



27 March 2009

Mike Buckley General Manager Network Regulation North Branch Australian Energy Regulator c/o aerinquiry@aer.gov.au

Dear Mr Buckley,

Re: SSROC Submission on AER's NSW Draft Distribution Determination 2009-2014 Alternative Control (Public Lighting) Services

Thank you for the opportunity to comment on the AER's NSW Draft Distribution Determination 2009-14 Alternative Control (Public Lighting) Services.

I would like to acknowledge the significant amount of work done by the AER on public lighting in the review process to date. Councils recognise that public lighting forms only a small part of the overall NSW Distribution Determination and are therefore particularly appreciative of the effort that has been devoted by the AER to investigating, modeling and consulting with all parties in seeking equitable outcomes for what has been a long-standing area of concern. The AER's efforts to bring greater transparency to the review process are also acknowledged and appreciated.

While welcoming the balance of the AER's Draft Determination, there remain some areas of concern for the 34 Councils in the SSROC Street Lighting Improvement Program that need to be addressed in the Final Determination. Recognising the tight timeframes involved, SSROC is limiting its comments to four issues of top concern to Councils:

- 1. EnergyAustralia Tariff 3 & 4 Pricing of Energy Efficient T5 & CFLs
- 2. EnergyAustralia Tariff 1 Pricing of Obsolete TF2\*20s
- 3. Assumed Life of Brackets
- 4. Labour Assumptions

These concerns are discussed in greater detail below:

## 1) EnergyAustralia Tariff 3 & 4 Pricing of Energy Efficient T5 & CFLs

Using the most cost effective energy efficient luminaires available is a crucial issue for Councils in the context of growing climate change pressures and budgetary constraints. As per SSROC's previous submissions to the AER, EnergyAustralia's proposed pricing for

energy efficient lighting has been a major source of Council concern. It is of particular concern because up to 70,000 energy efficient luminaires may go in over the regulatory period 2009-2014 (eg as part of a 10,000 per year bulk replacement program of obsolete assets and as part of normal replacements).

In the Draft Distribution Determination (Public Lighting), large differences remain between the proposed charges for energy efficient T5 and CFL lighting as compared to other types of lighting offered by EnergyAustralia and as compared to prices recently approved by the AER for energy efficient lights in Victoria following a detailed public review focusing exclusively on energy efficient public lighting.

The following points suggest that a reconsideration of proposed pricing for T5 & CFL lighting is required for the Final Determination:

- CAPEX Assumptions for T5 & CFL Luminaires Inclusion by EnergyAustralia in its capital cost assumptions<sup>1</sup> of a component for the future bulk replacement of electronic control gear is inconsistent with:
  - Manufacturer's data on ballast life which is rated to be at or exceed the 20 year assume life of the luminaire given the operating temperature the ballasts experience in the field;
  - Independent testing of operating temperature cited in the AER Energy Efficient Public Lighting Charges (Victoria) Final Decision Feb 2009 Section 4.1
  - EnergyAustralia's own field trials of T5 and CFL luminaires showing low ballast (ECG) failure rates of 0.5% per year<sup>2</sup> which was below the failure rates predicted by manufactures. Low ballast failure rates experienced by EnergyAustralia are also consistent with information on low ballast failures experienced by Integral Energy provided to SSROC's SLI Program by Integral Energy in September 2007 (when 7000-8000 T5 luminaires had been in operation since as early as 2004).

In the AER's Energy Efficient Public Lighting Charges (Victoria) Final Decision Feb 2009 Section 4.3 it concluded that:

"The AER considers that a fair and reasonable charge would involve a bulk replacement of ballasts at the end of 20 years, when the T5 luminaire has also reached the end of its depreciable life. This will ensure that councils only pay for spot replacement of ballasts, rather than a full replacement every 8 years."

It would thus appear inconsistent to include a capital component for bulk ballast replacement in EnergyAustralia's cost model for T5 luminaires. Similarly, CFL luminaires use fundamentally the same type of electronic control gear as T5 luminaires with the same predicted failure rates and life profile. Supporting this, EnergyAustralia's failure rate for CFL ballasts in its trial has been 0.4% per annum<sup>4</sup>.

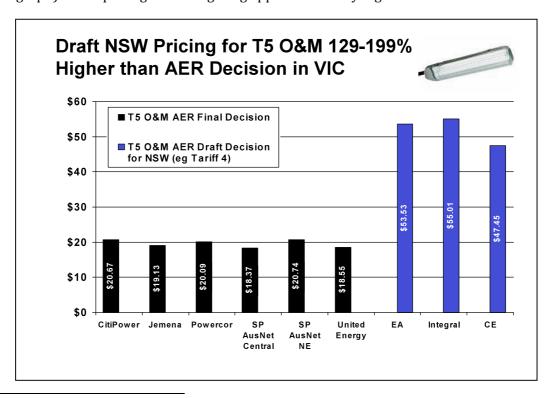
 $<sup>^{\</sup>rm 1}$  AER Draft Distribution Determination (Public Lighting) Table 4.1 p36

 $<sup>^2</sup>$  Energy Efficient Luminaires for Local Road Lighting – a Trial, Table 5, p3 – Copy attached to SSROC Submission of 15 August 2008 and prepared jointly by independent consultants and EnergyAustralia personnel

<sup>&</sup>lt;sup>3</sup> AER Energy Efficient Public Lighting Charges (Victoria) Final Decision Feb 2009 Section 4.3 p25

 $<sup>^{\</sup>rm 4}$  Energy Efficient Luminaires for Local Road Lighting – a Trial, Table 5, p3

- OPEX Assumptions for T5 and CFL Luminaires T5 and CFL lamps are highly reliable when used in conjunction with electronic ballasts and on long switching cycles as is the case in public lighting. As noted in the paper prepared about EnergyAustralia's experience with energy efficient luminaires<sup>5</sup>, field experience with T5 and CFL luminaires shows them to be 31-38% more reliable than the 80W mercury vapour luminaires that they would replace. Specifically, Table 5 of the paper shows actual EnergyAustralia experience with 2\*14W T5 lighting resulting in a total of 2% failures per year (1.5% lamp failures and 0.5% electronic control gear (ECG) failures), 42W CFL lighting having 2.2% total failures per year (1.8% lamp failures and 0.4% ECG failure) and 80W MV lighting having 3.2% total failures per year. The data is consistent with manufacturers' claims and, in the case of the 80W MV lighting, consistent with the assumed failure rate of 3.8% for this light type in the 2004 ESC pricing determination.
- After detailed technical review in Victoria including input from 5 DNSPs, Councils and other parties, the AER Decision in Feb 2009 concluded that an 8.6% failure rate for T5s over four years (or 2.15% per year) from all causes (including lamp, PE cell, luminaire failure and other causes) was appropriate<sup>6</sup>. This is consistent with data from EnergyAustralia's trials which show failure from all causes at 2% for the T5 and 2.2% per annum for the CFL.
- The figures in EnergyAustralia's own study of T5 and CFL reliability, the ESC Draft Decision and the AER Final Decision in Victoria are all broadly consistent with manufacturer's claims for the T5 and CFL reliability. They are also consistent with the experience in the field that Integral Energy has reported to SSROC's SLI Program that it has had since 2004 with a population of T5 luminaires understood to be approaching 10,000 luminaires.
- The AER Draft Distribution Determination (Public Lighting) has proposed pricing for T5 0&M that is 129-199% higher than the recent AER Final Decision in Victoria (see graph). O&M pricing for CFL lighting appears similarly high.



<sup>&</sup>lt;sup>5</sup> Energy Efficient Luminaires for Local Road Lighting – a Trial

<sup>6</sup> AER Energy Efficient Public Lighting Charges (Victoria) Final Decision Feb 2009 Section 7.4 p35

The high proposed pricing for T5 and CFL lighting would provide a significant disincentive to timely adoption of energy efficient lighting. Preliminary analysis suggests that when energy and network distribution costs are included, it will more cost effective for Councils to choose high energy consuming lighting in EnergyAustralia's jurisdiction if proposed pricing is approved. In contrast, pricing approved by the AER in Victoria will make the timely adoption of energy efficient lighting attractive in that State.

# 2) EnergyAustralia Tariff 1 Pricing of Obsolete TF2\*20s

While installations of TF2\*20's were stopped in July 2004, there were still more than 58,000 TF2\*20 lights in the EnergyAustralia inventory in 2007<sup>7</sup>. These lights thus constitute approximately 1/3 of the lighting on residential roads, are a material contributor to total charge and almost all are Tariff 1 lights.

EnergyAustralia undertook to remove these obsolete tubular fluorescent luminaires in a bulk replacement program sanctioned by the 2004/05 IPART pricing review and EnergyAustralia has proposed to continue the bulk removal of these lights in coming regulatory period at a rate of 10,000 luminaires per year<sup>8 9</sup>.

In the AER Draft Distribution Determination (Public Lighting), it is proposed that the O&M charge for these obsolete assets increase by 100% from \$39 in 2008/09 to \$78.68 in 2009/2010. This O&M charge is notably 142% higher than Integral Energy's total proposed 2009/2010 Tariff 1 charge for TF2\*20 luminaires (eg including capital).

The proposed EnergyAustralia O&M charge for TF2\*20 luminaires is also markedly higher than current Victorian OM&R charges (eg including capital contribution for replacement) for the two remaining Victorian DNSPs that have some of these assets left:

- Jemena (formerly AGL) \$33.63 (incl GST)<sup>10</sup>
- United Energy \$50.03 (incl GST)<sup>11</sup>

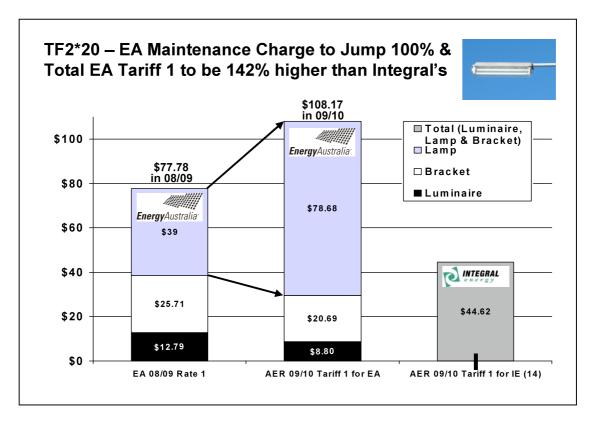
 $<sup>^{7}</sup>$  Based on a summary inventory supplied to SSROC by EnergyAustralia in 2008

<sup>&</sup>lt;sup>8</sup> EnergyAustralia Regulatory Proposal 2008, Part II, 7.7 Section A3 p199

 $<sup>^9</sup>$  Consistent with 2007 EnergyAustralia portfolio data provided to SSROC showing approximately 61,000 remaining TF2\*20, TF1\*40, TF1\*80 and other miscellaneous obsolete tubular fluorescent luminaires  $^{10}$ 

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<sup>&</sup>lt;sup>11</sup> http://www.esc.vic.gov.au/NR/rdonlyres/51C1E6B7-EFF4-4821-AFD6-2384A4F1C0C2/0/UEDDefinitionsChargesGSLs\_08Jan2008.pdf



As per previous SSROC submissions, Councils' position is that most TF2\*20 installations are the result of mis-investment by EnergyAustralia in the post-1985 period.

In summary, EnergyAustralia has had responsibility to ensure that the lighting technology practices were efficient and current for decades. Historically, councils have had little say on technology selection, and have been dependent on EnergyAustralia for performing public lighting services efficiently. However, as discussed in the following points, EnergyAustralia failed to meet its obligations in this regard in the case of obsolete 2\*20W tubular fluorescent lighting:

- In EnergyAustralia's Supplementary Response (p11), the company stated that its approach to technology selection had "...been to evaluate and install luminaires that would avoid a maintenance regime that would increase cost of service to public lighting customers and decrease the effectiveness of public lighting to the community". This statement is consistent with lighting contracts that existed in past decades which specified that EnergyAustralia would "...keep the lamps and all appliances...efficient and reasonably in accordance with the latest improvements" and statements that EnergyAustralia "...has been exercising a close control over all aspects of costs with a view to minimising price increases." 13.
- The 2\*20W TF luminaires was developed in about 1958-1959 and its optical characteristics and performance changed little over subsequent decades.
- "Until about 1985, 2\*20W and 40W fluorescent lamps were the common choices [on residential roads in Australia]." 14
- By the mid 1980's, 2\*20W TF and 40W TF luminaires were acknowledged to have high overall costs due to high outage rates;

<sup>&</sup>lt;sup>12</sup> PBA "EnergyAustralia Streetlighting Cost to Serve" 16 October 2003, p. 28.

<sup>&</sup>lt;sup>13</sup> Sydney Electricity letter to councils, 27 June 1991.

 $<sup>^{14}</sup>$  Public Lighting in Australia – Energy Efficiency Challenges and Opportunities Final Report 2005, Dept of the Environment and Heritage, Australian Greenhouse Office, p19

- Recognising this, most Australian utilities discontinued new installations in the mid 1980s and, in the case of Victoria, the SECV began a pro-active bulk removal program for TF2\*20 luminaires in the mid 1980s which is understood to have been largely complete by about 1990;
- Evidence of the high outage rates and consequent high cost maintenance regime required for the TF2\*20 is to be found in EnergyAustralia's bulk lamp replacement cycle on residential roads which, until about 2005, needed to be 18 months to cope with the requirements of the large population of TF2\*20 luminaires on the EnergyAustralia network<sup>15</sup>.
- EnergyAustralia only discontinued to installing 2\*20 TF lighting after July 2004
  after Councils, having been made aware of the consequences, jointly wrote to
  EnergyAustralia insisting installations be stopped along with installations of
  obsolete high wattage mercury vapour luminaires on main roads)
- 2\*20W TF lighting does not currently and has not for many years complied with key aspects of AS1158.3.1, the lighting standard for residential roads in Australia.
- With respect to lighting effectiveness, the 2\*20W TF delivered lighting to the absolute minimum lighting level in AS1158 to about 15m either side of the pole. It was thus impossible to comply with the minimum required lighting levels in AS1158 over more than 30m. However, the average spacing of EnergyAustralia's lights on residential roads is perhaps 66m based on a historic practice going back at least eight decades of installing a light on every second distribution pole in the former Sydney County Council distribution area (and elsewhere in Australia).
- On those occasions in which some council input was involved in lighting selection, councils generally requested and relied on EnergyAustralia advice which in hindsight was often incomplete and incorrect. For example, councils regularly receive requests from the public for additional lighting to be installed. In those cases, the normal practice was for the council to refer the request to EnergyAustralia, seeking advice as to whether and what type of new luminaire would be appropriate. EnergyAustralia regularly recommended use of additional TF2x20s up to July 2004.¹6 Furthermore, it should be noted that EnergyAustralia also continued to encourage the use of TF2x20s through prices which were lower than those for the better performing mercury luminaires widely used by other Australian utilities from the mid 1980s, and indicating that such cost differences were cost-reflective.¹¹ Historical pricing, based on poor cost analyses, continually and inappropriately encouraged councils to accept TF2x20s.

It would be inequitable to now reward EnergyAustralia for this past mis-investment by approving drastic price increases for these lights. It would both create a disincentive to remove obsolete assets on a timely basis that should never have been installed in the first place and would remove any future incentive to control costs by specifying wisely (eg because any cost increases related to poor technology selection could be fully passed on to Councils).

 $<sup>^{\</sup>rm 15}$  As per Energy Australia briefings to SSROC in 2004/05 on a review of the BLR cycle

<sup>&</sup>lt;sup>16</sup> e.g., general design guidance provided in a letter from EnergyAustralia to Sutherland Shire Council, 16 April 1997; and numerous specific examples, e.g., EnergyAustralia, letter to Burwood Council, 8 September 2003.

 $<sup>^{17}</sup>$  e.g., Sydney Electricity, letter to Marrickville Council, 12 May 1995 in response to a query regarding the most cost efficient and lowest cost lighting solution for residential streets.

### 3) Assumed Asset Life of Brackets

As per the AER Draft Decision p338, EnergyAustralia has assumed a standard life for brackets of 20 years. It is Councils' view that brackets have considerably longer average lives than 20 years and that this issue should be reconsidered as it has a material impact on the RAB and post 1 July 2009 pricing.

Some 81% of EnergyAustralia's claimed asset base has historically been made up of brackets and supports<sup>18</sup>. Further, EnergyAustralia allocates 90% of installation labour to brackets. As per Section 6 of SSROC's submission of 12 February 2009, proper treatment of the average asset life of brackets is therefore a critical financial assumption.

The bases on which Councils suggest that reconsideration is warranted are that:

- 35 years has been accepted as the reasonable economic life of brackets as well as poles in:
  - o the 2004 ESC Final Decision on Public Lighting;
  - o the November 2008 ESC Energy Efficient Public Lighting Charges Draft Decision (footnote 15, p24); and
  - the February 2009 AER Energy Efficient Public Lighting Charges Victoria Final Decision (as per accompanying Final Decision Models – Energy Efficient Public Lighting Charges – Input worksheets which use 35 years for poles and brackets consistent with the ESC Draft Decision)
- It has not been EnergyAustralia's historic practice nor is it current practice to replace brackets on main or residential roads in conjunction with spot luminaire replacements. That brackets have not been historically replaced in conjunction with luminaires is evident on wide-ranging SLI Program site visits where bracket types and associated luminaires are manifestly of a different vintage (eg new light on old style bracket). This includes observations of EnergyAustralia field crews replacing defective luminaires but not replacing brackets at the same time.
- Of particular importance is the assumed bracket life on main roads where brackets are high capital cost items and the assumed asset life is material to overall charges. These are large, high capital cost items of considerably weight frequently requiring the use of a separate truck with crane to hoist them into position.

As evidenced from 2008 SLI Program follow-up inspections of outages reported to EnergyAustralia in 2006/2007 following inspections of more than 5000 lights on main roads, it does not appear that luminaire and bracket replacement are coincident in the vast bulk of main road spot repairs.

That luminaire and bracket replacement are not coincident in such repairs could be readily established by comparing recent years of EnergyAustralia data on bracket purchasing volumes for brackets used on main roads (eg brackets of type T1-T7) as compared to main road luminaire purchasing volumes (excluding those brackets and luminaires associated with new installations).

• Only in the case of a specifically agreed post-2004 program of bulk replacement of obsolete tubular fluorescent luminaires on residential roads, have brackets been

 $<sup>^{18}</sup>$  Based on a sample of council-specific data supplied by EnergyAustralia in August 2008 and consistent with Wilson Cook Analysis for IPART in 2005

replaced in conjunction with luminaires. Even in this case, it is unclear why brackets replaced as part of the current bulk luminaire replacement program would need to be again replaced in 20 years in conjunction with luminaires based on the available evidence.

• There does not appear to be any inherent technical reason why a vertical galvanised piece of steel tubing (eg a pole) should have a 35 year life and a horizontal galvanised piece of steel tubing (eg a bracket) should have a life of only 20 years. Notably, EnergyAustralia requires both poles and brackets used on its network to meet the same corrosion protection standard, namely hot dip galvanising to Australian Standard 1650 "Hot Dipped Galvanised Coatings on Ferrous Articles"

Proper treatment of the average asset life of brackets is essential to appropriate financial calculations in the Determination.

## 4) Labour Assumptions

As per SSROC's submission of 12 February, a key aspect of capital cost assumptions is assumed labour inputs. Three aspects of this issue appear to warrant consideration:

a) Bulk vs Spot Luminaire Replacements - EnergyAustralia's labour assumptions for luminaire replacements are based on those replacements happening on a spot basis over a distributed area.

In contrast, up to 40,000 luminaire replacements  $^{19}$  made by EnergyAustralia on residential roads since the last pricing review were actually done on a bulk basis (eg 2-person crews doing up to 30 replacements in a day in a contiguous area as compared to pricing assumption of 2-person crews doing 8 replacements in a day $^{20}$ ). This bulk replacement program of obsolete tubular fluorescent assets was sanctioned by the 2004/05 IPART pricing review and EnergyAustralia has proposed to continue it in coming regulatory period at a rate of 10,000 luminaires per year $^{21}$ 

Well over half of all replacements likely to be undertaken during each year of the 2009-2014 regulatory period will be done on a bulk basis. However, tariff structures and assumed labour inputs in claimed capital expenditure are based on these having been done on a 100% spot replacement basis. The 100% spot replacement assumption is thus an incorrect basis for assumed labour inputs to street lighting capital expenditure and to tariffs.

For EnergyAustralia's final price determination, Councils would support a blended labour assumption as a reasonable approximation of real labour inputs (eg 50% bulk replacement, 50% spot replacement at an efficient service level consistent with reasonable benchmarks – see below)

b) **Benchmarking of Labour Assumptions** – Spot repair and spot replacement labour assumptions used by EnergyAustralia appear to be markedly higher than those determined as reasonable in Victorian ESC 2004 pricing review, the Nov 2008 Draft Decision of the Victorian ESC on Energy Efficient Lighting and the Feb 2009 AER

<sup>&</sup>lt;sup>19</sup> EnergyAustralia Accelerated Replacement Program of obsolete tubular fluorescent lighting with SLA Suburban 80W MBFs with new lighting separately identified in EnergyAustralia inventories

<sup>&</sup>lt;sup>20</sup> AER Draft Distribution Determination (Public Lighting) Table 4.5 p 41

<sup>&</sup>lt;sup>21</sup> EnergyAustralia Regulatory Proposal 2008, Part II, 7.7 Section A3 p199

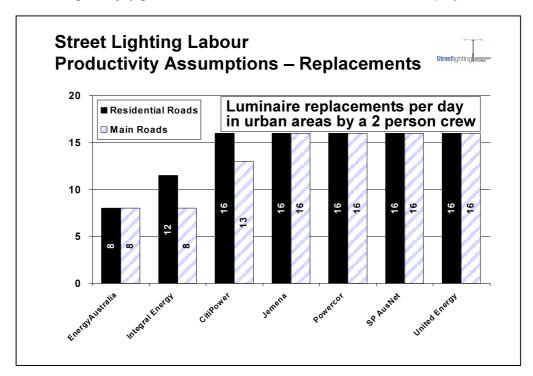
<sup>&</sup>lt;sup>22</sup> Consistent with 2007 EnergyAustralia portfolio data provided to SSROC showing approximately 61,000 remaining TF2\*20, TF1\*40, TF1\*80 and other miscellaneous obsolete tubular fluorescent luminaires

Final Decision on Energy Efficient Public Lighting Charges (Victoria).

The significant differences in apparent labour assumptions are material, and warrant detailed examination, particularly in light of requirements that prices should be set with respect to efficient operating and maintenance practices<sup>23</sup>.

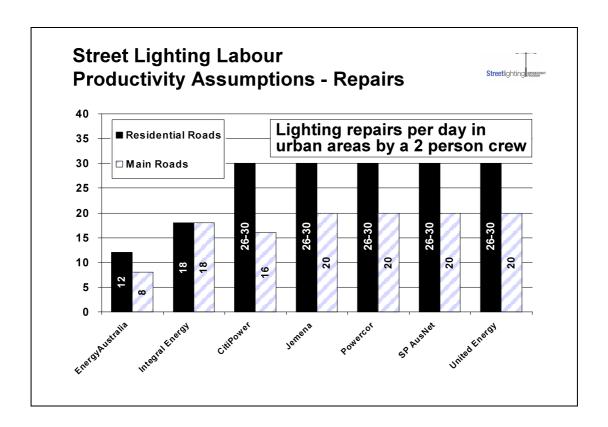
In the case of EnergyAustralia, for 2-person crews in urban areas, the labour assumptions as compared to the ESC and AER Determinations are summarised as follows and illustrated in the graphs below<sup>24</sup>.

- 13-16 luminaire replacements per day in Victorian decisions vs EnergyAustralia assumption of 4-8 luminaire replacements per day (eg 2 hours on minor roads and a revised 2 hours on major roads as per Section 4.2.3 and 4.2.4 of AER Draft Distribution Determination (Public Lighting))
- 16-30 fault repairs per day in Victorian decisions vs EnergyAustralia assumption of 8-12 per day (eg 1.33 hours on minor roads and 2 hours on major)



<sup>&</sup>lt;sup>23</sup> Consistent with AER Draft Decision, p 338 and Section 6.1.2.b.2 of the National Electricity Code

<sup>&</sup>lt;sup>24</sup> Source data taken from AER Draft Distribution Determination (Public Lighting), th AER Final Decision Models – Energy Efficient Public Lighting Charge Feb 2009 – Input Parameters worksheets and ESC Final Decision Cost Build-up Model Public Lighting Aug 2004 – Input parameters worksheet



c) **Assumed Travel Time** – A key reason for EnergyAustralia's lower apparent productivity may be its assumption about travel times between jobs. In the 2004/05 pricing review, a key aspect of EnergyAustralia's assumed labour inputs appeared to be assumed travel time between jobs. In the case of repairs or replacements, Councils were informed that EnergyAustralia's standard assumption was an average 40 minutes of travel time between jobs<sup>25</sup>. The assumed travel time in the EnergyAustralia pricing model submitted for this pricing review are unknown to Councils but overall labour assumptions appear similar hence we assume that EnergyAustralia travel assumptions are broadly similar.

High average travel times would represent material logistical inefficiency on the part of EnergyAustralia. In the SSROC area, encompassing 16 Councils from inner Sydney to its outer boundaries, there are approximately 108,000 lights<sup>26</sup> in an area of approximately 417 sq km<sup>27</sup>. Average lighting density is thus just over 250 lights per sq km. Councils understand that EnergyAustralia undertakes an average of 17,223 spot repairs per year<sup>28</sup> or repairs on about 7.06% of its portfolio. As an approximation, EnergyAustralia thus repairs an average of 17.3 lights in each square kilometer of urban service territory per year. There would therefore be on average one repair per week in each 3 sq km area assuming an efficiently scheduled weekly service run (the area would be smaller if pushed to the maximum 8 day allowable average repair time under the NSW Public Lighting Code). The average distance between efficiently scheduled repairs is thus about 1.73 km. Even allowing for reasonable set-up times, an assumption of 40 minutes travel time between repair or replacement jobs appears greatly excessive.

<sup>&</sup>lt;sup>25</sup> EnergyAustralia briefing for SSROC 8 December 2003

<sup>&</sup>lt;sup>26</sup> Based on EnergyAustralia supplied inventories

<sup>&</sup>lt;sup>27</sup> http://www.dlg.nsw.gov.au/dlg/dlghome/dlg\_LocalGovDirectory.asp?index=1&CN=ALL#52; Excluding areas of bushland in the Sutherland Shire that are unserved.

 $<sup>^{\</sup>rm 28}$  Based on total repairs reported to SSROC by EnergyAustralia for 2006/07

### **Future Pricing Determinations**

Street lighting is a vital public good that is provided for the safety and welfare of the community. It is also a monopoly service. As such, prices should be set with respect to efficient operating and maintenance practices<sup>29</sup>. Furthermore, as a monopoly service, there should be absolute transparency on the costing models that the decision is to be based on.

Inadequate disclosure has been a significant source of Council concern in this pricing review. SSROC would strongly urge the AER to establish in its Final Decision that, for future pricing reviews, all key financial and technical assumptions<sup>30</sup> are publicly released and then validated and revised in an open process from the point of initial price proposals. This approach would be consistent with recent Victorian ESC pricing reviews and consistent with the level of disclosure in the AER's February 2009 Energy Efficient Public Lighting Charges – Victoria Final Decision. Claims that much of the information is commercial-in-confidence are not credible in this context, and serve only to obscure adequate analysis of a monopoly service.

#### **Summary**

In summary, Councils are seeking:

- Appropriately cost-reflective EnergyAustralia Tariff 3 & 4 pricing for energy efficient T5 & CFL luminaires consistent with the recent Victorian AER pricing determination;
- EnergyAustralia Tariff 1 Pricing for obsolete TF2\*20s that is appropriately reflective of the history of these assets, the historical price path, consistent with the pricing proposal from Integral Energy and with the 2004 ESC decision on TF2\*20 lighting;
- A revision to the assumed life of brackets revised to 35 years consistent with recent Victorian pricing determinations; and
- Revisions to labour assumptions for EnergyAustralia so that they are properly
  reflective of efficient service levels and reasonable benchmarks, particularly recent
  Victorian pricing determinations where a very detailed model was created in 2004,
  publicly tested in subsequent Victorian reviews and the assumptions have generally
  been accepted in the Feb 2009 AER Final Decision Energy Efficient Public Lighting.

SSROC welcomes further discussion with the AER about any of these items as well as matters raised in previously submitted documents.

Yours sincerely,

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David Lewis General Manager

**SSROC** 

<sup>29</sup> Consistent with AER Draft Decision, p 338 and Section 6.1.2.b.2 of the National Electricity Code

 $<sup>^{30}</sup>$  Including component capital costs, consumables costs, assumed failure rates, labour costs and labour assumptions

#### SLI Program Councils

The Council of the Municipality of Ashfield Bankstown City Council
The Council of the City of Botany Bay Burwood Council
City of Canada Bay Council
Canterbury City Council
Cessnock City Council
Council of the City of Sydney
Gosford City Council
The Council of the Shire of Hornsby
The Council of the Municipality of Hunters Hill
Hurstville City Council

Kogarah Municipal Council Ku-ring-gai Council Lake Macquarie City Council Lane Cove Municipal Council Leichhardt Municipal Council Marrickville Council Mosman Municipal Council Newcastle City Council North Sydney Council Pittwater Council Port Stephens Council Randwick City Council Rockdale City Council Ryde City Council Singleton Shire Council Strathfield Municipal Council Sutherland Shire Council Warringah Council Waverley Council Willoughby City Council Woollahra Municipal Council Wyong Shire Council

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