

6 November 2015

Mr Joe Dimasi
Tasmanian Economic Regulator
Office of the Economic Regulator
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Dear Mr Dimasi

Submission to the 2015 Network Reliability Review

Thank you for the opportunity for the Local Government Association of Tasmania (LGAT, the Association) to provide comment on the 2015 Network Reliability Review.

Please find enclosed LGAT's submission, which has been developed in collaboration with member councils. Where a council has made a direct submission to this process, any omission of these specific council comments in the LGAT submission should not be viewed as lack of support by the Association for that specific issue.

If you have any queries or would like further information, please contact Kate Hiscock Kate.Hiscock@lgat.tas.gov or telephone on 62335965 (Wednesdays and Thursdays).

Yours sincerely



Katrena Stephenson
CHIEF EXECUTIVE OFFICER



2015 Network Reliability Review

Submission

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Introduction

The Local Government Association of Tasmania (LGAT/The Association) is incorporated under the *Local Government Act 1993* and is the representative body for Local Government in Tasmania.

The objectives of the Association are:-

- To promote the efficient administration and operation of Local Government in the State of Tasmania;
- To watch over and protect the interests, rights and privileges of municipal Councils in the State of Tasmania;
- To foster and promote relationships between Local Government in the State of Tasmania with both the Government of Tasmania and the Government of the Commonwealth of Australia;
- To represent the interests of the members of the Association generally, and in such particular matters as may be referred to the Association by its members; and
- To provide such support services to the members of the Association as the Association may by resolution in meeting determine.

General Comments

This submission identifies a number of high level issues of interest to Local Government in Tasmania in relation to potential impacts on the reliability of electricity network services in the Tasmanian power system either currently or over the medium term. It is recognised that the Review will largely be focussed on factors that may impact on network reliability from generation and changes in electricity demand.

As stated in the Terms of Reference, electricity networks are currently facing a number of developments that may fundamentally change how they are operated and designed. With TasNetworks being the only distributor/transmission provider operating in Tasmania, such changes may have significant impacts on Local Government and the broader community. It is essential that a reliable, affordable service continues to be available to all Tasmanian communities.

At this point, LGAT would like to recognise the stakeholder engagement (which LGAT has participated in) that has been undertaken to date by TasNetworks in an attempt to grapple with some of the issues and stakeholder impacts at hand.

LGAT understands that maintaining a large electricity network with a relatively dispersed population presents significant challenges looking to the future. This is being magnified as a traditionally consumption based pricing model is becoming problematic in the face of energy efficient technologies significantly reducing consumption (among other issues).

This is further challenged as the network is increasingly being used as a means of energy exchange rather than the more traditional model of energy transport.

Energy costs represent a significant proportion of Tasmanian Councils' budgets.

Like all businesses, Councils are looking to find more efficient ways of doing business and reducing energy consumption is high on the agenda from both a cost and carbon footprint perspective.

What Local Government, along with the communities they represent, would not want to see, is investment in new efficient technologies and reduced consumption being offset by increased energy prices as a consequence of energy consumption declining more broadly.

Similarly, where Local Government is seeking to invest in energy efficient or energy generating technologies such as solar or wind energy generation, we would not want to see prohibitive costs applied to access the network. This would neutralise any benefits being passed on to communities through reduced costs or reinvestment in other areas of need.

Specific Comments

Maintaining a safe and efficient system of electricity generation, transmission, distribution and supply

Local Government recognises and strongly supports the need to maintain a safe and efficient system of electricity generation, transmission, distribution and supply. A key issue of concern to Local Government is that access to the network (or potential access to the network) is enabled in a way that is safe but also affordable. This issue has come to light in relation to recent and current energy efficient street lighting replacement programs.

TasNetworks is currently engaging with LGAT on this matter and it is hoped a reasonable outcome can be negotiated.

The issue of the safety assessment of private poles is also a matter of Local Government concern. LGAT understands that TasNetworks is continuing to undertake these assessments as directed by the Premier. While LGAT recognises that the AER has determined that TasNetworks is currently not able to recoup costs in relation to these assessments, an attempt to pass on costs relating to private pole assessment to Local Government would be viewed as a cost shift.

LGAT is participating in discussions with TasNetworks on this issue and is awaiting advice on future steps from State Government.

Future Reliability of the Network/Network Services Reliability

LGAT understands that TasNetworks' performance is assessed against a number of standards and targets. Through consultations with TasNetworks LGAT is aware that in the face of factors, such as increasing storm events as a result of climate change, some of the performance standards may need to be reviewed.

This is particularly important where, for example, TasNetworks is penalised for exceeding targets for power restoration as a result of a number of significant storm events, to the point that their costs are significantly impacted, resulting in increased costs to the consumer in the following year. This process seems to be counterproductive.

The key issues for Local Government are that the network is reliable state-wide, and that pricing remains stable. Sudden price spikes are difficult for Councils to manage. So long as regional and remote areas are not disadvantaged in any way and that current levels of service did not decrease, Local Government would rather see performance targets that better reflect the current environment, allowing for more stable pricing.

Potential impacts on the reliability of electricity network services of intermittent and low inertia generation, embedded generation and battery storage.

As previously mentioned, Councils are very interested in technologies that reduce energy consumption from both a cost and carbon footprint perspective as well as potentially generating energy to offset costs. In particular, Flinders and King Islands have a particular interest in these technologies.

Local Government would like to see an energy network that could be accommodating of such technologies they develop into the future.

Tasmanian Government's Energy Strategy

In principle, LGAT is supportive of the following Actions as identified in the Tasmanian Government's Energy Strategy:

30	Investigate improvement of local planning processes (in consultation with the Local Government Association of Tasmania and the Tasmanian Planning Commission) to include consideration of the impact of developments on energy networks. This could include greater information sharing and co-operation between local councils and network entities.	2016/17
33	Assess the impacts of increasing levels of renewable generation (wind, photovoltaics and other forms of renewables), storage and demand side technologies on the Tasmanian electricity network and develop recommendations and plans to ensure the integrity of the network is maintained for those that use it.	Ongoing

Thank you for the opportunity to comment, if you have any further questions please contact Kate Hiscock, Senior Policy Officer, Local Government Association on 6233 5965 or kate.hiscock@lgat.tas.gov.au.