

Independent Pricing And Regulatory Tribunal,
P.O. Box Q290,
QVB Post Office.
SYDNEY NSW 1230.

18 Amaroo Pde
Port Macquarie NSW 2444

23 November 2001

(Attn Mr. Michael Seery)

Dear Michael,

Reference

**Release of Draft Determination
Capital Contributions for NSW Electricity DNSP's.**

I refer to your communication of 19 October 2001, of above reference and thank you for the opportunity to comment. You may recall that I made a submission to IPART dated 1 May 2000 for and on behalf of the NorthPower Customer Consultative Committee and attended and contributed to the discussions at the round-table meeting in May 2000, along with Robyn Rooth, also a member of the NorthPower CCC.

Events have overtaken the existence of the NorthPower CCC, with the establishment of Country Energy, however both Robyn Rooth and myself have recently appointed to the Customer Council of Country Energy. The following comments are made as an individual customer rather than a member of CE's Customer Council, however I plan to submit this letter to the initial meeting of the Customer Council, scheduled for 5 December 2001.

COMMENTS:-

General...

1. It is most interesting to note the approach to this complex issue, in particular the methodology and solutions recommended in separating the Urban and Rural customers.
2. Many parallels can be drawn to the solutions recommended in handling the Rural Customer situations, with the methods used by many 'Rural Based' Electricity Distributors during the 1970's 80's and early 90's. (The clock has gone the full circle - and it certainly appears that the Distributors at that time had the correct solutions to their problems with 'equity' in Capital Contribution Policy, given the resources utilised in bringing this Report to fruition).

Specific...

Section 3.2.1 Defining customers subject to augmentation costs...

1. The definition of a '*Rural Customer*' ... the figure of admd/km - less than 300 kVA - appears to be excessive. I would be very interested to be advised on how this figure was arrived at. I believe that a figure 'less than 150 -200 kVA' may be more appropriate. I have not used specific engineering criteria to support this suggestion, other than my 'gut' feeling and would be more than happy to bow to established argument, based on factual data.
2. My other concern with the recommended definitions for '*Rural and Large load Customers*' relates to just how they impact on DNSP's present definitions of

2.

'Industrial Customers' for **Tariff purposes**. As I do not have comparative data available the comments related to this particular section may be diminished in relevance.

Section 3.3 Reimbursement Schemes...

1. The recommended **'limit of 10 years on reimbursements'** appears to be excessive, particularly having regard to administration of the schemes. My extensive experience in 'Rural Developments' indicates that considerable 'Property Ownership' changes occur within a 10 year period and this will add considerably to the administrative problems attended to the DNSP's. Further it is distinctly possible that multiple changes in ownership could occur with individual properties during the recommended 10 year period. I would therefore recommend that consideration be giving to these ramifications, and that a maximum period of 7 years be introduced. (This matter also relates to Item 2. below).
2. The recommendation **'The reimbursement is made to the original contributor, who is responsible for advising the DSNP of any changes of address'** raises the issue of Equity. When a property changes ownership, what is the guarantee that the original owner will not factor this 'asset' expense into the asking price for the property. (Thus allowing a possible double-dipping situation to occur). It would appear much more equitable if any reimbursements – and these could occur in multiples when more than one new customer is connected and thus required to contribute over varying periods during the extended period of the particular scheme – be paid to the present owner of the property. Under this proposal, the present owner would then only receive that proportion of the 'original' capital contribution, applicable at the time of property ownership change, as would also apply to intermediate new customers. This proposal does appear to provide a more equitable solution and further reduces the administrative workload on the DNSP's.

I thank the Tribunal for the opportunity to make this submission and trust that the outcomes of further deliberation will provide a document that will adequately address all matters involved in this complex issue.

Yours sincerely,



R.J. (Bob) Harper
Former Chairman NorthPower Customer Consultative Committee.

cc Members of Country Energy Customer Council.