



Pittwater Council

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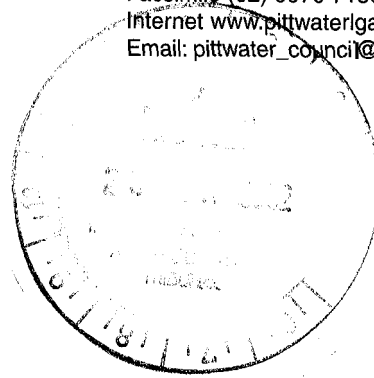
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24 April 2002

Electricity Undergrounding in New South Wales
Independent Pricing and Regulatory Tribunal
P.O. Box Q290
QVE POST OFFICE NSW 1230



Dear Sir/Madam

**Re: Electricity Undergrounding in New South Wales
- Interim Report to the Minister for Energy**

I attach herewith Pittwater Council's submission on the interim report to the Minister for Energy.

Council's submission addresses a number of issues, particularly the benefits to undergrounding which appear to be only partially covered in the interim report. This submission clearly supports the arguments for undergrounding electricity wires.

Pittwater Council is also of the view that the consumers of electricity should bear the costs of undergrounding. In saying this, it is my understanding that the respective N.S.W. State Governments have for many years been receiving dividends from electricity providers, eg. Energy Australia and its predecessors.

The consumers have therefore been paying the State Government this dividend, that, if properly applied to electrical infrastructure undergrounding over the years, would have contributed significant funding to an undergrounding program.

The N.S.W. Government must now take responsibility for fully funding an undergrounding program through previous revenue received and for future revenue collections by the energy providers in their customer billing.

I would be happy to address the Tribunal on Pittwater Council's submission.

Yours faithfully

Dennis J Baker
ACTING GENERAL MANAGER

PITTWATER COUNCIL

Submission to the Independent Pricing and Regulatory Tribunal of New South Wales Undergrounding Electricity Wires

I refer to the Interim Report from the Independent Pricing and Regulatory Tribunal relating to Electricity Undergrounding in New South Wales and make this submission on behalf of Pittwater Council.

The Council's primary concerns are that the Interim Report does not go far enough in identifying the benefits of undergrounding electricity. In addition to the benefits described in Section 3 of the Interim Report, I believe the following issues should also be taken into consideration.

Benefits

Business Benefits

The current and increasing trend today more than ever before is for people to work from home. This applies not only to executives and home business operations, but also to other telecommuters who by choice or business demand operate from their home address.

These people working from home require reliable power and communication links and the undergrounding programs will play an essential part in ensuring minimal downtime to these business users. This benefit should in no way be underestimated or taken lightly.

Working from home is also a major factor in contributing to the solution of Sydney's transport problems. People who elect to work from home do not require either public transport or private transportation to commute to and from work.

This is a considerable benefit given the current lack of state government transportation infrastructure to our road networks generally.

It should be a major strategic thrust for both federal and state governments to encourage businesses and individuals to work from home and this will require dependable and consistent power and communication lines.

IPART should, as part of the strategic focus be encouraging energy providers to underground all power and communication lines to ensure *inter alia* business continuity.

Business activities which today require consistent and high quality power supplies must be recognised in any analysis of costs vs. benefits.

Urban Consolidation Impact

Another important issue in the analysis of undergrounding electricity is the State Government's urban consolidation push.

This requirement of the State Government causes the reduction in the land capable of carrying trees. The streetscape therefore provides an area for the planting of trees and the undergrounding of electricity wires would contribute to more trees being planted without obstruction.

The need to remove or merely trim trees so as to reduce the hazard of fire and windstorm damage would be eliminated by undergrounding aerial cables.

Triple Bottom Line Focus

The current accounting treatment of many organisations, particularly government, requires the organisations to focus on the triple bottom line, i.e. Financial, social and environmental outcomes.

Energy providers should be well versed in this analysis and accordingly should ensure that they concentrate on these outcomes.

The undergrounding of cables would achieve all the outcomes particularly financial and environmental. IPART should ensure that the triple bottom line philosophy is considered in the assessment of benefits in undergrounding electricity cables.

Society Costs to Not Undergrounding

Among the questions that should be asked, what is the true cost to society by not undergrounding electricity wires?

It is the choice of the energy provider as to how they distribute their product.

The provider should ensure that all matters are considered in the cost/benefit analysis.

The cost of not providing the product due to storm damage, which can be minimised if not totally avoided because of undergrounding should be clearly stated.

As stated above there is business loss costs due to electricity/communication cables being damaged or destroyed.

Students of university and high schools who use computers (an essential tool these days) would be severely affected by down time that can be avoided by undergrounding the cables.

Amenity Benefits of Visual Streetscape Improvements

The media release inviting submission states that the bulk of potential benefits largely comprise the amenity benefits of visual streetscape improvements.

I disagree with this statement. The benefits are many, as is indicated in the interim report to the Minister for Energy, as well as the benefits shown in this submission.

Other Avoidable Maintenance Costs

Tree trimming is regularly undertaken by electricity providers and in some cases local Councils. These costs when aggregated across all local government areas are quite significant and can be avoided by undergrounding of electricity wires.

It is considered that avoided maintenance costs have been underestimated if these figures were excluded.

Who Should Pay for Undergrounding?

The consumers of electricity should pay for the benefit they receive.

The consumer includes all users of the product, be they individual, business or government.

It is suggested that the charges be separately and clearly identified on electricity accounts.

Alternatively a separate levy should be made on consumers. Clearly stating Undergrounding Levy.

It is not in any way appropriate for local Councils to be used as the revenue collectors on behalf of the energy provider.

This is an abrogation of responsibility by the provider. It is the providers' infrastructure that is being moved from overhead to underground and the providers should raise the charges and collect the revenue at its cost to underground its infrastructure.

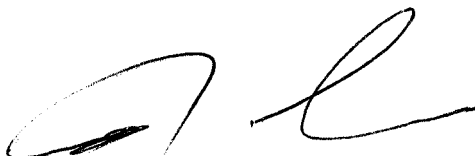
The undergrounding of electricity wires has been the subject of discussion for decades. The normal member of the community would expect that electricity providers would have been creating financial reserves for the purpose of progressively undergrounding their electrical mains over many years. Such reserves would have been financed by the electricity tariff charged to consumers.

Instead of providing dividends to the State Government the providers should have been directing their attention to improving their own infrastructure.

It is time this matter was addressed and funds set aside by the providers from their own revenue streams.

It could be possible to argue that the consumer has already contributed significant funding toward any undergrounding program through the dividends paid by energy providers to the N.S.W. State Government.

Accordingly, if the argument is developed, it should follow that the N.S.W. State Government should progress the undergrounding of power lines from funds it has already received and will continue to receive from the provider.



Dennis J Baker
ACTING GENERAL MANAGER
