



5 May 2016

(sent by email to nswtss2016@aer.gov.au)

Mr Craig Madden
Director – Network Regulation
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3000

Dear Craig

Re: Submission to AER on Ausgrid's Tariff Structure Statement

The Southern Sydney Regional Organisation of Councils is making this submission on behalf of 35 councils participating in the SSROC Street Lighting Improvement Program. These councils encompass more than 230,000 street lights which is some 95% of the lights in Ausgrid's distribution area and 40% of the utility street lights in NSW.

SSROC made the attached submission to Networks NSW on 26 October 2015 on this matter. As per Ausgrid's Tariff Structure Statement of 27 November 2015 (p150), Ausgrid acknowledged SSROC's submission. However, I note that:

- Ausgrid did not contact SSROC about its submission; and
- Ausgrid did not address the substantive issues raised in SSROC's submission directly with SSROC or in its Tariff Structure Statement.

Further to the points made by many of the participants at the AER's forum on 6 April, we do not consider this to be meaningful consultation. Having heard the feedback of other organisations representing customers at the April Forum, we are concerned that there is no purpose of participating in such consultations for organisations with limited resources such as ourselves.

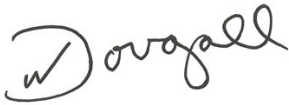
In the absence of meaningful consultation on this public lighting network tariffs by Ausgrid, we would ask that the AER consider the points made by SSROC in the attached.

In summary, public lighting network distribution charges account for about 20% of public lighting costs and are covered by a unique Ausgrid network distribution tariff (EA401). While the public lighting load is about 80% off-peak and is entirely predictable, Ausgrid network distribution tariffs for public lighting appear to be 50-350% higher than for other tariffs when the time of use profile is considered.

Public lighting network supply is also currently held to a different and substantially lower reliability service standard than for all other general network distribution customers. Indeed, public lighting network supply reliability is not measured, not reported and there is no financial consequence for non-performance. Put simply, a substantially lower service level should attract a lower price. As such, the current Ausgrid network distribution tariff applicable to public lighting, EA 401, represents an inefficient pricing signal and inappropriate cross subsidy from public lighting customers to other classes of network customers.

We'd ask that the AER considers these matters in its review of Ausgrid's Tariff Structure Statement and note that these issues appear to apply more broadly across the NEM with respect to public lighting network distribution tariffs.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Dougall', with a stylized initial 'N'.

Namoi Dougall
General Manager
Southern Sydney Regional Organisation of Councils



26 October 2015

Mr Vince Graham
Networks NSW CEO
Endeavour Energy
PO Box 811
SEVEN HILLS NSW 1730

c/o haveyoursay@endeavourenergy.com.au

Dear Mr Graham

Re: SSROC Submission on Electricity Tariff Reform in NSW for Public Lighting

The Southern Sydney Regional Organisation of Councils is making this submission on behalf of 35 Councils participating in the SSROC Street Lighting Improvement Program. These Councils encompass more than 230,000 street lights which is some 95% of the lights in Ausgrid's distribution area and 40% of the lights in Networks NSW.

Public lighting supply is currently held to a different and substantially lower reliability service standard than for general network distribution customers. The current Ausgrid network distribution tariff applicable to public lighting, EA 401, may therefore represent an inefficient pricing signal and inappropriate cross subsidy from public lighting customers to other classes of network customers.

The reasons for SSROC's conclusions about the need for reform of EA401 are as follows:

1. Ausgrid has been aiming for 99.999% reliability on its network for some years¹ and made substantial investment over the last two regulatory periods to meet a number of reliability goals. However, throughout previous and current regulatory periods, public lighting supply is held to a different and substantially lower reliability service standard than general network distribution customers.
2. Under NSW Electricity Network Performance Report – Annual Report Outline (Revised June 2015²), network supply to public lighting is explicitly excluded from all NSW reliability measures (eg SAIDI, SAIFI and MAIFI) in Attachment A pages 21-22. Public lighting reliability is consequently excluded from all measures of overall network reliability reported on under mandated Ministerially-imposed licence conditions³ and IPART's NSW DNSP reporting requirements⁴.

¹ EnergyAustralia presentation to AER Forum 30 July 2009

² http://www.resourcesandenergy.nsw.gov.au/_data/assets/pdf_file/0004/564790/Report-2015-Outline-Distribution-Final.pdf

³ http://www.ipart.nsw.gov.au/files/sharedassets/website/trimholdingbay/reporting_manual_-_electricity_distribution_network_service_provider_-_march_2015.pdf

⁴ IPART Reporting Manual – Electricity Distribution Network Service Provider, March 2015

3. The NSW electricity network reliability reports are produced consistent with the national guidelines first established by SCONRRR⁵ and as detailed in the National Regulatory Reporting for Electricity Distribution and Retailing Businesses - Utilities Regulators Forum Discussion Paper March 2002⁶. Of note is that:
 - public lighting customers are explicitly excluded from the definition of distribution customers⁷; and
 - interruptions to unmetered public lighting supplies are explicitly excluded from reliability reporting⁸.
4. There is no regulated reliability target for NSW public lighting with only voluntary provisions in the non-binding NSW Public Lighting Code⁹:
 - In Section 11.1, the Code cites the need to maintain the in-service values of the Australia Standard AS/NZ1158. This Standard sets a minimum 95% availability at any given point. 95% availability is notably several standard deviations lower level of reliability than is being targeted for other classes of network customers. And, there is no penalty specified for failing to meet even this reliability level or any incentive to exceed it.
 - In Section 11.2b, the Code says the DNSP needs to repair street lighting within an average of 8 working days of the fault being reported. In Section 12.1, a \$15 penalty becomes payable where the repair has not been completed in 12 working days. In practice, the small penalty amount is only paid to customers on application¹⁰. Notably, penalties are non-recurrent in the case of prolonged outages.
5. Prolonged outages due to underground supply faults have been excluded in Ausgrid reporting of average repair times to Councils since inception of the Public Lighting Code in 2006¹¹. Most of prolonged street lighting outages (some documented with Ausgrid at over 200 days) appear to be caused by network supply faults.
6. Even in the case of prolonged outages, Councils are still required by Ausgrid to pay the full capital, maintenance, energy and network distributions costs for public lighting despite the service not having been provided.
7. Unlike almost all other electricity loads, public lighting hours of operation are entirely predictable consisting broadly 80% off-peak, 10% shoulder and 10% peak usage. Public lighting is effectively a Time-of-Use tariff as the load is known with a high degree of precision based on sunset and sunrise times and AEMO unmetered load tables. Given the overwhelming dominance of off-peak usage in public lighting consumption, the current 2015/16 network distribution pricing of 8.1199c/kWh appears particularly high. Indeed, EA401 appears to be 50%-350% higher than for any other Ausgrid low voltage Time-of-Use tariffs with a similar mix of peak, shoulder and off-peak consumption.

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<http://www.esc.vic.gov.au/public/Energy/Regulation+and+Compliance/Performance+Reports/National+Comparative+Performance+Data+-+Electricity/Energy+Distribution+Businesses+-+National+Comparative+Performance+Data+-+Electricity.htm>

⁶ <http://www.accc.gov.au/content/item.phtml?itemId=332190&nodeId=dc4aa2ded45414f0492929936649b125&fn>

⁷ Ibid p8 Business Descriptors - Distribution Customer

⁸ Ibid p6 Table 1: Reliability Measures, Note 3

⁹ http://www.resourcesandenergy.nsw.gov.au/energy-supply-industry/legislation-and-policy/electricity-legislation/code-review/electricity_legislation_nsw_public_lighting_code.pdf

¹⁰ NSW Electricity Information Paper No 5, p8

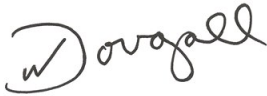
¹¹ As per documentation provided by EnergyAustralia and Ausgrid to SSROC since 2007

8. Further compounding the high network distribution pricing relative to other tariffs, the losses attributed to public lighting (at 8.18% for 2015-16¹²) are higher than for any other current network distribution tariff despite the direct connection of the street lights to the network and highly predictable nature of the load and power factor.

Without measurement of public lighting reliability, without reporting of outages, without incentive to repair network supply faults to public lighting and without consequence for failing to repair faults, it is clear that public lighting is held to a substantially lower reliability standard than for all other classes of network distribution customers. It therefore appears that Ausgrid public lighting customers are cross-subsidising the substantial investment in overall distribution network reliability in recent years, well beyond the reliability levels being met for public lighting customers.

SSROC welcomes further discussion with Networks NSW and Ausgrid about this submission at any point.

Yours sincerely



Namoi Dougall
General Manager
Southern Sydney Regional Organisation of Councils

CC: SLI Program Councils

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<https://www.ausgrid.com.au/~media/Files/Industry/Regulation/Network%20prices/Network%20Price%20List%20FY201516%20V2b.pdf>