



18 December 2013

Mr Andrew Reeves  
Chairman  
Australian Energy Regulator  
GPO BOX 520  
Melbourne VIC 3001

FILE No:
DOC:
MARS/PRISM:

Dear Mr Reeves

## REGULATORY INVESTMENT TEST FOR DISTRIBUTION - TRANSITIONAL PROJECTS

The purpose of this letter is seek approval from the AER for exemption from the new Regulatory Investment Test – Distribution (RIT-D) for specific projects that are already advanced in their formulation under the existing Regulatory Test framework.

Endeavour Energy supports the new framework and in seeking exemption for transition projects, it is not an indication that we will lessen our commitment to examine non-network options for network constraints.

In line with the RIT-D application guidelines, from 1 January 2014 the AER will require projects to be assessed under the RIT-D instead of the Regulatory Test, unless by 31 December 2013:

- a NSP has commenced assessing the projects under the Regulatory Test; and
- the NSP has submitted a list of those projects to the AER.

*Under cl. 11.50.5(e) of the NER, the AER may determine that project/s have not commenced assessment under the Regulatory Test. The AER will consider that an NSP has commenced assessing a project under the Regulatory Test if, before 1 January 2014, it has:*

- published a project evaluation under the former regulations; or
- identified the project in a published Distribution Annual Planning Report (DAPR); or
- released a Request for Information; or
- commenced an option analysis for the project under the Regulatory Test.

Projects that are advanced in their options analysis under the Regulatory Test are shown in Table 1 below. This list of transitional projects will be identified in the Endeavour Energy 2013 DAPR. These projects have been assessed against the Reasonableness Test in the NSW Demand Management Code of Practice and where appropriate, investigations are being carried out for non-network options under the current Regulatory Test framework.

Table 1 – List of Transitional Projects

Project No.	Description	Reason for Transition Status
PR596	Marsden Park Residential Zone Substation	Project has been approved by the Board and Endeavour will publish a consultation paper based on the existing Regulatory Test prior to December 2013.
PR674	South Marsden Park Industrial Precinct Power Supply Stage 1	Options analysis is advanced under the current Regulatory Test framework. Internal approval process is advanced.
PR479	Far South Coast 132kV network voltage constraints	Options analysis is advanced under the current Regulatory Test framework.
PR258	Menangle Park Release area Power Supply	Options analysis is advanced under the current Regulatory Test framework.
PR673	Liverpool CBD constraints	Options analysis is advanced under the current Regulatory Test framework.

We trust you will find this application for exemption satisfactory in accordance with the AER guidelines.

If you require further information in relation to this matter please contact Rick Wallace, Manager Asset and Network Planning on 02 9853 6648.

Yours Faithfully



Rod Howard  
**Chief Operating Officer**  
Endeavour Energy