Hello, in response to the Australian Energy Regulator’s (AER)  proposal to  move to negotiated pricing for dedicated street lights, I respond on behalf of Latrobe City Council as follows:

Latrobe City Council would prefer that the regulator (the AER) retains its role in regulating the prices for dedicated public lighting assets.

It is noted that not all assets are currently regulated - eg StreetLEDs are not regulated. And yes in Victoria last year we did negotiate with the distributor, Ausnet Services, for the OMR charge for StreetLEDs and the outcome was eventually a fair one for both councils and distributor. However, if at that time Ausnet Services chose not to reconsider its' original OMR charge (which was extraordinarily high)  then councils would have had extremely limited options. So although the negotiation process has worked so far, there is no guarantee that it will continue to do so.

Currently a safety net exists whereby councils can appeal to the AER to assist in the case where the councils and distributor cannot come to agreement. It is my understanding that if we go to a negotiated framework this safety net would not exist.

The reasons that the AER have put forward in their proposal to move to  negotiated pricing for dedicated street lights are:

* To enable competition and contestability in lighting provision; to enable councils to negotiate and thereby control lighting options.
	+ Submitters proposed it (Streetlight Group of Councils)
* How does it affect council?
	+ Ability to determine who you want to undertake maintenance and capital replacement
	+ Consider if you want to own these assets
	+ Negotiate prices, and decide how (individual or collective)

The enabling of competition and contestability in street lighting would of course be welcome to councils, however, it is a far from likely eventuality.  A negotiated framework is all very well in theory but quite difficult in practice. The distributors appear to hold all the cards. They must give their permission for another contractor to work on their network. They can reject contractors. They can charge a fee to access their network and this fee is not regulated. Councils cannot simply go to another provider as the distributers own the assets and can prevent any other contractors working on them if they choose.

The idea of councils buying the assets from the distributor is an interesting one and one we have investigated. While it is possible in theory, it would be prohibitively expensive – first to buy the asset and then to have the network rewired to comply with Service and installation rules for an electrical installation. In Ausnet Services words “Regarding the rewiring job, a big job for a light, a massive job for your entire light population.”

While the Ausnet Services Public Lighting Management Plan does allow for a customer to own and operate a public lighting scheme which is unmetered, in practice it is difficult and expensive.

Excerpt from the Ausnet Services Public Lighting Management Plan:

**3.2 CUSTOMER OWNED AND OPERATED**

A public lighting customer may elect to own and operate its own public lighting scheme. SP

AusNet will nominate one or more points of supply for a public lighting scheme which the public

lighting customer may elect to receive as a metered or un-metered supply. The public lighting

customer will be responsible for the design, installation, maintenance, replacement and fault

management activities in accordance with relevant Codes and Standards.

A public lighting customer will not be permitted to own and operate public lighting assets on SP

AusNet distribution assets unless the customer has entered into a Facilities Access Agreement

with SP AusNet.

Information directly from our distributor, Ausnet Services:

“ … the current light is not an electrical installation it is part of a Distribution System and before council can own and operate it it would need to be rewired to electrical installation standards, and Victorian Service Installation Rules will also need to be complied with.”

To the question, “Surely the wiring to the existing lights meets electrical installation standards?” The Ausnet response was:

“As a Distributor SP AusNet does not have to comply with the standards of the Victorian Service and Installation Rules, we are required to comply with a whole range of other safety obligations such as the Electrical Safety Management Scheme, asset inspection obligations and maintenance of training for our operators etc.  We comply with these by operating the Public Lighting system as an integrated part of the distribution system.”

Councils appear not to be in a strong position to negotiate charges for OMR, the distributors still have the game sewn up, they are essentially a monopoly in this area. Effective negotiation would generally require the presence of some competition and the distributors are in a position to eliminate any competition.

We believe it likely that the negotiation process may be financially and time wise costly to councils (and probably to distributors as well). We imagine the introduction of a negotiated process will reduce the workload of the AER but increase it for councils and distributors.

We therefore reiterate our position, Latrobe City Council would prefer that the regulator (the AER) retains its role in regulating the prices for dedicated public lighting assets.

We hope the AER will take our views on board while making its decision regarding dedicated lights.

Regards,

**Fiona Fullard**

**Environmental Planner
Latrobe City Council**                                                                       \_
[mailto: Fiona.Fullard@latrobe.vic.gov.au](Fiona.Fullard%40latrobe.vic.gov.au)
Direct: 03 5128 5488
Mobile: 0428 343 237
Fax: (03) 5128 5672

Phone: 1300 367 700
PO Box 264, Morwell 3840
141 Commercial Rd, Morwell 3840



<http://www.latrobe.vic.gov.au/>

