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Corowa Shire

...the choice

REFERENCE: 14/6860
CONTACT: KRISTY KAY

30 July 2014

Mr Warwick Anderson
General Manager - Networks Branch
Australian Energy Regulator
GPO Box 3131
CANBERRA ACT 2601



Dear Warwick,

RE: ESSENTIAL ENERGY SUBSTANTIVE REGULATORY PROPOSAL

Council thank you for the opportunity to provide feedback to the proposal by Essential Energy currently being considered by the Australian Energy Regulator (AER).

If the proposal is approved, Corowa Shire Council will incur a 95% increase in the provision of these services from the 2015/2016 financial year which would equate to \$55,000 in the first year alone.


The levels of service provided as part of Street Lighting Use of Service Program (SLUSP) have diminished in recent years, and so it is difficult for Council to comprehend how an increase this significant can be justified.

Corowa Shire Council is a regional Council with a small rate base. Like most regional Councils we are facing a difficult financial position and have taken significant action to address this situation. A key factor which has impacted on Council's financial position has been cost shifting from both the State and Federal Governments over many years now. Council is concerned that this proposal, if approved may be another example of that.

One measure Council has taken to address its financial position has included an application to the Independent Pricing and Regulatory Authority (IPART) for an increase in the general rate above the rate pegging limit of 2.3%.

The additional income Council would have gained from an increase in accordance with the rate pegging limit was \$102,000. Therefore the additional increase in cost of the Country Energy Service alone would equate for more than 50% of that, let alone any of our other cost pressures. Following approval from IPART for the special rate variation, Council has gained an additional \$208,000 in revenue. The Country Energy proposal would take up 25% of this revenue.

As part of Council's application to IPART, we were required to demonstrate a range of other measures we were taking to reduce costs and review service levels. All expenditure at Council is being closely scrutinised, however there is no avenue available to us in relation to the Street Lighting Use of Service Charges. Country



Energy is the sole provider of this service. We hope that Essentially Energy will be closely scrutinised to ensure they are an efficient provider of this service, especially in that they are now exempt from privatisation.

Thank you for your consideration of our submission and the significant impact this would have on our community.

Yours faithfully



Chris Gillard
GENERAL MANAGER