

Public Lighting New Tariff Agreement: Updated FAQs

June 2020



Prepared for

Local Government Association of South Australia

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V1d	Alexi Lynch	3/5/2020	Detailed update for 2019
V1e	Paul Brown	6/5/2020	Review
V2a	Alexi Lynch	8/5/2020	Final post-stakeholder/SAPN review
V3a	Alexi Lynch	25/5/2020	Update post webinar; AER and legal advice
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V3c	Alexi Lynch	12/6/2020	Final

Prepared by

Ironbark Sustainability

Suite 8, 70-80 Wellington St, Collingwood 3066

ABN: 51 127 566 090

Ph: 1300 288 262 | info@realaction.com.au | www.realaction.com.au

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Ironbark Sustainability is a specialist consultancy that works with government and business around Australia by assisting them to reduce energy and water usage through sustainable asset and data management and on-the-ground implementation.

Ironbark has been operating since 2005 and brings together a wealth of technical and financial analysis, maintenance and implementation experience in the areas of building energy and water efficiency, public lighting and data management. We pride ourselves on supporting our clients to achieve real action regarding the sustainable management of their operations.

Our Mission

Ironbark's mission is to achieve real action on sustainability for councils and their communities.

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Introduction

In early May 2020, every council in South Australia was sent a letter from the Local Government Association of South Australia (LGA) outlining upcoming changes to the contractual arrangements for public lighting that will occur when the new regulatory framework takes effect from 1 July 2020.

Following that, all councils received a letter from SAPN during the week of Monday 4th May containing background information, the New Tariff Agreement and a letter of offer for counter-signing. This information was sent to CEOs of every council.

An initial FAQ document was prepared by the LGA provide additional background information, context and respond to questions from councils. A Q&A webinar held on Wednesday 20th May 2020 with around 50 attendees on the day, a dozen questions in advance of the webinar and more questions on the day. [This webinar was recorded and available for councils to view.](#)

This updated FAQ document contains answers to all the question asked before, during and after the webinar. We have received independent legal advice in responding to some of these questions and have also been liaising with the Australian Energy Regulator (AER) who have been involved in the transition process through the Public Lighting Working Group (PLWG).

The questions have been abbreviated and summarised for clarity and to avoid duplication but the questions in their entirety are available through the webinar.

This update also incorporates information from the [Final AER Determination that was released on Friday 5th June 2020.](#)

The intention is to keep things clear and simple so council officers, senior management and elected members understand the change and issues.

Should you have any further queries, you can forward them to the PLWG who will work with SAPN to consolidate questions and provide consistent responses to all parties. If you have any questions, or haven't received any of the information from the LGA or SAPN, please send an email addressed as follows:

To: sara.ryan@lga.sa.gov.au
Cc: alexi@realaction.com.au; tom.walker@sapowernetworks.com.au
Subject: **Transition Letter**

FAQs: The Background

How did we get here?

In July 2018, the Australian Energy Regulator (AER) confirmed that public lighting services in South Australia would be classified as Alternative Control Services (ACS) from 1st July 2020. This is a change from the current classification where public lighting is classified as a Negotiated Distribution Service (or NDS) and brings SA in line with the rest of Australia.

This means that instead of councils (and other customers and stakeholders) negotiating with SAPN independent of the AER, public lighting tariffs are now regulated by the AER.

The changeover date of 1st July 2020 is fast approaching so we – as a sector – are seeking to have all relevant contractual arrangements in place before then to make the transition as smooth as possible.

Why did the AER make this change?

The AER determined that street lighting has monopoly characteristics so more regulatory oversight was required in the best interest of customers. The AER will now determine the final tariff through a process known as an Electricity Distribution Price Review or EDPR that occurs every five years.

It means councils will now receive a regulated 5-year forecast of lighting tariffs and ensures there is an “umpire”, the AER, determining fair pricing for street lighting maintenance services. Under this new model, lighting maintenance costs are checked and regulated by the AER.

The ACS model is by no means new. ACS is currently how street lighting is treated in every other state in the National Electricity Market (NEM).



What is the “EDPR”?

Under the National Electricity Rules, the AER conducts a pricing review for electricity distribution every five years. Through this Electricity Distribution Price Review (EDPR) process, the AER, as the regulator, determines the prices the network businesses can charge for safe, reliable electricity supply to their customers. As well as the network charges on general electricity pricing this also covers setting the operation, maintenance and replacement charges for street lights.

There is full transparency to the process. The decisions, the justifications, the tariffs and charges, and the response to submissions are all [contained on the AER website and publicly available](#).

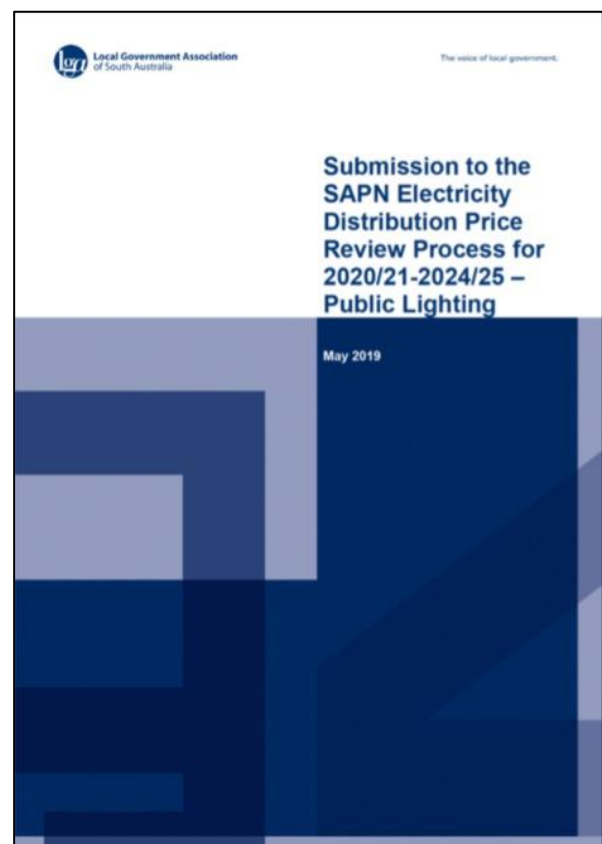
Are we prepared for this change?

Yes. The LGA has been working closely with SAPN on this transition for nearly two years, since the AER announced the change to ACS.

Following a SAPN Public Lighting Information Session on 28th November 2018 in Thebarton, the LGA formed a Public Lighting Working Group (PLWG) to facilitate a practical and representative interface between SAPN and South Australian public lighting customers, including councils and the SA Government's Department of Planning Transport and Infrastructure (DPTI). It was established as a representative body for negotiating issues and facilitating the practical transition to the new regulatory framework commencing on 1st July 2020. Representatives from all councils were invited to join the PLWG.

The PLWG is comprised of several South Australian metropolitan and regional local government councils including the City of Charles Sturt, City of Marion, City of Holdfast Bay, City of Mitcham, Mount Barker District Council, City of Mount Gambier, City of Norwood Payneham and St Peters, City of Onkaparinga, City of Port Lincoln, City of Prospect, City of West Torrens and DPTI and consultants from Ironbark Sustainability. It is coordinated and chaired by the LGA and frequently has representatives from the AER attending.

The PLWG has been meeting every 4-6 weeks since early 2019 to work through a range of issues including the development of a new [public lighting customer portal](#), the Public Lighting Service Framework, removing regional and rural tariff pricing "uplifts", and submitting pricing proposals to the AER. The LGA's original submission from May 2019 is available here and the final submission from [December 2019 is available here](#). The AER's [Final Determination with tariffs](#) was released on June 5th 2020.



Did Councils have input into the New Tariff Agreement?

Yes. The PLWG also had carriage of developing and endorsing the New Tariff Agreement that will come into play from 1st July 2020. This involved adapting and updating the *existing* tariff agreement that has applied to LED upgrades and has been signed by 28 councils and SAPN since 2016.

This Existing Tariff Agreement was developed to facilitate the upgrade of South Australia's public lighting to more efficient LED lighting. As part of this process, the LGA commissioned a legal review of the agreement (Existing Tariff Agreement), to avoid duplication of effort and cost by member councils.

This existing agreement was developed within the current NDS regulatory framework and some of the aspects of the agreement are inconsistent with the new regulatory framework. The LGA, councils, and SAPN have worked through the PLWG to update the agreement. Over the course of the last 18 months this has been reviewed and endorsed by the PLWG.

What's the difference between the Existing Tariff Agreement and the New Tariff Agreement?

Most of the existing agreement has been retained. Areas of inconsistency with the new ACS model have been removed, and other improvements have been made:

- Specific mentions of prices and price paths have been removed, because prices (tariffs) are now set by the AER.
- Reference to "Council" has been changed to "Customer", where Customer is defined to include Councils and DPTI. This simple word change represents about 95% of the changes in the agreement.
- References to a "Term" (as in the life of the agreement) have been removed, making it ongoing, with the ability to modify by agreement with the PLWG (as set out below).
- The scope has been extended to cover and define all public lighting services rather than just LEDs on SAPN's infrastructure as agreed by the PLWG.
- Luminaire service standard commitments have been aligned to the AER's determination, and other service standards reference the [Public Lighting Service Framework](#) that was recently developed by SAPN with the PLWG and all public lighting customers.
- The distinction between ongoing tariff services and upgrade (quoted) services has been made more explicit.

What do we have to do?

Councils need to agree to the new Tariff Agreement if they want to ensure consistency with the new regulatory environment that comes into force on 1st July 2020 and ensure they are covered. The existing agreements simply can't apply to the new ACS environment.



To prepare for the change to ACS we – as a sector – need to update these tariff agreements. All existing agreements and all prior tariff agreements or arrangements will end on 30 June 2020. From 1 July 2020, the arrangements governing lighting installed under these agreements will be contained within the New Tariff Agreement. Once you've received the relevant information from SAPN, the letter of offer needs to be signed, scanned and emailed back to claire.disciscio@sapowernetworks.com.au by 30th June 2020.

FAQs: New Tariffs

When will we know the new tariffs?

The AER releases tariffs (prices) in reports known as “Determinations”. The Final Determination for SAPN tariffs from 1st July was due to be released on 30th April however was delayed until Friday 5th June. The delay was Covid-19 related and to do with the potential impact of short-term forecasts of inflation. The AER wanted to incorporate the most up to date inflation information into their final determination. The full [Final Determination can be found here](#). Summary information on public lighting tariffs and the decision making process can be [found here](#). All the tariffs for the next five years are included in this document. Here are some of the key ones, representing the majority of council lights, noting final decision sets prices for 2020–21 and future years are illustrative only and dependent on final official inflation figures.

Tariff (June \$2020)	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
PLC 17W LED	\$52.86	\$54.06	\$55.28	\$56.54	\$57.82
SAPN 17W LED	\$81.74	\$83.59	\$85.49	\$87.43	\$89.42
SLUOS 80W MV	\$74.28	\$75.97	\$77.69	\$79.45	\$81.26

Can we expect a reduction in prices due to the new Tariff Agreement?

Councils have experienced a reduction in some tariffs from 1st July 2020, but this is not due to the new tariff agreement, it’s due to the work of the PLWG, the transparency of SAPN and submissions from the LGA and councils to the EDPR process. Each of the PLC, SAPN LED and 80W MVs tariffs are all lower than what was originally proposed.

Will the PLWG model the new prices?

No. The PLWG is not intending to model the pricing because that’s essentially what the group has been doing for the last 18 months. Once announced the tariffs are locked in and there is no further recourse to have input into the prices. Councils gave their input during the price review process, much of which was via the LGA and PLWG and any opportunity for input by councils or other customers has long passed. The tariffs are now essentially set for the next five years, making it much easier for councils to plan and budget over the long-term. SAPN will provide annual pricing updates to the AER who will regulate for minor year-to-year changes related to inflation.

The submissions from the LGA since early 2019 (in conjunction with councils from the PLWG) have had the effect of reducing the PLC LED, SAPN LED and 80W MV tariffs by 9.7%, 13.2% and 1.5% lower than what was proposed respectively. In both the AER’s [draft](#) and [final](#) Determinations references and responses to the LGA’s submissions can be clearly found with the AER accepting almost all of the LGA’s recommendations. The LGA’s submissions have directly saved councils up to \$14.8m over the five-period based on cost reductions and efficiencies around LED cleaning and testing, cable fault estimations, lighting column replacements and “use of pole” charges.

FAQs: Contract Terms, Signing the Agreement and Specific Clauses

Has the AER determined that the Existing Tariff Agreement will be void?

No. The LGA has commissioned legal advice on this question. There is nothing to indicate that the AER has made that determination. The AER have also confirmed that this is not the case.

Will this take the place of LED tariff contract? Or will future changeovers still need a contract?

The new Tariff Agreement will take place of the current LED tariff contract or agreement. Future LED changeovers still require a contract between SAPN and council to undertake the works.

How will current contract terms be renegotiated to promote efficiencies given the need for potential legal oversight?

Modifications to the new Tariff Agreement will only be made by agreement in writing between SAPN and the LGA on behalf of the PLWG. This approach has been developed by the PLWG and the AER has been informed. Legal advice will be commissioned when required.

Does this impact on all councils or only those who have signed agreements?

It impacts on all councils. Firstly, most councils do indeed have an agreement with SAPN. 28 councils have an agreement with SAPN based on signing agreements through PLC or SAPN LED upgrades. Additionally, almost all councils have had LED replacements (spot replacements as opposed to the 28 councils who have undertaken bulk changeovers) which means the agreements are considered to be in place through a deeming approach based on the behaviour of the parties.

Should we sign the new Agreement?

As explained in detail at the webinar on 20th May, it is up to each individual council – as a SAPN customer – to decide. The LGA cannot endorse the Agreement or a recommendation. The LGA has however chaired the PLWG to act as a representative body for negotiating issues and leading the practical transition to the new regulatory framework. The LGA and the PLWG have been working to ensure an appropriate transition since late 2018. This approach to end all current agreements by mutual agreement and accept the new Agreement was developed by the PLWG.

What happens if we don't sign?

SAPN will continue to provide tariff services in accordance with the new Tariff Agreement as if you have formally agreed to it. If a council does not sign the letter, it's like you will be deemed to have agreed to the terms of the new Tariff Agreement if you continue to accept relevant public lighting services from SAPN.

Note that the ownership and title elements of the PLC tariff arrangements exist only in the Tariff Agreement. Councils who wish to rely on these arrangements for any reason outside of their relationship with SAPN, for example if they wish to capitalise and depreciate the asset value these luminaires represent in their own financial accounts, may wish to have a signed agreement to support that treatment and be covered.

We're about to sign an agreement to change to LEDs before July 1st. Should we delay?

Several councils are in this position and currently looking at signing an agreement with SAPN to changeover to LEDs. Whether you sign before July 1st or afterwards is largely irrelevant except the "current" agreement will essentially become an "interim" agreement until the transition on 1st July.

Does the new Tariff Agreement need to go to Council for approval to sign?

This depends on your procurement policies so it's worth checking with procurement teams if you are unsure. Eighteen councils have already signed the new Agreement, many, it is understood, without seeking specific council approval because signing the agreement does not affect the tariff cost to council. From a cost perspective, the key change is that pricing will be governed by the AER instead of as set out in the existing agreement. Signing up to the ACS agreement will not affect this change, it is happening regardless as per previous questions on tariff prices. For lights not covered by the agreement, again, they will change from today's prices to those approved by the AER through the 2020-2025 Determination process. All tariff costs are set by the AER and they will take effect from July 1st whether there is a new agreement in place or not.

Are works SAPN undertake for council to design lighting considered under separate agreements?

Yes, they are separate. The transition applies to the services provided under the tariff agreement. Lighting design is a separate service. If a council chooses to engage SAPN separately to undertake specific lighting design work under another services agreement (e.g. a consultancy agreement) then SAPN's obligations under that agreement would apply to the lighting design, just like with any external lighting design consultant. If SAPN's lighting design were to be determined inadequate or negligent then the council (customer) would have recourse against under that agreement, not the new Tariff Agreement.

Does signing the Agreement mean we won't be able to own and operate our own lights through a Facilities Access Agreement (FAA?)

No. The regulatory framework (ACS or NDS) is not the determining factor in whether a council can own and operate its own lights. Customers wishing to understand the FAA opportunity are encouraged to discuss this with the asset owner, in this case SAPN. An FAA would even be required if (as has previously been mooted) if the state government were to compulsorily acquire the lighting assets. The new Agreement – like the current agreement – also clearly outlines transition principles if this option was implemented.

Is there reference to the number and types of luminaires in the Agreement?

No. Information on the number and types of lights and tariff types are not covered in the Agreement. Instead they sit in SAPN's "SAP database" and a list in electronic format is sent to public lighting customers each month with their bill showing equipment number, type of light, tariff etc. It also includes a latitude and longitude reference if councils want to incorporate this into their GIS systems. The nature of public lighting assets is that they are dynamic – changing technology types and tariffs etc – so they cannot be captured in the Agreement other than a reference and the fact all assets are visible in the SAPN lighting portal.

FAQs: Transition Letter and Mutual Release

Does signing the new agreement result in a Council forfeiting any eligible funds being repaid to a Council?

The issue here is not the Tariff Agreement itself but the "Mutual Release" clause in the Transition Letter. As discussed at the webinar on 20th May, the intent of the process is to close out the old agreements – as an essential part of transferring to the new one – while leaving any warranty issues and debts incurred under the old agreement payable. In shortened form if SAPN owed a council "moneys due" under warranty, for example, it would still be payable. Likewise, if a council owed SAPN tariff payments, for example, under the old agreement this would be payable.

This has been highlighted recently as a few consultants have contacted councils and DPTI offering to lodge further disputes with the AER for previous periods – primarily the 2015-2020 period, but also opening a further dispute around the 2010-2015 period and as far back as disputing 1998 prices and asset values. In developing the new Agreement and transition process there was never an intention from SAPN or the PLWG to waive the ability of councils to be able to reclaim any amount owing from potential future disputes for previous periods.

The LGA and SAPN had different legal advice around whether the Mutual Release clause would result in councils forfeiting any funds from future dispute. SAPN's advice was that the term "moneys due" means that all payments would remain regardless of whether they were current or future. The LGA commissioned legal advice that conversely stated that the clause around "moneys due" may not include "moneys paid under mistake" or incorrect invoice and would be unlikely to qualify as "moneys due".

Despite conflicting legal advice, all parties agreed that there was never an intention to prevent councils from claiming funds from previous regulatory control periods. So, to reflect the intent of the transition process and clarify the process the clause has been removed completely. Councils will soon receive an updated letter making this clear. The new wording has been reviewed and approved by the LGA's lawyers.

These means we can definitively say that no rights are being forfeited in signing the Agreement. The Agreement and accompanying letters and communication do not prevent a council from lodging a dispute.

If we have already signed the new agreement have my rights to any potential eligible funds being forfeited?

No. Eighteen councils have already signed the new agreement with SAPN including the mutual release clause. As per the previous question, all councils will receive an updated letter with the clause removed which when signed will override any earlier agreement. No council has lost rights to seek potential funds through disputes through the AER or other means.

FAQs: Entering a New Dispute Process for the 2016-2020 Period

Can you please comment on offers from consultants advising councils to work with them to be part of a recovery of SAPN overcharging?

There are a number of consultants sending offers to councils and DPTI claiming that SAPN were overcharging councils in the 2015-2020 regulatory period. Some claim that the LGA is not investigating potential opportunities on behalf of councils and that councils should sign-up to their offers to be reimbursed any over-charging. Subsequent material includes claims that the LGA have "confirmed at the public lighting webinar" that they are not pursuing opportunities on behalf of members.

Firstly, please note that LGA did not confirm at the public lighting webinar that they are not pursuing opportunities on behalf of their members. The LGA are pursuing the impact and opportunities from the 2010-2015 decision on 2015-2020 and 2020-2025 pricing through separate channels with the AER, primarily the EDPR process.

As outlined at the webinar it took nearly a decade to resolve the 2010-2015 dispute. To get the desired outcome, the process led by the LGA required working with teams of lawyers and time and costs associated with working with some of Australia's leading economists. It was a constant process responding to questions and formal notes from the AER, SAPN, lawyers and economists; nuanced legal arguments; hearings with the AER; high-level information exchanges; responding to submissions; answering complex legal, regulatory and economic questions.

It is a testament to the work of HWL Ebsworth lawyers and HoustonKemp economists in being able to navigate an extremely complex process over many years to get a successful outcome. It was only when the LGA began a fresh economic and legal strategy with these organisations in 2016 that there was a successful outcome.

Can councils simply dovetail or "continue on" from the previous dispute resolution or would a new dispute process be required?

No. Disputing the 2015-2020 pricing would require negotiation with SAPN, mediation, arbitration and then the possibility of further and on-going legal challenges. It would require expert specialist legal advice.

In late May 2020, the LGA commissioned independent legal advice confirming this process of the previous dispute would start again if a council, group of councils or the LGA were to begin dispute proceedings. The AER has confirmed that it would require councils to negotiate with SAPN first. Even if a matter reaches the point of a dispute being notified, the AER will order alternative dispute resolution before arbitration. Further, the AER will only get involved if they are satisfied that the parties have made all efforts to settle terms by negotiation.

The legal advice received in late May 2020 noted that for the 2010-15 period councils did not sign contracts and paid under objection. The fact that most councils have contracts in place for the 2015-2020 period may prevent councils from even triggering a negotiation with SAPN and subsequent access dispute for that period. These are the complex legal and regulatory issues that need to be weighed up when considering a dispute and the likelihood of success.

As customers, it is the decision for individual councils to weigh up the potential benefits and costs as to triggering a dispute with other consultants. The LGA will continue to weigh up any potential costs and benefits of undertaking a dispute process, the likelihood of success, and will always reserve the right to trigger dispute action with the AER if there is sufficient support from member councils.

At the moment, the summary from the LGA's experience in the 2010-2015 dispute; recent advice from the AER; expert independent legal advice; and the experience of other consultants who have worked for over two decades with hundreds of councils, 15 distribution businesses and nearly 80 EDPR processes is that any council interested in these offers need to be aware that they are likely to be up for a challenging, resource-intensive, costly and protracted legal process.

Significant legal costs and timeframes should be budgeted and meticulous due diligence and risk analysis undertaken before joining with other parties.

Does a council have to alert the AER before 30th June if they want to recover overcharges from a previous regulatory period?

No. In late May 2020, the LGA commissioned independent legal advice who have advised that the National Electricity Law, and SAPN's Negotiating Framework, do not prescribe a time limit for the commencement of an access dispute. There are further subtleties due to the transition to ACS.

The AER has also stated that they are not aware of any time-based limitations contained in the National Electricity Law or Rules that would prevent customers from raising a dispute in relation to a negotiated distribution service for a previous regulatory control period.

Note also that the dispute concerning 2010-15 charges was notified to the AER after that period had begun.

Is the new tariff agreement related to the decision last year that the LGA was successful in the dispute?

No, this is different and un-related. The existing tariff agreement was developed before the AER decision was made and the process of transitioning to the new agreement is purely about the regulatory environment from 1st July 2020 onwards as determined by the AER and the next 5-year regulatory period (2020 to 2025). The determination in September 2019 was about costs and asset values for the 2010-2015 period. This transition is occurring regardless of discussions and decisions about the dispute.

Will the ACS transition and new tariffs go through the dispute and arbitration process like last time?

No, as we move to the new ACS model there will be no similar dispute and arbitration processes for 2020-2025 or beyond. Instead, the negotiation and determination of prices is essentially completed in advance of the five-year period, not in retrospect.

The determination in September 2019 resulted in the downwards revision of SAPN's Regulated Asset Base (RAB) as at 1st July 2010 from \$40.14 million to \$34.79 million. The \$5.35 million difference resulted in a \$13.01 million repayment to councils taking into account factors such as inflation and interest.

The decision was made 7 years after the dispute was raised and 9 years after the initial information sharing between SAPN and customers in began in 2010.

Under the ACS model the over-recovery would never have happened. The decision on pricing would have been made in advance of the regulatory period – the process we've just completed – and there would have been full transparency so councils and customers could have interrogated the data. In preparing for the ACS transition, the PLWG members had access to data, spreadsheets, asset management plans etc.

Under ACS, instead of finding out 9 years after the fact, there would have been oversight by the AER at the beginning of the process and the RAB would have been determined at the beginning of the process.

FAQs: Other Questions

Is SAPN currently able to fund LED transitions?

If a council seeks to progress a changeover to LEDs via the PLC LED tariff then that capital costs (the LED luminaire, installation and project management of the changeover etc.) it is funded by the council – through internal funds or borrowing. There are no funding restrictions via the PLC tariff because council are funding the up-front costs. Under the SAPN LED tariff, the capital costs are funded by SAPN. So, in theory this process is restricted to the funds that SAPN have at any time. SAPN are currently undertaking a number of LED upgrades (via the SAPN LED tariff) so any interested council can contact SAPN directly to progress this.

What is the expected time frame from submitting a request to transition to LED to actual transition happening?

The time-frame from submitting a request to the actual transition depends on many factors including the type of tariff; how quickly council can sign the letter of offer; council's procurement process; availability of LEDs (ordinarily 8-12 weeks but a more variable due to Covid-19); the types of lights being changed over (minor roads, major roads, decoratives etc.). It could be as short as 2-3 months if there is hardware (the LEDs) and crews available up to 6-8 months if there are delays from key parties – primarily council, SAPN or suppliers.

Will there be “Break-Costs” or “Exit Fees” in a move to ACS?

No. There are no “break-cost” or “exist fees” or “admin fees” associated with the transition from the existing Tariff Agreement to the new one.

Does this New Tariff Agreement mean that Councils are accepting liability for providing adequate public lighting levels for the first time?

No. Councils are not formally accepting liability for providing adequate public lighting levels for the first time. Councils already have responsibility for providing adequate public lighting levels.

Can we still negotiate with SAPN independently under the ACS model?

The ACS model does not prevent a council from negotiating a service levels with a DNSP. It is not a matter of simply being a price taker and having no say or recourse. To get an idea of how negotiation under this model has worked see [the example of what happened a few years ago](#), where a group of

Victorian councils negotiated with DNSP Ausnet Services (under the ACS framework) to save up \$6 million in savings over the life of the new efficient lights, on top of the 77% energy savings. The AER will set the maximum price SAPN can charge for public lighting services. New public lighting services will likely be provided as Quoted Services (under a quotation acceptance model), where customers will have input into the level of service to be provided and the resulting price charged for that service.

Can councils still seek judgements from the AER?

Yes. Councils have never lost the ability seek determinations, disputes or make complaints to the AER. Under the ACS model there is however more protection for councils with stronger regulation including ex-post approval for tariffs and the method for pricing quoted services.

Is Covid-19 a first test for ACS, and could it be deemed Force Majeure?

There is nothing to suggest that Covid-19 is a test for ACS or a force majeure event in relation to services or tariffs. At the moment, the only impact has been a delay on the announcement of the tariffs.

Will we be able to incorporate new technology or will we be “locked in” for 5 years?

Yes, you will be able to incorporate new technology. LEDs were first approved by an Australian DNSP in Powercor with Warrnambool City Council being the first Australian council to use LEDs for a bulk changeover of street lights. This occurred in June 2014, totally independent of the regulatory process. New services can also be introduced within the regulatory period, as is discussed in the AER’s Framework and Approach documents. It provides a degree of flexibility while offering price certainty. New services will be priced as quoted services (under a quotation acceptance basis) with the details of the new service and how it is proposed to be charged to be submitted to the AER for approval as part of SAPN’s Annual Pricing Proposal.