

Ref: 20220208MC:CB

8 February 2022

The Independent Pricing and Regulatory Tribunal
Via online submission

Submission to IPART's Draft Report - Review of Fire and Rescue NSW's fees and charges

Essential Energy welcomes the opportunity to respond to the Independent Pricing and Regulatory Tribunal (IPART) Draft Report ("the Report") of the review into fees and charging for Fire and Rescue NSW (FRNSW).

As a distributor of electricity, safety of the community and of our employees is paramount. We rely on various government emergency agencies such as FRNSW, the Rural Fire Service (RFS), and NSW Police, to assist us in protecting the community from incidents such as 'wires down' when necessary.

The current Memorandum of Understanding (MOU) between Essential Energy and FRNSW does not include any charges for wires down incidents. We support the continuation of this position for reasons of efficiency and consistency which we outline below.

IPART have advised that they estimate the annual charge for Essential Energy is likely to be in the order of \$150,000 based on historical data from FRNSW. FRNSW have subsequently advised that they are unable confirm this value, as they do not hold comprehensive data. Nor is Essential Energy in a position to verify this information, as it does not currently have systems or processes in place to collate the relevant data. However, we have undertaken a 'back-of-the-envelope' exercise, which indicates that annual charges to Essential Energy could be anywhere between \$500,000 and \$1.2 million. This is if we were to be invoiced for all wires down incidents, including those caused by events outside of our control, e.g. major storms or third party activities such as for pole impacts or vandalism – which make a significant contribution to total incidents. As a result, we are particularly concerned that the impact on the business is not well defined.

It may well be that charging Essential Energy is not administratively efficient. We will need to update various systems to ensure the relevant data is captured correctly, and when bills are received they will need to be validated and processed to payment. This is also obviously the case for FRNSW, who advised that they do not currently have the level of detail to know who the customer is in many wires down attendance cases. A suggestion raised at the hearing was for periodic billing rather than per incident, although that is not expected to reduce the administration burden substantially. It is possible that the administrative cost per year across our business (as well as for FRNSW) exceeds the estimated revenue.

FRNSW emergency services cover urban areas, whereas the vast majority of Essential Energy's network is in regional and rural areas, so most wires down incidents are responded to by the RFS.

[REDACTED] Furthermore, the NSW Police does not charge Essential Energy for their ad-hoc community safety activities either. There are also concerns about how charging will work in major storm and disaster events where depending on the severity and extent of the incidents, they may take some days to be corrected.

We appreciate that IPART intends that the impactor of the charge should pay for the service. However, there are often wires down calls attended to by FRNSW, which are not the responsibility of the electricity distributor, for instance they may be either telecommunication wires or privately owned assets, or the incident is caused by an unknown third party. It is not clear from the report or the public hearing whether FRNSW is intending to send bills to these third parties. There are also wires down

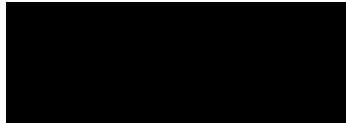
incidents which are attended by multiple FRNSW vehicles, again it is not clear how the charging will work in these cases (when only one appliance is necessary).

Affordability of electricity services is always a concern as Essential Energy customers pay the highest network charges in the State (due to our large network and low number of customers). Any increase in our operating costs get added directly onto customers network charges, so the cost burden will be borne at that level - exacerbating the affordability issue. We urge IPART to consider this ultimate impact and whether this is the intended consequence.

Overall, Essential Energy suggests that IPART reconsider the economic benefit of whether Essential Energy should be charged for wires down incidents. Given the additional administration burden and costs, [REDACTED] and electricity affordability concerns, we suggest that the current FRNSW practice of not charging Essential Energy for wires down continues.

If you would like to discuss this matter further, please contact our Network Regulation Manager, Mary-Clare Crowley on [REDACTED] or via [REDACTED]

Yours sincerely



Chantelle Bramley
Executive General Manager Corporate Affairs