



19 April 2002

Fiona Towers  
Director  
Energy  
Independent Pricing and Regulatory Tribunal  
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*By facsimile: (02) 9290 2063*

Dear **MS** Towers

**IPART Interim Report on Electricity Undergrounding in New South Wales**

In general, Optus supports the approach taken by IPART for determining the costs and who should pay for the undergrounding of overhead cables.

Optus considers that, however, a final report to the Minister for Energy needs be clearer that the costing and funding of undergrounding cables in NSW includes telecommunications cables. This will enable IPART to report the total costs of undergrounding cables rather than just the costs of undergrounding electricity cables.

Currently the report primarily deals with the undergrounding of electricity cables, so there appears to be a disconnect in who should pay for the undergrounding between telecommunications and electricity cables. Presented in this way there is a risk that decisions about putting cables underground will overlook the impact on telecommunications carriers and lead to an inefficient undergrounding program with telecommunications cables being treated inequitably.

An example of how the focus on the impact on electricity distribution could skew decisions about undergrounding cables is the examination of the opportunity for large scale undergrounding to create an opportunity for 'optimising' network design (reducing the electricity undergrounding costs from around \$3,000 per customer to \$2,000). Many of the efficiencies gained from an optimised network may result in greater costs from additional trenching, for example, because telecommunications networks will follow different paths to optimised electricity networks.

In a number of areas the IPART report refers to the requirement under clause 51 of Schedule 3 of the *Telecommunications Act 1997* which says that telecommunications carriers ~~must~~ remove overhead cables within 6 months of the last electricity cable being put underground. The IPART Report says that

"it might be argued that the legislated requirement for communications lines to follow electricity lines underground is just another cost of doing business and

that the potential for this cost was recognised ~~when~~ the initial investment was made." (Page 36)

The costs of undergrounding the Optus HFC cable have not been recognised by the carriers. Clause 51 is deliberately silent on who should pay for the undergrounding of telecommunications cable because the Commonwealth recognised it needed detailed examination (clause 49). The 1998 Commonwealth Putting Cables Underground Report said that beneficiaries should pay.

Optus welcomes being able to provide additional comments or information to the final stages of the review or comments as necessary. Contact can be made with either myself on (02) 9342 5005 or Judy Anderson on (02) 6222 3885.

Yours sincerely



David McCulloch  
General Manager Government Affairs