

14 January 2005

Independent Pricing and Regulatory Tribunal  
PO Box Q290  
QVB Post Office NSW 1230



Dear Members of the Tribunal

**RE: EnergyAustralia's Public Lighting Pricing Proposal - 2004**

EA informed councils by its letter dated 20 December 2004 (received on 10<sup>th</sup> January) that it has filed a proposal with IPART for approval.

The City of Sydney, whilst thanking the Tribunal for the opportunity to make this submission, strongly contests and objects to the proposed increases of public lighting charges by EnergyAustralia (EA).

The City of Sydney would like to raise a number of issues regarding EA's pricing proposal for consideration by the Tribunal.

**1. The City of Sydney urgently seeks IPART's continued regulatory protection, with respect to the pricing of existing public lighting services provided by EA.**

Whilst the design, construction and maintenance of *new* public lighting is contestable, and the supply of retail energy for *all* public lighting is also contestable, the public lighting services provided via existing EA assets are *not* contestable.

The City's public lighting network consists of some 13,700 lights and almost 90% of this is owned and maintained by EA. Councils have no choice with regard to maintenance, upgrade or removal of the existing EA lighting assets and these continue to remain monopoly services. There is no recourse to a contestable market and it is therefore essential that councils be provided with continued regulatory protection with regards to the provision of streetlighting services by EA.

**2. The standard of maintenance services provided by EA has continued to fall over recent years and as such, proposals for increased charges cannot be justified.**

The EA's inefficient public lighting practices are clearly demonstrated by:

- Persistent use of obsolete fittings in its lighting network resulting in energy wastage and increased greenhouse gases.

- Lack of a scheduled maintenance program including bulk replacement of lamps in accordance with public lighting standards.
- Absence of a program of scheduled lamp audits to identify and repair failed lamps (EA relies on the public to report any lamp outages).
- Continued failure to meet quoted response time of five days for lamp repairs, compromising community safety.

### **3. Proposed price increases for dedicated underground lighting infrastructure appear to be based on inappropriate costing.**

There are several significant deficiencies in EA's cost analysis and pricing proposal:

- Many of the existing installations have been funded by private developers, other agencies and council and are dedicated to EA for ongoing maintenance.
- Capital cost recovery for some assets has been included in the annual charges levied on councils.
- Excessive operating costs resulting from inefficient maintenance practices and use of obsolete fittings.
- Overstated depreciation costs based on inappropriately assumed lifespan of assets.

### **4. IPART's approval of the proposed price increase would merely reward EA's provision of inefficient public lighting services.**

Such endorsement by IPART would fail to encourage competition between other public utility authorities providing similar services and adds to inherent operational inefficiencies, resulting in increased burden on ratepayers.

### **5. The City of Sydney would appreciate the opportunity to comment on the specific details of EA's proposed 'transitional price path by Council' referred to as Appendix 3, but not published.**

The Program Manager of Street Lighting Improvement Program has advised The City of Sydney that expected increase in charges to the City resulting from EA's price proposal would well exceed the average quoted for councils of 70%. This would be due to the heavy concentration of dedicated underground public lighting connections within the city CBD.

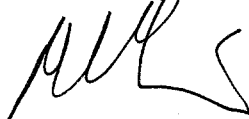
The City of Sydney appreciates IPART's contributions towards recent achievements in electricity sector reforms. The City commends the Tribunal's efforts to facilitate future contestability by classifying public lighting as an excluded distribution service in the 2004 Electricity Network Price Determination. However, these provisions should not apply to monopoly services such as those provided by EnergyAustralia on the existing public lighting assets.

The City community is only willing to accept full costs of competitively delivered public lighting services and not prepared to reimburse costs of inefficient lighting practices.

The City intends to perform its own independent analyses and make additional submissions once the full details regarding the pricing proposal are known.

Please contact Mr Daya Nammuni, Public Domain Lighting Co-ordinator on 9265 9768 for further clarification or information regarding the contents of this submission.

Yours sincerely



**Petar Vladeta**  
A/General Manager

