



12 April 2017

Mr. Chris Pattas
General Manager, Network Regulation
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001
c/o AERInquiry@aer.gov.au

Dear Mr Pattas,

**Re: SSROC SLI Program Submission on the 2019-24 NSW Framework & Approach
– Public Lighting**

Thank you for the opportunity to comment on the Preliminary NSW Framework & Approach for DNSP pricing in the 2019-2024 period.

The Southern Sydney Regional Organisation of Councils (SSROC) makes this submission on behalf of 30 Councils participating in the SSROC [Street Lighting Improvement Program](#) and constituting approximately 95% of all the street lights in Ausgrid's distribution area and about 40% of street lights in NSW.

SSROC welcomed the AER's detailed review of the classification of public lighting in 2012-13 in the lead up to the previous pricing review. SSROC strongly supported the AER's classification of public lighting as an Alternative Control Service in the last regulatory period, and rejection of it being classified as a 'negotiated' or unregulated service. As per SSROC's previous submissions in connection with the 2009-2014 determination, in the absence of regulatory reform, it is essential that public lighting pricing in NSW continues to be regulated by the AER in the 2019-2024 regulatory period. SSROC therefore supports the AER's proposal in the Preliminary Framework & Approach to classify public lighting as an Alternative Control Service.

SSROC notes the AER's well-founded 2013 conclusion that, *"Given the current circumstances, we consider a direct form of regulation is necessary. We consider there to be significant barriers preventing third parties from providing public lighting services. While the NSW distributors do not have a legislative monopoly over these services, a monopoly position exists. This is because the NSW distributors own the majority of public lighting assets. That is, other parties would need access to poles and easements for instance to hang their own public lighting assets. However, the NSW distributors own and control such supporting infrastructure. Therefore, similar to network services, ownership of network assets restricts the operation, maintenance, alteration or relocation of public lighting services to the NSW distributors. There is some limited scope for other parties to provide some public lighting services. For example, other parties may construct new public lights or*

perform works on independently owned public lighting assets. Apart from these limited exceptions, the AER considers that a high barrier exists preventing third parties from entering this market. This limits competition in public lighting.”¹

Public lighting in NSW is currently an effective monopoly of the NSW DNSPs and the prospects for meaningful contestability and any subsequent competition are extremely limited. SSROC can see no evidence that this situation has changed since 2012-13 when previously considered in detail by the AER. A prerequisite for competition is regulatory reform that introduces an access framework and contestability in the provision of the public lighting services and no such reform has eventuated since the previous AER review, let alone resulted in effective competition.

In parallel with the Framework & Approach work, we note that the NSW Department of Planning & Environment – Division of Resources & Energy has convened a Public Lighting Forum to assist in the drafting of a revised NSW Public Lighting Code.

As noted by SSROC in my previous submissions to the AER, there is price regulation via the AER but currently no clear basis of service for public lighting across NSW. Specifically, there is a voluntary and limited Public Lighting Code but there are no current contracts and no minimum service levels defined in regulation.

SSROC’s understanding is that the Department’s intent is to introduce a mandatory NSW Public Lighting Code that would establish minimum binding service levels for the DNSP provision of the service. SSROC encourages to the AER to liaise with the Department on this, noting the timetable of the 2019-2024 pricing review. Establishing pricing without clearly defined service levels would seem challenging for all parties.

SSROC welcomes further discussion with the AER and Ausgrid about this submission and the Framework & Approach for 2019-2024.

Yours sincerely,



Namoi Dougall
General Manager
Southern Sydney Regional Organisation of Councils

¹ AER Stage 1 Framework and Approach – NSW electricity distribution network service providers, page 36, March 2013