

25 October 2016

Mr Moston Neck
Director Network Regulation
Australian Energy Regulator
PO Box 12241, George Street Post Shop
Brisbane Qld 4003

By electronic submission: moston.neck@aer.gov.au

Dear Mr Neck

Endeavour Energy request to update Framework and Approach paper for the next regulatory control period

Endeavour Energy's current regulatory control period ends on 30 June 2019. Accordingly we have commenced preparation for the next revenue proposal due to be submitted to the AER in January 2018. The first step in this process is an assessment of the existing Framework and Approach (F&A) paper that applies for the current regulatory control period, 1 July 2014 to 30 June 2019.

Due to the transitional arrangements that applied to the current regulatory control period, the existing F&A was issued by the AER in two stages:

- Stage 1 F&A paper was issued by the AER on 29 March 2013 and contained the AER's decisions on the classification of services, regulation of dual function assets and the form of control to apply to direct control services; and
- Stage 2 F&A paper was issued by the AER on 31 January 2014 and contained the AER's decision on the application of the various incentive schemes.

Under clause 6.8.1(c)(1) of the National Electricity Rules (NER or rules), Endeavour Energy may request the AER make an amended or replacement F&A in respect of a matter. This request must be made no later than 32 months before the end of the current regulatory control period and must specify the reasons for making the request.

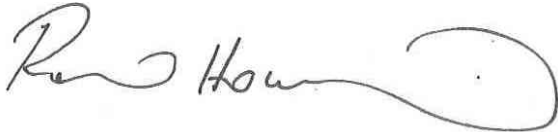
The AER must then make and publish a notice, that states whether it will make an amended or replaced F&A paper in respect of the matters raised by the Distribution Network Service Provider (DNSP), or any other matter it considers necessary, no later than 30 months before the end of the current regulatory control period.

Therefore, we request an update to the F&A paper be made in accordance with the NER. The new F&A paper should apply to the forthcoming revenue determination for Endeavour Energy, for the regulatory control period commencing 1 July 2019.

We consider that an amended or replacement F&A paper is required based on our assessment of the F&A papers currently in place and the feedback we have received through our customer engagement activities. Our initial views in relation to each F&A paper topic are outlined briefly in Attachment A. The initial views of stakeholders and a record of our F&A workshop are contained in Attachment B.

Endeavour Energy is pleased to initiate the upcoming revenue determination process with the AER and we look forward to consulting with the AER and customers in preparing our revenue proposal. If you have any queries or wish to discuss this matter further please contact Jon Hocking, Manager Network Regulation on (02) 9583 4386 or alternatively via email at jon.hocking@endeavourenergy.com.au.

Yours sincerely



Rod Howard
Acting Chief Executive Officer

Attachments: A, B, C

