

Introduction of a ministerial code-making power

The Northern Territory Government is introducing a legislative power for the Minister to directly initiate and implement strategic energy policy reform where changes to the System Control Technical Code and Network Technical Code and Planning Criteria are required.

Background

The Northern Territory electricity supply industry is undergoing a significant transition and reform is required to facilitate increased market entrants and emerging technologies that will support the Government's target of 50 per cent renewable energy by 2030 while maintaining secure, reliable and least-cost electricity for consumers and taxpayers.

The Government is currently progressing the Northern Territory Electricity Market (NTEM) Priority Reform Program which will facilitate the achievement of the Government's target of 50 per cent renewables by 2030.

The implementation of the NTEM Priority Reform Program will require amendments to the technical codes (the System Control Technical Code; and the Network Technical Code and Planning Criteria) made under the *Electricity Reform Act 2000*.

Current Arrangements

The current processes for making and amending the technical codes, are set out in the *Electricity Reform Act 2000* and the *Electricity Reform (Administration) Regulations 2000*. In summary:

- Revisions to the System Control Technical Code are prepared by the system controller and approved by the Utilities Commission
- Revisions to the Network Technical Code and Planning Criteria are prepared by the network

provider and altered or amended as directed by the Utilities Commission.

Issue

As is common to electricity markets, ongoing reform of the Territory's electricity market arrangements will be required to ensure they are fit for purpose over time. As these reforms are developed, an efficient, accountable and transparent process for implementing these reforms is essential to provide certainty to industry regarding Government's direction and vision for the Territory's electricity industry.

The current process initiated by the system controller/network provider with approval by the Utilities Commission is not suited to implementing wide-ranging market reform driven by the Government's strategic energy policy. At present, there is no direct mechanism for Government to implement strategic energy policy which involves amendments to the technical codes.

To ensure regulatory changes can be made in a timely, transparent and accountable manner, the Government is introducing a temporary power for the Minister to amend the technical codes to directly implement strategic energy policy reforms.

Interaction with Current Process

The Ministerial code-making power will operate in addition to the current process. In general, it is intended that the Ministerial code-making

process will be used to implement strategic energy policy, such as the NTEM Priority Reform Program, with business as usual matters to be progressed under the current code-making process.

The Ministerial code-making power is designed as an interim measure. The power is subject to a sunset clause of five years to provide sufficient time to implement the planned market reforms while rule-making governance is reviewed as part of the Territory's ongoing adoption of the National Electricity Rules (including the interaction of the Ministerial power with the current code-change process).

Framework for Ministerial Power

Policy Development Phase

Policy development will continue to be undertaken by Government in consultation with all relevant stakeholders, including the system controller and network provider.

Code-making Phase

The Government will be responsible for developing code changes that will be made using the Ministerial code-making power. The Minister will have a discretionary power to require the system controller or network provider to provide technical advice as required and to draft code changes to give effect to Government policy.

The Minister will be required to ensure that consultation is undertaken on draft code amendments with affected electricity market participants, including with the system controller and/or network provider and the Utilities Commission. To avoid duplicating consultation processes and placing undue consultation burden on the electricity industry, the Minister may consider consultation conducted during the policy development stage in determining whether the consultation requirements have been satisfied.

The Minister will make or amend the technical codes by publication of a notice in the *Gazette*.

Publication Phase

The Minister will be required to provide the Utilities Commission, and system controller or network provider (as applicable), with a copy of a revised code.

Reflecting current practice, the system controller and network provider will be required to publish the current version of the respective technical codes on their website.

Benefits of Ministerial Power

The Ministerial code-making will complement the existing code-change process and allow Government to directly initiate and implement strategic energy policy which involves changes to technical codes. The power will provide:

- A more efficient and accountable process for Government to initiate and control the implementation of code changes
- Greater transparency of Government's role in delivering strategic energy policy and market reform
- Greater certainty in the policy implementation process with Ministerial or Cabinet approved policy not subject to a subsequent approval process with different assessment criteria
- A streamlined code-making process including a flexible approach to consultation, reducing the consultation burden on the electricity industry and recognising that substantial stakeholder engagement may occur during the policy development phase
- Adding a layer of independence to the implementation of the NTEM Priority Reform Program, allowing the Minister, and not the system controller and network provider, to make the necessary regulatory changes.

Feedback

Any comments on the Ministerial code-making power should be emailed to electricityreform@nt.gov.au.

For more information on the NTEM Priority Reform Program, go to the [Department of Industry, Tourism and Trade website](#)¹.

• ¹ <https://industry.nt.gov.au/reforms/northern-territory-electricity-market-priority-reform-program>