



11 December 2013

Energy Savings Scheme Rule Change Consultation
NSW Department of Trade and Investment

Sent via email to ess@dwe.nsw.gov.au

RE: ESS Rule Change Consultation 2013

Thank you for the opportunity to comment on the ESS Rule Change proposal, and for your efforts to enhance this important and valuable scheme.

The Southern Sydney Regional Organisation of Councils (SSROC) is a not-for-profit incorporated association of sixteen local governments in southern Sydney. In this case, SSROC is making its submission on behalf of 35 Councils participating in the SSROC Street Lighting Improvement Program (eg including both its own members and 18 other NSW councils who have joined its SLI Program). The councils in the SSROC SLI Program encompass more than 230,000 street lights constituting approximately 94% of the streetlights in Ausgrid's distribution area. This is about 40% of the street lighting in NSW and just over 10% of all street lighting in Australia.

Councils in the SSROC SLI Program have been working together for some years to seek better lighting and energy efficiency outcomes. Of particular relevance to the ESS, Ausgrid and all councils served by Ausgrid have recently approved the adoption of lighting equipment that delivers some 50% energy savings without harming performance. However, funding has not been fully secured, and the ESS will make a vital contribution.

We see the specific language of the revised ESS Rule related to street lighting as potentially workable and effective. However, we wish to note two issues for consideration:

- Section 9.4 part (e) says that "the Energy Saver is the Purchaser of the Lighting Upgrade"
- Section 10 defines "Purchaser" as the "the person who pays for the goods or services that comprise an Implementation of a Recognised Energy Savings Activity, for the purpose of end-use"

Notably, both councils and Ausgrid can arguably be defined as the 'Purchaser' and therefore as the 'Energy Saver' by virtue of the manner in which street lighting services are provided and paid for. SSROC believes that it is vital that there is this important flexibility in defining the roles of Councils and the utility within the Scheme.

Councils have been informed that Networks NSW, which ultimately owns the vast bulk of the 600,000 street lights in NSW, has taken a policy decision to not participate in the ESS

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directly for street lighting. This decision makes the need for the councils to be recognised as the Energy Saver under the ESS essential.

Further, it is NSW DNSPs (eg the three operating entities under Networks NSW) that finance the lighting in the first instance and there is no opportunity under the AER-approved tariff structure for councils to make an initial co-contribution at the point of initial installation. However, in requesting a new light, councils are agreeing to take on the full 20 year lifetime capital and maintenance costs as approved by the AER. Again, the unique nature of the regulated tariff structure should be recognised under the ESS Rule, allowing councils' acceptance of the on-going capital and maintenance charges for a light to be recognised as sufficient to meet the test of a co-contribution.

Finally, beyond this immediate consultation, I note that the dramatic fall of ESS credit pricing in 2013 makes street lighting efficiency efforts such as ours potentially unviable under the ESS without further reform. Accordingly, I welcome the broader review of the NSW Energy Savings Scheme targets and overall scheme design announced on 20 November, and urge an effective, expedited process. This broader review and correction of the ESS is urgently needed to address the significant oversupply of credits being produced by commercial lighting projects under the ESS and the dramatically lower credit pricing that has resulted.

Please feel free to contact me with any questions about this submission.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Alan Northey', with a long horizontal flourish extending to the right.

Alan Northey
General Manager
Southern Sydney Regional Organisation of Councils