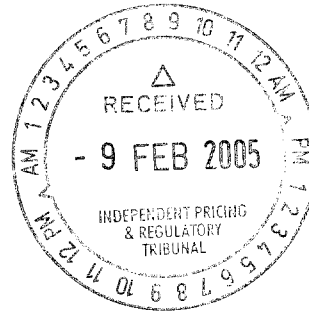




UPPER HUNTER SHIRE COUNCIL

Contact Name: Bede Spannagle
Contact No: (02) 65401103
Our Reference: 46/16
Reply to: Scone Office

4 February, 2005



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

Dear Members,

Energy Australia proposal to increase public lighting prices by 70% (real)

Council would like to take the opportunity of to make a submission contesting Energy Australia's (EA's) proposal to increase prices for public lighting services by some 70% (real) over the next 30 months.

On 17 March 2004, the former Scone Shire Council and the eastern portion of the former Murrurundi Shires were amalgamated and the new Upper Hunter Shire Council was proclaimed. On 26 May 2004, again by proclamation, a new Upper Hunter Shire Council was created which incorporated 75% of the area of the former Merriwa Shire Council. Subsequently a further boundary inquiry recommended a transfer of the area of Cassilis and surrounds from Mid-Western Regional Council to the Upper Hunter Shire Council and this was proclaimed on 25 August 2004.

The Upper Hunter Shire Council covers an area of 8,069 square kilometres with a population of 14,459. The residents of the shire live in the major towns include Scone, Aberdeen, Merriwa, Cassilis and Murrurundi, with the remaining population dispersed throughout the shire area.

The major townships throughout the shire all rely on Energy Australia for the provision of street lighting.

Councils throughout NSW urgently need IPART's regulatory protection, as there is simply no recourse to a contestable market for public lighting services with respect to the existing 246,000 lights owned by EA.

Upper Hunter Shire Council has no choice with respect to the public lighting assets owned by EA – there is no contestability or competition with respect to these assets. EA is a monopoly provider of public lighting services using these assets, so there is no opportunity for councils to seek more efficient practices from alternate providers.

Energy Australia has further proposed that councils be charged \$150 capital recovery charge per luminaire in addition to labour charges for any removal of highly obsolete fluorescent lighting before it has reached 20 years of age. In short, to have Energy Australia remove assets it almost certainly should not have installed in the first place, councils would have to pay the company.

Council has been led to understand that the design, construction and maintenance of *new* public lighting are contestable, and that the supply of retail energy for all public lighting is also contestable. However, EA's pricing proposal relates to the public lighting services for the 246,000 existing lights owned by EA. No Council has a choice with regard to maintenance, modification or removal of these existing lights.

FOR UPPER HUNTER SHIRE – A QUALITY RURAL LIFESTYLE

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The Tribunal's efforts to facilitate future contestability by classifying public lighting as an excluded distribution service in the 2004 Electricity Network Price Determination is appreciated. However, public lighting services related to the EA-owned lights remain a monopoly, and it is therefore essential that councils be provided with clear and strong regulatory protection regardless of how those services are classified.

Many Councils have only been informed by Energy Australia on 10 January 2005 of the details of a proposed price increase to apply from March to June 2005. We note that several councils have expressed strong concern about the late notification and lack of detail provided.

Approval of the proposal could be viewed by many as rewarding EA's poor performance, and as burdening councils and the public with inequitable cost shifting that results in reductions in services provided by councils to ratepayers.

Support is provided to the EA proposal to:

- changes in technology practices such as ceasing to install obsolete equipment,
- instituting a planned maintenance regime

These changes should both significantly reduce EA costs and improve lighting outcomes.

Thank you again for the opportunity to make this submission.

Yours faithfully

A handwritten signature in black ink, appearing to read 'D N Dutton', written over a horizontal line.

~~For~~ D N Dutton
ACTING GENERAL MANAGER