

12 May 2023

Arek Gulbenkoglul
General Manager
Australian Energy Regulator

By email: AERresets2024-29@aer.gov.au

Re: Endeavour Energy – Determination 2024-29

Dear Mr. Gulbenkoglul,

The Urban Development Institute of Australia NSW (UDIA) is the leading development industry body, representing more than 450 member companies and agencies across the public and private sector. We invest in evidence-based research to inform our advocacy to Government, which enables our members to create liveable, affordable, and connected smart cities.

Given the well reported housing affordability crisis threatening our state, UDIA's stated policy is to continue championing solutions towards a sustainable development ready pipeline which would ensure that housing supply is brought on in a timely and consistent manner to meet demand across NSW.

UDIA welcomes the opportunity to formally respond to the Australian Energy Regulator's (AER) review of Endeavour Energy's 2024-2029 Regulatory Proposal and supporting documents. We recognise the significance of Endeavour Energy's role in the urban development industry and are writing to support Endeavour's proposed growth policies, especially in Western Sydney where both housing and employment-based demands must be accommodated.

We were pleased that the AER is supportive of Endeavour's proposal, and we take this opportunity to respond to some of the questions in your Issues Paper.

AER Question 2. Do you consider that we should accept Endeavour's proposal at the draft determination stage?

Response: Our overall view is that the AER should accept the Endeavour proposal.

Consumer Engagement

AER Question 3. Do you think Endeavour's consumer engagement meets the expectations set out in the Handbook in delivering a consumer-centric proposal?

Response: It is UDIA's belief that the engagement pursued by Endeavour Energy has enabled their proposal to accurately account for the needs of households and of housing providers, presenting a balanced and consumer-centric forward approach. This is intrinsic in its stated principles and objectives and is further evidenced by the breadth of engagement with individuals and organisations from diverse backgrounds and professions.

One step further, Endeavour's acknowledgment of housing affordability as a key pillar in its decision making is pivotal evidence of their consumer-centric model. Page 24 of Endeavour's Regulatory Proposal explains how their thorough engagement revealed that customers, more than anything, want value for money from their energy provider. At a high-level, Endeavour Energy is consistently touted as an exemplar in reliable service provision by their customers, and there is no indication in their proposal that this will change. Therefore, the renewed focus on housing affordability is only adding to their proposal.

The intended uptick in expenditure in key growth areas is justified as simultaneously improving equitable, consumer-centric objectives, and reflecting demands unveiled through their comprehensive engagement strategy and historical reliability.

Growth Servicing Strategy

Additionally, UDIA would like to formally acknowledge the appropriateness of Endeavour's Growth Servicing Strategy.

With the continuing population expansion of the Greater Sydney Megaregion, a more holistic and comprehensive review of how infrastructure delivery can support its diverse consumer base is necessitated. Importantly, Endeavour's plan for service delivery acknowledges the differences between greenfield and brownfield/infill development. The extensive work Endeavour has conducted to identify and arrive at appropriate, land-type contingent solutions is pivotal to supporting growth outcomes.

More specifically, the 'Just in Advance' model that Endeavour is proposing in greenfield areas is extremely apt and backed by evidence. In UDIA's [Greenfield Land Supply Pipeline Report 2022](#), we outlined the overriding constraints that are impinging on development ready land in greenfield areas. The uncertain and delayed delivery of enabling infrastructure (water, sewer, power, and roads) persisted as the biggest constraint on new housing supply. On the back of this evidence base, UDIA has made recommendations that can help address the often-disjointed delivery of critical infrastructure projects to better enable supply to come on.

UDIA hence strongly supports the 'Just in Advance' principle. By adhering to this, Endeavour would overcome a key development barrier typical to greenfield developments. Further, Endeavour has identified that the roll-out of these assets are based on the 'high likelihood of utilisation,' which is the ideal forward approach to facilitate reliable growth corridors. Allowing growth areas to be more coordinated and consistent based on these infrastructure-first initiatives is critical to enable growth in the Western Parkland City.

By better aligning housing delivery with the roll-out of infrastructure, a fundamental barrier in Western Sydney growth areas can begin to be addressed. We commend Endeavour Energy for taking this 'Just in Advance' approach, and we encourage other utility agencies to follow this lead to enable a coordinated approach to strategic planning.

Capital Expenditure

AER Question 6. What do you think about the proposed scope of targeted review?

Response: Western Sydney is the pinch point for future growth and innovation. The Department of Planning and Environment's Population Projections to 2041 expects the region to

grow faster than any of the other Six Cities in the Sydney Megaregion (32% population growth to 2041). Specifically, South West Sydney is projected to carry the bulk of future development not just in Western Sydney, but across our entire state, through growth precincts including Wilton, Austral-Leppington, and Lowes Creek Maryland.

UDIA has long advocated for a more streamlined and simple governance approach to plan for and manage growth in Western Sydney and around the new Aerotropolis. Our recent [NextGen West Manifesto](#) pinpointed the lack of a consistent and coordinated infrastructure delivery program that could deliver jobs and homes in a sustainable manner. With housing and employment opportunities impending, servicing and investment must be there to match with certainty and timeliness.

It is the view of UDIA that Endeavour's proposed focus on Western Sydney is entirely appropriate given the direction of our state's growth. While we understand the hesitancy to allow greater spending in a time of political disruption around inflation and cost of living, Endeavour has rightly acknowledged that there will be both planned and as-yet unanticipated growth in Western Sydney over the coming years that a more ambitious investment plan will need to be deployed to stay on track.

We are concerned, then, at the potential of AER's targeted review for programs around the Western Sydney Aerotropolis growth area to reforecast the proposed portion of capex away from Western Sydney. Endeavour's continued presence in the Aerotropolis is critical to its operative capacity and is critical to forward plan for growth around the new airport. It is important that any review of the Endeavour plan keeps this forward outlook in mind.

AER Question 7. At an overall level, is Endeavour's capex forecast capable of acceptance at the draft determination stage?

Response: Given the aforementioned context, UDIA firmly believes that the capex forecast is capable of acceptance at this stage. The targeted review of 15% of Endeavour's capex forecast should be pivoted to a broad high-level review and should strongly consider the expected growth around the Western Sydney Aerotropolis for logistic uses given tight vacancies.

Continued investment by Endeavour Energy to build and grow its network is strongly encouraged by the development sector. It is crucial that the review of their Proposal progresses in a timely and coordinated fashion to allow forward planning of growth areas to continue, as this certainty will be a pivotal factor in supporting housing supply and affordability in a time when it is most needed in NSW.

We thank you for the opportunity to provide a response on this important proposal.

Yours Sincerely

A black rectangular redaction box covering the signature of Steve Mann.

Steve Mann - Chief Executive Officer, UDIA NSW