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Your Ref:

Contact: Brian Long on 9725 0857

22 August 2008

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General Manager
Network Regulation North Branch
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Dear Sir

ELECTRICITY AND STREET LIGHTING NETWORK REVIEW 2009 - 2014

Thank you for allowing an extension of time for Council to lodge a submission to your enquiry.

This Council has had a long standing commitment to the provision of adequate lighting systems across the city that provides a safe and effective service at an appropriate cost to the community.

Following a review of the submission prepared by Integral Energy the following matters are raised for consideration during the Network Services and Street Lighting Review.

It is noted that Integral specifies that the company proposes to maintain the current level of service performance for the 2009 regulatory period and that price rises are proposed to maintain existing service levels. It is considered that this is not appropriate and that Integral should continue to improve the service standard provided over the next service period within the existing price structure. Comments on pricing are provided later in this submission, however overall a price increase based upon the current service standard and pricing structure are not supported without further justification.

1. Introductory comments

Council has enjoyed a good long standing working relationship with Integral Energy in relation to production of public road lighting designs and maintenance of the network. This relationship is based upon this Council's efforts to meet with and work collaboratively with Integral staff and this relationship results in prompt actions on maintenance requests (mostly within 4 working days of notification) and completion of the annual road lighting program on schedule. This system is based upon regular quarterly meetings with Integral representatives to discuss ongoing

issues. Notwithstanding this good relationship service levels need improvement and the pricing structure needs amendment to provide greater incentive for Council to reduce energy consumption thus making a positive contribution to the impacts of climate change.

One area that has made it difficult for Council to maintain a strong working relationship with Integral is the large turnover of staff at Integral. The submission is silent on how this issue will be addressed as the constant turnover of staff often means loss of local knowledge, loss of relationships, rework of previous agreements and an overall reduction in experience across Integrals workforce. This matter may be outside the scope of the current review but it does have an impact upon the efficiency of Integral and the service provided.

2. Unplanned maintenance

Based upon the existing experience of response to unplanned maintenance it considered appropriate for the service standard proposed by section 2.6.2 Unplanned Maintenance for Public Lighting be changed from the proposed and previous standard of 8 days to a 50% increase from the current actual response time of 4 days to 6 days. This represents a 25% reduction on the current service standard.

Notification of service problems. The current system of notification that lighting is not working is considered very inefficient. If a member of the public calls the Integral call centre to notify an outage the customer is referred to Fairfield Council. The Council officer then notifies Integral through the Web site. These seems very strange and not customer friendly to Council or the community. Integral as owner of the network should amend the current practice and take notifications on outages as they are received. Integral could then arrange repairs and notify this Council as the paying customer that certain repairs to the network have been provided. This could be done on a monthly or quarterly basis.

3. Network Information

Council has received information from Integral on the elements within the network however this information has not been updated over time as network improvements occur. In order for Council to have a complete inventory of the network and services it is paying for additional information should be provided annually. Integral should be required to provide updated plans of the public road lighting system complete with numbers of fittings, rate coding, type and locations of luminaries. This information should be provided as an electronic layer that can be added to Council GIS data base.

4. Efficiency

Council is concerned about the efficiency of the overall network and the inability for Council to better manage energy consumption. These are important matters given the effects of climate change on our global environment. It is expected that Integral will have an overall plan to improve the infrastructure across the network in Fairfield to ensure that the service is provided as efficiently and cost effectively as possible. A significant upgrading program is required to ensure an efficient network and this requires a maintenance regime to replace existing lights. This Council requests details of the planned maintenance for replacing high energy consumption fittings to be changed to more efficient fittings. Information on the timeframe and costs of changing the following fittings should be included in the service proposal;

400w high pressure sodium (hps) with 250w hps

250w hps with 150w hps

80w mercury and 40w fluorescents with ' T5 ' Greenlights

In addition information about the potential total energy savings and cost reductions for energy not consumed should be provided as part of the service. This would enable Council to better negotiate the price of energy with the respective suppliers. Currently Council is not receiving any financial benefit from the upgrading program which is untaken and energy costs are not reduced where consumption must be reduced through more efficient fittings.

5. Planned maintenance

Information on the actual planned maintenance of the network should be included within the Service Standard for each Council. It is understood that Integral may have to provide maintenance at different levels for areas given the age of the network and other factors however it is appropriate for this Council to be aware of the level of planned maintenance for this area.

The following information is requested as part of the service standard.

- The timeline and works proposed by Integral's regular maintenance cycle.
- The expected life service of the various luminaries (in particular T5, 40w florescent and 80w mercury) currently used on the network within Fairfield City.
- How will the costs of upgrading the system be shared between the provider and customer over the long term. What Council can expected to continue to pay as increased network costs or is there a scale of cost that changes over time in relation to the life cycle of the fitting?
- What new technologies are proposed to upgrade the system? At the most recent quarterly meeting with Integral Energy mention was made of the

imminent use of a new, energy efficient compact fluorescent lamp which will supersede the T5 greenlight.

- The effects to council on service level, charges and energy efficiency.
- The anticipated timeline for existing luminary replacement on Integrals regular maintenance cycle.

There is currently a review of AS/NZS 1158:2005 Lighting for roads and public spaces. It is anticipated that this review will be finalised later this year. There is a component of this review regarding IP (ingress protection) ratings for luminaries. A luminaire rating of IP64 would allow for longer life span of individual luminaries. If this rating was to be part of the design aspect of future lighting upgrades within Fairfield would the subsequent savings in maintenance costs be passed on to Council and to what degree?

6. Impact of pricing structure

The current network pricing structure and billing process does not support energy efficiency as a significant component of the network charge is fixed. This does not encourage more efficient use of energy for street lighting or other uses.

The proposed pricing does not reflect local government's ability to pay for the service. Local government income is limited and the Minister provides a cap on the level that rate income can be increased. The submission by Integral proposes to increase costs by at least 5% per annum over the regulatory period. This is in excess of the CPI and in excess of the rate increases recently approved by the Minister.

AER should, if it is of a mind to allow any increase, consider limiting any increase for services provided to local government to the maximum allowable rate increased approved by the Minister. This will at least enable council's to provide street lighting without adversely impacting upon the provision of other basic services.

The current billing procedure is inadequate and does not provide sufficient breakdown of charges. It is appropriate for AER to require Integral to supply billing based upon the elements provided to Fairfield Council within the network. This changes over time as the network is updated. The current billing includes the type of fittings and the charge for each grouping. A preference would be to have billing include the actual number of fittings in addition to the chargeable days, the number and type of fittings removed from or added to the network This information to be provided geographically to allow Council to review the cost of street lighting to various suburbs, particularly town centres and other areas that require different levels of service. The geographic zones to be determined in consultation with Council based upon the current mapping of the network. The existing billing periods are considered appropriate.

Another matter of concern is the accuracy of the network information. The information has been provided by Integral however in discussions over time doubt has been raised about the historical accuracy of the information. A system is required to provide an audited statement of the network elements. The preferred position would be for Integral to arrange a third party auditor to be appointed to prepare a statistically valid random audit of the network. The audit would identify the type and number of fittings across the network compared to the data provided by Integral. The audit would also provide a sample to identify the level of outages across the network in Fairfield. An audit would be conducted on the system within 2 years and at least before the end of the next regulatory period.

The AER is requested to consider methods for establishing charges that support the provision and upgrading of the network and also provide incentives for consumers to reduce consumption.

Changes to the pricing structure that place a greater emphasis on consumption should be considered. This may require some realignment of the pricing structure to ensure that funds are available for network services through a variation in the price charged for energy by the relevant suppliers.

Consideration of increased charges for network access to energy suppliers would be appropriate given the federal governments action to change consumption through a price signal may be appropriate.

The AER is requested to publish options that would provide incentive to customers as part of the current review to ensure that the community is part of the solution to reducing consumption of energy.

Access charges for renewable energy providers could be set at levels that encourage consumers to move towards electing to take renewable energy rather than non renewable sources.

AER is also requested to consider how network providers such as Integral can support the establishment of the renewable energy sector. To support establishment of the solar power industry Integral and others should be working closely with government and the development industry to ensure that access for the provision of solar generated power is maximized into the future. Currently there seems little interest in securing access to the massive amounts of roof space being constructed across western Sydney. Integral should provide details on how this roof space can be developed as "solar mines" over the long term. Use of renewable energy at the source has significant benefits in reducing the reliance upon non renewable energy source.

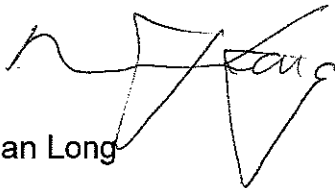
Integral should provide information of programs to encourage private access to the network that will facilitate entry of privately generated solar power to the public network at a price that is fair and provides incentives to generate renewable energy.

7. Consultation Process

It should be noted that the consultation process undertaken by Integral as part of this process could have been better. It is considered that as this Council contributes to the provision of a public lighting system for the benefit of over 186,000 residents it is a major stakeholder. In future Integral should be required to consult with key stakeholders on the information to be included in their submission. It should be a requirement of the process for Integral to work closely with Councils and obtain comment from Council and that these comments be included within the overall submission by Integral. This would bring the process in line with the requirements Councils have to meet when proposing changes to major policy including the planning regulations.

In summary the proposed price structure and price increases based upon the current service levels are not supported. Should you require further information please contact me on email blong@fairfieldcity.nsw.gov.au or 97250857.

Yours faithfully



Brian Long

Senior Policy Advisor - Environment & Sustainability