

6 August 2014

Mr John Skinner
Director, Network Regulation
Australian Energy Regulator
Level 20, 175 Pitt Street
SYDNEY NSW 2000

Dear Mr Skinner

Essential Energy Proposal to the Australian Energy Regulator

Bathurst Regional Council writes to express its objection to the proposal by Essential Energy to the Australian Energy Regulator (AER), for significant price increases for street lighting.

Bathurst Regional Council, as part of the CENTROC group of Councils, has commissioned Strategic Lighting Partners to prepare an analysis of the Essential Energy proposal. This analysis will be forwarded by CENTROC to the Australian Energy Regulator.

Council supports the CENTROC submission and in particular raises the following concerns,

1. The short time line for submissions to the AER, compromises the ability of Councils to provide a detailed analysis.
2. The difficulty in trying to obtain factual data has made analysis difficult. Council in May 2014 was forced to make a submission to AER to overturn confidentiality claims by Essential Energy. It is difficult to understand why Essential Energy had a position of non-disclosure, as the supply is a monopoly.

This submission followed the failure of Council's attempts, over a number of years, to obtain modelling and assumption details for SLUOS charges by the energy provider.

3. The lack of uptake by Essential Energy of LED lighting technology.
4. Performance and maintenance rates utilised do not appear to be working towards best practice. Council considers that as a captive client, it is paying for reduced efficiency, as the proposal for an average 94% (refer Strategic Lighting Partners /CENTROC submission) increase over 2013-14 actual, is a transfer of inefficiency costs to Council.

As an example of Council's frustration over street lighting charges, Council a number of years ago had a joint program with Country Energy/Essential Energy

Mr John Skinner
6 August 2014

where both partners would provide \$20,000 per annum to upgrade lights to more efficient technologies. Unfortunately the electricity provider withdrew from this arrangement and the program ceased.

Council considers the validity of the pricing by Essential Energy is questionable.

Further, service provision techniques and infrastructure utilised needs to be reviewed to ensure best practice is implemented. It would appear from the information available that this is not the case. Council's should not be seen as a "cash cow" in the process.

Yours faithfully



D J Sherley
GENERAL MANAGER