



RESPONSE TO THE REVIEW OF ELECTRICITY NETWORK OPERATORS' LICENCES

Southern Lights NSW

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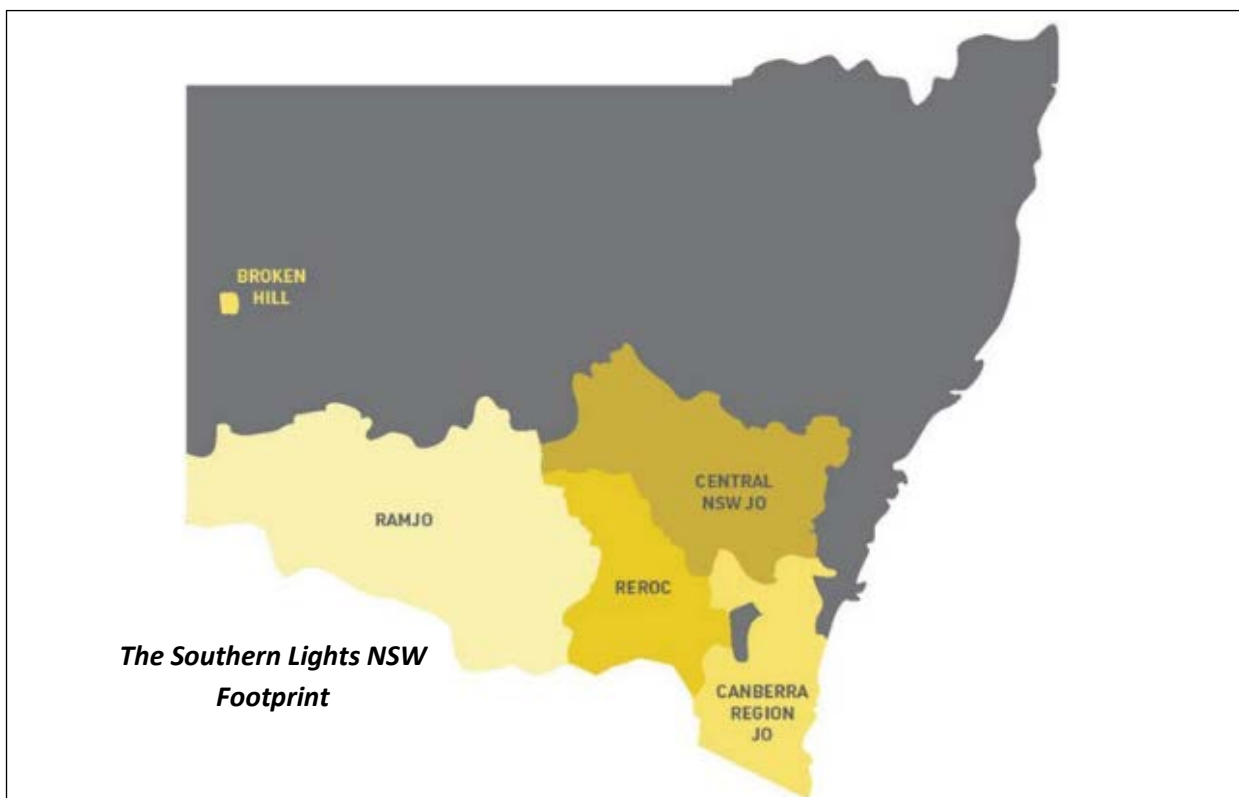


RESPONSE TO THE REVIEW OF ELECTRICITY NETWORK OPERATORS' LICENCES

This submission is made on behalf of the Members of the Southern Lights NSW Group to respond to the above Review. Southern Lights is a grouping of 41 Local Governments stretching from Bega to Broken Hill who have come together to address specific issues in public lighting. The Grouping represents almost half of the 84 councils serviced by Essential Energy.

Our largest project, Southern Lights, has resulted in the deployment of 75,000 energy efficient LED lights across the 41 LGAs providing Member Councils with brighter, cheaper and more environmentally friendly lighting. The deployment of the lighting is the result of a close collaboration with Essential Energy on the development of a business case to support investment in the lights, the selection of the appropriate technology through a tender evaluation process and the planning and scheduling of the lights' installation. The Southern Lights' project has been fully funded by Local Government.

The councils that make up the Southern Lights Group are represented by their respective regional organisations, being Riverina Eastern Regional Organisation of Councils (REROC), Central NSW Joint Organisation (CNSWJO), Riverina and Murray Joint Organisation (RAMJO), Canberra Region Joint Organisation (CRJO) and Broken Hill Council.



The Southern Lights Group has provided and continues to provide input on the reviews of the NSW Public Lighting Code, provides submissions to the Australian Energy Regulatory on public lighting charges and, wherever possible, advocates for its member councils in relation to the efficient and effective delivery of public lighting services in NSW. The Group has been operating for over 5 years.

Southern Lights therefore has a substantial and on-going interest in IPART's current Review. We have particular interest in the discussion of and proposals put forward in Section 6.3 NSW Public Lighting Code.

We commend IPART for considering the net benefit to the community of mandatory compliance with the NSW Public Lighting Code and considering the benefits of public lighting more broadly. In this context we note that:

- AS/NZS 1158, the road lighting standard used throughout Australia, says in part 1.1 that public lighting can provide significant community benefit with the costs involved being offset from the reduction in road accidents. It goes on to summarise the research stating that, *"Studies in Australia and New Zealand, and in other countries, have led to the conclusion that Category V traffic route lighting is likely to reduce night time casualty accidents by about 30%, taken over the road network."*
- As IPWEA has noted in its Commonwealth-supported Street Lighting & Smart Controls Program [Roadmap](#), the globally recognised *Handbook of Road Safety Measures (Elvik et al)* highlights improved street lighting as having amongst the highest, if not the highest, cost-benefit ratios of all available road safety measures; and
- In considering the important safety implications of new LED technology, IPWEA also notes in its Roadmap that research by Clanton & Gibbons in the USA (and others in NZ and elsewhere) has identified that significant reductions in driver reaction times can be achieved from deploying high quality white light as found in LEDs as compared to the yellow low colour rendition lighting of high-pressure sodium lighting which currently dominates Australian main road networks.
- In considering the impacts of public lighting on crime, we note the widely cited and systematic reviews of authors such as Dr David Farrington for the UK Home Office which concluded that improved street lighting can be an effective method of reducing crime.

Of course, the vital public safety benefits of public lighting highlighted above are only available if the right lights are installed and the lights are working properly. In this context, we provide the following specific comments in response to the questions asked in the Review:

- ***Retaining the Existing Licence Condition requiring Ausgrid, Endeavour Energy and Essential Energy to comply with the Public Lighting Code.***

It is absolutely imperative to the integrity of the NSW Public Lighting Code that the existing licence condition requiring compliance is retained.

The NSW Public Lighting Code is the only form of Service Level Agreement (SLA) that is in place in relation to the delivery of public lighting services in NSW. Councils, over the years, have repeatedly tried to enter into individual SLAs with their respective Distribution Network Service Providers (DNSPs), only to be advised that it is too difficult to enter into individual contracts with what is now 128 councils.

This stance means that the councils are completely dependent on the NSW Public Lighting Code to enforce their rights in relation to the delivery of public lighting services. In NSW public lighting services are provided by the DNSPs in a monopoly arrangement. Councils unhappy with service provision cannot turn to an alternative service provider, nor are they able to take the service back to operate it themselves. The only recourse is the NSW Public Lighting Code and it only has “teeth” because 3 years ago the NSW Government finally agreed with Local Government that the Code should be made mandatory.

A mandatory Code only works if there are meaningful consequences in place for failure to meet its requirements. The removal of the licence condition would leave councils without any form of effective consequence for failure to meet the Code, meaning to all intents and purposes, that the Code would again be voluntary. A situation that would be absolutely unacceptable to the Southern Lights Group.

Again, we stress, that without a mandatory Public Lighting Code councils are at the “mercy” of the DNSPs when it comes to service provision. While the Australian Energy Regulator (AER) sets the prices that the DNSPs can charge in relation to their public lighting service provision, it has no role in setting service levels or in enforcement of those service levels. Consequently, a DNSP can provide the AER with a set of costing assumptions based on the services it will provide and on that basis the AER will grant the pricing requested. However, the AER does not, and will not, provide any oversight to ensure that what was promised during a Pricing Determination is in fact delivered.

We have worked hard with the Department of Planning, Industry & Environment over the years to ensure that the NSW Public Lighting Code reflects the undertakings given by DNSPs to the AER. It is our only “insurance” that what is promised through the 5-yearly AER Pricing Determination process is actually delivered.

We agree with IPART’s assessment that, *“the Public Lighting Code licence obligations enable IPART to hold the Service Providers accountable for their compliance with the Public Lighting Code”*. The decision to tie compliance to the DNSP’s licence ensures that the DNSP delivers on the undertakings it makes to the AER and that councils can hold the monopoly providers of public lighting services to account.

We also note the comparable precedent from Victoria where compliance with the Victorian Public Lighting Code has been a mandatory licence condition from the DNSPs since 2005.

- ***Replacing the existing licence condition requiring Ausgrid, Endeavour Energy and Essential Energy to comply at their own expense with any request from the Tribunal to audit their compliance with the Public Lighting Code, with a general auditing provision.***

The Southern Lights Group does not agree with this proposal.

We believe that auditing of compliance with the Public Lighting Code should remain a “ring-fenced” provision. Councils across NSW, spend more than \$100 million a year of ratepayer dollars on the

provision of public lighting services. The service, which differs in material respects from other aspects of the DNSPs' services, is provided in what is essentially a monopoly market with councils having no real choices in relation to the quality and quantity of services they receive. While some councils do own some of their public lighting, mostly in main streets, the bulk of the lighting is "gifted" to the DNSP once it is commissioned. The gifting process removes all control from the council and places the asset within the complete control of the DNSP. However, the council is required to meet the total running costs of the asset.

Our members agree with IPART's proposition that the benefit of mandatory compliance with the Public Lighting Code manifestly outweighs the cost to the community as summarised in our additional points above.

As stated above we have worked hard to ensure that the Public Lighting Code is reflective of the requirements of AS/NZS 1158, of what is reasonable in terms of community expectations and of the undertakings made by the DNSPs to the AER, which in turn determines the price that councils pay for the services they receive. It is our belief that cost savings could be achieved through a review of the Tribunal's reporting requirements.

One area where a higher cost-benefit may be achievable is with respect to Code reporting. We believe that simplified reporting could reduce the cost burden for the DNSPs while still providing councils with meaningful assessments of the quality and quantity of services being provided. Rather than reduce the Code's obligations we believe it would be preferable to streamline the DNSP's reporting obligations. The Southern Lights Group believes that an agreed simplified reporting process that met the needs of councils and the Tribunal would greatly enhance the accountability of the DNSPs while at the same time, reducing overall costs.

We reiterate that we do not agree with the proposal to replace the requirement to comply with any request from the Tribunal for an audit of Public Lighting Code compliance with general auditing provision in the licences. We believe that this will effectively reduce the emphasis on the importance of accounting for service provision in this area and we are concerned that this will water-down compliance with the Code.

Conclusion

The Southern Lights Group strongly supports the retention of the existing licence condition requiring Ausgrid, Endeavour Energy and Essential Energy to comply with the NSW Public Lighting Code.

The Southern Lights Group does not support the proposal to replace the existing licence condition requiring Ausgrid, Endeavour Energy and Essential Energy to comply at their own expense with any request from the Tribunal to audit their compliance with the Public Lighting Code, with a general auditing provision.

We welcome the opportunity to provide feedback to this Review and would be happy to discuss our concerns with the Tribunal as part of its further deliberations.