

Response to Distributor regulatory proposals and the AER's proposed negotiated distribution service criteria

Submission by



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Foreword

As the AER is aware, Trans Tasman Energy Group (TTEG) has previously provided submissions on behalf of the Street Lighting Group of Councils (the Group, SLG), but at the time of making this submission, the SLG has not had time to fully consider the items raised at the AER's 22nd June public forum and to fully undertake its approval process on behalf of its members.

As such, this Submission has been prepared by Trans Tasman Energy Group (TTEG).

At the forum the AER advised it "wants to get public lighting "right"" (or words to that effect) and that it would be prepared to accept submissions prior to 1 September.

TTEG welcomes the AER's request for submissions regarding Response to Distributor regulatory proposals and the AER's proposed negotiated distribution service criteria) and the opportunity to participate in the regulatory process for Regulatory control period commencing 1 January 2016.

We trust our Submission will assist the AER in establishing a pricing and control régime in Victoria that will enable public lighting users to pay fair and reasonable charges for public lighting services for the period and also aid in the development of the sector.

The Streetlight Group

The Streetlight Group of Councils, formed in 2002 represents Victorian rural and metropolitan Municipalities, responsible for managing approximately 50% of the public lights in the State.

TTEG Consultants

Trans Tasman Energy Group Consultants (TTEG) has prepared this Submission. TTEG Consultants (www.tteg.com.au), provide specialist energy sector advice including commercial and regulatory aspects pertaining to Public Lighting.

Documents

We have not attached all documents referred to in our submission as most are already with the AER. If required by the AER, these documents will be made available upon request.

Importantly, these documents are to be accepted as forming part of our submission irrespective of whether they are requested by the AER.

Further Assistance

The AER is invited to seek further comments on any points in this Submission from:

Trans Tasman Energy Group Consultants

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GLOSSARY

ABS	Australian Bureau of Statistics
ACCC	Australian Competition and Consumer Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
CAPEX	Capital expenditure
Code	Public Lighting Code, 2005 Victoria
DNSP	Distribution Network Service Provider
EDPD	Electricity Distribution Price Determination
EDPR	Electricity Distribution Price Review
ESCV	Essential Services Commission, Victoria
M	Public Lighting Maintenance
MAV	Municipal Association of Victoria
MDA	Meter Data Agent
NER	National Electricity Rules
O	Public Lighting Operation
O&M	Public Lighting Operation and Maintenance
OMR	Operation, Maintenance, Repair and Replacement (of Public Lights)
Paper	AER Preliminary positions on replacement framework and approach (for consultation), May2014
PLC	Public Lighting Code, Victoria
R	Public Lighting Replacement
RAB	Regulatory Asset Base
SECV	State Electricity Commission Victoria
SGC	Streetlight Group of Councils
SLUoS	Streetlight Use of System, the NSW and SA equivalent of OMR
SPA	SP - Ausnet
TTEG	Trans Tasman Energy Group Consultants
WDV	Written Down Value (of assets retired before their full life)

1 Summary

This Submission by Trans Tasman Energy Group (TTEG) is provided to the AER in response to Distributor regulatory proposals, the AER's Issues Paper and the AER's proposed negotiated distribution service criteria Paper.

Our submission focuses exclusively on unmetered public lighting services.

We have raised a number of items in this submission that we trust will assist the AER understand council's thinking regarding public lighting market development in general and also specific aspects pertaining to the distributor proposals.

Key points from our submission are summarized below.

Regarding the Service Classification and Negotiation (section Error! Reference source not found.)

1. We encourage the AER to classify services and establish cost reflective charges to enable effective sector development, this includes the introduction of Negotiated Distribution Services Classification
2. We advise the AER that many councils have little (if any) knowledge of the regulatory processes and what the negotiated classification actually means.
3. The AER's decision not to include shared assets has inadvertently introduced a perception that distributors may benefit from the splitting of dedicated assets from the previous regulatory asset base.
4. Public lighting customers require information regarding their dedicated assets including the inventory (light and pole type, location and who owns) and any assets costs pertaining to these assets.
5. The AER should require retention of negotiated classification for lights where services and charges were previously negotiated and not changed to alternative controlled ("standard") light. Note: The ownership aspect is very important because if councils own then they should be making provision for the future replacement cost.
6. If service classifications are revisited, the AER should reconsider the opportunity to make all public lighting services negotiated¹ or unregulated, or with 5 Victorian DNSPs and sub-contractors able to provide services to the public lighting market, make all services contestable. Note: This overcomes any safety concerns raised previously by the AER.
7. If shared assets are classified as an alternative controlled assets then the introduction of tiered OMR pricing ie separated O, M and R can be selected by councils.
8. The AER may need to consider the implication of the Road Management Act in terms of legal hierarchy.
9. Adopt a "sunset/sunrise" approach to the introduction of any tariff changes, including the Negotiated service for dedicated lights.
10. Regarding the questions raised by the AER in its Issues Paper:
 - a) We submit the Negotiated classification has the potential to deliver benefit to public lighting customers, but that many customers are not informed regarding this potential.

¹ As proposed by the SLG in its Framework and Approach submission

- b) All public lighting services can be negotiated, as evidenced in SA and Tasmania.

Regarding the Distributor Proposals (section Error! Reference source not found.)

11. Information is required from distributors regarding dedicated lights (refer above)
12. Revision of distributor pricing proposals to reflect the changes requested by the SLG including:
 - a) Revised capital components and WDV to reflect the distributors' costs
 - b) Removal of any Guaranteed Service Level costs incurred by the distributors, and
 - c) Removal of the GIS component charge from OMR, or if retained, substantially reduced to a nominal cost for only when the spatial location needs to be changed.

Regarding the AER's Negotiated Distribution Service Criteria (section 5)

We support the AER's proposed Negotiated Distribution Service Criteria but advise the AER of a typographical error which requires correction.

Regulatory Process

We appreciate and support the AER's intention to give third party stakeholders an opportunity to provide further submissions on the distributor's revised proposals and the preliminary determinations.

2 Regulatory Process

On 22 June 2015, the AER held a public forum in Melbourne on the revenue proposals submitted by the Victorian electricity distribution network service providers.

Once the AER has received submissions it will issue a draft determination and seek revised proposal from the Victorian distribution businesses'

Whilst the National Electricity Rules, under transitional provisions, do not provide for consultation on the Victorian distribution businesses' revised proposals, we appreciate and support the AER's intention to give third party stakeholders an opportunity to comment on these revised proposals and allow for further submissions from all stakeholders, on the submissions made by third party stakeholders to the preliminary determinations.

3 Service Classification and Negotiation

In this section we provide our views in response to the following questions raised in the AER's Issues Paper regarding public lighting negotiated classification for dedicated lighting:

1. We welcome comments on whether a negotiated outcome could work?
2. What elements can/or should be negotiated?
3. What specifically do customers want changed in the regime now?

Before responding to the AER's specific questions we are taking the opportunity to recognize and applaud the AER's desire to address previous service classifications and to encourage the AER to continue to provide the market with opportunities to actively engage with distributors to develop the sector. We also support the AER's view:

*"Our preference is to allow the competitive provision of services wherever practicable"*²

Whilst we see that all public lighting services should ultimately be fully contestable i.e. "unclassified" there will need to be a period of transition. This period will include development of public lighting customers' understanding how best to enable effective transition.

Unfortunately at the present time many councils have little (if any) knowledge of the regulatory processes and what the negotiated classification actually means. As witnessed at the 22nd June AER forum there is a disparate regulatory and commercial knowledge within stakeholders. Stakeholders have a wide range of views eg Moreland appeared very supportive of negotiated services.

This (lack of) understanding of negotiated services has not been helped by information recently disseminated to councils which unfortunately contained errors and misleading statements. This includes incorrect interpretations of the AER's "Negotiation for Dedicated Public Lights" information sheet.

Incorrect information includes the effectiveness of the negotiation process in SA where OMR³ charges (eg for MV80W lights) since 2004 have increased by 25% versus Victorian CPI of ~ 34%, that is, an effective decrease of 9%. This can be compared to Victorian OMR (classified as an alternative controlled service) which over the same period increased 99%, and if the estimated impact of reduced distributor capital due to councils paying for new energy efficient lights is recognized then a 140% increase.⁴

This information has unfortunately resulted in numerous councils being "encouraged" not to support the proposed negotiated classification for dedicated assets.

Unfortunately the short time frame between the AER's public lighting forum and the submission has not been sufficient to:

² AER Preliminary positions on replacement framework and approach (for consultation), page 38

³: OMR in SA is called SLUoS and has a three tier price. The comparison uses Full SLUoS and not CLER or Energy Only.

⁴ An estimate making an allowance for the significant shift to energy efficient lights (including T5, CFL and LED) from 2012 in lieu of MV80W lights, reducing the capital component in the MV80W OMR tariff

1. Educate councils in the Regulatory processes that comprise negotiated services,
2. Enable councils to consider the opportunities and benefits that negotiated services can potentially provide, and then to
3. Explore and establish processes to effectively implement the negotiation process.

TTEG intend to undertake this education process with SLG councils over the coming months, including surveys and forums. Within the SLG we have found that once councils have been presented with factual, independent and supported information to enable councils to gain even a limited understanding of what the negotiated classification actually represents, then they become encouraged to explore the opportunity presented by the negotiated classification.

One difficulty that has presented itself is that the AER classified only dedicated assets as negotiated. Whilst this is in addition to the negotiated service classification for emerging technologies, greenfield sites and non-standard lights not owned by the electricity distributor (DNSP), the AER's decision not to include shared assets has inadvertently introduced a perception that distributors may benefit from the splitting of dedicated assets from the previous regulatory asset base. This is potentially something that could be overcome by the AER seeking information (through a Regulatory Information Notice if necessary) from each distributor regarding the inventory (light and pole type, and who owns) and any assets costs pertaining to dedicated assets. This information should be by council with an overall summary available to stakeholders. The ownership aspect is very important because if councils own then they should be making provision for the future replacement cost.

The AER classification and the forum were great initiatives. The AER stated at the forum, regarding public lighting classification and charges, words to the effect that " *the AER want to get this right*".

We support the AER's intention.

There are however in our view a number of issues which require to be addressed to enable the AER to "get it right". These issues include those mentioned previously including council knowledge and information regarding the dedicated assets.

In considering the negotiated classification, the development of the sector, and the AER's "*...preference is to allow the competitive provision of services wherever practicable*", and the AER's "*want to get this right*", we submit to the AER that it could:

1. (re)consider the opportunity to make all public lighting services negotiated⁵ or unregulated, or
2. With 5 Victorian DNSPs and sub-contractors able to provide services to the public lighting market, make all services contestable. This also overcomes any safety concerns raised previously by the AER. We recognise this would potentially require a transition where DNSPs have funded and currently own assets but many councils have funded new energy efficient lights and should be free to engage their own maintenance provider. This has already been

⁵ As proposed by the SLG in its Framework and Approach submission

successfully undertaken under the National electricity Rules by Hobart and Glenorchy council as a negotiated service in Tasmania.

Councils and VicRoads having direct control over road lights including owning and maintaining the lights within the road reserve is also consistent with the Road Management Act, which we understand takes hierarchical precedence over other acts, including the National Electricity Rules.

Whilst considering market development, if the AER decides to retain shared assets as an alternative controlled classification, then to enable customer choice, the “service” of replacing lights **must** be at the customer’s option and a tired OMR structure **must** be introduced for Victoria⁶.

Tiered Tariff model

Tariff	Funding	Maintained
Full Charge	DB	DB
Customer	C	DB
Energy Only	C	C

C= Customer or other provide equity/perform DB = Distributor equity/perform

We note in its 2009 determination that the AER established a Customer lighting tariff in Victoria which excluded the capital component for T5 lights. So this approach simply needs to be extended to all light types.

Unbundling these services will be consistent with tariff reform.

We submit to the AER that it must consider any distributor proposals where distributors may be “requiring” emerging technology lights which had OMR charges established via a negotiation process to be included in the 2016-20 period as an alternative controlled (“standard”) light. We do not support this change in classification and maintain that lights that have had OMR changes established under the negotiated classification should retain that classification.

3.1 Way Ahead

We have raised a number of items in this submission that we trust will assist the AER understand council’s thinking regarding negotiated services and public lighting market development in general.

Recognising the AER’s “...*preference is to allow the competitive provision of services wherever practicable*” and that this is consistent with the SLG view that public lighting services should ultimately be contestable, a transition will need to occur.

We applaud the AER for proposing changes to the service classification, however, as we have identified, to enable this change to effectively occur there will need to be effective processes to be undertaken by customers and this will take time.

⁶ The same model already operates successfully under the NER in SA

Whilst we have proposed alternative considerations to the AER (eg full contestability) if the AER decides to simply retain the negotiated classification (the minimum position supported by the SLG) that the AER considers the introduction of a sunrise/sunset “transition” period to OMR charges for dedicated services.

In practice this may mean that for at least the first year of the 2016-20 period that the AER establishes the OMR for dedicated lights at the 2015 rate plus CPI.

This would provide time for customers to better inform themselves so they can effectively consider the negotiated classification.

We understand that this approach may be similar to that proposed by Powercor. Irrespective we submit to the AER that this is a pragmatic approach to enabling sector development and to overcoming the timing issues faced by customers.

3.2 AER Issues Paper Questions

In considering the items raised in the AER’s Issues Paper regarding public lighting negotiated classification for dedicated lighting we provide the following:

Question We welcome comments on whether a negotiated outcome could work?

We are of the view that a negotiated outcome can work and has the potential to work well. This has been demonstrated in SA and Tasmania.

Victorian customers are used to tendering for services but not familiar with the NER negotiating process. Most are not aware that pursuant to the National Electricity Rules, the Negotiating Framework⁷ and Cost Allocation Method provide regulated instruments to facilitate this process.

Recognizing that customers need to understand these instruments and establish how to best effect the process, the SLG propose that a sunset/sunrise arrangement as briefly outlined above be considered by the AER.

Question What elements can/or should be negotiated?

All public lighting services can be negotiated. If the AER is considering separating out the dedicated lights then the information requirements stated earlier require consideration by the AER to provide transparency and to assist customers understand the quantum of what is being considered for negotiation.

The AER can also consider the further breakdown of services in to those included in Table 1 of the SLG submission to the AER’s Framework and Approach Paper.

Question What specifically do customers want changed in the regime now?

⁷ Due to time constraints the SLG will provide a supplementary submission regarding the Negotiating Framework

We recognise that the AER is an economic regulator and as such we have limited our response to aspects within the AER's powers. Our requested changes and considerations have been identified above and include:

- the classification of all public lighting services as negotiated or contestable,
- the retention of negotiated classification for lights where services and charges were previously negotiated and not changed to alternative controlled ("standard") light
- if shared assets are classified as an alternative controlled assets then the introduction of tiered OMR pricing
- Information from distributors regarding dedicated lights (refer above)
- Adopt a sunset/sunrise approach to the introduction of negotiated services
- Revision of distributor pricing proposals to reflect the changes requested by the SLG

4 Distributor Cost Proposals

From our review of the DNSP proposals the separation of the shared assets (alternative control) and the dedicated lights (negotiated), services and costs are not clearly evident. Until this separation of services and costs is completely transparent, in our view any assessment of the DNSP alternative control proposal cannot be effectively undertaken.

Whilst we understand DNSPs have excluded dedicated lights from their costs, we are surprised that DNSPs have detailed information to enable costs to be split as in the past DNSPs have not typically had specific cost information available.

To assist in customers understanding of what has been removed from the alternative controlled charges in the current period, the AER should require DNSP's to provide information regarding how they have removed costs from their alternative controlled changes and the number of dedicated lights classified as negotiated.

Two major issues we initially see are specification of "dedicated lights" and service and cost and services information.

- i. Specification. Do they include both standard and decorative lights?
- ii. PLC require the DNSP to identify the inventory (number) and type of light, ownership, GIS location and all asset data and cost (removed from ACDS) attributable to these lights. This info should be available by customer and distributor region.

For DNSP owned assets, and indeed for any public lighting services, there should (in theory) be no material difference in the tariffs for a service irrespective of whether the AER classifies public lighting services as either (1) a direct control and then alternative controlled service or (2) as a negotiated distribution service.

Our view is the tariff simply must be "cost reflective" for the service.

The SLG supports the approach outlined by the AER that in reviewing regulatory proposals for the Victorian distribution network for 2016 to 2020 the AER will examine the businesses' proposals to make sure they recover no more than necessary for the delivery of safe and reliable electricity services.⁸

And whilst the following pertains to AER commenting on negotiated services, for the reasons stated above, it should apply equally to alternative controlled services.

"We consider that our approach will enable distributors to offer this service on competitively derived terms and prices that reflect true cost of the service"⁹

4.1 Cost Reflectivity

Despite no change in service from the DNSP, the current regulatory methodology has seen a substantial rise in OMR tariffs

⁸ Page 1 AER Issues Paper, 10 June 2015

⁹ Ex AER Vic F and A Final 24 October 2014, Page 67

SLG Table 1 DNSP Public Lighting Revenues¹⁰

	A\$'000			Increase		
	2006	2009	2012	2013	2006 - 2013	2009 - 2013
CitiPower	2337		4850	4405	88%	
Jemena	2301		3660	3915	70%	
Powercor		5800	8317	9332		61%
SP Ausnet	3625		7454	7868	117%	
United Energy	3795		7191	7245	91%	
Total	12058			23433	94%	

excl Powercor

excl Powercor

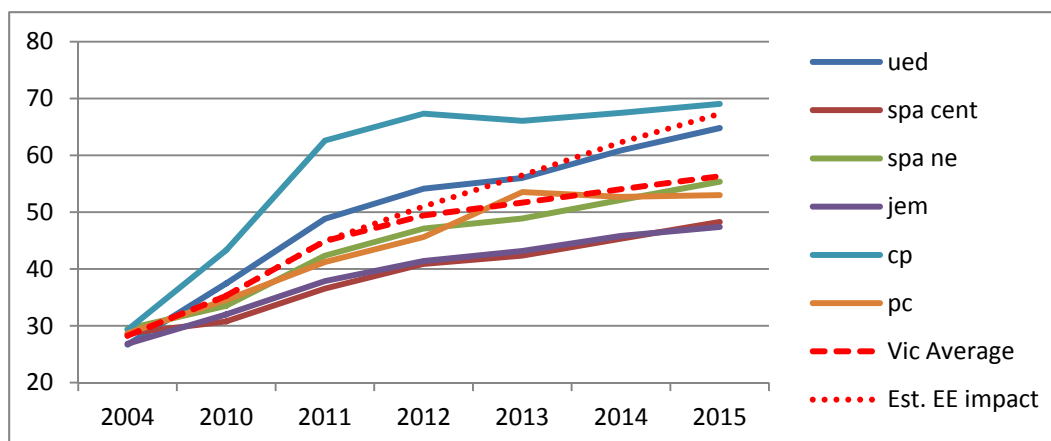
excl Powercor

During the 2006 to 13 period there was no change in distributor services and CPI (Melbourne) increased by around 34%¹¹.

In considering the OMR increases we note the Essential Services claimed in 2001¹² that the DNSP's existing lights were in their DUoS RAB and as such OMR rates would increase over the period but that public lighting customers would benefit from a decrease in DUoS (network) charges. Whilst the OMR increases are evident – the corresponding DUoS decreases have not been realized. We can provide an assessment to support this claim if required by the AER.

The impact on the MV80W light OMR is shown in the following chart with “Est EE Impact” allowing for the impact of customers funding energy efficient lights, primarily since 2012, thereby decreasing the effective capital component in the 80W OMR tariff

Victorian MV80W OMR tariff



As evidenced in the chart there is a wide range of prices for what is effectively the same service.

We have established ranges of distributor proposals for common light types.

¹⁰ Ex AER website. Extracted from DNSP responses to the AER's RIN

¹¹ December 2005 to September 2013 ex ABS website

¹² Restated in the Essential Services Commission “Public Lighting Information Sheet No 1” 13 August 2004

SLG Table 2 Proposed OMR Ranges by Light type

MV 80W	\$37 to \$70 p.a.
T5	\$26 to \$61 p.a.
CFL	\$31 to \$52 p.a.
LED	\$16 to \$36 p.a.

We submit to the AER that these represent significant variances that require investigation. We note the T5 lights have really only been installed since 2009 and yet some councils will be paying \$26 and others \$61 and this can literally be from one side of a street to the other.

If councils had their choice of distributor provider then they could select the lowest cost provider.

We submit that the distributor proposals require careful review by the AER.

4.2 Capital Component

The SLG submission to the AER Framework and Approach Paper where we identified that the AER's proposed control mechanism for Alternative Control services in section 2.4.6 of its Paper required critical review and if the AER is proposing to adopt the current OMR charges as "P" then this is rejected by the SLG as we do not believe it is cost reflective for the reasons stated in the submission and that the AER required including inventory adjustments in to "A".

The SLG also requested in our submission that to enable stakeholders to effectively assess capital costs for public lighting, we request the AER to seek each the following from each Victorian distributors via a RIN:

- a) if the distributor has/ is treating replacement lights as 'opex' or 'capex',
- b) the distributor's actual depreciation schedules, and
- c) the distributor's (actual) depreciated asset values on its statutory (tax) accounts as this represents the DNSP's 'costs incurred'.

As we have not seen any evidence of this information in the distributor proposals, and recognising the disparity in OMR charges in the above table we suggest the AER seeks the information in items a) through c) above to assess the distributor's proposed charges.

Whilst timeframes have limited our analysis, what we have identified is that the distributor models do not reflect their cost incurred in the capital component, in particular the capital "cost" has been derived via modelling

As mentioned earlier there should be no difference in the tariffs for a service irrespective of whether the AER classifies public lighting services as either (1) a direct control and then alternative controlled service or (2) as a negotiated distribution service.

Our view is the tariff simply must be "cost reflective" for the service and this is consistent with NER 6.7.1 (1)

- (1) the price for a *negotiated distribution service* should be based on the costs incurred in providing that service, determined in accordance with the principles

and policies set out in the *Cost Allocation Method* for the relevant *Distribution Network Service Provider*;

The cost incurred by the distributor is based on its written down value (WDV) on its balance sheet.

In establishing the capital component distributors have not used their balance sheet but have used modelling.

Under Australian Taxation rules between 26/2/1992 and 1/7/2000 Lighting Plant had a 20 year useful life, using a depreciation rate of either

- 13% prime cost (i.e. claiming 13% of original cost each year); or
- 20% diminishing value method (20% of opening written down value each year).

In practice, what this means while the light and bracket had useful life of 20 years the distributor would have fully depreciated the asset possibly within 7.7 years as per the following examples for say a \$10,000 cost purchased 1 July:

13% Prime cost

Every year = $\$10,000 \times 13\% = \$1,300$ depreciation per year until written down value = \$0.

That is fully depreciated over 7.7 years.

20% Diminishing value

Year 1 = $\$10,000 \times 20\% = \$2,000$ depreciation \$8,000 WDV

Year 2 = $\$8,000 \times 20\% = \$1,600$ depreciation \$6,400 WDV

Year 3 = $\$6,400 \times 20\% = \$1,280$ depreciation \$5,120 WDV and so on.

Roughly 80% would be written off by the end of the 8th year.

Either way, what this means is any asset purchased by the distributor prior to 1 January 2001 would now be fully depreciated on the distributor's balance sheet, and as such the distributor would not be incurring any cost. As such the AER should require the distributor to remove any costs from its proposal for any public light assets purchased by the distributor prior to 1 January 2001.

In addition, it means that the distributor cannot reasonably charge any WDV for these assets as this would not be consistent with the National Electricity Objective (NEO) and the NER Principles.

For the AER to effectively address this potential non compliance with the NEO and NER the AER should require distributors (via a RIN if necessary) to provide the distributor's (actual) depreciated asset values on its statutory (tax) accounts and this should be used to establish the capital cost via the application of depreciation and WACC.

We note that the AER has previously requested distributors to provide tax information. Please let us know if you require references for this.

Supporting our approach to overstated public lighting “RAB’s “ is the remaining life in several distributor’s proposal being substantially less than 10 years.¹³

Unfortunately we do not have time to detail the tax treatment from beyond but can provide the following ATO rulings:

- ATO Ruling TR 2000/18 was used for the 2000/2001 year. Lighting plant still had an effective life of 20 years, however there was no accelerated depreciation which meant the depreciation rate reduced to 5% p.a.
- On 1/1/2002 the effective life of street lighting was reviewed and adjusted from 20 years down to 15 years. This remained unchanged as at 30/6/2013. So for the 2001/02 year up to current, any capital expenditure on street lighting was depreciated at 6.67% p.a. (i.e. 100% / 15 years).

What this means is whilst assets may have effective lives well beyond the ATO life, distributors only incur cost over 15 years for any public light assets installed from 1/1/2002. This aspect is not reflected in the models comprising the distributor proposals and must be addressed such that customers do not pay more than a “cost reflective” tariff.

It is generally acknowledged within the NER that prices must lay within the 'stand alone' and 'avoided cost'. The stand alone cost for the distributor is represented by its balance sheet.

Please note that the above represents an overview to establish the principle. We can provide additional information on this if required.

4.3 Other components¹⁴

4.3.1 GSL

We are not aware if GSL has been included in any proposal, but if it has we reject the inclusion as it is a penalty for failing to provide a service and should be a net cost to the distributor

4.3.2 GIS

We do not support the distributor’s proposed GIS cost of \$100,000 p.a. per distributor can fairly be applied in the 2016-20 regulatory period.

The GIS services were originally included to enable distributors to establish their spatial location of the assets and to provide web based access to public lighting customers over the prior period. This has now been completed by all distributors.

¹³ Including Powercor Proposal Table 13.3 of 8.1 years. We can provide additional information on this if required by the AER but our time availability does not allow for this currently.

¹⁴ We can provide additional information on this if required by the AER but our time availability does not allow for this currently.

We understand that the \$100,000 p.a. GIS charge is primarily required to maintain accurate inventory data and in addition to the spatial location that “the light type, the network connection details and customer details, among others.”

We propose that the AER can consider the following when assessing these claims by distributors:

- The spatial location, type and customer and web based access is now already established. NOTE: The distributors each received \$100,000 p.a. in prior periods to cover these costs.
- There is very little change to this data eg the spatial location, type and customer typically do not change year on year, if at all over the life of the light
- The distributors are required to keep this data (except possibly spatial location) to meet their obligations as MP and MDA under the Metrology Rules – and not the Public Lighting Code.
- Distributors receive payment of a metering charge for maintaining inventory, light type and customer details. An example is shown in the following table for Powercor.

Powercor Table 17.6: Proposed Type 7 metering charges (nominal)

Charge Element	2016	2017	2018	2019	2020
Per NMI	\$308.00	\$316.00	\$324.00	\$332.00	\$340.00
Per Light	\$1.6073	\$1.6479	\$1.6895	\$1.7321	\$1.7758

Source: AusNet Services

- The type 7 charges would provide Powercor in excess of \$125,000 p.a on an inventory of around 80,000 lights
- There was no GIS component charge (only the Type 7 metering charge) prior to 2004.

We submit that the GIS component charge must be removed from OMR, or if retained, substantially reduced to a nominal cost for only when the spatial location needs to be changed.

5 Negotiated Distribution Service Criteria

We have reviewed the AER's proposed distribution service criteria and advise that the criteria appropriately reflect the requirements of NER clause 6.7.1.

We do however advise the AER that there is a minor editing issue under item 8 (below) in that the wording should actually form part of item 7.

"8. then the difference between the price for that service and the price for the shared distribution service which meets network performance requirements must reflect a distributor's incremental cost of providing that service (as appropriate)."

Submission:
Streetlight Group of Councils

Response to Distributor 2016-20 Proposals
July 2015