

Contact: Andrew Fearn-Wannan
Telephone No: (03) 5153 9500
Email: feedback@egipps.vic.gov.au

Corporate Centre
273 Main Street (PO Box 1618)
Bairnsdale Victoria 3875
Telephone: (03) 5153 9500
National Relay Service: 133 677
Residents' Information Line: 1300 555 886
Facsimile: (03) 5153 9576
Email: feedback@egipps.vic.gov.au
ABN: 81 957 967 765

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Mr Chris Pattas
General Manager – Network Investment and Pricing
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001

VICelectricity2016@aer.gov.au

Dear Mr Pattas

Submission – Negotiation for Dedicated Public Lights

This submission responds to the proposal by the Australian Energy Regulator (AER) to adopt a new framework for street lighting regulation.

It is understood that under the proposal the operation, maintenance, repair and replacement of dedicated public lighting assets would be classified as a negotiated service and no longer be automatically regulated under the existing regime. As a result, in the future Local Government Councils may be required to negotiate with the Distribution Network Service Providers (DNSPs) on the services and charges associated with these assets.

East Gippsland Shire Council does not support the de-regulation of dedicated street lights without further consultation with Ausnet Services.

Council has adopted this position primarily because it has significant reservations about the ability of Councils to negotiate a 'fair' outcome, given there is no genuine alternative should negotiations fail.

Regional Councils such as East Gippsland Shire Council lack bargaining power due to the relatively low number and density of street lights across large municipal districts. It is considered likely that disproportionately large price increases could be the outcome of negotiations by regional and remote Councils in a deregulated market.

Council requests that the AER undertake further consultation during the 2016-2020 period to allow more detailed consideration of the change proposed, prior to possible implementation in the 2021-2025 regulatory period.

Thank you for your consideration of the issues raised in this submission. If you require further information on any aspect of the submission please contact Andrew Fearn-Wannan, Manager Governance on 5153 9500.

Yours sincerely



GARY GAFFNEY
Chief Executive Officer