

Subject **Increased funding assistance for accelerated renewal road lighting LED conversion programmes**

Circulation Asset Managers (all Approved Organisations)
Highway and Network Operations (NZ Transport Agency)
EECA
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Illuminating Engineering Society of Australia & NZ (IESANZ)
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Purpose

This general circular advises of a targeted enhanced funding assistance rate (FAR) of 85% for accelerated renewal LED conversion programmes that have been approved by the NZ Transport Agency and established in terms of [General Circular Investment: No 15/01 Accelerated renewal road lighting LED conversion programmes](#) dated 4 March 2015.

The enhanced FAR will apply to this 2015–18 three year National Land Transport Programme (NLTP) period only. The Transport Agency does not commit to offering this enhanced FAR beyond the end of the 2015–18 NLTP, beyond 30 June 2018.

Summary

The impact of the changes described in this general circular are summarised as follows:

1. This general circular does not alter any of the advice or requirements contained in the earlier general circular No 15/01 *Accelerated renewal road lighting LED conversion programmes* other than to increase the FAR for a Transport Agency approved programme for the period of the 2015–18 NLTP.
2. The FAR for a programme already approved is increased to 85%. Councils that have a programme approved and underway will be paid funding assistance at the 85% FAR for the entire 2015–18 NLTP period. This will require 'back paying' the difference in funding assistance between the normal FAR and the enhanced FAR on previous claims.
3. Any council that has been renewing road lighting, and converting to LED, but has up until now not been treating the programme as an improvement programme, but has been claiming funding assistance under work category 222 *Traffic services renewals*, or work category 341 *Minor improvements* may wish to prepare a business case in the terms set out in general circular 15/01

Accelerated renewal road lighting LED conversion programmes. If that business case is approved by the Transport Agency then the FAR will be increased to 85% and the work category changed to 324 *Road improvements*. Again funding assistance at the 85% FAR will apply to the entire 2015–18 NLTP period.

4. The NZ Transport Agency does not commit to offering the enhanced FAR of 85% beyond the end of the 2015–18 NLTP, beyond 30 June 2018.

Status of previous general circular

This general circular needs to be read in conjunction with the earlier general circular No 15/01 *Accelerated renewal road lighting LED conversion programmes*. It does not alter any of the advice or requirements contained in the earlier general circular. It increases the FAR for a Transport Agency approved LED conversion programme for the period of the 2015–18 NLTP and contains some further advice on these programmes.

General circular No 15/01 established that the Transport Agency wished to invest in partnership with councils in accelerated renewal road lighting LED conversion programmes that were supported by a sound business case. Approved programmes are being funded through work category 324 *Road improvements* and will continue to be funded through this work category but at the enhanced FAR of 85% through to 30 June 2018.

Enhanced FAR offer limitations

Where a Transport Agency approved conversion programme extends beyond 30 June 2018, and into the 2018–21 three year NLTP period, the council should plan on the basis that the normal FAR will apply after 30 June 2018. Councils also need to acknowledge that in strict accordance with the Land Transport Management Act (LTMA) the Transport Agency cannot legally commit to funding any new projects or programmes after that date. Such a commitment cannot be made until the 2018–21 NLTP has been formally approved which we expect to occur in June 2018.

We will need to take care to ensure that this offer of an enhanced FAR, for a limited time, does not reduce the value for money obtained. The Luminaire selection process is critical in this regard. Luminaires must first be fit for purpose. To help ensure value for money the whole of life cost of each fit for purpose option, which will include energy and other operating costs, must be compared. Any luminaire that has not been ‘accepted’ in terms of the M30 [Specification and Guidelines for Road Lighting Design](#) product acceptability testing system would need to be thoroughly assessed by a competent authority to ensure that it was fit for purpose before a decision to purchase was made.

The professional services input required for conversion of vehicular traffic, category ‘V’ lighting in AS/NZS1158 *Road lighting* terms, is substantially greater, and the required skill level higher, than for category ‘P’, pedestrian area low traffic volume road lighting. Consequently the risk of inadequate design, and comprised road safety, is much higher for ‘V’ category lighting. A new LED conversion programme which includes ‘V’ category lighting conversion, to be delivered before 30 June 2018, will require a greater level of scrutiny by the Transport Agency for approval. Any council that does not already have a conversion programme underway is urged to continue to follow the advice given in general circular 15/01 and start with the category ‘P’ roads. Preparation of a business case that is confined to category ‘P’ conversion should be straightforward. The critical value for money decisions will be similarly straightforward assuming an experienced professional is employed and a comprehensive, up to date, inventory of the current lighting system is provided for them.

Settling on a fit for purpose lighting design takes time. Therefore where a council has placed a firm order with a supplier for luminaires before 30 June 2018 the cost of supply of those luminaires may be included in a claim for funding assistance for the 2015/18 NLTP period at the enhanced FAR. Installation of the luminaires must be completed by 31 December 2018.

The Transport Agency does not want this offer of an enhanced FAR to become a reason to purchase and stockpile luminaires, or any other lighting equipment, for installation into the 2015–18 NLTP. Any claim for funding assistance at the enhanced rate will be scrutinised by Transport Agency staff to ensure this is not occurring.

This enhanced FAR will apply to all approved LED conversion programmes across the full three years of this 2015–18 NLTP period

Councils that have approved programmes underway can now claim funding assistance at the 85% FAR for the entire 2015–18 NLTP period. Retrospective funding may be sought for the difference in funding assistance between the approved organisation's normal FAR claimed previously and the 85% enhanced FAR. Your regional Transport Agency Planning & Investment representative will provide specific guidance on how this can be done through Transport Investment Online.

LED conversions that have been treated as renewals or minor improvements

Given that up until now conversion of road lights to LED under either work category 222 *Traffic services renewals*, work category 341 *Minor improvements* or work category 324 *Road improvements* have been funded at normal FARs, we are aware that some councils have chosen not to treat conversion to LED as a separate programme and have not sought Transport Agency approval for such a programme.

Any council that has been renewing road lighting but has not had the programme formally approved may wish to prepare a business case, as set out in general circular 15/01 *Accelerated renewal road lighting LED conversion programmes*, and seek approval in retrospect for that programme. If the programme can be approved by the Transport Agency then the FAR will be able to be increased to 85% for the full three years of this 2015/18 NLTP. Details of the work to date including of the costs incurred will need to be provided to support the case for retrospective approval. Retrospective funding may be sought for the difference in funding assistance between the approved organisation's normal FAR claimed previously and the 85% enhanced FAR.

Procurement considerations

Many councils are collaborating with others in their LED conversion programmes. In particular councils have been buying lighting equipment together to obtain the economies of scale proven to be available.

There appears to be a strongly competitive market for the supply of LED road lighting luminaires. There are currently over 40 different products from more than 15 luminaire manufacturers and a similar number of suppliers on the list of luminaires 'accepted' in terms of the M30 *Specification and guidelines for road lighting design* product acceptability testing system. The [specification and the list of accepted luminaires](#) are published on the Transport Agency's website.

An increased demand for luminaires, brought about by this change in the FAR, is not expected to alter the competitive nature of the market and force prices up. However, councils should continue to collaborate, including buying together.

An increase in the speed of conversion may overstretch the market for the supply of the professional services required. As discussed above the pressure on this limited resource, when category 'V' lighting is to be converted to LED is much higher than when the lighting is category 'P'. Any new approved LED conversion programme will be most unlikely to include conversion of V category lights before 1 July 2018.

The lighting installation services market may also become overstretched. Any council that finds that it is paying a significant premium to convert lighting to LED before 30 June 2018 should raise this issue with their local Transport Agency Planning and Investment Manager.

Including CMS in an LED conversion programme.

General circular 15/01 *Accelerated renewal road lighting LED conversion programmes* and the [PV method spreadsheet tool](#) do not specifically ‘promote’ the use of a central management system (CMS) but leave the decision to include or not to the council.

The Transport Agency acknowledges that there are many benefits in having a CMS and that many RCAs are ensuring that they do not preclude those benefits being realised in future by ensuring that the LED luminaires they install are ‘CMS ready’. The Transport Agency expects that where a CMS is included in a proposal the marginal cost of doing so and the benefits that will accrue will be considered and there will be a sound rationale for inclusion.

Survey of the uptake of LED street lighting

A survey was conducted in early 2016 to establish the speed of conversion to LED across New Zealand. On the basis of the responses received the proportion of all lights converted should now be around 15%. To be able to inform the Ministers of Transport and of Energy Conservation more accurately of the progress being made we intend to repeat that survey within the next month. The survey will include some additional questions relating to the enhanced FAR.

If there are any other ways the Transport Agency or Local Government NZ could help your council to accelerate conversion to LED, please let us know via the survey, or by contacting your local Transport Agency Planning and Investment Manager.

Attachments

There are no attachments to this general circular.

Enquiries

All enquiries relating to this circular should be directed to your local Transport Agency Planning and Investment Manager.



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