

# NSW/ACT/TAS/NT Electricity Distributors Consultation Paper 1: Service Classification

September 2021



**CENTRAL NSW  
JOINT ORGANISATION**

- Bathurst
- Blayney
- Cabonne
- Cowra
- Forbes
- Lachlan
- Oberon
- Orange
- Parkes
- Weddin



Central NSW  
Joint Organisation

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Chair Cr John Medcalf OAM, Mayor, Lachlan Shire Council

30 September 2021

Reference: jb:vp 210930  
Enquiries: Ms J Bennett: 0428 690 935

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Essential Energy  
Head of Regulatory Affairs  
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Dear Ms Lindsay,

**Re: NSW/ACT/TAS/NT Electricity Distributors Consultation Paper 1: Service Classification**

## Introduction

As you are aware Local Government Regional Joint Organisations (JOs) were proclaimed in May 2018 under the NSW Local Government Act 1993. The Central NSW Joint Organisation (CNSWJO) represents over 200,000 people covering an area of more than 50,000sq kms comprising the Local Government Areas of Bathurst, Blayney, Cabonne, Cowra, Forbes, Lachlan, Oberon, Orange, Parkes, Weddin, and Central Tablelands Water.

Tasked with intergovernmental cooperation, leadership and prioritisation, JOs have consulted with their stakeholders to identify key strategic regional priorities. The CNSWJO Strategic Plan can be found here: [https://docs.wixstatic.com/ugd/51b46b\\_31886650ecf546bc916f15e99a733b3e.pdf](https://docs.wixstatic.com/ugd/51b46b_31886650ecf546bc916f15e99a733b3e.pdf)

Firstly, the Central NSW Joint Organisation thanks you for working with other distributors to develop the service classification consultation paper (the Paper), for the recent briefing session and for the opportunity to comment on it.

## Central NSW JO and the Southern Lights Project

For over three years, Southern Lights NSW has been working on behalf of 41 councils in Southern and Central NSW to improve public lighting across the region in conjunction with Essential Energy.

The LED rollout agreed between Southern Lights NSW and Essential Energy is understood to be the largest in Australia and will eventually grow to 163,000 lights. To date, 106,000 LED street lights have been installed on residential and main roads across rural and regional NSW. In the Southern Lights NSW region, this includes over 50,000 LEDs installed to date (about 2/3 of all the lighting managed by Essential Energy across the Southern Lights NSW region). Councils in the Southern Lights NSW region are already

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saving over \$3.2 million a year in energy and maintenance costs for these lights. Energy and greenhouse gas emissions savings have been an average of 50% while improving lighting across the region. These savings are in addition to the substantive price reductions achieved in the last pricing review by the Australian Energy Regulator in 2019.

The challenge will be making further steps towards Net Zero through dimming and trimming enabled by smart controls. At this time, despite years of negotiation, Central NSW Councils is unable to get information from Essential Energy on the value stack for smart controls. Therefore, a reasonable co-contribution regime to what is international industry standard technology for the asset owner is not on the horizon in regional NSW. This will have corollary net zero impacts.

## Street Lighting Comments

With utilities owning lighting, but councils and Transport for NSW having the legal responsibility for providing the service (as the road authorities under the NSW Roads Act 1993), it is worth examining the role of networks in public lighting technology during a period of rapid technological change.

The DNSPs work very hard to improve street lighting services and councils strongly support initiatives such as the current LED upgrades. However, fundamentally, councils and Transport for NSW have no meaningful control over many aspects of the service for which they are responsible as the road authorities and local authorities. Councils are not free to choose which service provider they have, which lighting technologies they have, the timing of new technology rollouts or to take any normal contractual action when service levels are not up to a reasonable standard.

Recognising that street lighting is classified as an ancillary control service by the AER, and that DNSPs are therefore required to provide that service, Central NSW comments largely assume that this fundamental framework will stand.

We note that when the current regulatory regime was conceived, street lighting was effectively a commodity product. But this situation has changed markedly with lighting having become much more like a fast-moving, end-use consumer appliance, and our view is that the regulatory approach has become an increasingly poor fit for this service. In particular:

1. **The regulated pricing approval cycle is problematic:** 5-year pricing approval cycles are a very poor fit with fast-moving technologies. To address this, we'd advocate for a standardised and transparent street lighting and smart device pricing model to be approved by the AER rather than pricing approvals for every individual component;
2. **Poor fit with traditional DNSP approach:** Hundreds of quickly evolving variants of luminaires, smart controls, luminaire or pole-based smart city sensors and multi-function poles are a poor fit with a traditional DNSP, one-size fits all approach to selecting 'standard' lighting products on wooden or galvanised steel poles. To address this, we'd advocate for much greater involvement of councils and Transport for NSW in DNSP procurement processes and for greater technology choice being allowed;
3. **DNSP procurement cycle and approach are problematic:** 3-5 year DNSP procurement cycles and long procurement processes are a poor fit with fast-moving technologies and often poorly aligned with customer objectives. To address this, we'd advocate for much greater involvement of councils and Transport for NSW in DNSP procurement processes, greater technology choice being allowed for and new procurement mechanisms that allow for continual updating of products and suppliers; and
4. **Misaligned incentives** - Most of the new lighting technologies reduce energy consumption and improve reliability, markedly cutting revenue for the DNSPs and hence reducing incentives for adoption. There also appears to be a growing conflict of interest between this regulated service and the desire of the DNSPs to find new unregulated revenue streams (including from a range of emerging smart city devices). Continual debates over the fairness of pricing, service levels and technology around Australia are really just symptoms of well-meaning people on all sides trying to make things work under

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a regime that is not fit for purpose. Central NSW Joint Organisation recognises that, because of the serious misalignments identified above, the current situation is challenging for the councils, road authorities, DNSPs, DPIE and the AER.

We note that, where councils and road authorities own and manage their own lighting directly (e.g. the ACT, NT, main road authorities, NZ and the UK), they have successfully adopted new smart lighting/smart city technologies at scale on average 2-4 years earlier than the DNSPs. In the New England states of the USA and in California, the States have intervened and allowed the local municipalities to take back the public lighting and created a pole access regime to enable widespread deployment of LEDs and smart controls by US municipalities. Similarly, New Zealand separated the street lighting assets from the pole infrastructure and allocated them to the local councils when creating its electricity trusts.

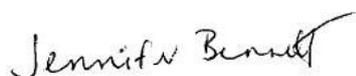
These issues are not specific to lighting. As more and more parties require access to the poles, these issues will arise across a whole array of new technologies. A fundamentally new and much easier pole access regime is needed for lighting, EV charging, CCTV, public WiFi, dynamic signage, sensors, autonomous vehicle infrastructure, macro/small/pico cells etc.

## In conclusion

Central NSW commends the joint work of the DNSPs in asking such fundamental questions about the future of street lighting from the outset of this review. We would welcome further opportunities to discuss the above issues and suggested approaches with Essential Energy, with the other DNSPs and with other stakeholders in the review.

Please contact me on 0428 690 935 should you wish to discuss further.

Yours sincerely,



Jennifer Bennett

**Executive Officer**

Central NSW Joint Organisation (CNSWJO)