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8 August 2014

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

Via email: NSWACTelectricity@aer.gov.au

Subject: *Submission to Essential Energy's regulatory proposal*

Dear Mr Anderson

I am pleased to provide a submission to you on behalf of Forbes Shire Council regarding Essential Energy's regulatory proposal, in particular their public lighting proposal.

Forbes Shire is located in the Central West of NSW and has a population of just over 10,000 people and according to Essential Energy 1135 public streetlight assets.

It is of concern that if the Essential Energy streetlight proposal is accepted by the AER then this would mean an increase of 61% or \$42,735 in costs for public street lighting to the Forbes community. This is a cost that the community cannot afford. Forbes Shire Council's revenue is capped by a rate peg currently 2.3% for the 2014/15 financial year and a significant increase in operating costs such as street lighting cannot be absorbed into the limited resources.

Forbes Shire Council refers the AER to the Central NSW Regional Organisation of Councils (CENTROC) submission which provides details of concerns of members of CENTROC. Forbes Shire Council fully supports this detailed submission.

In summary Forbes Shire Council submits that;

- Essential Energy's operating costs are excessive

It is clear that the operating costs in the Essential Energy proposal are much higher than those of Ausgrid and Endeavour and Forbes Shire Council believes the AER should thoroughly interrogate these costs to ensure only efficient costs are allowed for in the determination

- Essential Energy should adopt the latest technology in street lighting

It is clear from the CENTROC submission and consultant analysis that LED luminaires provide significantly higher efficiencies both from an operational cost and energy consumption perspective.

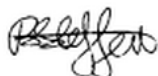
THE AER should review the operational costs from a best practice perspective including type of lighting.

- A price shock of such magnitude would have serious repercussions on communities.

The AER, in its determination, should consider the impacts on the users of the monopoly services in this case the communities of rural and regional NSW. Essential Energy have been a monopoly provider of these types of services for many years and the costs have been the subject of many previous regulatory reviews. It is unclear how Essential Energy claims the costs have only now been identified and that communities should now pay for these inefficiencies is grossly unfair. If the AER determines an increase in the allowable revenue it should be fair, reflect efficient operational costs and be phased in via a price path over the whole period of the determination with economic incentives for efficiency gains by Essential Energy

Thank you for considering this submission and I can be contacted on 02 6850 2301 or via email brian.steffen@forbes.nsw.gov.au if you require any further information.

Yours faithfully



Brian Steffen

GENERAL MANAGER