

Background

The comments below are submitted to the Australian Energy Regulator as an interested party in response to the regulatory proposals submitted by Energex and Ergon Energy on 30 June 2009 regarding the streetlight aspects of their respective electricity distribution network services for the period 2010 to 2015.

Comments on the street light proposal by Energex

The following submission is based on the assumption that table one below is correct in describing the proposed future situation (in grey) compared to the existing and historic situation (in yellow). It is further assumed that the Councils or Department of Transport and Main Roads will still have the option of installing rate 3 streetlights whereby the Council or Department of Transport and Main Roads can provide the upfront capital cost as well as designing, installing and maintaining the streetlight. In addition it is assumed that these future rate three streetlights will be treated the same as the current rate three streetlights and will not attract daily service charges.

TABLE ONE

Time period	Network Energy Charges (c/kWh excl GST)	Service Charges (per light \$ per day excl GST)				
		Non contributed light ie no upfront payment by customer & Energex pays for light, designs, installs & undertakes all maintenance		Contributed light ie upfront payment by customer who pays for and designs and installs the light and then the light is maintained by Energex		Rate 3 light ie paid for, designed, installed and maintained by Council / Dept Transport & Main Roads
		Minor lights	Major lights	Minor lights	Major lights	all lights
Proposed future situation						
Energex proposal to AER for 2014-15		0.43	1.02	0.13	0.3	nil
Energex proposal to AER for 2013-14		0.42	0.98	0.12	0.29	nil
Energex proposal to AER for 2012-13		0.4	0.94	0.12	0.28	nil
Energex proposal to AER for 2011-12		0.38	0.9	0.11	0.26	nil
Energex proposal to AER for 2010-11		0.37	0.86	0.11	0.25	nil
Current & historical situation		Rate 1		Rate 2		Rate 3
	All lights	Minor lights	Major lights	Minor lights	Major lights	all lights
Energex charges to retailers 2009-10	5.181	0.27544	1.07246	0.1624	1.03861	nil
Energex charges to retailers 2008-9	4.619	0.2638	0.9968	0.1454	0.9294	nil

It is further assumed that there will be no cost to Councils nor the Department of Transport and Main Roads for the transition of the existing rate 1 and rate 2 streetlights to the new designations of non contributed and contributed lights.

The significant decrease in capital expenditure requirements between the current regulatory control period and the 2010-5 period (see top of page 310 of Energex proposal) do not appear to have been translated to the future projections. For example the table indicates a 34 percent increase in non contributed minor lights during 20010-11 compared to the previous rate 1 minor lights for 2009-10 which is not offset by the 20 percent decrease in non contributed major lights during 20010-11 compared to the previous rate 1 major lights for 2009-10.

The maintenance of contributed lights requires further clarification. The proposed cost allocations for major contributed lights are more than double that of the minor contributed lights. It is considered that the most significant factor for contributed lights is the maintenance which is probably due to the labour and specialised vehicle component rather than the capital cost of the replacement of the lamps, luminaires or associated fittings. Accordingly there should not be a large disparity in costs for labour and specialised vehicle components associated with both major and minor lights.

In addition there appears to be no incentive mechanism to encourage the Councils or Department of Transport and Main Roads to move towards energy efficient lights apart from the energy charge in cents per kWh.

Comments on the street light proposal by Ergon

The Ergon appears to lack definite cost allocations for the various components in the 2010-15 period and accordingly definitive comment cannot be made on the impact. However figure 67 on page 482 shows the indicative prices for street lighting services as decreasing which is pleasing to see.

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