

17 JANUARY 2025

Mr Gavin Fox
General Manager
Australian Energy Regulator
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Dear Mr Fox,

RE: SEQCRA's Response to AER's Draft Decision on Energex's Electricity Distribution Determination for 2025-30 regulatory period, and Energex's revised proposal.

The South East Queensland Climate Resilient Alliance (SEQCRA) is a partnership of eight councils in South East Queensland working collaboratively to enhance sustainability across the region. SEQCRA member councils welcome the opportunity to make this submission to the Australian Energy Regulator (AER) regarding Energy Queensland's Electricity Distribution Price Review (EDPR) for 2025-2030.

To support this submission, SEQCRA engaged Ironbark Sustainability to examine the public lighting EDPR models provided by Energy Queensland and assess the impacts for South East Queensland local governments for the 2025-2030 period.

Several issues were identified and SEQCRA, Ironbark and Energy Queensland worked collaboratively to resolve them. As a result, Energy Queensland has agreed to adjust the model based on this process. The issues raised and resolved improve the model in the following ways:

1. Incorrect cell formulas: Errors were identified and amended.
2. Modelling assumptions: Energy Queensland agreed to review the modelling assumption that luminaires constitute a 30% proportion of the asset base (30%) in the future.
3. LED lifespan assumptions: The AER's approved standard lifespan of LED luminaires in Victoria, South Australia and Western Australia is 20 years. Energy Queensland has now agreed to update the life span of LED's from 15 years to 20 years in the model.
4. Smoothing methodology: While smoothing pricing over a period to reduce price shocks is a common practice, our analysis found Energex was recouping more than 100% of costs, effectively subsidising Rate 1 pricing by increasing the cost of Rate 2. While this issue was not resolved, it was justified by Energy Queensland based on using the same methodology as in the regulatory proposal.

The impact of costs and complications on councils:

SEQCRA councils invested in reviewing Energy Queensland's tariff models due to the complexity and cost implications of public lighting pricing structures. These adjustments will significantly benefit councils, reducing future capital return requirements and directly lowering LED pricing. The cost savings of approximately \$900,000 from 2025 onwards for Energex councils, and an estimated benefit of \$170,000 for councils in the Ergon region has been achieved through this process.

The need to streamline state models to improve transparency and consistency:

This analysis also found discrepancy of pricing structure and methodology between Queensland and other states, highlighting inconsistencies for local governments across Australia. SEQCRA advocates to the AER to streamline the public lighting pricing models nationally, to enhance clarity and transparency for councils and public lighting regulation.

Elevate discussion on Dynamic Voltage Management Systems for Council engagement:

SEQCRA and Ironbark Sustainability also identified the need for increased discussion and engagement on Dynamic Voltage Management Systems (DVMS). These systems provide cost-saving opportunities, enable solar lighting solutions, and support community and neighbourhood batteries. Proper installation, metering, education, and engagement are essential to ensure effective implementation. This a way to support councils' ongoing roles in transitioning to more efficient, sustainable and future-ready electric lighting solutions. SEQCRA advocates for increased focus on council engagement on DVMS to facilitate informed decision-making and best practice adoption.

Ensuring Collaborative and Sensitive Lighting Solutions in the LED Rollout

As Energex prepares for a region wide LED replacement program across 12 local government areas in South East Queensland, SEQCRA strongly advocates for a collaborative approach to ensure that LED rollouts align with place-based community environmental needs and sensitivities.

Councils require clear communication, consultation, and engagement in the rollout process to provide input on sensitive lighting requirements in areas with vulnerable wildlife populations such as nesting marine turtles, nocturnal pollinators, and migratory birds. For example, councils may favour lower colour temperature lighting (3000K or below) for minor roads in ecologically sensitive areas to mitigate adverse impacts while maintaining safety and efficiency. SEQCRA supports a collaborative approach where plans for the roll out are transparent and well communicated, to enable councils to cater for place-based requirements for sensitive lighting needs in a timely manner, and to avoid double handling public lights after the roll out. A collaborative approach will help ensure that lighting installations support both environmental resilience and community safety and support efficient use of council and EQL resources to manage a new era in public lighting in SEQ.

Making sustainable and smart lighting solutions inclusive and more accessible for Councils:

The regional rollout of the LED replacement program presents a major opportunity to integrate smart lighting solutions for councils. This includes consideration of the most efficient public lighting systems to incorporate within this transition and engagement process. Smart lighting can significantly reduce energy consumption and costs by enabling adaptive, responsive, and dimmable lighting that can reduce over-lighting in areas where full brightness is unnecessary. Integrating smart lighting into the 2025–2030 rollout could deliver longer term cost efficiencies while providing immediate benefits for councils and communities. SEQCRA recommends that smart lighting engagement be included in this process to inform metering changes and build the business case for a more efficient and future-ready lighting network.

In Conclusion

SEQCRA is dedicated to support councils through these recommendations that underpin practical and sustainable outcomes. Our submission shows that member councils are focused on reducing emissions, managing costs effectively, and streamlining processes to enhance liveability, community safety, and climate resilience.

SEQCRA member councils welcome the opportunity to work collaboratively with Energy Queensland to ensure that the LED rollout delivers sustainable, cost-effective, and ecologically responsible lighting solutions across South East Queensland. We urge the AER and Energy Queensland to prioritise transparency, collaboration, and forward-thinking solutions in the regulatory process. By working together to improve pricing models, LED rollout coordination, and smart lighting integration, we can deliver a fair, efficient, and sustainable public lighting network that meets the needs of councils, communities, and the environment.

For more information, please contact SEQCRA Coordinator Sally Jensen [REDACTED]

Yours Sincerely

[REDACTED]

Kaye Cavanagh