

Power and Water Corporation request for replacement Framework and Approach paper – 2029–34 regulatory period

October 2026

PowerWater

Contents

1.	**Introduction**	**3**
1.1.	Unique operating environment of the Northern Territory	3
1.2.	The energy transition	5
	1.2.1. Recent regulatory changes	5
	1.2.2. Evolving nature of network services	5
1.3.	Request for a revised Framework and Approach paper	6
2.	**Classification of services**	**7**
2.1.	Public lighting	7
2.2.	Emerging services	8
	2.2.1. Electric vehicle charging infrastructure (EVCI)	8
	2.2.2. Distribution system operator services	9
	2.2.3. Data centre connections	11
3.	**Control mechanisms**	**13**
3.1.	Revenue cap for standard control services	13
3.2.	Price cap for alternative control services	14
4.	**Incentive schemes**	**15**
4.1.	STPIS	15
4.2.	CSIS	16
4.3.	ESIS	16
5.	**Dual function assets**	**17**

Acknowledgement of Country

Power and Water respectfully and proudly acknowledges the Traditional Custodians of the lands on which we work and live and their ongoing role in managing the lands and waters we depend on. We honour Elders past, present and future, and our youth, who maintain strong cultural and spiritual connection to Country.

1. Introduction

Power and Water Corporation is a government-owned utility that provides electricity, water and sewerage services across the Northern Territory. This request for a replacement Framework and Approach (F&A) relates to Power and Water's electricity network services regulated by the Australian Energy Regulator (AER), comprising the Darwin-Katherine, Alice Springs and Tennant Creek electricity networks.

Since the publication of the 2024–29 F&A paper in July 2022, regulatory expectations, customer needs and network operating requirements have continued to evolve. It is timely to review and amend the F&A to ensure it remains fit-for-purpose and supports the unique needs of Territorians.

1.1. Unique operating environment of the Northern Territory

The Northern Territory's regulated electricity networks operate in conditions that differ significantly from those in other Australian jurisdictions. Each of the systems in Darwin-Katherine, Alice Springs and Tennant Creek, operate as a standalone power system without physical interconnection to neighbouring jurisdictions. These systems serve customers across a vast geographic area characterised by dispersed populations and long distances between communities, as illustrated in **Figure 1**.

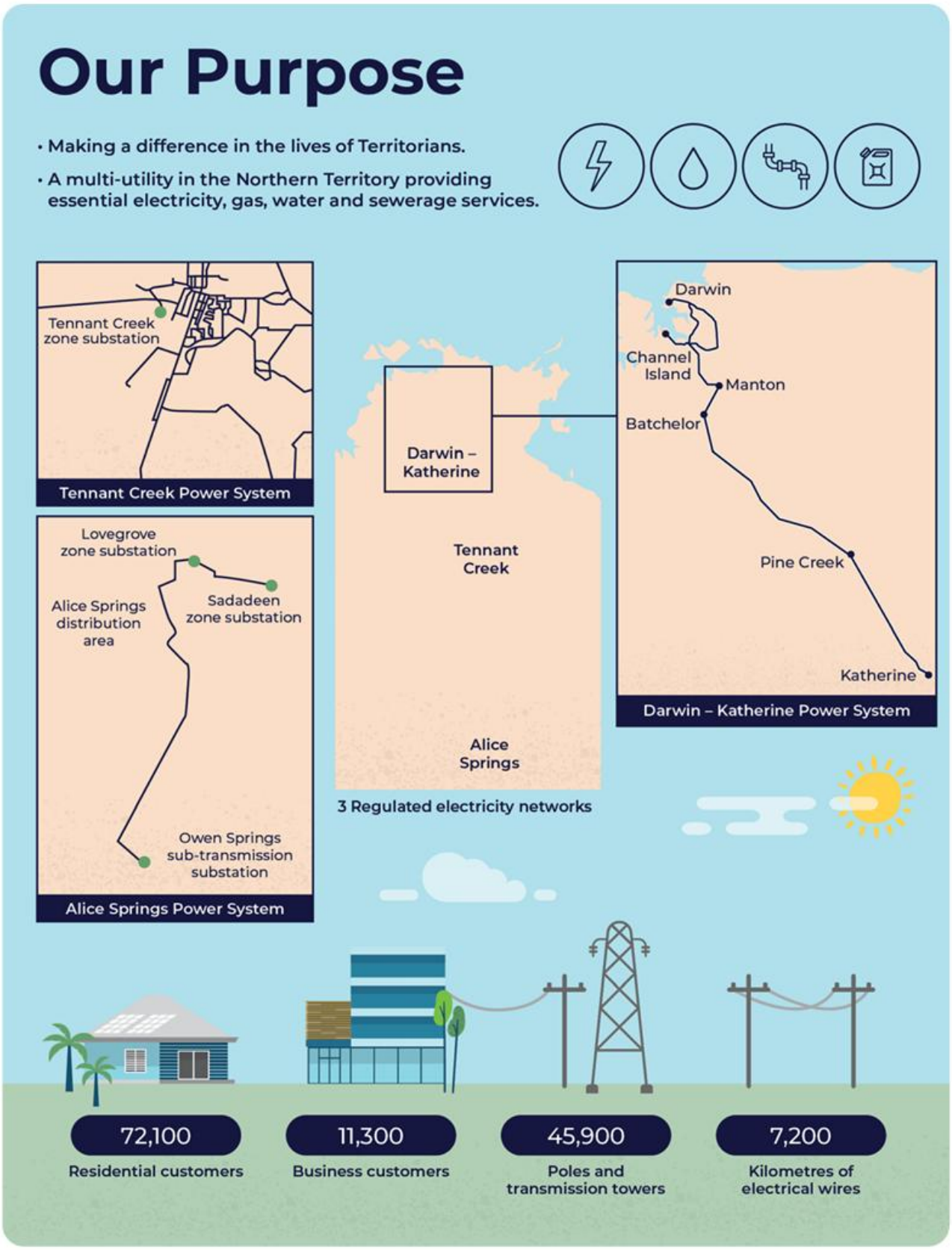
Like network businesses across Australia, Power and Water is responding to significant changes in the energy sector. Customer expectations are evolving, consumer energy resources (CER) are becoming more prevalent, digital technologies are reshaping service delivery, and the transition to lower-emissions energy systems is driving new investment and operational requirements. These trends are transforming electricity networks nationally and are increasingly shaping the future of the Territory’s power systems.

The Territory's geographic, demographic and climatic conditions influence how these changes emerge and the pace at which solutions can be implemented. Power and Water’s relatively small and dispersed customer base limits opportunities to spread fixed costs, while the distances between communities increase the cost of building, maintaining and replacing network infrastructure. In isolated power systems, maintaining reliability and resilience also requires a greater reliance on local capability and locally available resources.

These characteristics do not alter the fundamental objectives shared by network businesses across Australia: delivering safe, reliable and affordable electricity services while supporting economic development and the energy transition. They do, however, affect the efficient pathways through which those objectives are achieved.

Power and Water is committed to supporting the Territory's growth and prosperity by investing in a network that is reliable, flexible and increasingly data-enabled.

Figure 1: Power and Water's regulated electricity networks



1.2. The energy transition

Australia's energy transition is accelerating changes in customer behaviours, market dynamics and regulatory expectations as we transition towards a net-zero future. The technological transition is increasing electricity demand and enabling the network visibility needed to manage greater two-way energy flows from the increase in electric vehicles and rooftop solar. As a result, the role of distribution network service providers (DNSPs) is also changing as the energy system becomes increasingly decentralised and customer participation grows.

1.2.1. Recent regulatory changes

In June 2026, the Australian Energy Market Commission (AEMC) commenced with foundational regulatory reform for electricity network regulation through the Electricity Network Regulation Review that is examining the boundary of regulation across 2 central packages of work:

- Package 1 will examine service classification, the ring-fencing framework in emerging energy markets, cost allocation and shared asset frameworks with key policy principles expected by the end of 2026.
- Package 2 will investigate whether changes are needed in the revenue determination process, incentives and risk allocation and compensation.

The AER has also been refining guidance and introducing changes to the regulatory landscape. Examples include:

- amendments to key incentive schemes (2023 and 2025)
- introduction of the Export Service Incentive Scheme (2023)
- amendments to the Expenditure Forecast Assessment Guideline (2024)
- the release of version 4 of the ring-fencing guidelines for electricity distribution (2025)
- the development of the AER network resilience guidelines (draft guidelines released in September 2026).

Although Power and Water is on a different transition trajectory than the National Electricity Market (NEM), it welcomes the important work being undertaken to investigate the regulatory framework and continue to ensure it remains fit-for-purpose as the energy transition continues to drive emerging system needs. Networks need to have the flexibility and the incentives to respond to these needs appropriately.

1.2.2. Evolving nature of network services

The role of DNSPs is broadening as CER, system complexity and electrification continue to accelerate. In December 2025, the Commonwealth Department of Climate Change, Energy, the Environment and Water Consumer Energy Resources Taskforce recommended to Energy Ministers the formalisation of DNSPs as Distribution System Operators (DSOs)1. This potential reform would involve expanding network

[1] Department of Climate Change, Energy, the Environment and Water, *Redefining roles and responsibilities for power system and for market and power system and market operations in a high CER future – Final advice to Ministers to progress M3/P5 priority of the National CER Roadmap,* 2025 https://www.energy.gov.au/sites/default/files/2025-12/Redefining%20roles%20and%20responsibilites%20for%20power%20system%20and%20market%20operations%20in%20a%20high%20CER%20future%20-%20final%20report.pdf.

responsibilities to include active system management, enabling CER flexibility and integrated distribution planning.

This represents a significant evolution in the role of network businesses and their interaction with customers and market participants. Network businesses will play a more active role in managing increasingly dynamic and decentralised energy systems. They will be required to continue to improve monitoring and operational capabilities to maintain network security and support efficient network use. It is understood that the NEM DNSPs will be first movers in the transition to DSO. Power and Water however, remains committed to enabling CER and modernising the networks, and this submission includes support for DSO measures.

1.3. Request for a revised Framework and Approach paper

Power and Water requests a replacement F&A for 2029–34 to reflect these changes and support the future needs of Territorians. This document sets out our proposed changes, including those which result from the evolving nature of energy services and the unique characteristics of the Northern Territory market and our operating environment. It also outlines our views on implementing the revised service classifications and incentive schemes to support efficient service delivery and customer benefit.

We look forward to continuing to engage with both the AER and consumers on these issues over the coming months.

2. Classification of services

We have reviewed our existing service classifications to assess whether they remain responsive to the needs of our customers, the needs of a rapidly evolving energy sector, and our operating environment. In response, Power and Water:

- is not proposing any amendments to our existing services groups, services or service definitions
- is proposing two new service groups (and related services) for the 2029–34 regulatory period.

In determining whether new service groups are warranted, Power and Water has considered both what may be required at the beginning of the next regulatory period and what may evolve over the course of the regulatory period. We are seeking a regulatory framework that can respond to emerging services and changing customer needs. Other considerations included the current regulatory framework, recent AER and AEMC reforms, regulatory precedents in other jurisdictions and developments in competitive and contestable service markets.

Accordingly, Power and Water proposes the following service groups and services to meet these emerging functions and the growing needs of Northern Territorians:

1. Public lighting in Alice Springs as an alternative control service group.
2. Emerging services:
   a) Access to DNSP-owned Electric Vehicle Charging infrastructure as a standard control service.
   b) DSO services as standard control service.
   c) Data centre connections as an alternative control service.

Power and Water will engage with customers and the AER over the coming months on the proposed service groups and services. We appreciate that these initial positions may need to continue to evolve as this engagement occurs and the respective regulatory reforms progress.

2.1. Public lighting

Power and Water proposes public lighting in Alice Springs to be introduced as a separate alternative control service (ACS) group because it is a distinct customer-funded service that is delivered, charged and regulated differently from core network services. The transfer of responsibility for the repair and maintenance of street lighting to Alice Springs Town Council did not take place from January 2018 as it has for other Northern Territory local governments. Power and Water continues to maintain and repair lighting in Alice Springs and is proposing a targeted, regional ACS for the Alice Springs Town Council.

This approach is consistent with the treatment of public lighting as an ACS under the AER Service Classification Guideline. Under this classification arrangement, local councils that choose for DNSPs to have responsibility for public lighting are subject to pricing arrangements. As an ACS, public lighting is assessed separately from standard control services (SCS), with dedicated pricing, cost reporting and performance monitoring. A separate public lighting asset base can be established to transparently account for lighting-related capital expenditure, depreciation and regulated returns, while operating expenditure covers maintenance, inspections, fault repairs and allocated overheads. This enables costs to be recovered through specific per-luminaire tariffs rather than through the revenue cap.

Power and Water's consultation with Alice Springs Town Council on this proposal is continuing. Creating public lighting in Alice Springs as a separate service group would align Power and Water's service classification framework with the AER's Service Classification Guideline and prevailing practice across other distribution businesses. It would ensure that costs of providing the service are transparent to parties benefiting from the service and provide a clear and consistent framework for future investment, pricing and performance reporting.

2.2. Emerging services

Existing service classifications were largely developed for a traditional network service model and may not fully reflect the requirements of the future environment that will require more coordination, visibility and integration to meet the energy transition landscape and customer requirements. It is important to evolve the framework to support the emerging needs where their scope and regulatory treatment are still developing. Whether driven by the growing use of electric vehicles, increasing electricity demand from data centres or greater integration of consumer energy resources, DNSPs need a flexible regulatory environment to evolve with these changes to continue to meet customer expectations as Australia collectively steps towards net-zero.

2.2.1. Electric vehicle charging infrastructure (EVCI)

Power and Water proposes a new DNSP-Owned Electric Vehicle (EV) Charging Infrastructure service to support transport electrification in areas where market-led investment may not efficiently deliver required charging outcomes. Delivering EV charging infrastructure is a critical component to unlocking EV uptake, and Power and Water's view is that there is a targeted role for DNSPs to support this rollout.

The Northern Territory presents a unique operating environment characterised by sparse charger coverage, long travel corridors, freight routes, and higher infrastructure delivery costs. The Northern Territory's travel corridors create unique accessibility challenges for EV users that are not typically experienced in more densely populated jurisdictions. Significant distances between population centres increase the number of charging locations required to provide reliable network coverage, while lower utilisation rates in regional areas can weaken the commercial case for private investment. As a result, strategic deployment of charging infrastructure may be required to support regional connectivity, while enabling equitable access to transport electrification across the Territory.

While EV uptake in the Territory remains at an early stage, it is continuing to grow with 2,350 registered EVs in the Northern Territory as of August 2026, which is an increase of more than 50% from 2025[2], signalling the potential for strong growth in the coming years. It is important that Power and Water is prepared to support the need to step in to deliver EV charging infrastructure where it is needed but the market conditions are not delivering it. Creating a new service group will provide Power and Water with this flexibility.

The AEMC is considering implementing regulatory changes to accelerate the rollout of EV charging infrastructure, and in September 2026 released a time-bound, specific draft rule to remove barriers preventing DNSPs from providing these services to allow for participation in the Commonwealth

[2] Department of Logistics and Infrastructure. *Electric vehicle strategy and implementation plan*. https://dli.nt.gov.au/strategies/electric-vehicle.

Government's Accelerating EV Charging Program[3]. The AEMC is also currently considering additional rule changes on this issue for the longer term, in response to rule change requests from Energy Networks Australia[4] and Nexa Advisory[5]. The AEMC has indicated a final determination on EV charging infrastructure is expected by the end of 2026.

Power and Water is proposing that access to DNSP-owned EV charging infrastructure be classified as a SCS where the infrastructure is developed to deliver broad network and customer benefits. This approach recognises that the service would support system-wide policy objectives and provide benefits that extend beyond individual users of charging infrastructure. Potential activities include:

- pole-mounted EV charging infrastructure
- kerbside charging infrastructure, network connection and energisation
- asset hosting on existing network infrastructure
- communications and monitoring systems
- charger maintenance
- capacity management and network integration
- access arrangements for retailers and charge point operators.

By introducing this service, we would help meet future customer demand arising from EV uptake and ensure equitable access to EV charging infrastructure, including regional areas within long travel corridors. Strategically deployed DNSP-owned charging infrastructure would improve charger availability and increase utilisation of existing network capacity and infrastructure.

2.2.2. Distribution system operator services

Power and Water proposes a new Distribution System Operator service to meet the evolving requirements as DNSPs transition to DSO responsibilities.

We will take a considered approach grounded in customer engagement and focused on delivering customer value while maintaining affordability and reliability in determining how and when Power and Water transitions from a DNSP to a DSO.

To prepare for the transition to a DSO environment, Power and Water considers that additional service classifications may be required to support operational visibility, connection management, network coordination, active network management, CER integration, coordination of emerging demand sources and other system operation functions associated with the evolving role of distribution networks. Future network services will increasingly need to focus on system orchestration and customer integration, rather than solely the provision of physical network infrastructure. We consider it vital that the regulatory framework retains flexibility to recognise and accommodate these new activities under a new DSO service.

[3] AEMC (2026). *Facilitating EV charging infrastructure rollout under Commonwealth grants*. *https://www.aemc.gov.au/rule-changes/facilitating-ev-charging-infrastructure-rollout-under-commonwealth-grants*
[4] AEMC (2026). *Enabling distribution network service provider led electric vehicle charging infrastructure*. *https://www.aemc.gov.au/rule-changes/enabling-distribution-network-service-provider-led-electric-vehicle-charging-infrastructure*
[5] AEMC (2026). *Clarifying distribution ring fencing in emerging energy markets*. https://www.aemc.gov.au/rule-changes/clarifying-distribution-ring-fencing-emerging-energy-markets

There is a significant package of regulatory reform underway to formalise DNSPs as DSOs, including setting the expectations and boundaries, reflecting the changing role requirements in managing a dynamic, complex two-way electricity flow that is driven by CER integration. The energy transition is reshaping the expectations placed on network operators. In addition to maintaining safe and reliable network services, DNSPs are increasingly required to actively coordinate CER, manage system constraints and support greater flexibility across the network. These emerging responsibilities are particularly important in the Northern Territory, where isolated power systems have limited ability to draw on neighbouring networks to balance fluctuations in demand and generation.

At the same time, our ageing infrastructure and information and communications technology systems were largely designed for a more centrally generated electricity system. Supporting higher levels of CER integration will require continued investment in network visibility, operational technology, digital capabilities and system intelligence to enable real-time monitoring, forecasting and management of network conditions.

In response, we are evolving our network planning, operational frameworks and customer service models to support the transition towards a more distributed energy future. We are investing in smarter systems and organisational change to allow us to meet new demands in our network services and future DSO requirements and responsibilities. This includes:

- low-voltage network visibility projects
- state estimation and constraint calculation
- supporting future dynamic operating envelopes (DOE) implementation
- communications with CER
- flexible exports program
- improved CER registers and connection arrangements.

Power and Water's shift from DNSP to a full DSO will be staged and proportionate to the development of capability. However, it is important to provide the regulatory framework to support that evolution, especially as the services set out in the next Framework and Approach will need to be appropriate as we enter the 2030s.

We consider it important to plan for the potential evolution of services and capabilities now, recognising that we may begin transitioning towards a DSO framework at some point during the 2029–34 period. The Framework and Approach paper established for the next regulatory period must provide flexibility and readiness as regulatory and market arrangements continue to accelerate.

The creation of a new service can enable networks to deliver additional customer value. Power and Water proposes that these services be classified as SCS because they provide system-wide benefits, support network security and reliability, and are delivered for the benefit of all customers rather than a discrete customer group. Potential activities may include:

- DER visibility services and dispatch coordination
- network hosting capacity management
- flexible export management
- dynamic operating envelopes
- system security coordination.

We will continue to engage with customers and the AER on how best to define the activities of this proposed new service that provide the regulatory flexibility required to manage the uncertainty of the pace of change and reflect the expectations of Power and Water's customers for us to continue to support CER integration.

2.2.3. Data centre connections

Power and Water proposes a new Data Centre Connections service to meet the unique connection requirements that arise with the proliferation of data centres.

While the Northern Territory currently hosts a small number of operating data centres, 12 large-scale and hyperscale project investors are engaging with the Northern Territory Government. Darwin's world-first major hyperscale data centre known as D1 Darwin by NEXTDC has a 7–8MW capacity[6], offers national and international data connectivity, signalling high load demands due to cooling requirements alongside technological services. The Government has also identified the digital economy as a strategic growth sector and is forecasting up to $2 billion in technology investment by 2030.[7] As these bespoke connections increase in scale and complexity, they may create connection and load-management challenges if they connect to one of Power and Water's 3 regulated electricity networks rather than using dedicated standalone generation

Existing service classifications were largely developed around traditional customer connection and network usage patterns. The emergence of large-scale data centres introduces a different set of operational considerations, including concentrated load growth, higher connection capacity requirements, and more dynamic load management needs. In the Northern Territory, these challenges are amplified by isolated power systems with limited ability to draw on neighbouring networks for support.

As a result, our current service classifications may not fully reflect the complexity, risk profile and investment requirements associated with enabling new data centre connections while maintaining reliability and affordability for all customers. As Power and Water prepares for the 2029–34 regulatory period, there is an opportunity to consider a dedicated Data Centre Connections service to provide an appropriate mechanism to accommodate the unique connection requirements of data centres and allocate costs fairly.

In September 2026, the AEMC published a consultation on two rule change requests to ensure data centres and other bespoke large loads properly contribute to the costs they cause or accelerate when connecting to the electricity network[8]. The AEMC's final determination is expected in mid-2027. For Power and Water, this is particularly relevant given the Northern Territory Government's ambitions to attract hyperscale data centre investment and the increasing scale of proposed connections.

[6] NEXTDC (2023). *NEXTDC breaks ground on $80 million Data Centre, D1 Darwin*. https://www.nextdc.com/news/breaks-ground-data-centre-d1-darwin

[7] Department of Trade, Business and Asian Relations, Northern Territory Government (2025). *Northern Territory Digital Industry: Interim Report*, 2025, https://dtbar.nt.gov.au/__data/assets/pdf_file/0008/1565783/nt-digital-industry-interim-report-2025.pdf

[8] AEMC (2026). *Cost recovery for network augmentations – Package 1*. https://www.aemc.gov.au/rule-changes/cost-recovery-network-augmentations-package-1

As data centre developments may require bespoke connection assets, dedicated network augmentations and network capacity upgrades, the rule change reinforces the principle that these costs should be transparently attributed to the customers benefiting from the service rather than socialised across the broader customer base. This supports consideration of a dedicated Data Centre Connections service, providing a clear regulatory framework for assessing connection requests, recovering augmentation costs and managing future large-load developments.

Power and Water proposes that Data Centre Connections be classified as an ACS because the service is customer-specific, discretionary in nature, and the associated costs can be directly attributed to the individual data centre customer rather than being shared across the broader customer base. The service would support the connection of large-scale and hyperscale data centres with unique technical and load requirements, ensuring that the costs of bespoke connection works are recovered from the beneficiaries of the service and avoiding cross-subsidisation by other network users.

Proposed activities may include:

- connection application assessment and feasibility studies
- network impact, load and power quality assessments
- design and delivery of dedicated connection assets and network augmentations
- capacity reservation and connection management services
- ongoing monitoring and operational support for high-load customers.

3. Control mechanisms

Power and Water's view is that the forms of control applied in the current period should continue to apply for the 2029–34 regulatory period. Other than the inclusion of public lighting in Alice Springs as a new ACS service group (refer to section 2.1), Power and Water has not identified any material changes in circumstances that would necessitate a departure from the current position, as set out in **Table 1**.

Table 1: Form of control by service category

Service category	2024–29 Form of control	Proposed 2029–34 form of control (initial view)
Standard control services (including common distribution services, basic connection services and Type 7 metering services)	Revenue cap	Revenue cap
Alternative control services – metering services	Price cap	Price cap
Alternative control services – fee-based services	Price cap	Price cap
Alternative control services – quoted services	Price cap	Price cap
Alternative control services – public lighting	N/A	Price cap

3.1. Revenue cap for standard control services

Power and Water currently operates under a revenue cap for its SCS and proposes retaining the existing formula for the 2029–34 regulatory period.

A revenue cap allows Power and Water to recover its approved revenue requirement despite fluctuations in electricity demand. Where demand is below forecast, tariffs may be adjusted in later years to recover the shortfall; where demand is above forecast, future tariffs are reduced to account for over-recovery. This reduces revenue uncertainty and supports efficient investment and long-term planning. It is particularly appropriate in the Northern Territory, where electricity consumption can vary significantly due to:

- a small customer base dispersed across a vast geographic area
- a limited number of large industrial and commercial customers
- weather-driven demand fluctuations arising from extreme climatic conditions
- economic volatility associated with mining, resources and other cyclical industries.

By contrast, under a price cap, demand shocks could materially affect Power and Water’s recovery of efficient costs creating revenue instability and weakening investment incentives. A revenue cap mitigates this risk by decoupling revenue recovery from the volume of electricity transported through the network.

The Northern Territory's isolated power systems also lack the customer and load diversity that characterises larger interconnected networks. Consequently, changes in individual customer demand can have a proportionately larger impact on network utilisation and revenue outcomes. A revenue cap therefore provides a more stable and predictable regulatory framework.

Power and Water considers a revenue cap with a weighted average cost of capital (WACC)-adjusted B-factor as the most appropriate control mechanism for the 2029–34 regulatory period. Currently, other DNSPs, including Power and Water, have applied WACC to unders-and-overs balances and other true-up adjustments to account for the time value of money. This ensures customers and the network business are financially neutral when regulatory adjustments are carried forward between years and promotes fair recovery of the AER-approved revenue allowance.

We consider that the inclusion of a WACC-adjusted B-factor is particularly important in the Northern Territory given the distinctive characteristics of its electricity network and customer base. While a revenue cap provides protection against volume risk, it does not eliminate the timing differences that arise between the recovery of approved revenues and actual revenues collected from customers. These timing differences can become more pronounced in the Northern Territory due to the scale and variability of the market. Unlike larger interconnected distribution networks, the Northern Territory electricity system serves a relatively small customer base dispersed across vast geographic distances. The network is therefore more exposed to changes in consumption patterns from a small number of large customers, major industrial developments, mining operations and other resource-sector activity. Relatively modest changes in load can result in material revenue under-or over-recoveries that must be reconciled in subsequent years.

In this environment, the B-factor plays an important role in maintaining the integrity of the revenue cap framework. Applying the approved WACC to under-and over-recovery balances ensures that the value of deferred revenue adjustments is preserved until they are returned to or recovered from customers. A WACC-adjusted B-factor therefore promotes financial neutrality by ensuring neither Power and Water nor our customers experience gains or losses solely as a consequence of the timing of revenue recovery. This is consistent with the broader building block framework, which recognises the cost of capital associated with financing efficient network investments and working capital requirements.

3.2. Price cap for alternative control services

Power and Water currently operates under a price cap for its ACS. Power and Water is not proposing changes to the price cap formula for the 2029–34 regulatory period.

4. Incentive schemes

Power and Water currently operates under the following incentive schemes:

- Efficiency Benefit Sharing Scheme (EBSS)
- Capital Expenditure Sharing Scheme (CESS)
- Demand Management Incentive Scheme (DMIS)
- Demand Management Innovation Allowance Mechanism (DMIAM)

These schemes encourage efficient expenditure, support innovation and promote the consideration of non-network solutions that deliver value for customers.

The following incentive schemes were not applied to Power and Water's current regulatory period:

- Service Target Performance Incentive Scheme (STPIS)
- Customer Service Incentive Scheme (CSIS)

The Export Service Incentive Scheme (ESIS) was introduced after Power and Water submitted its Regulatory Proposal for the current period.

4.1. STPIS

The Service Target Performance Incentive Scheme (STPIS) was not applied to Power and Water for the current regulatory period as it was accepted that our systems and data collection were not at a level of maturity to accurately report many of the service performance measures applying under the scheme.

Power and Water:

- currently reports reliability performance to the Utilities Commission against performance targets established under the Northern Territory Electricity Industry Performance (EIP) Code. The following reliability indices are reported:
    - System Average Interruption Duration Index (SAIDI)
    - System Average Interruption Frequency Index (SAIFI)
    - Call centre performance data

    Our historical reliability performance has generally been strong against EIP Code targets. In 2024-25, Power and Water recorded improved SAIDI performance driven by strategic feeder upgrades, enhanced reporting practices and favourable weather conditions.
- commenced reporting reliability measures to the AER through in the current regulatory period through its annual Regulatory Information Notice responses, providing a foundation for the development of future performance targets and potential participation in the scheme.

We recognise that STPIS is a logical next step in strengthening Power and Water's performance and accountability framework. We request the AER, as part of its consideration of Power and Water transitioning to a STPIS scheme for the 2029–34 regulatory period, to take into account the existing performance targets and measures under the EIP Code, to ensure alignment of performance incentives and to mitigate the administrative burden of reporting against two schemes.

4.2. CSIS

Power and Water did not seek to apply the CSIS to the current regulatory period as we had yet to implement the existing suite of incentive schemes.

Power and Water is not proposing to apply the CSIS to the 2029–34 regulatory period. We will use this period to engage with customers to better understand the customer service outcomes that they see as important, the performance measures that would support those priorities and the data required to evidence performance and continuous improvement. This will support us to ensure that any future application of CSIS is well-designed, supportable, and aligned to Territorians' service priorities.

4.3. ESIS

Power and Water does not propose applying the ESIS in the 2029–34 regulatory period.

Although export services may become increasingly relevant as CER uptake grows, Power and Water considers that export markets and customer participation must mature further before the ESIS is appropriate for the Northern Territory. Further maturity is also needed to establish the evidence-based performance data required to design a scheme reflecting Power and Water's network circumstances, customer preferences and appropriate performance measures.

5. Dual function assets

Dual function assets are high-voltage transmission assets forming part of a distribution network.

The *National Electricity (Northern Territory) (National Uniform Legislation) Act* 2015 deems all of Power and Water's high voltage transmission assets to be part of its distribution system.