



Preliminary positions paper

Framework and approach for SA Power Networks

Regulatory control period commencing 1 July 2015 – Version 2

Date: 9th January 2014

→ Citelum Australia Pty Ltd

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A DIFFERENT LIGHT FOR THE PLANET



Date: 9th January 2014

Mr Warwick Anderson
General Manager, Network Regulation
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Sent: SAelectricity2015@aer.gov.au

SUBJECT: AER SUBMISSION SA POWER NETWORKS

Dear Mr Anderson,

Citelum Australia welcomes the opportunity to submit comment to the Australian Energy Regulator Draft comments for upcoming SA Power Networks Determination. Our submission relates specifically to Public Lighting.

Citelum Australia currently have recently contested for the services of public lighting with local councils throughout Australia, with contracts signed in both Queensland and Victoria covering approximately 40,000 lighting points currently or proposed to be under management.

Part of the Citelum Group, a subsidiary of Electricite de France (EDF), we have currently 2.5 million lighting points under management in 22 countries.

Our submission covers 4 particular areas:

- Classification of Public Lighting Services
- Contestability of Public Lighting Services
- Classification of Type 7 Unmetered Connection Points
- Services and Installation Rules Clause 7.8.4.1 and the current Energy Only Charge
- DNSP Efficiency Benefit Sharing Scheme and Pubic Lighting (EBSS)

We would be happy to meet with representatives of the Australian Energy Regulator (AER) to discuss further and can be contacted by email on apcarey@citelum.com.au or 1300 CITELUM

Best Regards,

A handwritten signature in black ink that reads "Adam Carey".

Adam Carey
Managing Director Australia NZ

Definitions

AER→Australian Energy Regulator

Body→ The principal part of anything as distinguished from its subordinate parts, as in the main part of an instrument. An individual, an organization, or an entity given legal recognition, such as a corporation or "body corporate."

connect, connected, connection→ To form a physical link to or through a transmission network or distribution network.

Connection Application → A person who wants to establish or modify connection to a transmission network or distribution network and/or who wishes to receive network services and who makes a connection enquiry as described in clause 5.3.2.

Connection Point→ The agreed point of supply established between Network Service Provider(s) and another Registered Participant, Non-Registered Customer or franchise customer.

PLAN→ A body called the Public Lighting Approvals Network

Plant→ (a) In relation to a connection point, includes all equipment involved in generating, utilising or transmitting electrical energy.

Use of System → Transmission use of system service and distribution use of system service.

SAPN→ South Australian Power Networks

Supply→ The delivery of electricity

Classification of Public Lighting Services

We agree that the classification of negotiated services should continue within South Australia for the next determination as this provides the appropriate framework by which to refer disputes to the Australian Energy Regulator unlike the classification of Alternative Control Services.

The current classification provides appropriate recognition of customer contributed capital and assets in which SA Power Networks Assets have funded.

The complexity however of the public lighting prices provided to councils appears by SA Power Networks hinders competition and suggest that a similar pricing structure to that of Queensland be considered to enable clarity and simplicity to both SA Power Networks and Local Councils South Australia.

In addition to the Negotiated Services pricing we refer the AER to the following pricing principles as they will relate to further issues associated with Public Lighting Services within South Australia.

We identify within National Electricity Rules the following clauses which we ask the AER to consider along with its classification of Negotiated Services and the prices that relate to Public Lighting Negotiated Services.

5.2.1 (a) – Obligations of Registered Participantsⁱ

All Registered Participants **must** maintain and operate (or ensure their authorised representatives maintain and operate) all equipment that is part of their facilities in accordance with:

- (1) relevant laws;
- (2) the requirements of the Rules; and (3) good electricity industry practice and applicable Australian Standards.

Chapter 5.3 Establishing or Modifying a Connection

5.3.1 – Policy and Procedures

c) **Any person** wishing to establish a connection to a network may elect to follow the procedures in this rule 5.3.

Chapter 5.5 Access Arrangements relating to Distribution Network Service Providers

(g) The **maximum** negotiated use of system charges applied by a Distribution Network Service Provider must be in accordance with the applicable requirements of Chapter 6 and the Negotiated Distribution Service Criteria applicable to the Distribution Network Service Provider.

Part D Negotiated Distribution Charges

6.7.1 (d)

(10) the terms and conditions of access for a negotiated distribution service (including, in particular, any exclusions and limitations of liability and indemnities) must not be unreasonably onerous taking into account the **allocation of risk** between the Distribution Network Service Provider and the other party, the price for the negotiated distribution service and the costs to the Distribution Network Service Provider of providing the negotiated distribution service;

Citelum reason that these Clauses in Chapter 5 and Chapter 6 of National Electricity Rules, should set the pricing principles in relation to the allocation of risk between the DNSP and the other party the price of that negotiated service.

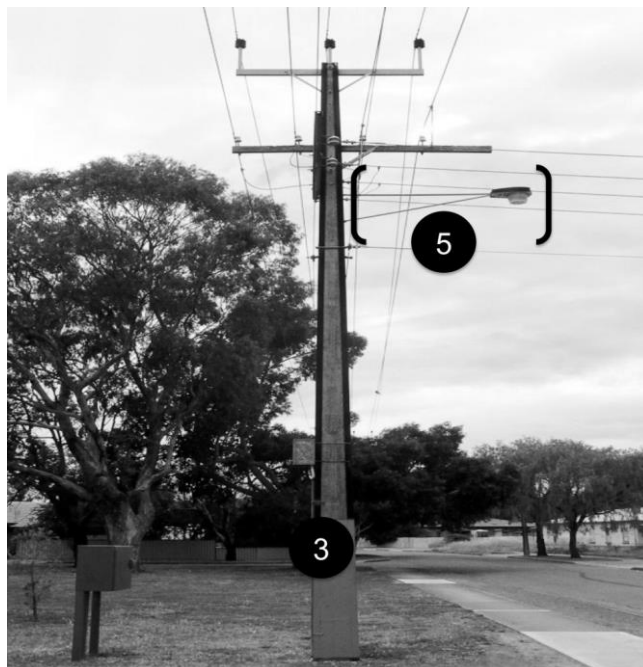
This is particularly important in relation to contestability of public lighting services and ensuring that all parties have equal opportunity to contest.

Contestability of Public Lighting Services

We agree with the AER's assessment that Public Lighting in South Australia is contestable however there are some structural issues that need consideration to ensure full contestability is achieved.

A large proportion of Public Lighting (5) within South Australia is generally provided through the use of SAPN Distribution Infrastructure or the "stobie pole" (3) as it is locally known.

Figure 1



It is clear from SAPN that they do not control or cannot initiate any change to street lighting as demonstrated in their Streetlighting Factsheet:

http://www.sapowernetworks.com.au/centric/customers/lighting_services/public_lighting.jsp

How to get street lights installed or changed in your area

“If you want street lighting installed, **changed or upgraded** in your area, please submit a request to your local council or DPTI for main roads and highways. If your local council or DPTI agree to your request, they may request SA Power Networks carry out the design and construction work. **SA Power Networks cannot initiate any changes** without the direction of the appropriate council or DPTI.”

Because SAPN state that streetlights are controlled by DPTI or Local Council and any streetlight can only be changed or upgraded via these authorities, we agree that public lighting is contestable.

This position is further supported by another statement in SAPN Street Lighting Factsheet:

“In some cases councils and DPTI may choose to maintain their own public lighting assets, in which case we simply provide a connection to the distribution network”

Service and Installation Rules Clause 7.8.4.1

We refer the AER to the following link on SAPN website relating to the Service and Installation Rules and refer to Clause 7.8.4.1 in relation to installation, maintenance and associated liability associated with the connection of public lighting assets to the network.

http://www.sapowernetworks.com.au/centric/industry/contractors_and_designers/service_and_installation_rules.jsp

PREFACE These SA Power Networks Service and Installation Rules are the ‘Installation Rules’ referred to in the Electricity Act 1996 & Electricity (General) Regulations 1997. The SA Power Networks Service and Installation Rules have been reviewed by an SA Power Networks working party to supersede the 2010 SA Power Networks Service and Installation Rules.

7.8.4.1 Use of Pole

Typical equipment that is subject to an agreement with SAPN Utilities and compliance with Shared Use of Poles Code includes:

- electrical installations attached to poles for broadband transmissions and mobile library supplies; and
- parts of electrical installations containing other than consumer’s terminals and service protection devices, eg; circuit breakers, residual current devices or other control gear and cabling that supply electrical installations such as telecommunications equipment; and
- **lights, traffic signals**, antennas, telecommunication/broadband cabling, signs, banners, decorations, etc.

Application for installation of equipment on a Distribution Pole should be made in accordance with clause 5.4 at the earliest opportunity after a decision to proceed is made.

In all cases, where equipment other than network assets are located upon a Distribution Pole, the customer/person or body responsible for the equipment shall be responsible for the **installation, maintenance and liability** associated with their equipment.

This shall include the removal and/or relocation of the equipment if it impedes use of the pole by SA Power Networks, and the removal and re-instatement of their equipment upon pole maintenance, relocation or replacement.

Citelum comment: As shown in the clause above and from Figure 1, access to SA Power Networks wish to absolve themselves from all future liability and risk associated with these assets (5) and therefore while contestability is achieved through Clause 7.8.4.1 as Installation, Maintenance and Liability is transferred to person or body responsible, the allocation of risk proposed needs to be consistent with Chapter 5 and Chapter 6 of the NER.

Could we suggest that if a public lighting customer wishes to engage a third party for maintenance of public lighting assets owned by the public lighting customer that are mounted on SAPN Infrastructure that the Energy Only Service not apply?

The price for the Distribution service needs to be based on the services provided and the risk and contend that \$6.90 per LP per annum is excessive compared to other DNSP's within other jurisdictions.

Benchmarking this cost against Victorian Energy Distributors 2013 Tariff Scheduleⁱⁱ:

Jemena Networks Unmetered Points \$/light per annum*	→ \$0.140 per annum
Powercor Unmetered Points \$/light per annum	→ \$1.283 per annum
Citipower Unmetered Points \$/light per annum	→ \$1.279 per annum
SP Ausnet Unmetered Points \$/light per annum	→ \$1.50 per annum

*published as such but suggest a typographical error and should be \$1.40 per annum

In some cases the nominal price of \$6.90 per streetlight for energy if compared to a proportion of an asset maintenance in which the customer owns the assets such as CLER, accounts for nearly 28% of an 80 watt Mercury Vapour Lamp charge. Surely almost 1/3rd of a charge is cannot be for a metering data charges for this CLER tariff.

This price seems to sit outside of the pricing requirements on risk allocation. Victorian DSNP'S are carrying risk on the connection but charging up to \$1.50 per LP per annum whereas SAPN energy only tariff seems excessively high where in this instance there is no risk to SAPN.

The allowance of this charge inhibits contestability by favouring SA Power Networks with a revenue in which it carries little or no risk and prevents companies like Citelum including value adding services because the public lighting customer has to include the energy only tariff as part of the total consideration for contestability.

If compensation is needed we contend that benchmarking data services against Victorian counterparts should be considered.

We contend that if SAPN exit themselves from all liability associated with the asset, where they are no longer involved in installation maintenance and liability, including call centres and data management, then this “**energy only tariff**” should not apply and instead be compensated simply by the DUOS component of the public lighting charge or a nominal minor metering service relevant to the level of risk associated with their involvement as detailed above in other jurisdictions .

Type 7 Unmetered Points

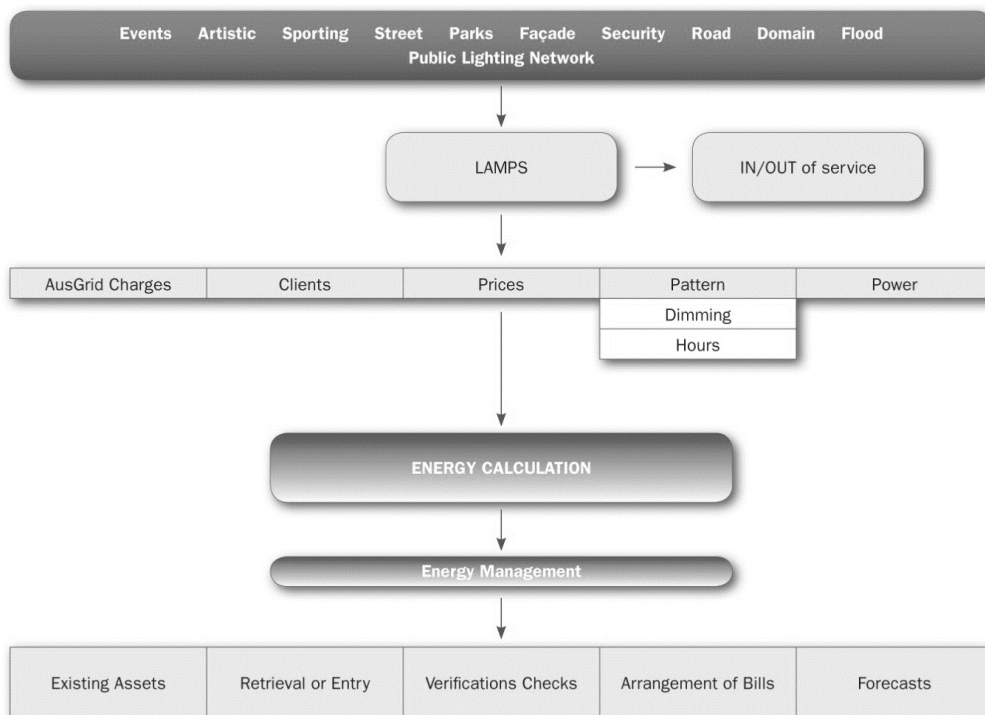
We disagree that the AER continues to classify Type 7 Connection points as a Standard Control Service and therefore not open to competition.

We refer the AER to following AEMO Type 7 Metering Classificationⁱⁱⁱ and suggest that Type 7 Connection points be made contestable or shifted from Standard Control Services to Alternative Control Services to allow for the development of competition. From the diagram as set out in the AEMO National Metering Identification procedure it can be seen that Lamps from Streetlights make up the installation.

As public lighting is contestable in South Australia, then the person responsible for the installation should be responsible for the metering installation.

This would ensure a consistency between the contestability policy, the allocation of risk and the liability associated with the asset and the connection point.

The calculation of an energy charge is based on the validity of the asset database management system that SAPN use. These database systems are not unique to the energy industry and many councils employ similar asset management systems that can be given to retailers and other organisations. The structure of this database is similar to the following example from Citelum’s management system:



Citelum employ a similar management system throughout all of its contracts linking asset information and GIS locations.

We base this position on Citelum Australia’s work in auditing two South Australian Local Councils in which large discrepancies were found in both cases where approximately 10% of the installed network was different to the Type 7 virtual meter database.

There appears to be no justifiable reason as to why the Type 7 connection point remains a requirement to administered by the Energy Distribution Network Service Provider.

It appears based on the number of prevalent missing assets and faults across the network that public lighting energy wastage is not of great concern to SAPN based on the following results from the audit unmetered connection points:

South Australian Council 1

- Day Burners 353
- Missing Assets 371

South Australian Council 2

- Day burners 181
- Missing Assets 966

Another reason why Type 7 metering points should be made contestable is that under the Metering Code, when a metering installation is changed there must be agreement between the applicant and the person responsible for the metering installation.

2.5. Changing Tariffs^{iv}

2.5.1. If the distributor or retailer wants to introduce a new distribution or retail tariff, or change an existing distribution or retail tariff, which requires new or different metering installations or for existing metering installations to be operated in a different manner, the distributor or retailer **must seek agreement with the person responsible for the metering installation** prior to the introduction of the new tariff or change to an existing tariff.

2.5.2. The person responsible for the metering installation **must not unreasonably withhold** its agreement to a request made under clause 2.5.1.

SAPN clearly state they cannot initiate changes to public lighting and only a local council or DPTI can initiate a change on a public lighting Type 7 network.

Already a public lighting customer can request AEMO for additions to the Type 7 Unmetered load table.

If as Citelum, the AER and SAPN agree that public lighting is contestable, the person responsible for the installation should be responsible for the Metering Installation. This would ensure consistency between what SAPN publish, the Service and Installation Rules and provide greater clarity and consistency on the Electricity Metering Code.

Aligning these responsibilities with the public lighting customer will allow for greater competition and innovation in public lighting tariffs especially where customers may install smart lighting meters and associated equipment.

Public Lighting - Efficiency Benefit Saving Scheme (EBSS)

During this current determination for South Australia it appears that SAPN have in collaboration and partnership with other DNSP's and stakeholders across Australia have created a *body* called the Public Lighting Approvals Network (PLAN). It is unclear of the legal arrangement of the *body* and who retains the intellectual property of the organisation but it is apparent that Australian Distribution businesses from Victoria, South Australia, Tasmania and New South Wales are members and users of this network. It also appears that the Victorian Government authorised this PLAN network through what was known as the Victorian Public Lighting Approvals Board^v being administered by the Municipal Association of Victoria and from there it has evolved to be of national significance.

The reasons for this body appear to be quite clear in that Australian Energy Distribution Business appear to have been struggling with internal resources to assess all new and emerging public lighting technologies being introduced to the market.

Citelum contends that throughout the history of the DNSP's in Victoria, they have always had to balance internal resources with all types of new technology. Fifty years ago, High Pressure Mercury^{vi} was the most common street lamp, followed by the introduction of High Pressure Sodium and then Metal Halide. These prices are all reflected in every DNSP's tariff schedule and the introduction of T5, CFL and LED is simply another evolution of history.

http://www.ironbarksustainability.com.au/newsletter-articles/approvals-versus-standards-versus-the-load-table/?utm_source=Ironbark+Sustainability+Mailing+List&utm_campaign=2ddf964160-General+newsletter+December+2013+Non-Vic&utm_medium=email&utm_term=0_63605c1ab8-2ddf964160-323220809

This PLAN Network have appeared to have engaged an independent impartial consultant to meet some of the statutory requirements of Australian Standards and gain efficiencies in assisting approval for new and emerging technologies in relation to public lighting.

It would appear the funding model of this approval network is carried by Lighting Manufacturers and Distributors, meaning that any OPEX administration costs allowed for under the current determination for administering public lighting is being subsidised free of charge to the DNSP's by other parties.

We refer the AER to a copy an email given to Citelum by a large international lighting supplier regarding this PLAN network and since CitiPower and Powercor are connected to SAPN corporately, we assume that this has been a directive within the organisation to gain the efficiencies from the OPEX of public lighting administration.

“Yes they are going through the processes of Ironbark and this recommendation was given because of the fact that Victoria DB (specifically CitiPower Pty & Powercor Australia Ltd) have set an initial requirement for this to be done”

SAPN appear to be a member stakeholder of this network along with other Distribution Businesses as detailed on the following link published by the independent consultant:

“Currently there are Australian Distribution Business users from Victoria, South Australia, Tasmania and New South Wales.”

<http://www.ironbarksustainability.com.au/lighting/public-lighting-approval-network/>

Citelum contends that any efficiencies gained in the current determination through the use of PLAN should be shared with public lighting customers in South Australia and therefore subject to the AER's EBSS Scheme for the next 2015-2020 Determination.

Possibly due to the apparent national perspective this PLAN network has, the AER consider reviewing the OPEX allowances for other jurisdictions.

ⁱ National Electricity Rules Chapter 5

ⁱⁱ <http://jemena.com.au/what-we-do/assets/jemena-electricity-network/tariffs.aspx>

ⁱⁱⁱ AEMO National Metering Identifier Procedure 13.19 Type 7 Streetlighting

^{iv} South Australian Metering Code ESCOSA

<http://www.escosa.sa.gov.au/projects/projectdetails.aspx?p=69&id=76>

^v Municipal Association of Victoria <http://www.mav.asn.au/policy-services/environment/climate-change/public-lighting/Pages/default.aspx>

^{vi} <http://www.iesanz.org/chapters/victoria-tasmania/back-light-victoria-tasmania/>