

Contact Officer: Laura Considine

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15/09/2025

Patrick Duffy
Manager Regulatory Transformation & Policy
Endeavour Energy

Sent by email to: [REDACTED]

Dear Mr Duffy,

Re: Endeavour Energy's ring-fencing waiver application to provide training services to Evoenergy through its Registered Training Organisation

Thank you for the application received on 16 June 2025 for a waiver from its obligations under clause 3.1 and clause 4.2 of the *Ring-fencing Guideline (Electricity Distribution)* ('the guideline'), to enable Endeavour Energy to provide training services to Evoenergy through Endeavour Energy's Registered Training Organisation (RTO).

Endeavour Energy's proposal

Endeavour Energy is seeking a waiver to allow it to provide certain training services to Evoenergy utilising Endeavour Energy's existing RTO curriculum and facilities. Evoenergy does not currently operate its own RTO and has limited access to equivalent high-quality, specialised training locally.

The proposed arrangement is limited in scale, with approximately three Evoenergy employees per year expected to attend Endeavour Energy's training programs.

Endeavour Energy has advised that all associated costs will be fully borne by Evoenergy. Costs will be separately recorded and allocated in accordance with Endeavour Energy's AER-approved Cost Allocation Method (CAM).

The waiver is sought for a term of 4 years to align with the underlying training services agreement between Endeavour Energy and Evoenergy and the next regulatory determination cycle (2029-2034).

AER assessment and decision

Under clause 5.3.2 of the guideline, before granting a waiver the AER must have regard to the National Electricity Objective (NEO), the potential for a distribution network to engage in cross-subsidisation of services and discriminatory behaviour, and whether the costs of compliance with the guideline outweigh the benefit to consumers of that compliance, including in relation to impacts on competition.

Our decision is to grant a waiver to Endeavour Energy from clause 3.1 and clause 4.2 of the guideline, with a waiver condition (set out below), to enable Endeavour Energy to provide training services to Evoenergy through its RTO. This waiver will expire on 15/09/2029 (four years from commencement), unless varied or revoked sooner.

We consider that granting this waiver is consistent with the NEO. The arrangement enables Evoenergy to access high-quality, specialised training that supports the safe, reliable, and

secure supply of electricity, without the need to duplicate RTO facilities or programs. This promotes the efficient use of existing sector infrastructure and contributes to workforce capability and resilience across DNSPs.

Given the small scale and narrow scope of the arrangement, we consider that the impact on the competitive market for training services will be minimal. The waiver applies only to Evoenergy and does not provide open access to other DNSPs or third-party market participants.

We consider that the risk of cross-subsidisation is adequately addressed by Endeavour Energy. The application noted that Endeavour Energy will apply its AER approved CAM, ensuring that all costs are attributed to unregulated services and recovered directly from Evoenergy. There will be no cost to Endeavour Energy's regulated customers, and the arrangement will not affect Endeavour Energy's regulated asset base.

The risk of discriminatory behaviour is also considered low. Endeavour Energy has committed to providing training under this arrangement solely to Evoenergy, without extending the service to other DNSPs or external parties during the waiver period.

The benefits of granting this waiver include:

- Avoiding unnecessary costs of Evoenergy establishing its own RTO
- Providing access to high-quality, specialised training facilities and curriculum
- Supporting sector-wide skills capability and safety outcomes

Endeavour Energy would need to manage operational risks, such as potential diversion of training resources from its own staff, and reputational risks if the training quality does not meet industry or RTO standards. We consider that these risks could be mitigated through clear contractual arrangements with Evoenergy and maintaining robust oversight of its RTO compliance obligations and quality assurance processes.

We consider that the benefits outweigh the risks, and that the risks are manageable.

For these reasons, the AER has decided to grant a waiver to Endeavour Energy from clause 3.1 and clause 4.2 of the guideline to enable Endeavour Energy to provide training services to Evoenergy staff to obtain a Certificate III in Electricity Supply Industry (ESI) – Distribution overhead.

As a condition of approval, Endeavour Energy must periodically provide the AER, in writing, with the details of the number of Evoenergy staff trained under this arrangement and of the total training hours delivered under this arrangement during the reporting period.

Waiver duration

The waiver will be granted for a period of 4 years, consistent with the term of the training services agreement. This duration provides certainty for both parties while allowing for reassessment in line with regulatory and market developments.

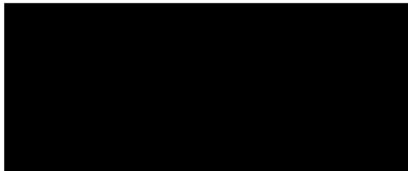
Compliance and review matters

The AER has broad discretion to review and revoke ring-fencing waivers that it grants, at any time on its own initiative if there are grounds to do so. Pursuant to section 5.5 of the guideline, in deciding whether to vary or revoke the waiver, the AER will have regard to the same matters for granting the waiver under clause 5.3.2 of the guideline. A minimum of 40 days' notice will be given to Endeavour Energy that the AER is considering a variation or revocation of this waiver.

Endeavour Energy is reminded that, under clause 6.3 of the guideline, Endeavour Energy must notify the AER in writing within 15 days of becoming aware of a breach of its obligations under the guideline.

If you would like to discuss this matter further, or have any questions, please contact Laura Considine, Director, New Markets and Innovation, on [AERringfencing@aer.gov.au](mailto:AERringfencing@ aer.gov.au) in the first instance.

Yours sincerely



Jarrod Ball
AER Board Member

Sent by email on: 15.09.2025