

Our 2016 Plan: Lighting our communities

We have always provided a safe and reliable public lighting service to councils and VicRoads in North-West Melbourne.

Empowered by community interests and technological changes, our customers are increasingly looking to take control of their public lighting needs – including reducing their carbon footprint.

Historically, most of these lighting services – such as the operation, maintenance, repair and replacement of public lights – have been provided solely by us. However this is changing. With increasing numbers of providers competing to provide many of these services, from 1 January 2016 there will be changes in how our public lighting charges are determined.

Some of our prices will continue to be regulated, whilst others – related to dedicated public lighting poles – will involve us and our customers reaching agreement on our services and charges.

Our 2016 Plan sets out our how much funding we need – including the prices we propose to charge – to provide a safe, reliable and responsive public lighting on our shared power poles over the next 5 years. It also sets out how we propose to reach commercial agreement with our customers for those services whose prices will no longer be directly regulated.

By building on the feedback and knowledge gained through our engagement, and by being smarter and more innovative in the way we run our business, we are confident our 2016 Plan facilitates a safe, reliable and responsive public lighting service for our community.

JEMENA DISTRIBUTION AREA

GREATER MELBOURNE



We provide different types of lighting services across the Jemena distribution area



Public lighting for councils and road authorities - these lights are attached to our power poles, primarily in the streets.



Public lighting for councils and road authorities - these lights are attached to dedicated poles in streets and parks



Security lights for customers' private properties

Many people in our community may not be aware of Jemena – the company that manages approximately 70,000 public lights across North-West Melbourne – or some of the changes occurring in the market.

Most of the public lights on streets in North-West Melbourne are owned, maintained and operated by Jemena on behalf of our customers.

We make sure the community has access to safe and reliable public lighting. However it's also our job to respond to our customers' changing needs – for example, by facilitating increasing use of new energy efficient technologies and making it fast and easy to get information on public light outages, replacements of public lighting assets and innovative services that we could provide.

Like most businesses, we need to recover the costs of providing our public lighting services from our customers. We do this by charging prices that ensure our customers only pay for the efficient cost of us providing the public lighting services they value.

The prices we can charge for distributing electricity – and for providing some public lighting services – are determined by an independent body, known as the Australian Energy Regulator (AER). Every five years, we are required to prepare a plan for the AER that explains how much funding we need – including the prices we propose to charge – to continue to provide safe, reliable and more responsive network services.

The AER reviews our proposed plan to check that it complies with legislation and meets our customers' long-term interests. The AER will review our plan and make a draft decision in October 2015.

There will be changes to the way our prices for public lighting services are determined from 1 January 2016

We provide a range of services to the community. Some of these services—such as providing operation, maintenance, repair and replacement of existing public lights on shared power poles—are provided solely by us, while others can be provided in more competitive markets by a range of providers.

From 1 January 2016 to 31 December 2020:

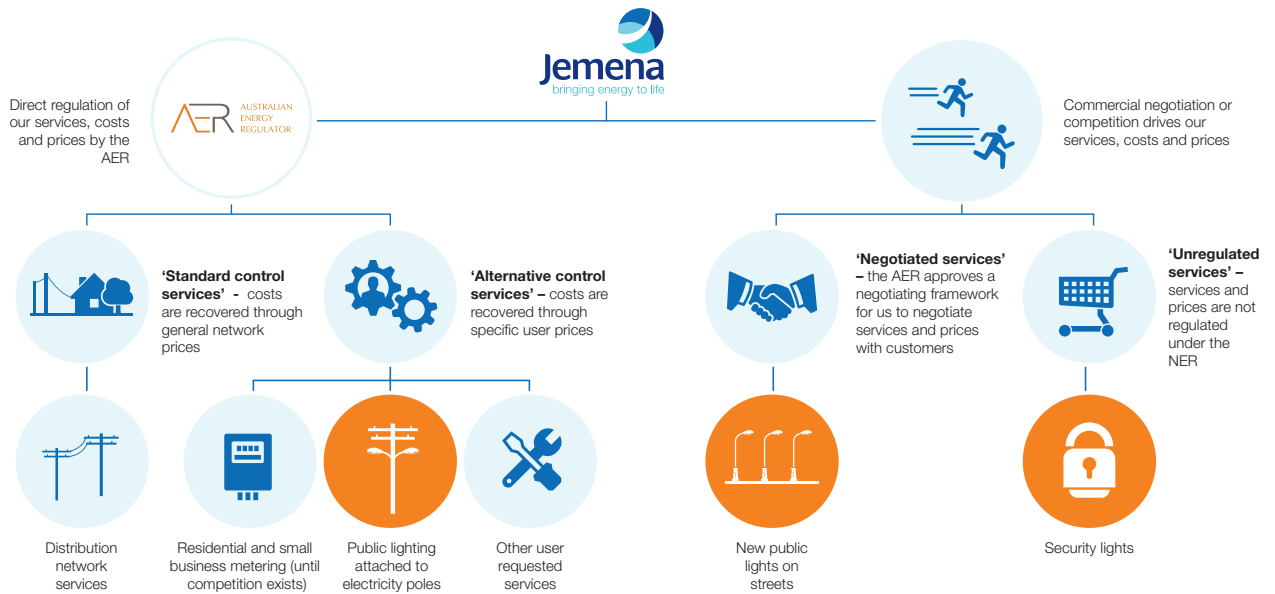
- The AER will directly regulate the maximum prices we charge our customers for public lights on shared power poles. Service levels will continue to be governed by the Public Lighting

Code, but customers can agree to vary the service levels with Jemena.

- The AER will approve a negotiating framework under which Jemena and our customers can agree on services and prices for lights on dedicated public lighting poles (around 34 % of the existing public lights)
- Jemena and other providers will compete to provide new and innovative public lighting and other lighting services.

Our services and prices for many of our public lighting services will continue to be directly regulated by the AER, while over time, as more dedicated public lighting assets are built, the services and charges for an increasing number of services will be determined through a competitive process (Figure 1).

Figure 1: Some of our prices for public lighting services will continue to be regulated, others will involve us and our customers reaching agreement on new prices



We welcome the feedback we've received to date from our customers on our public lighting services. Some of the key messages we have heard are that we should continue to provide a safe and reliable public lighting service, but look for ways to minimise our costs and charges, invest in new energy efficient technologies and make it faster and easier to get information on public light outages, replacements of

poles and lights and on the innovative services that we could provide.

By building on the feedback and knowledge gained through our engagement, and by being smarter and more innovative in the way we run our business, we are confident our 2016 Plan facilitates a safe, reliable and responsive lighting service for our community.

Our 2016 plan will enable us to:

- Proposes prices which are sustainable and reflect the efficient cost of us providing our public lighting services over the 5 year period
- Maintain the safety and reliability of our public lights on shared power poles and as well as supporting the development of new growth areas in North- West Melbourne
- Continue to improve our cost efficiency and explore new technologies to help lower our public lighting prices and our customers' electricity usage over the long term

We welcome your views on our 2016 Plan.

- Empowers customers with new ways to monitor and improve our performance - including by making it easy to report outages and receive information on the replacements of public lighting assets
- Engage with our customers to reach agreement on the prices for lights on dedicated public lighting poles before the end of 2015, and on new innovative services we could provide
- Be responsive and transparent by outlining how our public lighting services will be regulated over the 5-year period, how our prices will change and how we have responded in a way that promotes our customers' long term interests

HAVE YOUR SAY & STAY INFORMED

We welcome your views on our 2016 plan
We will keep you informed of the AER's review process and how it impacts you

www.jemena.com.au

haveyoursay@jemena.com.au

