



9 September 2013

Mr Warwick Anderson (sent by email to [Warwick.Anderson@aer.gov.au](mailto:Warwick.Anderson@aer.gov.au))  
General Manager – Network Regulation North Branch  
Australian Energy Regulator  
GPO 3131  
CANBERRA ACT 2601

Dear Mr Anderson

### **Confirmation of support for proposed Ausgrid 29W StreetLED Proposal**

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I am writing to confirm that SSROC has recommended to all 35 Councils participating in its Street Lighting Improvement Program that they accept Ausgrid's proposed pricing for the 29W StreetLED and Ausgrid's proposal to make the 29W StreetLED the default replacement light for all residential roads.

SSROC's recommendation to Councils follows extensive discussions with Ausgrid and SLA. In summary, the recommendation was based on the following:

- 1) **Lower Total Costs Compared Current Technology** – Based on the proposed Ausgrid capital and maintenance pricing for the 29W StreetLED and current average energy, network distribution, losses, environmental and market charges for Councils, SSROC estimates that the 29W StreetLED will have 3% lower total costs for Councils as compared to the current standard 42W CFL. In summary, the reductions in maintenance costs and costs proportional to energy consumption outweigh the higher capital costs of the technology.
- 2) **38-70% Energy & GHG Savings** – The 29W StreetLED uses 38% less energy than the current Ausgrid default, 42W CFL for an equivalent light output and 70% less than the 80W mercury vapour light (the most common light on residential roads in Ausgrid's service area). These figures are directly derived from a recent listing for the 29W StreetLED on the AEMO public lighting load table listings.
- 3) **Equivalent Compliance** – SSROC has received confirmation from SLA and independently verified compliance calculations with the assistance of the City of Sydney to confirm that the 29W StreetLED meets or exceeds the AS/NZS 1158 Part 3.1 compliance requirements in Ausgrid's most recent tender documentation and specifically, that it meets or exceeds the performance of the previous default, the 42W CFL.

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- 4) **Pricing & Performance Guarantees** – With respect to future capital cost risks for Councils, Ausgrid has confirmed that the annuity-based pricing proposal it intends to submit to the AER for the StreetLED is based on an assumed 20 year life as per other luminaires. Ausgrid has further stated to Councils that under the annuity-based approach used for pricing and approved by the AER, if the population of StreetLED lights lasts for less than 20 years on average, the risk of higher capital costs for early replacements rests with Ausgrid.

Further, with respect to maintenance price risk, Ausgrid has stated to Councils that it has secured long-term performance guarantees substantially mitigating against the risk of long-term maintenance price increases for Councils from these lights. Ausgrid has not made the details of the long-term performance guarantees it has secured with the supplier available to Councils which would be preferable but has agreed to regularly release Street LED maintenance data to Councils to verify performance.

SSROC's interim acceptance of 42W StreetLED pricing proposed by Ausgrid during the current regulatory period is in no way intended to prejudice a comprehensive review of appropriate public lighting pricing during future regulatory reviews. It is also based on Ausgrid's proposal to use this light on an interim basis until November 2014 by which time, Ausgrid has indicated it will have conducted a full open tender for LED lighting in this category.

Yours sincerely



Alan Northey  
**General Manager**  
**Southern Sydney Regional Organisation of Councils**

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