

**PO Box 3572, Phone (02) 6023 8791**

**Level 3, 553 Kiewa Street, Fax (02) 6023 8169**

**ALBURY NSW 2640** **Email rstubbs@alburycity.nsw.gov.au**

08 August 2014

Mr John Skinner,

Director – Network Regulation

Australian Energy regulator,

Level 20, 175 Pitt Street,

SYDNEY NSW 2000

Dear Mr Skinner,

**Public Lighting Submission by Essential Energy**

The Riverina and Murray Regional Organisation of Councils (RAMROC) represents the interests of eighteen Member Councils and communities in the Murray and Murrumbidgee regions of south west New South Wales. A location and member Councils map is attached for your information.

Our Member Councils are deeply concerned by the pricing submission which has been lodged by Essential Energy with AER, which proposes exorbitant and ostensibly unjustified increases in charges for the forthcoming 2015-2019 period for maintenance of public street lighting, which in our region would mean some increases well in excess of 110% over and above the current price levels.

The depth of our concern, as well as that of other Councils throughout the State, is such that RAMROC has joined forces with other regional and rural ROCs, to commission through CENTROC an independent expert analysis of the Essential Energy documentation.

This in-depth analysis has been undertaken by Strategic Lighting Partners within a short timeframe and under difficulties of being able to access information from EE. A copy of the SLM report has been forwarded to AER as an attachment to the formal submission already lodged by CENTROC

RAMROC has noted the key issues and the principal conclusions outlined in the SLP report, including the following extracts from the report’s Executive Summary:-

1. SLP concludes that Essential Energy’s proposal to increase total public lighting costs by an average of 67% in total (or 94% operating) across all councils is not justified on the evidence presented
2. Despite rapid acceptance of LED lighting worldwide, and to a lesser extent in Australia, Essential Energy appears to have no plans in place to replicate the mass deployments that are occurring elsewhere to take advantage of more than 50% savings in both energy and maintenance offered by LED lighting
3. Councils in Energy Australia’s region have tried to convince Essential Energy to convert to LED, and in one case installed their own small fully functional LED street lighting network in frustration with the lack of progress (i.e. by Essential Energy)
4. Essential Energy is requesting large increases, but at the same time it has made virtually no progress towards technologies that would save its customers equally large sums of money. This omission is in contradiction to essential Energy’s Statement of Corporate Intent, as well as not being in the New South Wales public interest
5. Council feedback from essential Energy’s claimed compliance with the New South Wales Public Lighting Code of 2006 in unenthusiastic at best, and at worst, dissatisfied. Probably the greatest source of dissatisfaction is the lack of meaningful knowledge provided by Essential Energy, whose reports are more like “data dumps” lacking interpretation or advice
6. The evidence raises serious doubts about whether essential Energy has been in compliance with AER requirements, including whether Bulk Lamp replacement programmes are consistently applied across the region over the last four years
7. Essential Energy’s proposal to increase the charge for corporate overheads from 0% to 41% has not been justified other than on the basis of its own general policy. In contrast to the AER, Essential Energy also rejects the need to benchmark against other DNSPs
8. The evidence presented does not achieve the transparency required for a monopoly service that is requesting dramatic increases of 67% average total, or 94% average operating expenses, for its public lighting services to captive customers

RAMROC strongly recommends that AER undertake its own rigorous assessment of the proposals that have been put forward by Essential Energy. It is considered that AER has the responsibility and authority to extract the relevant information required, which quite frankly has been very difficult for our Consultants to access, particularly within the tight time constraints of the submissions deadline of 8th August.

Councils are increasingly being subjected to huge price increases and cost shifting from Governments and other corporations/agencies and there is simply no alternative other than to pass those costs on to the general public through increases in Council rates, or worse still through a forced reduction in service levels and quality provided to our regional and rural communities.

RAMROC is very confident that AER will thoroughly test the EE proposals and will arrive at a fair and balanced decision in assessing these charges to apply for the ensuing period.

Thank you for the opportunity to lodge this submission on behalf of the member Councils and their communities..

Yours faithfully,

G:\RAMROC\Templates\RStubbs signature jpg.tif

Ray Stubbs

EXECUTIVE OFFICER