

Our Ref: N05.17.07

21th April, 2017

Mr. Chris Pattas
General Manager, Network Regulation
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001
c/o AERInquiry@ aer.gov.au

Dear Mr Pattas,

Re: Submission on the 2019-24 NSW Framework & Approach – Public Lighting

Thank you for the opportunity to provide feedback to the Preliminary NSW Framework & Approach for DNSP pricing in the 2019-2024 period.

The Western Sydney Regional Organisation of Councils (WSROC) represents nine councils in Western Sydney. WSROC provides a strong voice for the 1.8 million people that call Western Sydney home. The organisation has a reputation for considered policy analysis and advocacy on a wide range of issues affecting the residents of Western Sydney in order to improve our residents' quality of life.

WSROC also manages a number of projects, which are either funded jointly by its members or from external sources. One of these projects is our Light Years Ahead program, which is a public street light replacement program.

Public lighting is an essential public service which councils are legally responsible for providing to the community under the Roads Act (NSW) 1993 and Local Government Act (NSW) 1993. Street lighting infrastructure and electricity supply is provided by three NSW electricity distribution network service providers (DNSPs); Ausgrid, Endeavour Energy and Essential Energy. WSROC councils are mainly serviced by Endeavour Energy.

WSROC is supportive of the SSROC submission which addresses similar issues WSROC councils face. Our Western Sydney councils are concerned predominantly with the current state of public street lighting in NSW. Our key recommendations are outlined below:

1. Public lighting to continue to be regulated by the AER

Public lighting in NSW is currently an effective monopoly of the NSW DNSPs and the prospects for meaningful contestability and any subsequent competition are extremely limited. We see no evidence that this situation has changed since 2012-13 when previously considered in detail by the AER. A prerequisite for competition is regulatory reform that introduces an access framework and contestability in the provision of the public lighting services and no such reform has eventuated since the previous AER review, let alone resulted in effective competition.

In the absence of regulatory reform, WSROC argues that it is essential that public lighting pricing in NSW continues to be regulated by the AER in the 2019-2024 regulatory period. WSROC therefore supports the AER's proposal in the Preliminary Framework & Approach to classify public lighting as an Alternative Control Service.

2. The AER to be involved in the NSW Public Lighting Code review

We note that whilst there is price regulation via the AER, there is currently no clear basis for determining and then assessing service levels for public lighting across NSW. Specifically, there is a voluntary and limited Public Lighting Code but there are no current contracts and no minimum service levels defined in regulation. WSROC is therefore encouraged to see that the NSW Department of Planning & Environment – Division of Resources & Energy has convened a Public Lighting Forum to assist in the drafting of a revised NSW Public Lighting Code. We understand that the intent is to introduce a mandatory NSW Public Lighting Code that would establish minimum binding service levels for the DNSP provision of the service.

WSROC is in support of a mandatory code and encourages the AER to liaise with the Department regarding the process as establishing pricing without clearly defined service levels would seem challenging for all parties.

3. The AER to advocate for pricing transparency

NSW DNSPs' confidentiality claims, with respect to public lighting, severely compromise councils' ability to understand the basis of public lighting pricing, public lighting investment proposals and make informed decisions about lighting choice.

It is WSROC's view that the public benefit of full disclosure of NSW utility street lighting pricing, financial models and all underlying assumptions (including supplier prices and maintenance assumptions) greatly out-weighs any possible benefits for lighting suppliers. Inadequate and unequal levels of disclosure at present are undermining confidence in the pricing review process and may even be contributing to higher prices for public lighting in view of the highly concentrated lighting equipment supply market.

A key example of lack of pricing transparency is the current, in our view disproportionately high, maintenance (SLUOS) charges for LED and other efficient street lights. WSROC is concerned that there is inadequate information supplied by DNSPs as to how this figure was calculated.

WSROC recommends the AER advocate for DNSPs to adopt a cost build up framework for public lighting charges in order to create more transparency in pricing. We further call on the AER to ensure that there is no in-built disincentive to low maintenance lights in the DNSP tariff models (As currently exists in the Endeavour region) through the smearing of maintenance costs across technology types.

WSROC looks forward to further discuss Framework & Approach with the AER. Should you have any questions regarding this submission, please do not hesitate to contact me on 02 9671 5027.

Yours sincerely,



Charles Casuscelli
Chief Executive Officer