

heritage ■ progress ■ pride

Chairman & Members of the Tribunal
Independent Pricing & Regulatory Tribunal (IPART)
ipart@ipart.nsw.gov.au
emma_kelso@ipart.nsw.gov.au

File No: S.0780.000
Folio: 1.2005.22180
Enquiries: C Clissold
4 February, 2005

Dear Mr Chairman & Members of the Tribunal, IPART

SUBMISSION TO IPART ON ENERGY AUSTRALIA'S PRICE CHANGE PROPOSAL

Council was informed by the Local Government and Shires Associations of NSW (LGSA) that the Associations have successfully negotiated an extended closing date for our submission to 4 February, 2005 (Ref: Local Government Weekly, Issue 02/05, 15 January, 2005).

As a stakeholder, Council thanks you for an opportunity to provide comments on the Energy Australia's Price Change Proposal - currently being considered by IPART

The Energy Australia's Proposal, if approved by IPART, would see a *dramatic rise* of costs to Council. The basis of our objections to the proposal in question, consistent with the Street Lighting Improvement (SLI) Program's view, include the following:

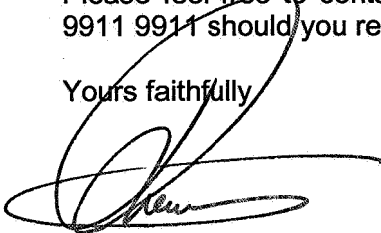
- Energy Australia is proposing to impose new capital charges on Council for a range of underground cabling and other connection assets. Council and other parties, for example, developers within Burwood Local Government Area (Burwood LGA) already fund such assets.
- Energy Australia's practices fall far below industry norms (for example, installing lights recently that other utilities discontinued in the 1980s), and charging Council for these highly inefficient assets and practices that appears to be inconsistent with the National Electricity Code (which says that charges should be based on an efficiently provided service). Council expresses grave concern about the potential for Energy Australia to be allowed to charge for such inefficiency, thus potentially setting a poor precedent.
- The draft Public Lighting Code, formulated by the Department of Energy, Utilities & Sustainability (DEUS), requires modern maintenance practices that should reduce (not increase) costs. This appears that Energy Australia is double-counting labour costs in this aspect of its proposal.
- Energy Australia has assumed asset lives of 20 years for all components, whereas 35 years is more appropriate for some key assets. It thus appears to be inconsistent with the Australian Accounting Standards and NSW Treasury Policy.

Council understands that before IPART approves any price changes for street lighting, it must satisfy itself that the Distribution Network Service Provider (DNSP) has complied with all the conditions outlined by Rule 2004/1 (including, but not limited to, impacts on customers) of IPART's Final Determination "*NSW Electricity Distribution Pricing 2004/05 to 2008/09*".

As one of twenty nine (29) participant Councils in the Street Lighting Improvement (SLI) Program, Council becomes aware that when inappropriate costs in the Energy Australia's proposal are removed, the Proposal would result in a decrease in charges from current levels. Council also fully supports the submission made by the SLI Program to IPART, thus urges IPART to reasonably reject the Energy Australia's proposal.

Please feel free to contact Mr. Colin Clissold, Director Technical Services & Operations, on 9911 9911 should you require any further information and/or clarification.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Pat Romano', is written over the 'Yours faithfully' text.

PAT ROMANO
General Manager

cc Ms E. Kelso – IPART