

31 January 2023

Ms Clare Savage
Chair
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Dear Clare

Endeavour Energy Regulatory Proposal

I am pleased to submit Endeavour Energy's regulatory proposal for the period 1 July 2024 to 30 June 2029.

Endeavour Energy thanks the AER for its early and ongoing involvement through the Better Resets – toward customer centric regulatory proposals process, in preparation of this Regulatory Proposal. Improved access to AER representatives has supported Endeavour Energy, and our Regulatory Reference Group of key customer advocates and stakeholders to undertake our most comprehensive engagement program ever with customers to support the outcomes they most valued, in the most affordable way.

Throughout the lengthy and iterative development of this Proposal, we have consistently demonstrated restraint in our forecasts and future plans. We have done so through committing to increased efficiencies or through limiting our plans and outcomes to ensure we have appropriately balanced our customers long-term interests and their existing and emerging needs, while maintaining affordability, predictability, equity, and fairness in our costs.

Our network is powering the lives of our communities with over 2.7 million people increasingly depending on our service every day. This will grow to 3 million people by 2029. Even with this growth we plan to deliver significant efficiency gains with a Proposal that includes a 15% real reduction in operating costs and an 8% real reduction in gross capital cost compared to the 2019-24 regulatory period allowance. We will also be able to efficiently deliver the clean energy future that our customers are leading and have consistently prioritised throughout our engagement, as well as responding to a rapidly changing environment, both directly and collaboratively across the regions we serve.

Despite these improvements in our costs and ongoing declines in our expenditure per customer, our distribution bills will increase over the next regulatory period by an estimated \$48 per annum for the average residential customer and \$86 per annum for the average small-medium business customer. These increases are largely driven by inflationary pressures and the increased cost of debt and equity. We take our commitment to managing energy affordability seriously, especially for the most vulnerable members of our communities. In addition to maintaining a position of investment restraint, we continue to work closely with Government, retailers, with the AER and through industry, including

the Energy Charter. We are expanding our range of social programs and the resources dedicated to supporting an inclusive energy market.

Endeavour Energy's Regulatory Proposal is compliant with the NER. Our Proposal comprises a Plain Language Overview document, the main Proposal document, the Regulatory Information Notice, our Tariff Structure Statement, and supporting information contained in various attachments. The submission has been made digitally via the ACCC OurShare portal.

We look forward to continuing to collaboratively engage with the AER and stakeholders over the coming months, with the overarching aim of creating a more efficient process that works for customers in the long-term and is consistent with the Better Resets Handbook. We look forward to continued engagement both as part of this Regulatory Proposal but also in addressing the key challenges of our industry.

Should you require further information, please contact Mr Colin Crisafulli, Head of Network Regulation, on [REDACTED].

Yours sincerely

A handwritten signature in black ink, appearing to read 'Guy Chalkley', with a long, sweeping flourish extending to the right.

Guy Chalkley
Chief Executive Officer
Endeavour Energy