

Our Reference: 13964#23

ATTN: Arek Gulbenkoglu
General Manager
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

12 May 2023

Dear Arek,

RE: Endeavour Energy Determination 2024-29 – Public Lighting Pricing

Campbelltown City Council and Wollondilly Shire Council are collaborating on a number of aspects of public lighting. Both councils are provided with street lighting services by Endeavour Energy. As high growth areas of metro Sydney, both councils have a significant expected increase in public lighting over the course of the next regulatory period.

At this point time, both Campbelltown and Wollondilly were unable to fully analyse Endeavour Energy's public lighting pricing proposal in detail. However, both councils are excited to be able to contribute to the AER's review and offer the following comments; These are as follows:

- **SIMPLICITY** – We support simpler tariffs as proposed by Endeavour Energy and the adoption of a transparent pricing model that facilitates the faster adoption of new technology between regulatory reviews.
- **OPEX BENCHMARKING** – We note that Endeavour Energy LED opex pricing for residential road LEDs appears to be 105% higher than Ausgrid's, and that Endeavour Energy's main road LED opex pricing appears to be 70% higher than Ausgrid's (see table below). Given that both entities operate under similar operating environments, under the same Public Lighting Code and under the same general regulatory requirements, we feel this needs to be explored further. We note the following comparisons based on the figures in the submissions:

	Residential Road LED Opex	Main Road LED Opex
Endeavour Energy (Att 14.06 OPEX Tariff Summary FY25)	\$47.74/yr	\$53.84/yr
Ausgrid (Att 9.1b OPEX Tariff Summary FY25)	\$23.25/yr	\$31.69/yr



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- **BASIS OF CAPEX CHARGES** – Endeavour Energy has indicated that it wishes to move to a 16-year basis of LED capital charges from the current 12 years. While this has the appearance of creating lower capital charges, it increases the total costs over time. We note that:
 - There is a significant possibility that LED lighting installed today will have a shorter asset life than historic lighting types due to other more advanced lighting emerging (e.g. more efficient or with additional smart city functionality). In such a circumstance, leaving councils with large residuals to pay is not desirable; and
 - We understand that both Ausgrid and Essential Energy are using a 10-year basis of LED capital charges
- **10 YEAR MAINTENANCE CYCLE** - Endeavour Energy is proposing to adopt a 10-year maintenance cycle for LEDs. Again, this has the appearance of reducing costs but raises significant concerns from a street lighting compliance and public safety perspective. Our public lighting consultants have advised that they are not aware of comparable precedent for this elsewhere and that lighting compliance calculations for existing installations would not have been done on the basis of such a lengthy cleaning cycle.
- **SMART STREET LIGHTING CONTROLS** – Endeavour Energy indicated in NSW Public Lighting Code deliberations that it wished to move some aspects of smart lighting into an unregulated category. We have significant concerns about this as we view smart street lighting controls as being integral to the future of public lighting. Given the current monopoly position of Endeavour Energy it is essential that the AER maintains pricing oversight of, what will become, an essential component of public lighting.

More broadly, as we both expect to shortly commence large-scale LED upgrades with Endeavour Energy, we are concerned that there is not already a clear price for smart controls on Endeavour Energy's price list (as there is on Ausgrid's). Preventing the adoption of proven lighting technology that has major administrative, cost, energy savings and GHG savings is a significant concern.

The AER should request that clear pricing from Endeavour Energy for smart controls is part of its pricing proposal. This does not appear to be mentioned in either its Public Lighting Pricing Model (submission 14.06) or its Public Lighting Management Plan (submission 14.08).

We welcome the AER's review of Endeavour Energy's 2024-29 public lighting pricing. We'd be pleased to provide any further information or clarification on our comments as needed. Please do not hesitate to contact me on [REDACTED]

Yours sincerely,

[REDACTED]

Mike Nelson
Manager Assets, Transport & Engineering
Wollondilly Shire Council