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11 March 2011

Vince Graham  
Chief Executive Officer  
Endeavour Energy  
51 Huntingwood Drive  
HUNTINGWOOD NSW 2148

Dear Mr Graham

**D-factor for demand management activities undertaken in 2009–10**

I am writing to you regarding the outcome of the AER's determination on Endeavour Energy's D-factor for demand management activities undertaken in 2009–10.

In Appendix K of the AER's 2009 NSW distribution determination the AER adopted IPART's 2004 D-factor scheme for the 2009–14 regulatory control period. The AER has reviewed Integral Energy's D-factor submission against section 11.2 of the Independent Pricing and Regulatory Tribunal's *NSW Electricity Distribution Pricing for 2004/05 to 2008/09* and *Guidelines on the Application of the D-factor in the Tribunal's 2004 NSW Electricity Distribution Pricing Determination*.

On the basis of the information provided in Endeavour Energy's submission and independent experts review, the AER has determined a D-factor of  $-0.001$  is to be included in the weighted average price cap for 2011–12.

If you would like to discuss this matter further please contact Ben Davis on 6243 1272.

Yours sincerely



Chris Pattas  
General Manager  
Network Operations and Development