



*Feedback to the
Endeavour Energy Future Directions Paper*



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Western Sydney Regional Organisation of Councils Ltd

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1. Introduction and background

1.1 About WSROC

Thank you for the opportunity to provide feedback to the *Endeavour Energy Future Directions Paper*.

The Western Sydney Regional Organisation of Councils (WSROC) represents eight councils in Western Sydney which together provide services for over 5,500 square kilometres, ranging from densely populated metropolitan areas to rural lands and the World Heritage Area of the Blue Mountains. The Greater Western Sydney region's population is 2 million and is expected to increase by 1 million in twenty years' time.

WSROC provides a strong voice for the residents of Western Sydney to improve quality of life. The organisation has a reputation for considered policy analysis and advocacy on a wide range of issues affecting the residents of Western Sydney. WSROC also manages a number of projects, which are either funded jointly by its members or from external sources.

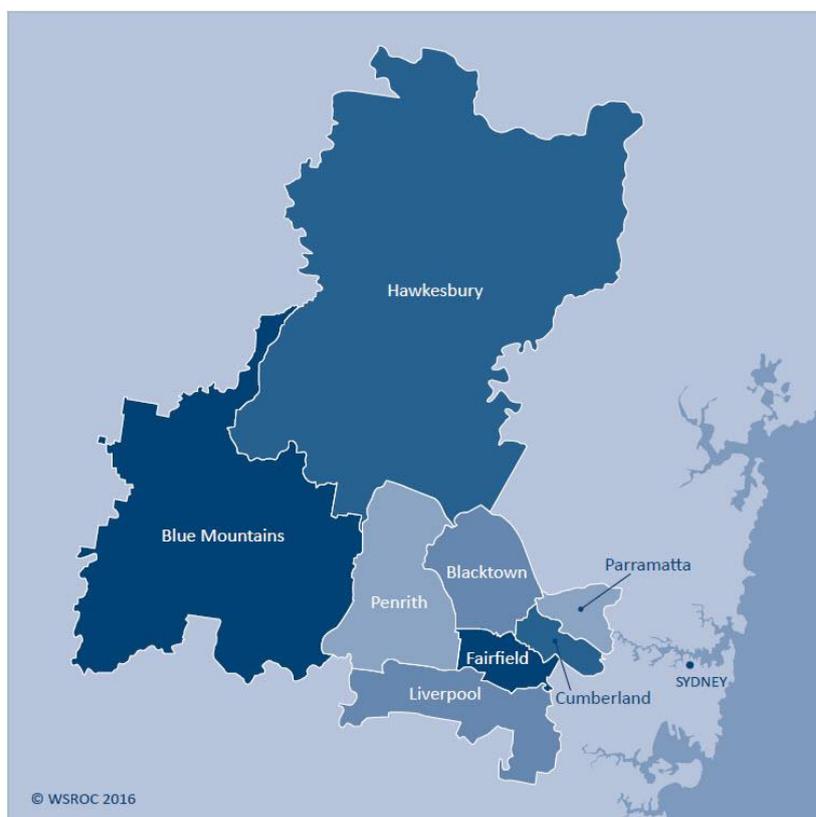


Figure 1 - WSROC member councils

1.2 This submission

Please note that this submission focuses mainly on issues of greatest concern to our member councils and is not a comprehensive review of all elements of the draft paper. The WSROC submission feedback is therefore to be seen as high level commentary that touches upon issues across the region. Lack of comment on detail of the draft plan does not necessarily imply WSROC's support. WSROC member councils will also have made their own submissions, which should be considered separately and in addition to this response.

2. General comments

We welcome the opportunity for WSROC and its councils to provide feedback, ideas, information and expertise to assist in better regulation of our energy provision through Endeavour Energy.

Western Sydney councils work closely with Endeavour Energy mainly around the provision of street lighting. Endeavour Energy owns the street lights (assets) and conduct maintenance. Public lighting accounts for approximately 55 per cent of WSROC councils' energy costs and around five per cent of total budget expenditure. Councils' focus is to ensure its residents have access to safe, reliable and affordable electricity, taking into consideration social, environmental and economic impacts.

WSROC and Western Sydney councils worked closely with Endeavour Energy in the delivery of the Light Years Ahead program (2014-2016) which changed nearly 15,000 inefficient public street lights to more efficient LEDs across nine Western Sydney LGAs. The successful delivery of this program resulted in Stage Two of the Light Years Ahead program currently being scoped.

WSROC is also a member of the Endeavour Energy Customer Consultative Committee and organises regular public lighting forums (for Western Sydney councils and Endeavour Energy) which aim to improve the public lighting system for councils and their communities in the Endeavour Energy region.

The following sections set out our councils' main priorities around the energy network, these priorities are:

- **Public Street lighting:** Ensuring pricing transparency and achieve fairer maintenance charges for LEDs;
- **Contestable works:** Clarify definition of "non-contestable" works to include projects where low voltage supplies are directly available for connection of new assets;
- **New technologies:** Ensuring opportunities to capitalise on new technology are realised;
- **Affordability:** Ensuring affordable energy for Western Sydney residents and businesses.
- **Vegetation management:** Ensuring mutually agreeable vegetation management practices with respect to both amenity and safety;
- **Planning and development:** Ensuring Western Sydney is adequately serviced and future proofed – especially considering future population growth and the new Western Sydney Airport; and
- **Urban heat:** Collaborate with stakeholders to identify and implement urban heat mitigation measures.

3. Public street lighting

Priority: Ensuring pricing transparency and achieve fairer maintenance charges for LEDs.

Issue: Public lighting is a major cost to local government. In recent years Endeavour and WSROC members have successfully collaborated to drive technology change to lower cost and energy efficient LED lighting. We are encouraged by Endeavour Energy's work in this regard and look forward to further collaboration.

However, currently the Endeavour Energy Street Lighting Use of System (SLUoS) tariffs for LEDs are creating a direct disincentive for WSROC councils to fund further projects. The structure of the tariffs is such that around $\frac{3}{4}$ of the cost of the LED tariff is a smeared maintenance cost. This means all the maintenance for lighting is charged equally across different technologies, despite LEDs resulting in significantly lower maintenance requirements. In other jurisdictions maintenance pricing for LEDs is up

to half that of other light types. Endeavour Energy's LED maintenance pricing is actually higher than for its other light types.

It is clear that under the current arrangements WSROC councils are subsidising the maintenance of other council areas through previous roll outs of LEDs. For the coming pricing period we request that this direct subsidisation be removed.

In addition, the current structure does not provide clarity around where the overall maintenance costs occur (e.g. % of cost associated with call centres, lamp replacements, patrols etc.). This has severely compromised councils' ability to understand the basis of public lighting pricing, public lighting investment proposals and make informed decisions about lighting choice.

It is WSROC's view that the public benefit of full disclosure of NSW utility street lighting pricing, financial models and all underlying assumptions (including supplier prices and maintenance assumptions) greatly out-weighs any possible commercial disadvantage for lighting suppliers. At present, inadequate and unequal levels of disclosure are undermining confidence in the pricing review process and may even be contributing to higher prices for public lighting in view of the highly concentrated lighting equipment supply market.

Recommendation:

- Provide real transparency regarding pricing for public lighting and engage with councils around service levels at a regional level.
- Change maintenance (SLUOS) changes to reflect actual maintenance of LED lights.

4. Contestable works

Priority: Clarify definition of "non-contestable" works to include projects where low voltage supplies are directly available for the connection of new assets.

Issue: The new "Public Lighting Management Plan" was issued by Endeavour Energy in September 2016. local government was not consulted on the Plan, however, the Plan includes a changed definition of what scale of projects involving an upgrade to the existing street light network are deemed "non-contestable" and "contestable".

Previously all projects where low voltage supplies were directly available for the connection of new assets were deemed "non-contestable". These projects were able to be designed and constructed by Endeavour Energy and the NDSP was to meet all capital up-front costs. Under the new Management Plan only upgrade projects involving in-fill lighting of no more than 7 luminaires on existing poles are deemed "non-contestable". This change means residents, via council rates, have to provide up-front capital to around 95-99 per cent of street light projects across their LGA. This creates a disincentive to improve outcomes for their communities.

Recommendation:

- WSROC and its member councils wish to seek clarification from Endeavour Energy around contestability of projects.

5. New technologies and smart cities

Priority: Ensuring opportunities to capitalise on new technology are realised.

Issue: Technology is rapidly changing and continues to improve. The landscape is an exciting with, with the advent of affordable and renewable technologies, LED lighting for main roads nearing approvals and with smart city infrastructure currently emerging. All of this provides exciting new options in terms of safety and cost and emissions savings. WSROC is encouraged to see Endeavour Energy's enthusiasm for the Electricity Network Transformation Roadmap developed by the CSIRO. WSROC also fully supports this roadmap as a forward looking process to design the grid for the future.

We note however that adoption of new technologies has been slow for NSW utilities compared to council owned networks. Western Sydney councils continue to invest in smarter controls on assets and buildings to include dash boards that represent live decision making tools for users and are reaping benefits from improved service and decision making.

It is exciting to hear that Endeavour is aiming to be a leader in the transition to renewables and addressing of peak demand through the integration of storage systems. Councils are also interested in the future deployment of a wide range of technologies including renewable energy, battery storage and electric vehicle. We believe there is broad scope for collaboration between councils and Endeavour Energy in this space and both WSROC and Western Sydney councils would like to see this reflected in the submission.

It needs to be noted that several Western Sydney councils are considering solar farms and other large scale renewable projects. These types of initiatives will require reliable grid connection points in the distribution network. We would like to see the proposal include a clearer plan towards accommodating local mid-size renewable energy developments linking directly into the network.

As distributed renewable energy continues to grow in NSW as forecast, WSROC recommends Endeavour Energy includes further policy directions to enable tis transition to occurs in the most efficient way possible, and maximise benefit of all consumers.

Specifically, we encourage Endeavour to articulate policies that streamline the application process for distributed generators, and reduce associated fees, especially for smaller PV generators. We further recommend the implementation of continuous review of the technical requirements for the connection of embedded generators, as they prove themselves as a mature technology.

In addition WSROC encourages Endeavour Energy proactively support innovative mechanisms for the sale of electricity from distributed generators, such as peer-to-peer electricity procurement, and power purchase agreements. This should include a fair price for electricity supplied to the grid, which reflects the value of distributed power in reducing network demands and reduced peak electricity prices.

WSROC is currently supporting several of its councils to deploy solar on large scale as well as demand management solutions and looks forward to working collaboratively with Endeavour Energy on these and other projects. We welcome Endeavour Energy's recent participation in the WSROC Energy Forum (Sept. 2017) and look forward to discussing LED major road technology, smart lighting and renewable energy at future forums.

Recommendation:

- WSROC encourages Endeavour Energy to work with councils to pilot, assess and deliver smart lighting and smart city technology. WSROC and councils fundamentally believe that the best approach to these systems is a collaborative approach that ensures the designed outcomes put the interests of the Western Sydney community as a first priority.

- WSROC would encourage/invite Endeavour Energy to liaise with local government regarding potential partnerships in the space of smart technologies, pilot projects around battery storage or solar programs.
- WSROC requests that for any rollouts of equipment, consideration be given for infrastructure (such as street lighting) to have capability for smart technology.
- Stronger support for distribution of renewable energy, including innovative mechanisms for the sale of electricity from distributed generators and ensuring a fair price for electricity supplied to the grid.

6. Affordability

Priority: Ensuring affordable energy for Western Sydney residents and businesses.

Issue: Electricity prices have increased sharply in the last few years, and the indication is that prices will continue to increase. This puts major strain on the budgets of businesses and communities alike. Price increases can further lead to critical health and social issues when residents are unable to run their heating or cooling devices adequately due to concern over their electricity bill.

WSROC is aware that distribution costs only make up a proportion of our councils' and residents' electricity bills. Nonetheless, it is still a considerable component of the cost. We note that Endeavour Energy has succeeded in achieving great efficiencies resulting in significant savings, which is to be commended. We would however, strongly encourage a greater portion of these cost savings be passed onto customers to alleviate bill stress and improve customer relations.

WSROC supports Endeavour's increased focus on a consumer centred culture and business model which can provide customers with increased flexibility and ownership over their electricity consumption and sale (e.g. renewables, micro-grids, storage and smart metering). However, we would ask Endeavour Energy to provide more clarity regarding the tariff structure as outlined in the paper. The proposed structure of a three-tariff arrangement (flat rate, seasonal time of use and seasonal time of use demand) would affect billing cost differently for households and businesses. It is not clear whether the proposed tariff options relate to households and/or business both which have very different demands profiles.

WSROC is especially concerned that the most vulnerable in our communities will be hit hardest by the increasing electricity prices and potential impact of tariff changes. We therefore urge Endeavour Energy to consider models that will not have an adverse impact on these communities, and to ensure that any tariff changes are clearly communicated in a timely manner.

We also caution that those for whom renewables are not a viable option (due to income constraints, renting or other considerations) should not end up enduring the brunt of the price adjustments when increasingly larger proportions of the community make the switch to renewable energy. We note that the report outlines the need for fairness among Endeavour Energy's diverse customer base. In line with this, WSROC requests Endeavour look at models where prices will not be adjusted so that those who cannot make the change will not be affected by punitive price increases.

Recommendation:

- WSROC encourages a greater proportion of savings to be passed onto customers.
- WSROC asks for Endeavour Energy to provide more clarity regarding the proposed tariff structure and its impact on households and business.

- Any changes in tariff structure will need to be communicated clearly to existing and new customers, in plain language.
- Any proposed tariff modelling must consider the impact on vulnerable communities.

7. Vegetation management

Priority: Ensuring mutually agreeable vegetation management practices with respect to both amenity and safety.

Issue: WSROC member councils have raised concern about the extent and quality of pruning undertaken by Endeavour Energy contractors in the Western Sydney area. Current pruning practices have been shown to be inefficient and to severely impact the health, structure and aesthetics of the trees.

WSROC councils recognise the statutory requirements placed on electricity supply authorities, as well as the difficulties involved with the management of trees under powerlines due to the complex nature of streets, community attitudes, government regulations and often poorly selected tree species.

However the current pruning practices are found to be inappropriate, often resulting in a large number of community complaints to councils. The extensive removal of limbs to a designated clearance, and beyond, may appear like a cheap solution in the short term, but the rapid regrowth generated necessitates frequent return visits making this pruning practice inefficient in the longer term. This practice also impacts the structural integrity of the tree, which has a negative aesthetic impact and may result in its eventual removal.

Tree trimming is an issue of growing concern for our communities and certainly an area of interest for councils who believe the impacts (visual and health) of inappropriate tree trimming should be critical to the decision making process. In this context, issues other than the need to achieve a minimum safety clearance should be considered.

We note the outcomes of the customer consultative survey around tree trimming, however, we understand that those surveyed did not include councils. WSROC sees this as a missed opportunity provided that councils are key stakeholders in this process.

WSROC encourages Endeavour Energy to improve its engagement with local government and to come to a mutually agreeable practice which encourages quality tree management under power lines. We are confident that a partnership arrangement has potential to result in better vegetation management, improve visual amenity outcomes, and ultimately provide the community with more cost effective tree management service.

We also refer to Ausgrid's recently implemented Vegetation Management Engagement Plan which includes a working group to improve engagement with key stakeholders as an example of a partnership arrangement designed to address similar issues.

Recommendation:

- Establishment of a partnership arrangement between Endeavour Energy and councils (possibly through ROCs) to improve collaboration around vegetation management, including:
 - Establish protocols for the delivery and management of tree works resulting in more efficient vegetation management and visual amenity outcomes.
 - Explore options to reduce tree maintenance, such as aerial cable bundling, tree replacement and planting programs.

8. Planning and development

Priority: Ensuring Western Sydney is adequately serviced and future proofed – especially considering future population growth and the new Western Sydney Airport.

Issue: Western Sydney is growing rapidly; an additional 1 million people are expected to settle in the region between 2011 and 2031. WSROC supports Endeavour Energy’s proposed investment in Western Sydney’s growth areas. Future proofing the electricity network is critical. The current infrastructure is already under strain, which is especially apparent when demand peaks, for example in extreme heat events when supply is not able to meet demand.

Western Sydney’s existing and greenfield sites require infrastructure services that will adequately service the populations from now into the future. Planning for this should take into account future population growth and environmental impacts. WSROC further urges that supply of services takes into consideration the quality of life for our residents, including amenity and aesthetics of development.

A key development for Western Sydney is the new Western Sydney Airport which is set to be operational by 2026. The airport is expected to have significant impact on Western Sydney, its residents, economy, employment and its services. WSROC stresses the need to ensure all essential services are in place when the airport opens and that those services are scaled to accommodate the projected expansion of the site.

Recommendation:

- Regular and close collaboration with local councils for any new development and for future energy planning.
- All new distribution assets in greenfield sites should be harmonious and consistent with the amenity of the area.
- Ensure Western Sydney’s existing and greenfield sites are appropriately serviced, with connection capacity that takes into account future population growth of Western Sydney growth centres.
- Work with Western Sydney Employment Area to ensure the future Western Sydney Airport is appropriately serviced. Connection capacity to take into account the airport’s projected staged growth.

9. Urban heat

Priority: Collaborate with stakeholders to identify and implement urban heat mitigation measures.

Issue: Urban heat is Australia’s number one natural killer, more deadly than storms, fire and floods combined. It causes major liveability and resilience problems with critical impacts for human health, infrastructure, emergency services and the natural environment.

Urban heat isn’t unique to Western Sydney, but it does have a particularly significant impact here due to the region’s unique climatic conditions, its large residential population and ongoing urban development. Its unique geography and lack of sea-breeze means that the region experiences more days over 35°C than the eastern Sydney suburbs. The greatest temperature increase in the near future is projected for Western Sydney, with an additional five–10 hot days by 2030.

WSROC sees a clear role in this process for NDSPs in ensuring critical infrastructure responses are in place to secure network reliability during episodes of extreme heat. WSROC is particularly concerned about the potential of electricity supply network disruptions due to extreme heat, impeding the ability of individuals to manage their exposure to high temperatures.

We are encouraged to see extreme heat being a recognised area of concern for Endeavour Energy and we would like to encourage Endeavour Energy to not only seek solutions to ensure peak hot weather electricity load is being managed appropriately, but also to assist in finding ways to alleviate those vulnerable communities who depend on electricity but struggle to pay their energy bills.

Recommendation:

- Endeavour to work with key stakeholders (including WSROC and its member councils) in the region to explore urban heat mitigation strategies specifically focused on securing energy reliability and affordability in extreme heat conditions.

10. Conclusion

WSROC sees great scope for increased partnership and collaboration between Endeavour Energy and Western Sydney councils. Through our response to the *Endeavour Energy Future Directions Paper* we highlighted a range of issues that we invite Endeavour Energy to respond to.

As outlined, the current public lighting pricing structure is of great concern to Western Sydney councils. We specifically raise that the current public lighting SLUOS modelling works as a disincentive for local government to do the right thing for their communities; provide more reliable lighting while reducing its carbon footprint.

WSROC and councils are also concerned regarding the impact of increasing energy prices on our vulnerable communities and urge Endeavour Energy to do all that is possible to alleviate bill stress.

We are however encouraged to see that Endeavour Energy is gearing up to become a leader in renewable energy and smart technology. We invite Endeavour Energy to collaborate closely with local councils to scope new opportunities and maximise benefits of existing programs.

The table below summarises our key priorities and recommendations.

Priority	Recommendations
Street lighting	<ul style="list-style-type: none"> • Provide transparency regarding pricing for public lighting. • Engage with councils around service levels at a regional level. • Change maintenance (SLUOS) changes to reflect actual maintenance of LED lights.
Contestable works	<ul style="list-style-type: none"> • Provide clarification around contestability of projects.
New technologies and smart cities	<ul style="list-style-type: none"> • Work with councils to pilot, assess and deliver smart lighting and smart city technology. • Partner with councils in the space of smart technologies (including pilot projects around battery storage or solar programs). • Ensure that for any equipment roll outs consideration be given for infrastructure (such as street lighting) to have capability for the smart technology. • Support for distribution of renewable energy, including innovative mechanisms for the sale of electricity from distributed generators and ensuring a fair price for electricity supplied to the grid.

Affordability	<ul style="list-style-type: none"> • Commit to greater proportion of savings to flow through to customers. • Provide more clarity regarding the proposed tariff structure and its impact on households and business. • Communicate any changes in tariff structure clearly to existing and new customers, in plain language. • Minimise the impact of any proposed tariff modelling on vulnerable communities.
Vegetation management	<ul style="list-style-type: none"> • Establishment partnership arrangements with councils to improve collaboration around vegetation management, including: <ul style="list-style-type: none"> ○ Establishing protocols for delivery and management of tree works. ○ Exploring options to reduce tree maintenance.
Planning and development	<ul style="list-style-type: none"> • Ongoing collaboration with local councils for any new development. • Ensure that all new distribution assets in greenfield sites are harmonious and consistent with the amenity of the area. • Ensure Western Sydney existing and greenfield sites and the new airport are appropriately serviced.
Urban heat	<ul style="list-style-type: none"> • Work with key stakeholders to explore urban heat mitigation strategies.

WSROC appreciates that local government has been consulted in the lead up of this submission period and we would encourage the continuation of this level of partnership. Ongoing consultation and collaboration with stakeholders such as local government is critical for the delivery of reliable, safe and affordable electricity.

As stated earlier, WSROC organises regular (quarterly) forums between Endeavour Energy and Western Sydney councils in order to improve collaboration and the sharing of information. WSROC invites Endeavour Energy to present the results of the feedback as received through this consultation process back to the forum. Western Sydney councils are interested in hearing how Endeavour Energy will address this feedback and the next steps of the AER proposal process.

We look forward to continuing our collaboration with Endeavour Energy in delivering the best outcomes for Western Sydney communities.