Preliminary positions paper

Framework and approach for Energex and Ergon
Regulatory control period commencing 1 July 2015
Date: 9th January 2014

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CITELUM
A DIFFERENT LIGHT FOR THE PLANET

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Mr Warwick Anderson
General Manager, Network Regulation
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Sent: QLDelectricity2015@aer.gov.au

SUBJECT: Framework and approach for Energex and Ergon Energy 2015–2020

Dear Mr Anderson,

Citelum Australia welcomes the opportunity to submit comment to the Australian Energy Regulator Draft comments for upcoming SA Power Networks Determination. Our submission relates specifically to Public Lighting.

Citelum Australia currently have recently contested for the services of public lighting with local councils throughout Australia, with contracts signed in both Queensland and Victoria covering approximately 40,000 lighting points currently or proposed to be under management.

Part of the Citelum Group, a subsidiary of Electricite de France (EDF), we have currently 2.5 million lighting points under management in 22 countries.

We would be happy to meet with representatives of the Australian Energy Regulator (AER) to discuss further and can be contacted by email on apcarey@citelum.com.au or 1300 CITELUM.

Best Regards,

Adam Carey
Managing Director Australia NZ

Definitions

AER→Australian Energy Regulator

connect, connected, connection→ To form a physical link to or through a transmission network or distribution network.

Connection Application → A person who wants to establish or modify connection to a transmission network or distribution network and/or who wishes to receive network services and who makes a connection enquiry as described in clause 5.3.2.

Connection Point→ The agreed point of supply established between Network Service Provider(s) and another Registered Participant, Non-Registered Customer or franchise customer.

LED→ Light Emitting Diode

Plant→ (a) In relation to a connection point, includes all equipment involved in generating, utilising or transmitting electrical energy.

Use of System → Transmission use of system service and distribution use of system service.

Supply→ The delivery of electricity

Classification of Public Lighting Services

We agree with the current approach that public lighting in Queensland should remain for the next determination as an alternative control service however due to the introduction of contestability during this current period, we propose that there should be a pathway to making public lighting a negotiated service beyond 2020.

We have already demonstrated that public lighting is contestable within Queensland without the service being classified as such however there is broad State Government support from Queensland for Contestability of services. We also note that the reason for classifying public lighting services as Alternative Control Services during the last determination was to facilitate the introduction of competition.[i]

Our only concern is that under the alternative control service there does not appear to be a clear and adequate pathway for public lighting customers within the NER for a dispute resolution process or arbitration process.

Could we suggest that the installation of new public lighting asset types be classified as a negotiated service as it is in this instance that public lighting customers in most cases may seek the opportunity to explore contestability of installation and maintenance of public lighting.

This would then fall in line with other jurisdictions such as Victoria in which new public lighting asset types are classified as Negotiated[ii] services. We understand this would then provide an adequate dispute resolution process.

We don't believe there should be a separate charge for energy efficiency lighting types rather the cost of capital should be average across the number of lighting points. Efficient lighting types can range in capital costs and complexity and to achieve simplicity in the pricing framework, an averaging approach should be used. In the situation where the DSNP part funds the capital contribution and the public lighting customer funds the other, surely the best framework for this should be the negotiated framework. This would then fall in line with the Victorian jurisdiction in which the AER classified new assets installations as negotiated services.

We agree that as part of an upgrade to a new asset type, the DNSP needs to be compensated for any existing assets which may be replaced before the end of their economic cycle in which they have invested capital.

A customer during an audit phase can then identify the marking on the outside of the street light luminaire provides an adequate calculation by which they estimate a fair and reasonable written down value.

We believe the pricing proposals given by Energex and Ergon should remain and contend that all DNSP's throughout Australia follow their lead on the simple pricing methodology that is simple to reconcile and administer and provides an appropriate recognition of assets in which the customer has contributed the capital.

Could we also suggest that the disconnection and reconnection services for public lighting be included for clarification on Table 3 or additionally clarified and added to Large Customer

Connections and classified as Alternative Control Services as a step towards Negotiated Services.

Type 7 Unmetered Points

We refer the AER to following AEMO Type 7 Metering Classification[iii] and suggest that Type 7 Connection points be made contestable or shifted from Standard Control Services to Alternative Control Services to allow for the development of competition.

The person responsible for maintenance and replacement of lamps and luminaires as detailed in the diagram below should also be the responsible person for the metering installation.

Currently Local Councils and State Road Authorities as Public Lighting Customers can contact AEMO directly to have devices placed on the unmetered load table.

The calculation of an energy charge is based on the validity of the asset database management system multiplied by the estimated hours per year.

These database systems are not unique to the energy industry and many councils employ similar asset management systems that can be given to retailers and other organisations to reconcile the energy charge for unmetered lighting.

[i] 2.4.3 Classification of Street Lighting Services – Framework and Approach Paper Ergon Energex 2010-2015 Final Decision
[ii] Victorian DSNP Final Determination 2011-2015 Chapter 19.8
[iii] National Metering Identifying Procedure AEMO Clause 13.19 Streetlighting Type 7 Metering Diagram