

8th March 2014

**Executive Officer
Utilities Commission of the Northern Territory
GPO Box 915
Darwin NT 0801**

Dear Sir

Submission - 2014-19 Network Price Determination

Trans Tasman Energy Group (TTEG) is providing this submission in response to the call for submissions to the 2014 – 19 Network Price Determination advertised in the NT News dated 18 January 2014 by the Utilities Commission of the Northern Territory.

TTEG Consultants (www.tteg.com.au) provide specialist energy sector commercial and regulatory advice, including aspects pertaining to Public Lighting to our clients in most states and territories in Australia.

As a result, since 2001, TTEG have assisted our clients with numerous submissions to regulators. As part of our contribution to the community, and to provide our expertise and views to assist regulators and stakeholders in the determination process, we have also made submissions directly, funded by our own resources. This submission is provided in this manner.

We have recently been assisting public lighting consumers in the Northern Territory and this submission incorporates learnings identified during this process.

Our submission requests the Commission to specifically consider:

1. The network (NUoS) charges for public lighting proposed by Power and Water's Revised Proposal, and
2. The classification of services and price control mechanism for unmetered public lighting

Network Charges

Unmetered public lighting has unique characteristics. Including:

1. It is controlled by a photo electric cell or timer and operates typically between sunset and sunrise, that is, outside of the network maximum demand period. The network is therefore designed to meet the requirements of other users and not public lighting users.
2. When unmetered public lighting is "on" its load is flat ie unlike other consumers where loads vary during operational periods.

As such, any unmetered public lighting network charges should not attract any costs attributable to network demand and should also have the lowest c/kWh rates applied.

In further consideration of point 1 we note PWC has included unmetered street lighting "Coincident kW" as 0.2% in Table 2 (Attachment 6) of its Revised Proposal¹. Yet, our interpretation of PWC's Figure 12 from page 39 of the same PWC Draft is that the peak demand on the network is between 1300 and 1700 hours during the wet season. As street lights **do not operate during this period we do not believe PWC can fairly attribute any "Coincident kW" to unmetered street lighting?**

¹, Attachment 6 to PWC Revised Proposal, PWC Draft Pricing Principles Statement and Pricing Proposal, January 2014.

We also note from page 5 of PWC's same Draft that *"The street light tariff is significantly over recovering and the traffic light tariff is significantly under recovering revenue."*

Yet it appears from Table 17 of the same Draft that PWC is proposing an increase to street lighting tariffs by 51.4% from 5.536 c/kWh to 8.38 c/kWh or around 1.2% of PWC's proposed revenues.

Rather than proposing increases, for cost reflectivity should not PWC be decreasing these tariffs?

We submit to the Commission that PWC's proposed tariff increase for unmetered street lighting be rejected and that PWC should establish a separate, cost reflective tariff, potentially no more than 0.6%² of PWC's proposed revenues for the regulatory period commencing 1 July 2014.

Service Classification

Whilst the National Electricity Rules will not apply in the Territory for the pending 2014-19 period, we submit it is prudent that any considerations of, or reference to, the Rules by the Commission and stakeholders be appropriate for the services being considered.

For unmetered street lighting, the services provided by PWC pertain to annual repairs and maintenance (OMR) and annual capital (Asset) charges.

Pursuant to clause 72 of Electricity Network (Third Party Access) Code, street lighting services are currently "classified" by the Commission as an Excluded Service, which requires PWC and its customers to reach agreement (via negotiation) on services and costs.

We advise the Commission that such a process of negotiation is currently being undertaken.

In considering terminology, we note the Utilities Commission in its Draft Determination has considered "classification" of street lighting services as a "Direct Controlled - Alternative Controlled Distribution Service".

We submit to the Commission that pursuant to the Rules (including rule 6.2.1 and sub clauses (c)(2) and (d)(1)), and recognising the current "classification" of Street lighting services as an Excluded Service, requiring negotiation (as currently being undertaken by stakeholders), the required (but if not required, then certainly most appropriate) classification of Street lighting services under the Rules would be that of a "Negotiated Distribution Service".

We are keen to assist the Commission in its 2014-19 process and invite the Commission to seek further comments on any points in this Submission.

Yours sincerely

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² That is 0.8% less the 0.2% "coincident kW" demand