

## Submission on Draft Decision

Of The

# ESCOSA Review of SA Power Networks' 2020-25 Reliability Standards

11<sup>th</sup> September 2018

**Submitted by:** *Details provided to ESCOSA on a confidential basis*

## **1. INTRODUCTION**

In August 2018 ESCOSA released a draft decision of the SA Power Networks Reliability Standard Review. This submission deals with point 3.8 of that decision which proposes:

*“The draft decision is to remove the GSL payment for repair of faulty street lights”*

In summary, the Commission has provided 2 reasons for this decision:

1. The street light payment relates to timeliness of street light repairs, not just to reporting by a customer of a faulty light. The incentive for SA Power Networks to complete street light repairs in a timely manner can be provided by a performance standard (see section 3.9), a mechanism that does not require a payment to customers.
2. SA Power Networks (SAPN) has raised concerns that the street light payment is leading to high levels of reporting by some individual customers, as well as instances of deliberate damage to street lights in order to receive payments.

The author has documented over 14,000 street light out (SLO) reports since March 2012 and seeks to contribute their experience to the Commission's decision on the removal of the GSL payment for repair of faulty street lights.

The rationale provided by the Commission will be addressed to show reasons why this decision is likely to provide a poor outcome for the public of South Australia in terms of street light reliability.

## **2. OVERVIEW**

The author has made in excess of 14,000 SLO reports over a six year period, with the primary motivation for this activity being the prospect of receiving a GSL payment. It's suggested that the removal of the GSL payment for delay's in repairing SLO's will significantly reduce the overall serviceability of public lighting in South Australia, as it will effectively remove the financial incentive for the public to report SLO's. It's not clear from the Commission's report that altruistic intentions on the part of the general public, will provide sufficient motivation for reporting SLO's to ensure adequate public lighting serviceability in SA.

### **3. DISCUSSION**

#### **4.1 STREET LIGHTING RELIABILITY IN SOUTH AUSTRALIA**

When it comes to public lighting, it's patently obvious that the reliability objective should focus on the serviceability of public lighting i.e. whether the street lights are working or not. Clearly, the point of street lighting is to illuminate the public spaces nearby, and this should be the focus of the reliability test. Under the current system, however, the focus is on the performance of SA Power Networks (SAPN) to respond to a report of a light not working.

In 2000, PriceWaterhouseCoopers (PWC) released a report for The Local Government Association of SA (the LGA), titled "Public Street Lighting Inquiry". In that report, they noted that

*"ETSA should be subject to specific service quality standards to ensure the time between an outage and repair, and the average number of outages at any given time is satisfactory. This regime should be coupled with regular monitoring and reporting (along the lines of the CSIRO audit), with rebates paid to councils when the service standards have not been met"*

The PWC report addresses the real issue about the serviceability of the public lighting, and goes one step further to recommend a system of audits to determine the actual serviceability of street lighting.

So it could be argued that the current system for managing SLO's is flawed in regards to two areas.

Firstly, under the current arrangement, there is no systemic process for identifying SLO's other than relying upon the general public to make reports to SAPN. In fact, the PWC report from 2000, identified there was an "average delay of 6.8 weeks between the outage and it being reported". It could be argued that this would be a poor outcome on reliability grounds, and it's hard to understand how removal of the GSL payment will improve this.

Secondly, under the GSL system, the focus is on the time taken to respond to reports rather than successfully completing the repair. There is no direct incentive to successfully complete the repair, the incentive for SAPN is to meet the prescribed response time<sup>1</sup>.

The author notes that in his experience, there have been many occasions where SAPN have claimed SLO repairs have been completed, but upon checking the outcome of those reports, approximately 18% were not successfully repaired. In fact, out of 2,924 reports since 26<sup>th</sup> July 2016, the author has noted that on 544 occasions, the street light was found to be out within a few days of the repair. In many of those occasions, the same SLO occurrence has been reported numerous times, with up to 10 reports being made for the same light before a successful repair was made. In addition, when enquiries have been made, to SAPN the verbal responses have equated attendance at a SLO report to the repair of the light. This can mean that whilst a light has been attended to within the prescribed time, it doesn't always equate to the successful repair of the light, meaning that a GSL payment can be avoided by SAPN. To eliminate this, there needs to be some sort of external audit process to monitor the adherence of SAPN to the reliability standards, ensuring the data around public lighting reliability is clear and accurate.

---

<sup>1</sup> SAPN is required to repair street lights that have gone out and for which it is responsible within five business days for metropolitan areas, and within ten business days for non-metropolitan areas.

## 4.2 GSL PAYMENTS AS A MOTIVATOR TO REPORT SLO'S

In the Draft Decision of the Commission, it's proposed that "Given the public good provided by street lights, it may be that customers will report outages without a payment being required and without the need for street light patrols", however, there is no evidence provided to support this rationale. In fact, the author would suggest that without providing any incentive whatsoever, it's unlikely that many street lights would be reported at all, thereby reducing the overall level of serviceability of the public lighting utility as a whole.

It needs to be recognised that whilst many people may be motivated to report a light outage that effects their personal life, such as the light out the front of their home, many public lighting assets are in high traffic areas with little or no personal effect on the users of those lights. For example, those lights in industrial areas, and on main roads, where people will be relatively un-connected with the utility that they provide.

Whilst the Draft Decision acknowledges that the current system of GSL payments provides a cost-effective alternative to SAPN conducting street light patrols, it fails to provide any evidence that customers will be motivated to report failed street lights through an overwhelming sense of altruism and public service.

In fact, it's fair to say that the main motivator for the large number of reports by the author, is the prospect of receiving the GSL payment, and to that end, they are mostly in areas of Adelaide which are close to his residence, and most likely to have SLO's. Table 1. shows the highest occurring suburbs for the author's reports.

It should be noted that the author lives in the north eastern suburbs, and there is a tendency to report SLO's in this area, but it should also be noted that the industrial areas of Wingfield, Pooraka, Para Hills West & Dry Creek, feature prominently in the list, pointing to the fact that these areas tend to be more "prospective" suburbs when looking to find SLO's. In addition, it's the author's experience that suburbs with a lower socio economic status (SES) are more likely to have SLO's, and it's arguable whether this is a reflection of the engagement levels and attitudes the residents in this area have with their local community. Another factor that may come into play in lower SEC areas, is that the standard of infrastructure is often older, leading to lower reliability. It has definitely been noticeable that SLO's have reduced in the Playford area since the lighting infrastructure has been upgraded with LED technology over the last few years.

So in summary, in order to maximise the efforts in locating SLO's the author tries to identify the most prospective areas for SLO's, which are normally characterised by:

- Old infrastructure
- Lower SES community
- Industrial areas (poorly populated)

The PWC Report to the LGA mentions the motivation for the general public to report SLO's, and noted:

*"Generally it is considered that the \$10 one-off rebate payable to the first person to report the light out is sufficient as a means of providing incentive for individuals within the public reporting system".*

*We consider that the \$10 rebate is unlikely to provide very strong incentives for individuals to report outages, which appears to be reflected in the average delay of 6.8 weeks between the outage and it being reported.”*

Given that in 2000 PWC concluded that a GSL payment level of \$10 in “unlikely to provide very strong incentives for individuals to report outages”, it’s suggested that removal altogether of the GSL payment will further reduce the incentive for the public to report SLO’s, leading to a much lower level of reporting of SLO’s.

Rank	No of Reports		Suburb
	Count	% of Total	
1	446	3.2%	Wingfield
2	416	2.9%	Parafield Gardens
3	303	2.1%	Pooraka
4	298	2.1%	Wynn Vale
5	287	2.0%	Para Hills West
6	279	2.0%	Golden Grove
7	262	1.9%	Dry Creek
8	260	1.8%	Para Hills
9	256	1.8%	Burton
10	242	1.7%	Paralowie
11	237	1.7%	Salisbury East
12	237	1.7%	Salisbury Heights
13	235	1.7%	Salisbury North
14	217	1.5%	Cavan
15	180	1.3%	Elizabeth South
<b>Totals</b>	<b>14,144</b>	<b>29.4%</b>	<b>Total Count</b>

*Table 1. Frequency of Reports by Suburb*

#### **4.3 VOLUME OF SLO REPORTS**

The draft report has partially based its rationale on the concerns raised by SAPN. Namely that,

*“... the street light payment is leading to high levels of reporting by some individual customers, as well as instances of deliberate damage to street lights in order to receive payments.”*

Firstly, it’s suggested that the number of reports is directly related to the number of unserviceable street lights that are in the network. The fact that there are individuals who actively report those outages at any level of numbers, is of no relevance to the main objective, which is surely, to provide serviceable street lighting. In other words, if SAPN were to do their job, and provide serviceable street lights in the first place, then the number of reports would reduce. It’s not clear how a large number of SLO reports by an individual justifies the removal of the GSL scheme, if public lighting reliability is the objective.

Additionally, the ESCOSA report from 2005<sup>2</sup>, noted that

*“the street light reporting scheme was introduced as an alternative to ETSA Utilities conducting street light patrols.”*

Over the years, ESCOSA and SAPN have recognised the need for some sort of patrolling process to ensure a high degree of reliability of public lighting, and for reasons unknown (but presumably for cost reduction), SAPN have been reluctant or unwilling to conduct these patrols. Effectively, the GSL Scheme has provided an incentive for individuals to conduct patrols, on the understanding that the compensation for making so many reports will come via the GSL payment scheme.

Secondly, the rules relating to GSL payments for SLO’s clearly state that GSL payments will not be made for vandalised street lights. Therefore, the suggestion that some individuals are deliberately vandalising street lights in order to receive payments can’t be a relevant rationale as vandalised or damaged SLO’s are not eligible for GSL payments.

#### **4.4 WILLINGNESS TO PAY (WTP)**

Whilst the draft decision acknowledges that the Greenwood Report “*did not include a question of street light payments*”, it somehow draws the conclusion that many customers are unwilling to pay for existing levels of GSL payments in relation to street light repairs. The author would contend that since there were no questions on GSL payments in relation to public lighting, the Greenwood report on WTP has no relevance to the discussion on GSL payments as they relate to street light repairs. In fact, it’s probably fair to say that if you were to ask almost any sample population if they would prefer something for free, rather than paying for it, then they are most likely to say that they would prefer not to pay.

If you take the view that the GSL scheme is tantamount to the cost of maintaining street light reliability, however, it’s fair to assume that a sample population is likely to acknowledge that there is a fair price to pay for identifying SLO occurrences in public lighting, as this is essentially a public service. More research is required to determine what that agreeable price is.

#### **5. CONCLUSION & RECOMMENDATION**

If you accept that the GSL payment scheme has been applied to street light repairs as a pseudo-replacement for conducting street light patrols, then it’s fair to assume that removing the GSL payment scheme will remove any cost associated with the detection of SLO occurrences.

Without providing any motivation or incentive to report SLO’s, it’s fair to expect that the number of reports will reduce, leading to a greater number of SLO occurrences at any one time, and reduce serviceability of public lighting throughout the state. In other words, SLO’s will take much longer to be repaired.

---

<sup>2</sup> Draft 2005-2010 Electricity Distribution Price Determination. Part A – Statement of Reasons

Removal of the GSL payment scheme will remove all incentive for the author to make future SLO reports, and common sense suggests it's highly likely there will be others in the community who will likewise cease making SLO reports.

Whether the Draft Decision is implemented or not in its current form, and in accordance with the PWC report<sup>3</sup>, it's highly recommended that independent auditing of public lighting serviceability is conducted prior to the implementation of the Decision, and after a period of time, say 6 months after the Decision has been applied. This will allow an objective assessment to be made of the outcome of the Decision to remove the GSL payment scheme in relation to public lighting.

---

<sup>3</sup> PriceWaterhouseCoopers report for the Local Government Association of South Australia; "Public Street Lighting Inquiry", 6th October 2000