Act 2000*;

"**Network Provider**" means a network provider with a network licence in respect of an electricity network covered by the **Network Access Code**;

"**Power System Controller**" means the person licensed as system controller under Part 3 of the *Electricity Reform Act 2000* to exercise system control over a power system; and

"**Regulated Electricity Entity**" means a:

- (a) Power System Controller; or
- (b) Network Provider.

9.3 In this **Code**, unless the context otherwise requires:

- (a) if a term is defined in the **Act**, the **Network Access Act**, the **Network Access Code** or the *Electricity Reform Act 2000* and is not otherwise defined in clause 9.2, that term will have the same meaning as is given to that term under the **Act**, the **Network Access Act**, the **Network Access Code** or the *Electricity Reform Act 2000* as the case may be;
- (b) headings are for convenience only and do not affect the interpretation of this **Code**;
- (c) words importing the singular include the plural and vice versa;
- (d) words importing a gender include any gender;
- (e) an expression importing a natural person includes any company, partnership, trust, joint venture, association, corporation or other body corporate and any governmental agency and vice versa;
- (f) a reference to any thing includes a part of that thing;
- (g) a reference to a clause, Schedule or part of a clause or Schedule is a reference to a clause, Schedule or part of this **Code**;
- (h) a reference to any statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances or by-laws varying, consolidating, re-enacting, extending or replacing them and a reference to a statute includes all regulations, proclamations, ordinances, by-laws and determinations issued under that statute;
- (i) other parts of speech and grammatical forms of a word or phrase defined in this **Code** have a corresponding meaning;
- (j) mentioning an example or anything after the words “include”, “includes” or “including” will not limit what else might be included;
- (k) a period of time:
 - (i) which dates from a given day or the day of an act or event is to be calculated exclusive of that day; or
 - (ii) which commences on a given day or the day of an act or event is to be calculated inclusive of that day;
- (l) a reference to:
 - (i) a day is a reference to a period commencing immediately after midnight and ending the following midnight; and

- (ii) a month is a reference to a calendar month; and
- (m) a reference to an accounting term is to be interpreted in accordance with accounting standards under the *Corporations Law* and, if not inconsistent with those accounting terms, generally accepted principles and practices in use from time to time in Australia in the ***Electricity Supply Industry***.

9.4 Where this **Code** authorises the making of an instrument or decision:

- (a) the power includes the power to amend or repeal the instrument or decision; and
- (b) the power to amend or repeal the decision is exercisable in the same way, and subject to the same conditions, as the power to make the instrument or decision.

SCHEDULE 1

Methodology to Determine Energy Loss Factors

1. Methodology adopted by Network Provider

1.1 The methodology adopted by the **Network Provider** to calculate **Energy Loss Factors** and the discretions and judgments exercised by the **Network Provider** when applying the methodology:

- (a) must be reasonable, and result in loss factors that are reasonable including, without limitation, by:
 - (i) involving the estimation of energy losses on a basis that does not assume the associated load is physically supplied with electricity generated from the associated generator;
 - (ii) being forward looking in nature;
 - (iii) being capable of approximating actual losses if assumed conditions ultimately were to eventuate during the period of operation of the loss factors;
 - (iv) not giving rise to any material cumulative under or over estimation of actual energy losses over time; and
 - (v) being competitively neutral in their effect upon different licensed retailers (and types of retail operations), upon different licensed generators (and types of generation options), and upon different types of end-users of electricity in the Northern Territory;

and

- (b) must otherwise:
 - (i) use information that:
 - (A) is reliable in nature, where information corresponds as closely as is reasonable in the circumstances with actual operations and events;
 - (B) is capable of independent verification; and
 - (C) is reasonably free from error and bias;
 - (ii) be consistent with objects of the **Network Access Code** and **Act**;

- (iii) conform with applicable *good electricity industry practice*, applicable general electricity industry practice, and relevant methodologies used among a significant proportion of operators of comparable facilities in the electricity supply industry in Australia.