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13<sup>th</sup> January 2015

Mr John Skinner,  
Director – Network Regulation  
Australian Energy Regulator,  
Level 20, 175 Pitt Street,  
SYDNEY NSW 2000

Dear Mr Skinner,

**Public Lighting Proposal by Essential Energy and Draft AER Determination**

Further to the submission lodged by RAMROC with AER on 8<sup>th</sup> August 2014 and to the Draft Determination released by AER on 27<sup>th</sup> November 2014, Mayors in the RAMROC region have subsequently received correspondence from Essential Energy dated 10<sup>th</sup> December 2014, which is of considerable concern to Councils in both its motivation and content.

In essence, Essential Energy claims in its letter that the AER Draft Determination if implemented will result in the following outcomes (direct quotes from the letter) :-

- *Immediate job reductions of approximately 1500 Essential Energy employees, with no provision for any transitory period to implement these significant job reductions*
- *An inability to place the majority of apprentices currently in training when they graduate to trade upon successful completion of their apprenticeships*
- *A likely significant reduction in vegetation management programs over the next four years*
- *A deterioration in the time taken for Essential Energy to restore electricity supply to communities after major storm events or other network incidents*

The EE letter also claims that the Draft Determination will limit EE's ability to deliver existing public lighting service levels. This was an issue canvassed by EE at the inaugural meeting of the Streetlighting Consultative Committee held in Sydney on 11<sup>th</sup> December. RAMROC has a representative on that Consultative Committee, being the Albury City Director of Engineering Brad Ferris.

RAMROC certainly appreciates the opportunity to have made an initial submission to AERV, which was based on the consultancy Brief that a number of ROCs jointly commissioned from Street Lighting Partners on behalf of Councils in regional and rural NSW.

RAMROC fully supports the Draft Determination which has been made by AER, which appears to have taken into account the concerns previously expressed by Councils regarding the EE Proposal, including the following:-

- An excessive increases in charges, which lacked justification,
- The deployment of outdated technology;
- The lack of consultation with Local Government ;
- A lack of transparency in the proposal.

As Essential Energy is a wholly owned NSW Government Entity and is basically a monopoly provider, Councils need to rely on AER as the independent arbiter to thoroughly test out the EE proposals and in particular to analyse the claims now being made about job losses and reductions in service levels. The

correspondence from EE has the hallmarks of a scare campaign aimed at achieving a backdown in the strong opposition which has been expressed by Councils to date.

Unfortunately, Essential Energy seems unprepared or unable to focus on improving organisational efficiencies and striving for continuous improvement of its operations. Currently its sole focus is to simply cut jobs and service levels, unless it is awarded price increases which appear to be totally unrealistic and unsubstantiated in the current business world.

RAMROC Councils certainly encourage AER to thoroughly consider any additional justification which might be presented by Essential Energy for its proposals. We look forward to the Final Determination by AER in April 2015 and trust that it will be one that focuses on the delivery of efficiency gains and the minimisation of cost increases without deterioration in service levels.

Thanks again for the opportunity to convey RAMROC's views in this matter of critical importance to Councils throughout the State.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Ray Stubbs', written in a cursive style.

Ray Stubbs  
EXECUTIVE OFFICER