

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

3 February 2005

Our Ref: S3055-03

Dear Members of the Tribunal

EnergyAustralia's Public Lighting Pricing Principals.

I refer to the current proposal before the Tribunal and welcome the opportunity to make a submission.

It is understood that this consultation is only occurring at the direct request of IPART and this requirement is appreciated by Council. City of Ryde is a member of the Street Lighting Improvement Program (SLIP), a group of 29 Councils encompassing 9% of the street lights owned by EnergyAustralia. The submission by Mr Graham Mawer of Next Energy, on behalf of SLIP, is fully endorsed by this Council. In fact, if it had not been for the formation of SLIP, individual Councils would not be in a position to comment on the specific details of EnergyAustralia's operation and costing methods.

Council wishes to raise the following issues for consideration by the Tribunal:

Concern is expressed at the process originally proposed by EnergyAustralia for the notification period for comment on the proposal. This Council received formal advice on this proposal on 10 January 2005, giving Council only seven (7) days to respond. It is understood that other Councils received similarly short notice of the proposal.

Any future proposals must be subject to reasonable consultation over a realistic period with the Councils concerned.

The consequences of the proposed price increase over the four (4) year period of approximately 70% + CPI, will increase Council's street lighting costs from the current level of \$1,037,000 to at least \$1,900,000 in 2008-2009.

Council's income for street lighting is obtained from rate revenue and with rate pegging by the NSW Government on rate increases, Council will be unable to recoup the proposed increases in charges. If the increases are approved, Councils will be forced to cut services in other areas and to restrict any improvements to street lighting generally.

Included in the cost increase are proposals for annual asset transition costs, apparently as a result of previous IPART determination relating to cross subsidization.

IPART is requested to review this position and to adopt the previous pricing strategy whereby the community, including business, have been paying a contribution towards street lighting assets included in the general cost of providing the electrical supply network. It is also pointed out that EnergyAustralia is a State Government trading enterprise which has community service obligations. It is argued that street lighting is a significant aspect of their community service obligations.

The proposal by EnergyAustralia to introduce new charges for underground mains servicing street lighting is considered to be inappropriate and unreasonable for the reasons outlined in the SLIP submission.

Of major concern is the fact that the submission itself is based on costs established by EnergyAustralia without any apparent independent review of the methodology used to identify the so called cross subsidization. Council believes that the estimated prepared by EnergyAustralia are over-inflated and require significant scrutiny.

The proposed price increases should be rejected. Any revised application by IPART from EnergyAustralia should be based on:

- Industry best practice.
- The use of improved technology.
- Greater efficiency in maintenance practices.
- The true economic life of street lighting assets.
- Benchmarking with other street lighting and energy providers.
- Consultation with Local Government.

Should you wish to discuss the matter further, please do not hesitate to contact me on 9952 8102.

Yours faithfully

Tony Reed
Group Manager – Public Works & Services