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4 February 2002

Independent Pricing and Regulatory Tribunal
PO Box Q290
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Attention: Mr Michael Seery

Dear Sir

**RE: SUBMISSION REGARDING UNDERGROUNDING
ELECTRICITY CABLES IN NSW**

This submission supports in principle the concept of undergrounding electricity cables in the Sydney metropolitan area and suggests matters to be taken into consideration when defining the project and determining how it can be financed.

1. Purpose

In presenting the project to the community it is suggested the purpose be stated clearly and separated from the secondary benefits.

The work should be carried out for the purpose of removing visual pollution from streets and public places. Visual pollution in this instance refers to the poles, wires, switchgear, pole-mounted transformers and any other apparatus attached to existing power poles. Visual pollution also includes modified vegetation growing in the vicinity of electricity lines, whether caused by pruning or resulting from a planting regime developed for use in the vicinity of electricity infrastructure.

Reducing the likelihood of storm damage to electricity distribution infrastructure and reducing the frequency of car accidents with poles are secondary benefits, but not the primary purpose of the work. Any assessed savings in maintenance costs is also viewed as a secondary benefit.

2. Project Definition

The following matters should be considered in defining the project:

- Upper Voltage Limit

The project should be defined to include undergrounding all electricity cables up to and including 33 kV. The costs for undergrounding services of higher voltage will be prohibitive and may result in the entire proposal being abandoned. Higher voltages could be considered

in exceptional cases, for example in situations where 66 kV lines pass through residential areas for their entire length.

- Ownership of Land

Overhead electricity cables in roads, public parks and other public land should be included. Some services owned by public authorities located on other land may also warrant inclusion on a case-by-case basis.

- Ownership of Service

Overhead electricity cables may be owned by an electricity supply authority, the Rail Infrastructure Corporation or they may be privately owned. If they are located on public land, then they should be included in the project for undergrounding. An exception would be railway feeders located within railway land where the feeder is not adjacent to a public road or public place. Again this should be assessed on a case-by-case basis.

There is little benefit in undergrounding electricity distribution mains in a street if a railways feeder is allowed to remain in or adjacent to the same street.

- Other Services Supported by Power Poles

Wherever overhead electricity conductors are to be placed underground, any other service supported by the power pole should also be placed underground. This includes telecommunications and pay-TV cables. Exceptions would include higher voltage services that are not being undergrounded and wiring that must be overhead, such as for light rail.

The matter of who pays for undergrounding the other services should fall to the owner of that service, unless there are obligations in place to the contrary.

- Erection of Light poles

Existing power poles should be removed from the ground and the holes backfilled after overhead wiring has been lowered. There may be a need to remediate soil contaminated with creosote and/or organochlorin pesticides.

New frangible light poles should be erected wherever existing street lights are removed. The poles should generally be set back from the roadside, adjacent to the property boundary. The fittings should adopt a minimum light spill design showcased in the Homebush Bay area.

- Provision for other Buried Services

The project may include provision to bury parallel conduits for other services, but only if this can be done without risking the financial feasibility of the venture and operational and safety issues associated with co-location are overcome.

3. Priority

Setting priorities for undergrounding work should demonstrate fairness and equity. If works were carried out in the following sequence benefits would flow to the greatest number of people in the shortest time:

- (i) Areas of the public domain including shopping precincts, plazas and public parks with high visitation. The whole community uses these locations and the benefit would be widespread and immediate.
- (ii) Main roads. The higher traffic density on main roads means that the benefit will be observed by more people and there is likely to be a greater safety benefit from early removal of poles from the kerbside of busy roads.
- (iii) Residential streets. Within a local government area it may be reasonable to initially favour streets where there has been a history of vehicle/pole accidents or power disruption due to storm damage of overhead wiring. However this should not be used as a justification for progressing work in one local government area ahead of others.
- (iv) Other commercial and industrial areas. A low priority would be attached to industrially zoned land.
- (v) Rural areas. There are some remaining rural districts within the Sydney metropolitan area. It is questionable whether undergrounding should take place in these areas, except as a last priority. The benefit from undergrounding power lines along rural laneways would be marginal. This would also be a factor in deciding the extent to which rural customers should contribute to the cost of undergrounding.

In each year the value of work done in the 40 local government areas of Sydney should be roughly in proportion to the population of those areas. If all electricity consumers are paying for undergrounding, then all should see progressive benefits taking place in their area.

The opportunity should be available for councils to nominate locations within their local government areas where undergrounding should commence within the above broad priority bands. For example, in 2001 Ryde City Council had been developing a proposal for electricity undergrounding in Eastwood and West Ryde shopping centres. Planning for this work has now been put on hold, pending a decision by the government regarding Sydney-wide electricity undergrounding. If the government makes a decision in favour of undergrounding, Council would like early advice that if it proceeds with undergrounding in these two shopping centres, then reimbursement will be available from the Sydney-wide program.

4. Timing

The work should be programmed to be complete within a reasonable timeframe. For example, all public domain areas should be completed within five years, main roads and residential streets should be completed within ten years and the total Sydney program within 15 years.

5. Financing

Financing the work should be on an equitable basis with the following factors considered:

- fundamentally the cost should be met according to the “polluter pays” principle, which is one of the tenets of *Ecologically Sustainable Development*. Those who consume electricity within the nominated area should pay the cost according to the level of their consumption. [A “principle objective” of energy distributors under the Energy Services Corporations Act, 1995, is that they conduct their operations in compliance with the principles of ESD, see section 8(1). This has not been observed by energy distributors in the past, when they have passed on to the community (councils) the cost of trimming trees under street mains, ie the polluter has not paid];

- taxpayers of New South Wales should not be required to contribute other than via their electricity bill;
- the costs should only be paid by those who benefit from the undergrounding according to a formula. For example in a dense urban area where all overhead wires will be placed underground, consumers should contribute at the full rate. A lesser rate of contribution would apply in rural areas (of Sydney) where street lines may not be placed underground. Persons living in the rural area would make some contribution as they use shopping centres and other public places where undergrounding will occur. If in a subsequent expansion of the program, their rural area is included, then they will be expected to contribute at the full rate;
- the cost should be determined having regard to intergenerational equity. The benefit to be obtained from undergrounding will be enjoyed by future generations indefinitely. The current generation should not have to meet the full cost of providing a future benefit. If borrowed capital is used to undertake the work, it can be paid off over several decades, spreading the burden to future electricity consumers. In the process this would make the initial cost burden more palatable for today's consumers;
- the government could consider whether it wishes to assist holders of a social security card by applying the undergrounding levy at a lesser rate to those consumers.

5. Extension Beyond Sydney

The decision as to whether an undergrounding program for Sydney is to proceed or not should be made administratively by the State government after consideration of all relevant issues. In other cities, towns and rural areas of New South Wales the opportunity for undergrounding should be available, provided those communities agree that the project is worthwhile and accept the costs involved.

The overwhelming benefits of proceeding with this work in Australia's premier city should not be influenced by the views of those who live outside the metropolitan area. They will not be asked to pay for the work in Sydney.

Yours Faithfully

Terry Perram