

2 February 2005

Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB POST OFFICE NSW 1230

Dear Members of the Tribunal

Proposal by Energy Australia to Increase Public Lighting Charges

This submission is in response to IPART's investigation into the proposal from Energy Australia to increase public lighting charges by almost 70% over 30 months. Whilst Blacktown City Council is outside Energy Australia's distribution district, Council is concerned that the proposal will have an impact on the current pricing caps and has the potential for other distributors to follow suit.

In this regard the following points are raised in opposition to the proposal:

1. The proposal as detailed on the Energy Australia website does not provide adequate justification on how the figures used in the proposal were derived.
2. The proposal identifies that the current standard of infrastructure is likely to be below the requirements to be set by the Department of Energy, Utilities and Sustainability. This reflects that there may have been poor asset management practice by Energy Australia by continuing to use outdated technology and practices while other distributors / suppliers have embarked on upgrades without seeking major increases.
3. The scope of the increase sought by Energy Australia will place major financial hardship on Councils who are unable to transfer to competitors due to the issue of asset ownership. Indeed Councils are at the mercy of IPART to regulate the public lighting business without any recourse for decisions made. In Blacktown City's case an increase of 70% on the infrastructure component of the annual charges would result in increased costs of \$1.2 Million annually to Council.
4. Any changes that are to be brought in should be the subject of further consultation with Councils through the Local Government and Shires Association to enable sufficient time for budget planning, rather than the immediate substantial increase sought by Energy Australia and further increases over the short term.

Thank you for the opportunity to comment on the proposal from Energy Australia. Should you require any additional information regarding this matter, please do not hesitate to contact Council's Manager Transport Management Services, Mr Rudi Svarc during office hours.

Yours faithfully,
IAN REYNOLDS
GENERAL MANAGER

Per:

A handwritten signature in black ink, appearing to be 'Rudi Svarc', written over a horizontal line.

Your contact for this matter is: Rudi Svarc
Phone: 9839 6000 Ext. 6269
File No.: 118-21-4/4