



ATTACHMENT 1.09

APPENDIX A

**Endeavour Energy response to matters raised in Jacobs
prudency review**

Prepared by: Endeavour Energy

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In their System Capex and Prudency Report, Jacobs noted the matters listed below, where they believed that further commentary in our revised proposals would be of value. We have addressed these matters in our revised proposal and have indicated relevant Chapters or attachments below.

1. *Jacob commented that while a linear relationship between maximum demand and augmentation capex may be valid for underlying demand growth, in cases where augmentation expenditure is driver by step changes in base infrastructure a linear relationship is not valid.*

We have considered this issue and addressed it in Attachment 5.02 of our proposal section 4.2

2. *Jacobs noted that the AER considered that Endeavour Energy had not provided sufficient evidence to support some categories of un-modelled repex. Jacobs noted that they expect that the DNSPs will provide sufficient evidence to justify any step increases to expenditure within the un-modelled categories in their revised expenditure proposal submissions.*

We have considered this issue and addressed it in Attachments 5.03 and 5.06 and section 5.4.3 (the 'replacement capex' section under 'review by capex category').

3. *Jacobs noted that (insert business) had made limited reference to the use of FMECA RCM techniques in their substantive regulatory proposals.. They noted that they would expect the NSW DNSPs to present the benefits of the FMECA/RCM approach and demonstrate the potential risks and increased overall costs burden that would eventuate due to the disruption of the optimised schedules.*

We have considered this issue and addressed it in Chapter 1 in relation to Safety and Reliability impacts of disruption to the optimised schedules as well as in Chapter 6 – Operating Expenditure.

4. *Jacobs noted that the AER had not accepted Endeavour Energy reliability capital expenditure with the AER citing a number of matters upon which they were unclear. The AER and Jacobs noted that the businesses should clarify the matters raised by the AER in their expenditure proposal submissions.*

We have considered this issue and addressed it in Chapter 3 in regard to STPIS parameters and Chapter 5 in regard to capital expenditure requirements (section 5.4.3 the 'reliability capex' section under 'review by capex category') and Attachments 5.04 and 5.05.