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Enquiries: Sandra Mack

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MELBOURNE
AUSTRALIAN ENERGY REGULATOR
CONSUMER COMMISSION
MELBOURNE
13 JUL 2015

7 July 2015

Mr Chris Pattas
General Manager - Network Investment and Pricing
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001

Dear Mr Pattas

Changes to the regulation of distributor charges for street lighting

Moonee Valley City Council would like to acknowledge the important role the Australian Energy Regulator (AER) plays in providing a fair and transparent process for pricing determinations around public street lighting.

Council has recently been made aware that the AER is considering changes to the regulation of charges for certain types of public street lighting and we welcome an opportunity to comment on this process. We understand these changes would apply to the operation, maintenance, repair and replacement (OMR) charges for dedicated light poles and could result in there being no further pricing determinations from the AER on these charges.

Council supports the submissions prepared by the Municipal Association of Victoria (MAV) and Victoria's greenhouse alliances.

Further, Council submits that should the proposed change go ahead and the AER were to withdraw from providing pricing determinations for some types of street lighting, this would most likely result in a poor outcome for the broader community. It is our view that individual councils and even groups of councils are not in a position to negotiate a fair price with the distributors as they are monopoly providers (as acknowledged by the AER in the "Final Framework and approach for the Victorian Electricity Distributors, Regulatory control period commencing 1 January 2016"). In addition, many councils have multiple electricity distributors as municipal boundaries and distribution areas do not coincide. This would make it necessary for some councils to negotiate with as many as three distributors.

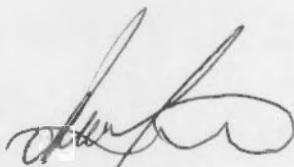
In summary, there appears to be a strong likelihood the proposed changes could result in higher charges to councils for the public lighting services as well as a significant impost on council administration in negotiating with one or more distributors on this one aspect of our public lighting service. The duplication of administration and negotiation around the pricing across the state will ultimately

be worn by the ratepayers and the community who will inevitably face increased rates or reduced services or both to meet the cost.

We cite the experience in South Australia where a similar lack of regulation of street lighting pricing has existed for some ten years and a negotiation deadlock has resulted between local governments and distributors. Currently South Australian councils (through the Local Government Association of South Australia) and SAPN are "at an impasse" in negotiations for the 2010-2015 period. This is after years of failed negotiation, failed mediation and hundreds of thousands of dollars of costs and resources. In the meantime there have been no energy efficient "bulk change" projects implemented in the State. Conversely, in Victoria, 68 of the 79 councils have completed energy efficient street lighting changeover projects, including Moonee Valley City Council where we have changed over 3,844 street lights as a part of the "Lighting the West" Project with Wyndham, Maribyrnong and Hobsons Bay City Councils (see <http://www.lightingthewest.com.au/>).

Please feel free to contact Sandra Mack, Senior Sustainability Officer on 9243 9105 if you wish to discuss further.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Neville Smith', written in a cursive style.

Neville Smith
Chief Executive