

File No: 09/1804
Reference No: OUT15/1659

Wednesday, 22 July 2015

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

Dear Chris

RE: RESPONSE TO PROPOSED CHANGES TO REGULATION OF PUBLIC LIGHTING

I wish to express my thanks for accepting a late submission and my concern regarding changes to the regulation of public lighting, as presented in the Australian Energy Regulator's (AER's) public lighting forum on Monday 22nd June 2015 and proposed in a subsequent issues paper, *Victorian electricity distribution pricing review* (June 2015).

Indigo Shire Council believes this major shift away from a regulated environment to one in which local government is expected to negotiate service levels and charges for lighting on dedicated poles, will result in a negative outcome for local governments. While the concept of local government and distributors negotiating in good faith to set appropriate charges appears possible in theory, the experience of local government in South Australia, demonstrates the practice to be difficult, resulting in mediation and no decision. For this reason a transition to similar framework of negotiation in Victoria seems premature at this stage.

Indigo Shire Council is concerned that the repeat of such a process in Victoria will only result in a significant burden with additional higher costs for local government dealing with potentially powerful monopolies. From the point of view of our council, the proposed system is based on a fundamental flaw. As each power distribution business operates effectively as a monopoly in its area, our council has limited choice as to who to negotiate with and so we are at an immediate disadvantage, as we need to continue to provide lighting to our communities. In addition, in order to effectively undertake high level negotiation with powerful or multiple providers our small rural Council would be required to dramatically up skill its technical public lighting knowledge and allocate considerable resources and time to facilitate negotiations. However these additional measures still would not guarantee our ability to secure improved financial outcomes.

Indigo Shire Council supports the various Greenhouse and Climate Change Alliance (and their members) group submission dated July 2015. Council opposes the proposed changes to the current system of regulating prices for public lighting and that dedicated poles remain subject to the same level of oversight as DNSP-owned poles.

Indigo Shire Council strongly supports the work of the AER in regulating public lighting prices. We understand it is a difficult and often thankless task. However, without the support of the AER in regulating these services, local governments risk not being able to negotiate favourable pricing outcomes.

Yours sincerely



Gerry Smith
INDIGO SHIRE COUNCIL