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Battle won but the war not over Councils welcome AER rejection of massive public lighting price hikes

Councils may have won the first round in the battle to reject the Essential Energy proposal for massive public lighting increases, but there are more rounds ahead before the war is won.

Earlier this year, Centroc and Local Government NSW banded together to seek specialist advice into the energy pricing review. The resulting report advised that the average price increase across the Essential Energy footprint for operational costs would actually be 94%.

“It seems implausible that you could run a business for many years and then, suddenly, need to increase operational costs by 94%,” said Centroc Chair, Cr Bill West.

“Street lights were originally part of the electricity asset strip in rural NSW,” said Cr West.

“Communities used to own the electricity assets. Now, Essential Energy is asking people in regional NSW to pay even more and the State pockets the profits. It’s not so much about paying an electricity bill as paying an electricity tax.”

Last month, the Australian Energy Regulator (AER), which oversees pricing of services, released its draft pricing decisions for NSW, substantially rejecting the Essential Energy proposal for massive public lighting price increases. The draft report supports the Centroc and Local Government NSW position that price hikes are unwarranted. The AER states; “We do not approve Essential Energy’s proposed public lighting charges. Our draft decision is for an average increase of five per cent in 2015–16. Prices for the remaining years will be adjusted according to our price cap form of control.”

“The review found a number of substantive reasons to reject Essential Energy’s claims for a price rise,” said Cr West. “It found evidence suggesting that that Essential Energy is not managing its street lighting maintenance and technology choices efficiently. The utility has also been slow to take up new more reliable, more energy efficient and lower cost lighting options such as LEDs. Essential Energy service levels were also found to be substantially below urban areas and not meeting the basic requirements of the NSW Public Lighting Code more than eight years after it was introduced.”

“Essential Energy claim the AER recommendations will result in job losses and service deterioration, but we would want those claims to be clearly proven and not just fear tactics,” said Cr West.

ENDS. For media enquiry please contact Jenny Bennett, Centroc Executive Officer, on 0428 690 935
