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23 August 2012

Gosford City Council

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Dear Mr Anderson

Thank you for the opportunity to comment on the Australian Energy Regulator (AER) preliminary position on the 2014-19 NSW Framework & Approach for DNSP pricing.

As a member of the Southern Sydney Regional Organisation of Council (SSROC) sponsored Street Lighting Improvement (SLI) Program, Gosford Council would like to express its full support for the issues raised in the SSROC's comprehensive submission to date.

The following submission from Gosford Council reiterates the key issues that were raised in the SSROC's submission.

- Council strongly supports the AER's preliminary position to classify public lighting as an alternative control service, and to reject a 'negotiated' or unregulated approach. As per Council's submission earlier this year and submissions in connection with the 2009-2014 determination, it is essential that public lighting in NSW continues to be regulated as an alternative control service by the AER in the 2014-2019 regulatory period.
- Public lighting in NSW is currently an effective monopoly of the NSW DNSPs and the prospects for meaningful contestability and any subsequent competition are extremely limited, as are the prospects for productive pricing negotiations between public lighting customers and the DNSPs.
- The alternatives to continued pricing oversight by the AER that are under consideration are the 'negotiated' and 'unregulated' classifications. Under each of these arrangements, Council would be primarily responsible for negotiating pricing and service levels with the DNSP, either individually or as a group.
- Council in association with the SSROC SLI Program already effectively and successfully negotiate with Ausgrid on a wide variety of technology, maintenance, information provision and other service issues and have done so for many years. However, this is in the context of pricing oversight being provided by the AER.

- Council is mindful of the significant market power of the monopoly provider with respect to pricing and would be very concerned about any reduction in our rights to have proper pricing oversight continue.

In summary, Council sees it as essential that public lighting in NSW continues to be regulated as an alternative control service by the AER in the 2014-2019 regulatory period and strongly supports the AER's preliminary position on this issue.

I ask that the issues that have been raised in this submission and the more detailed issues being raised in the SSROC SLI Program submission receive careful consideration.

Should you require further clarification on Council's submission please contact Council's Co-ordinator Engineering Investigations, Ms Margie Azmi on telephone 4325 8925.

Yours faithfully

A handwritten signature in black ink, appearing to be 'S. Glen', with a long horizontal stroke extending to the right.

Stephen Glen
Acting General Manager