



4 December 2020

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Ms E Walters  
Assistant Director, Electricity  
Economic Regulation Authority  
Level 4, 469 Wellington Street  
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Dear Elizabeth

### **Framework and Approach for Western Power’s Fifth Access Arrangement**

Thank you for the invitation to provide some initial comments concerning the framework and approach that will guide development of the fifth Western Power Access Arrangement (2023 – 2027).

In addition to being electricity consumers and generators, primarily thought photovoltaic (PV) systems on public facilities, Local Governments interact with the regulated electricity distributors in ways that are significantly different to other electricity consumers and generators. Given the dominant market position held by the electricity distributor in provision of these services, it will be important to consider these to the extent possible under the Electricity Networks Access Code 2004 as recently amended.

#### Smart Cities

The concept of a “smart city” involves use of information and communication technologies to improve public welfare through higher quality government services, increased operational efficiency and sharing information with the public. Globally electricity distribution infrastructure (poles) and street lights form the backbone on which a wide range of sensors and communications infrastructure is developed. These types of developments are being explored at pilot scale in Western Australia, including a “smart lighting” trial by Western Power in the City of Melville as well as a range of projects based on Local Government managed infrastructure.

The infrastructure required is likely to be included within an access regulation framework as multi-function assets. It is our view that the framework needs to contemplate not only the allocation of revenues and costs in the provision of this infrastructure, but the value and management of data across the potentially shared networks. Failure to do this effectively will potentially result in the duplication of communications networks.

#### State Underground Power Program

The opportunity to leverage the Western Power investment in the electricity distribution network needed to maintain a reasonable level of safety, reliability and security, in order to have this infrastructure placed underground is keenly sought across many urban and suburban communities. It is noted that the provisions in the Access Code relating to the State Underground Power Program have not been amended. Local Governments would support that benefits related to the capability of the distribution network to support distributed generation and new demands such as from electric vehicles are able to be considered in assessing proposed Western Power co-investment in underground power projects.

### Telecommunications

Western Power may be successful during the coming access period in securing additional revenue from telecommunications carriers seeking to install antennae and related infrastructure on street light poles. Local Governments believe that this revenue should be recognised in the allocation of depreciation charges and return on capital charges that apply to street lighting tariffs. Additional revenue should not be considered independent of the infrastructure on which it depends.

### Reference Services

A new requirement in the Access Code requires stakeholders to justify the basis on which it is believed that there will be a significant number of customers or substantial proportion of the market take up that service. It is unclear whether this will apply only to new services added in the fifth access arrangement, or would apply to services provided in previous access arrangements which may not yet have high levels of uptake. Local Governments are now starting to use ancillary reference service D10 (Streetlight LED Replacement Service) as the pricing offered is closer to being able to support a viable business case. The pricing offered for retrofitting relative to the tariff for the new lights has constrained demand through much of the previous access period. Significant capital expenditure programs in Local Governments normally require several years for development and approval which will delay uptake of new services.

### Ancillary Reference Services

Local Governments regularly work with the utility providers to relocate or upgrade infrastructure to facilitate new developments. This includes a wide range of public works both in the road reserve or adjacent land such as road widening, installation of roundabouts and provision of sports lighting. Western Power policy requires that this work is controlled internally and all contractors managed by Western Power. This remains a completely unregulated aspect of Western Power operations with little transparency in terms of the costs recovered from proponents.

Local Governments would like to see the opportunity to improve transparency and potentially cost efficiency in this area potentially through inclusion in the regulatory framework. It is noted that there are attempts to regulate these activities in other Australian jurisdictions through a schedule of rates.

For further information, please contact me in the first instance on \_\_\_\_\_ or email [iduncan@walga.asn.au](mailto:iduncan@walga.asn.au).

Yours sincerely

**Ian Duncan**  
**Executive Manager, Infrastructure and Roads**