

Submissions delivered electronically to [AERresets2024-29@aer.gov.au](mailto:AERresets2024-29@aer.gov.au)

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12 May 2023

## Endeavour's 2024–29 electricity distribution determination

To Arek,

Thank you for providing stakeholders the opportunity to review and respond to the Endeavour's 2024–29 electricity distribution determination proposal. As a service provider within the embedded network sector, our response will be focused as such.

### General Comments

We have concerns about Endeavour Energy's introduction of an EN tariff and the impact it may have. Some of these concerns are shared in our Ausgrid's EN tariff proposal submission and by many industry and community bodies.

- Our concern is that the introduction of the EN tariff will have an adverse effect on EN customers as exempt seller pricing flexibility will be stiffened. This will also mean that customers, especially the most vulnerable consumer groups will face further cost increases.
- Land lease residential parks consuming over 160 MWh/pa will be impacted significantly as direct cost are passed through to residents. The size of the EN does not correlate with the level of consumer vulnerability.
- There is a misperception that the majority of EN customers are charged at DMO however we believe that the introduction of the EN tariff will add to the increase cost of EN operations, further pressuring exempt sellers to charge at capped prices. EN operators, like all other C&I consumers are experiencing the pressures of increase cost as wholesale markets have surged to record highs.
- We understand and support the DNSP in adjusted tariffing to be more cost reflective as metering technology allows consumers to have more influence and control over their usage and cost savings, however we believe that the introduction of the EN tariff is a poor reflection of true network cost.
  - The proposal states that embedded network's low contribution has resulted in Endeavour recovering less cost. Bear in mind that Endeavour holds no responsibility past the gate meter connection, which also means that cost to serve is reduced eg one gate meter point vs 200 market points. EN's are charged various ad-hoc fees and capital contributions to connect to Endeavour's network.
  - Differential load factors are accounted for in the existing demand charge however the proposed EN network tariff would see a considerable average 23% difference in cost for ENs compared to a

traditional customer. We question if Endeavour's cost to serve EN and non-EN customers on the same network tariff vary that greatly. See **Table 1 - % Difference between system and EN tariff**. A 12% increase in the first year would also greatly impact cost. See **Table 2 – Annual % increase**.

		HS Demand 2	LS Demand 2
		<i>cents/kVA/highsn</i>	<i>cents/kVA/lowsn</i>
<b>2024–25</b>			
LV STOU Demand	N19	40.7356	34.3452
LV STOU Demand - Embedded	N20	45.4806	39.0902
		<b>12%</b>	<b>14%</b>
<b>2025–26 % diff</b>			
LV STOU Demand	N19	40.8700	34.4796
LV STOU Demand - Embedded	N20	50.3600	43.9696
		<b>23%</b>	<b>28%</b>
<b>2026–27 % diff</b>			
LV STOU Demand	N19	41.0681	34.6455
LV STOU Demand - Embedded	N20	50.5581	44.1355
		<b>23%</b>	<b>27%</b>
<b>2027–28 % diff</b>			
LV STOU Demand	N19	41.4665	34.9797
LV STOU Demand - Embedded	N20	50.9565	44.4697
		<b>23%</b>	<b>27%</b>
<b>2028–29 % diff</b>			
LV STOU Demand	N19	41.8855	35.3338
LV STOU Demand - Embedded	N20	51.3755	44.8238
		<b>23%</b>	<b>27%</b>

**Table 1 - % Difference between system and EN tariff**

		2025–26	2026–27	2027–28	2028–29
LV STOU Demand	N19	0%	0%	1%	1%
LV STOU Demand - Embedded	N20	12%	0%	1%	1%

**Table 2 – Annual % increase**

- Cost increase may stifle future innovation including EV charging, on-site generation, storage and other services that ENs can offer consumers.

## Potential Outcomes

The outcomes of the introduction of these tariffs may have the following repercussions:

- Exempt sellers pass through cost increases to customers, including outgoing common area cost.
- Vulnerable consumer groups such as land lease residential parks will be hit the hardest.
- Exempt entities seek to remove the EN (reverse retrofit) and connect tenants to the market. Legacy ENs may find challenges to this option due to the age of infrastructure. Substantial costs to reverse retrofit an EN may also be borne by property owners which are also consumers/tenants of the EN.
- Exempt entities become insolvent, and administrators appointed triggering multitude of issues and confusion, noting that there is no established RoLR scheme for exempt embedded network operators.
- Risk of retailers carrying gate meter debt as a result of operator insolvency.

## Summary

Energy Intelligence believe that introducing an EN tariff will have detrimental impact on embedded network industry including consumers, retailers, operators, owners and third parties.

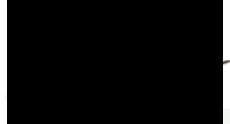
We appeal that the AER considers the impacts and complexity the proposed EN tariff could have, especially to those that will hurt the most. Again, we thank the AER for consulting with stakeholders on these matters and hope that this submission is of assistance in your considerations.

If you have any further queries or would like to discuss our submission in greater detail, please feel free to contact myself or Mussan. Energy Intelligence would be available to assist in providing any supporting data and insights in an embedded network aspect.

Yours sincerely,



**Mardi Trezise**  
Managing Director



**Mussan Larnach**  
Compliance Manager



## About Energy Intelligence

Energy Intelligence is an energy consultancy providing advisory services to clients within the embedded sector. We offer complete embedded network solutions specifically designed for our clients who own embedded sites often supplied by traditional and renewable-based generation across the states.

Our compliance principle is to pursue best practice regardless of the minimum requirements of the jurisdiction and is evident in the embedded networks we manage.