



16 March 2015

**Mr Chris Pattas**  
**General Manager, Networks**  
**Australian Energy Regulator**  
**GPO Box 520**  
**MELBOURNE VIC 3000**

**Re: Tasmanian Electricity Distribution — 2017 to 2022 Framework and Approach**

This submission is in response to the AER's Notice<sup>1</sup> seeking submissions on whether it is necessary or desirable to amend or replace the Framework and Approach (F & A) for the next regulatory control period commencing 1 July 2017 for Tasmania's electricity distribution network service provider, TasNetworks Distribution (formerly Aurora Energy).

The AER has advised that the F&A is important because it provides an opportunity for interested parties to have a say in which services we should regulate and how much control the AER should have over determining the prices for distribution services.

The AER has also advised that TasNetworks (distribution) has written to the AER requesting the AER amend the current Tasmanian distribution F&A and that TasNetworks cited the application of new incentive schemes, the application of AER guidelines and the approach to service classification and related control mechanisms as some of the matters to be considered.

Whilst we have not reviewed TasNetworks' submission, we support TasNetwork's view that the AER amend the current Tasmanian distribution F&A, particularly with regard to public (street) lighting services.

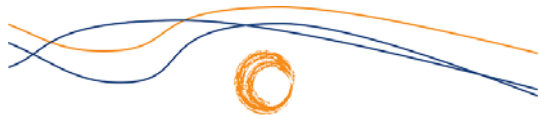
In the current F & A "Public lighting services" is classified as a Direct control service and then an Alternative control service with "new public lighting technology" classified as a Negotiated Distribution service.

Whilst the Alternative Control classification may have been appropriate where services (including light types) were expected to be the same throughout a regulatory period, it is not designed to establish services and prices for a market with potentially dynamic changes to technologies and provision of services.

The global public lighting marketplace is undergoing significant and rapid change, both in the technologies being used and the services being provided by companies other than distribution networks providers. For example, the predominant current light type in service is the MV 80W. Yet

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<sup>1</sup> <http://www.aer.gov.au/node/30748> of 27 February 2015



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in recent years we have seen the introduction of T5 fluorescent lights and within the past year the introduction of LED lights.

We understand that a review of the F & A will consider the AER's approach to distribution service classification (i.e. which services the AER will regulate) and related control mechanisms (ie how the AER will determine prices for regulated services) and the formulae that give effect to the control mechanisms.

Whilst TasNetworks has historically owned most of the streetlights (and still do), we submit that a reconsideration of the public lighting services provided by TasNetwork, and in turn the classification of these services, is warranted to enable effective and efficient development of the sector. This may include a revision of number and type of services offered by TasNetworks to provide additional choices to customers.

We submit that in recognition of the market developments that a review of the current F & A is required.

We would welcome the opportunity to discuss any points we have raised in our submission, and in providing any further assistance to the AER in the preparation of its Framework and Approach (F & A) for the next regulatory control period commencing 1 July 2017 for Tasmania.

Yours sincerely,

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