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Our Ref: D17-178340
Your Ref: -
Contact Officer: Slavko Jovanoski
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15 December 2017

Andrew Schille
General Manager, Regulation and Corporate Affairs
Endeavour Energy
51 Huntingwood Drive
HUNTINGWOOD NSW 2148

Dear Mr Schille

Re: Seeking AER approval to extend submission date for Endeavour Energy's 2019 to 2024 initial regulatory proposal

Thank you for your letter dated 8 December 2017 seeking the AER's agreement to submit Endeavour Energy's 2019 to 2024 regulatory period proposal by 30 April 2018. This is three months after the current submission date under Chapter 6 of the National Electricity Rules.

The AER has considered your request and is amenable to the revised submission date.

Based on our discussions with you and other stakeholders to date and the information presented in your letter, we understand the delay will enable Endeavour Energy to undertake more extensive customer and stakeholder engagement, especially in relation to its proposed capex program, to formulate a better informed regulatory proposal for the benefit of consumers.

We understand that prior to seeking a time extension, Endeavour Energy has consulted with key stakeholders, including Energy Consumers Australia (ECA), the AER's Customer Challenge Panel (CCP) and the Public Interest Advocacy Centre (PIAC).

Further we consider that Endeavour Energy's upcoming proposal can be assessed within the shorter timeframe, consistent with an open, transparent and consultative process.

Supporting our decision to agree to a time extension are the following key elements:

- Endeavour Energy's commitment to applying the AER's 2013 Rate of Return Guideline for its 2019-24 regulatory proposal with an acknowledgment that the process to address outstanding matters in relation to the cost of debt for the 2014-19 determination will be addressed via a separate process.
- Use of the AER's base-step-trend approach to forecasting opex for 2019-24 with base opex at, or below, the AER's forecast for 2017-18 as in the AER's 2015 Determination.

- Endeavour Energy's proposal to engage interested stakeholders in scoping out a series of detailed investigations into its 2019-24 capex investment plans prior to lodgement of its proposal, including a commitment to make available the relevant underlying information, assumptions and models that support the capex proposal as part of this engagement process.
- Endeavour Energy's acceptance of stakeholder feedback in framing the stakeholder engagement plan included as part of its extension request.

Should you have any questions, please do not hesitate to contact either Slavko Jovanoski on (02) 9230 3899 (slavko.jovanoski@aer.gov.au), or myself on (03) 9290 1834 (mark.mcleish@aer.gov.au).

Yours sincerely

A handwritten signature in black ink, appearing to be 'Mark McLeish', written over a horizontal line.

Mark McLeish
A/g General Manager
Network Expenditure