



2 December 2016

Mr Chris Pattas
General Manager, Network Regulation
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001
c/o: AERInquiry@aer.gov.au

Dear Mr Pattas

Re: SSROC SLI Program Submission on the 2019-24 NSW Framework & Approach – Public Lighting

Thank you for the opportunity to comment on the NSW Framework & Approach for DNSP pricing in the 2019-2024 period.

The Southern Sydney Regional Organisation of Councils (SSROC) makes this submission on behalf of 31 Councils participating in the SSROC Street Lighting Improvement Program and constituting approximately 95% of all the street lights in Ausgrid's distribution area and about 40% of street lights in NSW.

SSROC welcomed the AER's detailed review of the classification of public lighting in 2012-13 in the lead up to the previous pricing review. SSROC strongly supported the AER's classification of public lighting as an alternative control service in the last regulatory period, and rejection of it being classified as a 'negotiated' or unregulated service. As per SSROC's previous submissions in connection with the 2009-2014 determination, in the absence of regulatory reform, it is essential that public lighting pricing in NSW continues to be regulated by the AER in the 2019-2024 regulatory period.

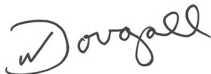
SSROC notes the AER's 2013 conclusion that, *"Given the current circumstances, we consider a direct form of regulation is necessary. We consider there to be significant barriers preventing third parties from providing public lighting services. While the NSW distributors do not have a legislative monopoly over these services, a monopoly position exists. This is because the NSW distributors own the majority of public lighting assets. That is, other parties would need access to poles and easements for instance to hang their own public lighting assets. However, the NSW distributors own and control such supporting infrastructure. Therefore, similar to network services, ownership of network assets restricts the operation, maintenance, alteration or relocation of public lighting services to the NSW distributors. There is some limited scope for other parties to provide some public lighting services. For example, other parties may construct new public lights or perform works on independently owned public lighting assets. Apart from these limited exceptions, the AER considers that a high barrier exists preventing third parties from entering this market. This limits competition in public lighting."*¹

¹ AER Stage 1 Framework and Approach – NSW electricity distribution network service providers, page 36, March 2013

The key basis for SSROC's position is in line with the AER's 2013 conclusions. Public lighting in NSW is currently an effective monopoly of the NSW DNSPs and the prospects for meaningful contestability and any subsequent competition are extremely limited. SSROC can see no evidence that this situation has changed since 2012-13 when previously considered in detail by the AER. A prerequisite for competition is regulatory reform that introduces contestability in the provision of the public lighting service and no such reform has occurred since the previous AER review, let alone resulted in effective competition.

SSROC welcomes further discussion with the AER and Ausgrid about this submission and the Framework & Approach for 2019-2024.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Namoi Dougall', written in a cursive style.

Namoi Dougall
General Manager
Southern Sydney Regional Organisation of Councils