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30 October 2026

Kami Kaur
Executive General Manager (A/g), Network Regulation
Australian Energy Regulator

Submitted via email: Kami.Kaur@aer.gov.au

Dear Kami

Request to amend the Framework and Approach Paper

Under the National Electricity Rules (**NER**), the Australian Energy Regulator (**AER**) is required to make a regulatory determination for Endeavour Energy for the 1 July 2029 to 30 June 2034 period (**2029-34 period**).

The first step in the process is for the AER to publish a Framework and Approach paper (**F&A paper**) for Endeavour Energy's 2029-34 period by 31 July 2027. The F&A paper sets out foundation matters to be resolved prior to Endeavour Energy's regulatory proposal in January 2028. The matters include service classification, form of control on classified distribution services, application of incentive schemes, approach to depreciation to roll forward asset value, the pricing of dual function assets, and the application of the AER's expenditure forecast assessment guidelines.

In publishing Endeavour Energy's F&A for the 2029-34 period, the NER requires the AER to decide whether it will replace or amend the current F&A paper that applies to Endeavour Energy for the 1 July 2024 to 30 June 2029 regulatory period (**2024-29 period**). As part of the process, Endeavour Energy must provide any requests to amend or replace the current F&A paper by 30 October 2026. Endeavour Energy's formal request to amend the current F&A is set out in detail in **Appendix A**.

The proposed amendments in our request relate to incremental changes to service classification including changes to the definitions of services. We acknowledge that there are multiple long-term changes underway in the energy transition which require a consideration of how services are classified and ring-fenced. At the same time, technology is rapidly evolving and enabling the sector to become more dynamic and decentralised, and consumer needs and expectations are changing as consumers become more active participants. Against this backdrop, it is important that the regulatory framework continues to support efficient investment and service delivery outcomes that promote affordability for consumers, particularly as cost-of-living pressures mount, and acknowledging the unique nature of Endeavour Energy's network that is relied upon to support the economic growth agenda for Western Sydney, the Aerotropolis and the Wollongong basin.

Endeavour Energy supports incremental and proportionate changes to service classification to keep pace with changes in the energy sector. In this context, we are seeking four amendments to existing service classification arrangements:

1. the most substantive amendment we are seeking relates to Electric Vehicle Charging Infrastructure (**EVCI**). Consistent with the intent of the Energy Networks Australia (**ENA**) rule change currently being consulted upon by the Australian Energy Market Commission (**AEMC**), we are seeking to classify a new service termed "Distribution EVCI" as a standard control service (**SCS**). The service would enable distribution networks to install, own and maintain kerbside electric vehicle (**EV**) charging using existing infrastructure such as power poles. The benefits include improved access to EVs for customers that cannot use home charging, lower cost of delivering charging infrastructure by utilising existing infrastructure, and improving utilisation of the grid which drives affordability for all customers.

2. minor changes to align with the AER's most recent determination for the Victorian distribution network service providers (**DNSPs**). This includes changes to the definition of provision of basic customer data, the addition of a new SCS service to clarify the use of dynamic network capacity management capabilities, and the addition of a new alternative control service (**ACS**) public lighting service to enable Endeavour Energy to install a Type 9 meter if requested by a public lighting customer;

3. inclusion of a new ACS for integration and switching services to a customer's operated control systems. We consider than an ACS classification is appropriate given the limited potential for competition in providing these services to customers; and

4. clarification that the facilitation costs of leasing community batteries is a standard control service to better align with the current treatment of shared assets such as poles.

We recognise that the AER's decision on service classification is complex given the concurrent reviews and Rule changes being undertaken by the AEMC. We note that the AEMC's positions on matters such as service classification, ring fencing and the classification of EVCI will guide the AER's consideration of matters in the F&A.

As documented in Appendix A, we propose to retain the current F&A paper for all other matters except for service classification. We consider the current arrangements, including the retention of a revenue cap for SCS, are appropriate for meeting the long-term needs of our current and future customers.

In preparing our request for amendments to the F&A, we have engaged with our Customer Reference Group on proposed amendments. We also published a joint consultation paper with the NSW DNSPs on our website. Further information on the consultation process is provided in Appendix A.

Endeavour Energy looks forward to discussing our proposed amendments with the AER. For any enquiries, please contact Emma Ringland, Head of Regulations and Investments, at Emma.Ringland@endeavourenergy.com.au.

Yours sincerely



Francoise Merit
Chief Financial Officer

Appendix A – Endeavour Energy's formal request to amend the current F&A paper

This appendix constitutes Endeavour Energy's formal request to amend the current F&A paper. We provide background on the F&A contents and process including stakeholder consultation undertaken to date (section 1), identify Endeavour Energy's position on amendments to service classification (section 2), and identify the reasons for retaining the current F&A paper for all other matters (section 3).

1. Background

1.1 Framework and Approach paper – contents and process

The F&A paper is the first formal step in the upcoming regulatory determination process for Endeavour Energy's 2029-34 period. The F&A paper determines the broad nature of regulatory arrangements including:

- service classification – that is, the distribution services to be regulated and the nature of economic regulation;
- form of control – that is, the mechanism by which the AER determines the revenue and prices to be recovered from customers for each regulated service;
- the application of incentive schemes;
- the use of forecast or actual depreciation to roll forward the asset base;
- whether dual function assets will be subject to transmission or distribution pricing; and
- the application of AER's Expenditure Forecast Assessment Guidelines.

The AER must publish an F&A paper to apply to Endeavour Energy's 2029-34 period by 31 July 2027. The rationale for publishing the F&A six months ahead of Endeavour Energy's regulatory proposal in January 2028 is to provide certainty on foundational matters that require certainty prior to the submission of the proposal.

In publishing Endeavour Energy's F&A for the 2029-34 period, the NER requires the AER to decide whether it will replace or amend the F&A paper that currently applies to Endeavour Energy for the 1 July 2024 to 30 June 2029 regulatory period.[1] As part of the process, Endeavour Energy must provide any requests to amend or replace the current F&A paper by 30 October 2026.

1.2 Stakeholder consultation

Endeavour Energy has commenced engagement with our customers and stakeholders on the 2029-34 regulatory determination. Our engagement approach has been co-designed with the Peak Customer and Stakeholder Committee (**PCSC**), Board and Executive team in March 2026. The approach seeks to provide breadth and depth of engagement, and a clear 'line of sight' between customer and stakeholder views and Endeavour Energy's decisions. As part of this approach, a Customer Reference Group (**CRG**), a subcommittee of the PCSC, has been established to provide dedicated advice and feedback on the 2029-34 regulatory determination.

[1] The AER's 2024-29 final F&A paper can be found here AER - Final framework and approach for Ausgrid, Endeavour Energy and Essential Energy for the 2024-29 regulatory control period - July 2022_0 (8).pdf. It should be noted that certain matters in the F&A final paper were amended in the AER's final regulatory determination for Endeavour Energy in respect of service classification. This is discussed in section 2.6 where we state the need for the current F&A paper to adopt the AER's final regulatory determination in respect of service classification.

Additionally, in developing our requests to amend the current F&A paper, Endeavour Energy worked with Ausgrid and Essential Energy to develop an initial joint consultation paper. While developed jointly, each business considered its own positions and engaged directly with its customers and stakeholders. Endeavour Energy published the joint consultation paper on our engagement website on 19 August 2026, with the paper being provided to the CRG and PCSC. No submissions on the Framework and Approach paper were received through our engagement website.

We engaged with the CRG on 19 August and 24 September 2026 specifically to discuss Endeavour Energy's initial positions on the F&A. Across the two meetings, the CRG considered Endeavour Energy's proposed F&A positions, focusing on service classification for electric vehicle charging infrastructure, evolving energy services, and connections for large customers, as well as discussion regarding the appropriate form of control and incentive schemes.

Feedback received from CRG members focussed on service classification, and emphasised the importance of clearly demonstrating customer and network benefits; maintaining appropriate competition and safeguards; and transparently representing differing stakeholder views, particularly in relation to electric vehicle charging infrastructure classification (see further section 2.1 below).

Endeavour Energy will continue to engage broadly and deeply throughout the development of our 2029-34 regulatory proposal.

2. Service classification

The AER classifies the services that regulated networks provide to determine the extent of oversight required in relation to pricing, and who should pay for the provision of those services. The starting point is determining which services require regulation on the basis that there is limited competition in relation to the provision of those services, and then how should those services be classified. This is summarised in **Table 1** below.

Table 1: Regulated service types

Regulated service type	Description
Standard control services (**SCS**)	The general conveyance service delivered to all customers, recovered through network tariffs.
Alternative control services (**ACS**)	These are services paid for by the individual customer. Examples include connection design, metering, public lighting, and specific services provided to specific customers.
Negotiated services	These are bilateral agreements with a single customer, where the contract is based on a fair terms and conditions framework, with AER arbitration / mediation when a dispute arises. We currently have no services classified as negotiated services.

All other services provided by Endeavour Energy are "unclassified" and, as such, not subject to AER oversight. This is subject to AER ring fencing provisions for certain unclassified services requiring networks to first obtain a ringfencing waiver and comply with conditions before providing such services.

Our proposed amendments to service classification are incremental and proportional to the evolving energy transition as set out in sections 2.1 to 2.6 below.

2.1 Electric vehicle charging infrastructure (SCS)

The substantive element of our requested amendment to the current F&A paper is to include a new service termed “Distribution Electric Vehicle Charging Infrastructure Service” and for the new service to be classified as an SCS.[2] The service would enable distribution networks to install, own and maintain kerbside EV charging using existing infrastructure such as distribution network poles. Importantly, the service would not include the supply of electricity to an EV, and as such, will not impact existing competitive market arrangements as it will enable retailers and charging companies to continue to compete for customers.

The proposed amendment to the F&A aligns with the intent of the Energy Networks Australia (ENA) Rule change published by the AEMC on 2 April 2026.[3] The premise of ENA’s Rule change is that a lack of accessible and affordable public charging is preventing customers from accessing electric vehicles. The ENA provided evidence to show that around a third of potential buyers cite lack of access to charging as a barrier to purchasing an EV. The ENA also noted that Australia is significantly behind the rest of the world when it comes to EV charging availability, citing evidence that Australia has 45 EVs for each public charging point, compared with a global average of 11.

These challenges were also highlighted in a recent behavioural study prepared by RedBridge Group for Endeavour Energy in 2025 regarding customer impediments to purchasing an EV. The report found that the customers not likely to purchase an EV as their next vehicle highlighted inadequate public charging options as one of their main reasons for not purchasing an EV.

Endeavour Energy supports ENA’s position that enabling DNSPs to install, own and maintain kerbside EVCI would deliver benefits to all customers including:

- lower costs by using infrastructure we already have, avoiding unnecessary duplication;
- expanding access so more Australians can benefit from EV savings;
- increasing choice by allowing multiple independent providers to offer charging services;
- driving competition between charging providers, putting downward pressure on prices; and
- improving the grid by increasing utilisation, which benefits all electricity users.

Consistent with the ENA Rule change proposal, we consider that expressly classifying “Distribution EVCI Service” as an SCS service within the common distribution service grouping would provide certainty for customers and DNSPs regarding the regulatory treatment of these services.

In our discussions with our CRG, members noted that they wanted to better understand the specific network and customer benefits of EVCI, the site selection criteria, and more information on the progress by charge point operators has been slow in our network area. It was helpful to receive this feedback through our engagement with the CRG and we will ensure that these matters are included as part of our future customer engagement activities. Some members noted that their organisations have publicly raised concerns with the ENA’s Rule change for EVCI to be classified as an SCS. The concerns relate to the potential that this will limit

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[2] We consider that the definition of the service would align with the ENA Proposed Rule change. The definitions include:

- EVCI (electric vehicle charging infrastructure), which is infrastructure that can be used to charge, using electricity, electric vehicles.
- Distribution EVCI, which is EVCI that is installed on existing publicly accessible distribution network assets owned by a DNSP and is owned and maintained by the DNSP.
- Distribution EVCI Service, which is a distribution service provided by a DNSP for access to Distribution EVCI.

[3] The ENA Rule change can be found here: ena_unlocking_affordable_ev_charging_for_all_australians_april_2026.pdf

competition in the charging market (although, as noted above, as the proposed service would not include the supply of electricity to an EV, it would not impact existing competitive market arrangements as it will continue to enable retailers and charging companies to compete for customers, as is currently the case), efficiency of DNSPs undertaking the roll-out, and that cost recovery would not be directly from the customer using the service.[4]

While we recognise the concerns of individual members of the CRG, our view is that enabling a DNSP to undertake EVCI would reduce barriers to EV take-up. In turn, this would improve access for all of Endeavour Energy's customers to EVs and improve utilisation of our network assets which benefits all electricity users.

2.3 Integration, monitoring and switching services provided to customers (ACS)

Endeavour Energy seeks to include an amendment to the F&A to include a new service termed "integration, monitoring and switching services provided to customers", and for this service to be classified as an ACS. The service would be defined as a customer request to Endeavour Energy to provide:

- integration services that require integration works between Endeavour Energy's Advanced Distribution Management System (ADMS) and a customer's operated control systems and/or:

- services to remotely monitor the customer's operated control systems to identify faults and to provide switching services.

We note that both elements of the service definition are distribution services because they are "provided by means of, or in connection with, a distribution system". Integration services involve integrating a customer's operated control systems into the Endeavour ADMS (which is part of its distribution system). The monitoring and switching service is provided by utilising the control room assets that form part of Endeavour Energy's distribution system.

These services are not defined in the current F&A paper and are therefore unclassified distribution services. As an unclassified service, Endeavour Energy currently has complete discretion over the price charged to customers requesting the service.

Endeavour Energy recognises that these services are likely to grow in a changing energy system, and that there are practical barriers to competition. For this reason, we consider that an alternative control service would provide appropriate cost transparency and certainty to customers requesting the service. The ACS classification also ensures that the requesting customer pays for the service.

2.4 Consistency with definitions in the Victorian final decision on service classification

The AER make incremental changes to service classification as part of their cyclical regulatory determinations across jurisdictions. In evolving service classification, the AER consider changes in regulatory obligations, new information provided by DNSPs, and new circumstances. We have reviewed the AER's most recent determinations for Victorian DNSPs, and consider that three amendments should be made to Endeavour's current F&A to align with service classification decisions.

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[4] Energy Users Association of Australia (EUAA) made a submission to the AEMC on Package 1 of the Electricity Network Regulation Review as found here euaa_submission_enrr_package_1_-_aemc_-_july_2026_1.pdf. Section 5 (p5 to 7) sets out the EUAA's position regarding the ENA's EVCI Rule change request. The Justice and Equity Centre also provided a submission to the AEMC's review which can be found here:
jec_sub_aemc_electricity_network_regulation_review_package_1_consultation_paper_1.pdf. Section 5 (page 8 and 9) of the submission sets out the views of the Justice and Equity Centre

Provision of basic customer data

We request the AER amend the current definition of "provision of standardised data sets and/or data that is provided to a distributor in accordance with obligations under the Rules" (under the common distribution service grouping) to the definition applied to Victorian DNSPs of "Provision of basic electricity distribution network data, including data that is provided in accordance with legislative obligations, standardised or automated data sets". The definition applied to the Victorian DNSPs encompasses broader regulatory obligations and enables more information to be accessible to customers without a direct charge.

Dynamic network capacity management capabilities

Consistent with the AER's F&A for Victorian DNSPs, we request the AER include a new service as part of the common distribution service (SCS classification) termed "use of dynamic network capacity management capabilities (including communication of import and export limits) for distribution purposes". This provides additional certainty that mechanisms such as flexible export limits and dynamic operating envelopes are an SCS.

Type 9 metering services for public lighting

We request that the AER amend the current F&A to include a new ACS service within the existing public lighting service group termed "Type 9 metering services if required to be provided by Endeavour Energy upon request by a public lighting customer in relation to a public lighting asset". This would be broadly consistent with the service definition for Victorian DNSPs, notwithstanding that the definition applied in that case referred to Victorian jurisdictional obligations.

Currently, public streetlights are connected by unmetered supply points (known as type 7 metering) meaning they do not measure electricity consumption. In 2024, the AEMC published a final determination on a Rule change to allow market participants to use in-built measurement capability in technology streetlights (Type 9 meters). A type 9 meter can aggregate multiple streetlights under one National Metering Identifier.

The AER's classification of Type 9 meters as an ACS for Victorian DNSPs placed weight on specific jurisdictional regulations in Victoria. However, the AER also made general observations on why it was appropriate to classify the service as ACS including:

- The potential incumbent advantage held by DNSPs given their dominant / monopoly position in the market for public lighting services.
- Type 9 meters are integrated with the smart public lighting services DNSPs roll out.
- There is an ability to readily identify and attribute costs to customers of Type 9 meter services for public lighting customers.

We support the AER's views on these matters and consider that Type 9 meters should be classified as an ACS service under the public lighting service group.

2.5 Classification of leasing network battery service (SCS)

Endeavour Energy has been installing network batteries to defer potential infrastructure upgrades by alleviating future constraints on the network. Endeavour Energy has been leasing

space capacity of network batteries to third parties as an unclassified service under ring fencing waivers.[5]

We consider that leasing spare capacity in network batteries should remain a contestable service. However, we consider that the AER should expressly classify the service as an "unregulated distribution service" consistent with its approach for the distribution asset rental service. In our view, this would also benefit the general customer base through the potential of shared asset revenue.

Further we consider that the facilitation costs should be expressly considered a SCS consistent with distribution asset rentals. This ensures that Endeavour Energy is compensated for the legal and administrative costs of entering into leasing agreements with third parties for spare capacity of network batteries, and do not provide a barrier for maximising the value of the asset for customers.

2.6 Amendments to align with AER's final regulatory determination

We note that the service classifications in the current F&A paper published by the AER in July 2022 are not consistent with the AER's constituent decision on service classification in its final regulatory determination for Endeavour Energy for the 2024-29 period.[6]

For consistency, we propose that the current F&A in July 2022 be amended to reflect the revisions in the AER's final decision for service classification including the re-classification of Type 5 and 6 metering services from ACS to SCS, together with the definition changes set out in the AER's final decision.

3. Other matters

Endeavour Energy considers that the current F&A should be retained for all matters except for service classification. In the sections below, we identify the reasoning for retaining the current F&A paper as amended by the AER's final determination for 2029-34.

3.1 Form of control

The AER must make a decision on the form of control that will apply to apply to Endeavour's SCS and ACS services.

Currently, the F&A applies a revenue cap to SCS. Under a revenue cap, Endeavour Energy sets prices to recover the annual revenue requirement, adjusted for the yearly update to the cost of debt and recovery of incentive scheme amounts. Endeavour Energy is able to 'true-up' the annual revenue requirement for under and over recovery amounts that relate to variances in forecast energy consumption.

We consider that the revenue cap should be retained for SCS. We note the considerable analysis undertaken by the AER in 2013 when it decided to set a revenue cap for NSW DNSPs.[7] Our view is that there has been no change in circumstances that warrant a change in the form of control. In relation to ACS, we consider that the current application of a price cap to

[5] We note that the F&A process is separate to ring fencing arrangements. However, Endeavour Energy is of the view that ring fencing waivers for leasing spare capacity of network batteries is onerous, and a clear barrier for extracting the full value of network batteries.

[6] Under clause 6.12.3, the classification of distribution services must be as set out in the relevant framework and approach paper unless the AER considers that a material change in circumstances justify departing from the classification as set out in that paper.

[7] See: AER, Stage 1 F&A paper: NSW 2014-19 Distribution Determinations, March 2013, pp. 49-56 and AER, Stage 2 F&A paper: NSW 2014-29 Distribution Determinations, January 2014, p. 34.

these services is appropriate given that the costs of providing one-off services is highly dependent on the demand of customers.

3.2 Application of incentive schemes

The Framework and Approach process specifies the types of incentives that apply to the regulatory period, with the design and exceptions to these schemes identified in the AER's final regulatory determination.

Under Endeavour Energy's current F&A paper, the AER applies the Efficiency Benefit Sharing Scheme, Capital Expenditure Sharing Scheme (CESS), Service Target Performance Incentive Scheme, the Demand Management Incentive Scheme, and the Demand Management Innovation Allowance Mechanism. We consider the schemes are a key foundation of the incentive structure under the regulatory framework and should be retained.

The current F&A paper does not expressly apply the Customer Service Incentive Scheme (CSIS) to Endeavour Energy. The CSIS is designed to encourage electricity distributors to engage with their customers and provide customer service in accordance with their preferences. While not expressly applied in the current F&A paper, the AER's final determination for the 2024-29 regulatory period applied a CSIS.

In our engagement with our Peak Customer and Stakeholder Committee, members expressed a preference to co-design a CSIS with Endeavour Energy for the 2029-34 period. For this reason, we consider that the approach to apply a CSIS as per the AER's final regulatory determination should be retained, and that the current F&A paper be amended to reflect the application of this incentive scheme.

3.3 Approach to depreciation

The AER's current F&A paper applies forecast depreciation when rolling forward the asset base at the end of a regulatory period. This lessens the penalty (or reward) for an overspend (or underspend) of capital allowance. The AER generally applies forecast depreciation because the CESS already provides high powered incentives to reduce capital expenditure. On that basis, we consider the current approach to apply forecast depreciation to roll forward the asset base should be retained.

3.4 Pricing of Dual Function Assets

Endeavour Energy's dual function assets operate between 66kV and 220kV and run in parallel with, and provides support to, higher voltage transmission networks. The AER's current F&A paper applies distribution pricing to Endeavour Energy's dual function assets, rather than developing separate transmission pricing for these assets.

The AER's reasoning was that the value of dual function assets at the time was 5 per cent of the Regulatory Asset Base (RAB), and this did not comprise a material proportion of Endeavour Energy's RAB. In addition, the AER noted that Endeavour Energy's dual function assets deliver transmission exit services supporting only its own distribution network.

Under clause 6.25(a) of the NER, we are required to report the current value of our dual function assets to the AER.[8] In a separate letter to the AER, we have reported the value of Endeavour Energy's dual function assets on 1 July 2026 as $463m, approximately 5.4% of the current RAB value.

[8] The Rules require that a DNSP must advise the AER at least 32 months prior to the end of the current regulatory control period of the value of that DNSPs dual function assets. For Endeavour Energy that is 31 October 2026.The value to be advised is the value ascribed to the relevant dual function assets in the relevant Distribution Network Service Provider's regulatory asset base as at the start of the regulatory year which commences 36 months prior to the end of the current regulatory control period. For Endeavour Energy, that is 1 July 2026.

We consider that the current F&A approach should be retained given there is no material change in the value of dual function assets.

3.5 Application of the AER's Expenditure Forecast Assessment Guidelines

The AER's Expenditure Forecast Assessment Guidelines describe the AER's process, techniques and associated data requirements to set efficient expenditure for regulatory determinations. We consider the current F&A approach to apply the AER's Guidelines should be retained for the 2029-34 regulatory period.