

Sub-threshold Tariff Notice

27/02/25



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Executive summary

In accordance with Rule 6.18.1C of the National Electricity Rules (NER), Endeavour Energy is making this submission to notify the Australian Energy Regulator (AER) of its intention to trial three sub-threshold tariffs from 1 July 2025.

The overarching purpose of our tariff strategy is to make energy more affordable by providing customers with the information they require to improve network utilisation by making informed and efficient decisions about their use of the network and their investment in new technologies such as solar, storage and electric vehicles.

The objective of these trials is to investigate new cost-reflective pricing options for customers with a view to making these tariffs more widely available in future regulatory periods. These tariffs have the potential to provide customers with more control over their network electricity bills, improve network utilisation, and enable efficient integration of distributed energy resources (DER), including consumer energy resources (CER), in the distribution network.

These tariff trials provide Endeavour Energy with an opportunity to test new and innovative tariff structures that can meet the future needs of our customers and the distribution network. The changes in the way that customers interact with the distribution network, and the services that customers increasingly expect from the network, are being driven by the emergence of new technologies, such as storage and Electric Vehicles (EV) and the increasing uptake of solar. Accordingly, it is important that Endeavour Energy's tariffs keep pace with these changes. Our proposed trial tariffs set the path for ensuring we can provide our customers with options and pricing structures that better reflect customers' changing technological preferences and energy usage behaviours.

Our proposed tariffs are:

1. **Off Peak+**. A flexible controlled load tariff with specific focus on Hot Water Solar soaking. Off Peak+ is a continuation of the trial tariff first raised in our FY23 sub-threshold tariff notice and was flagged as a continuing trial tariff in section 5.6 of our Tariff Structure Explanatory Statement. As opposed to traditional controlled load technology, the Off Peak+ arrangement allows the network or retailer to flexibly control the customer's load through their smart meter in response to real-time network or market constraints without the need to maintain a traditional load control network. The key focus of the broader Off Peak+ trial is to use residential electric hot water systems as a solar soak for excess photovoltaic (PV) export.
2. **Residential LUOS**. A Local Use of System (LUOS) tariff based on our standard Residential Time of Use (TOU) tariff (N71). The Residential LUOS tariff is designed for residential customers who have entered into a community battery agreement with their retailer. The trial tariff reflects the customer's reduced reliance on distribution and transmission assets up-stream of the community battery.
3. **General Supply LUOS**. A LUOS tariff based on our standard General Supply TOU tariff (N91). The General Supply LUOS tariff is designed for small business customers who have entered into a community battery agreement with their retailer. The trial tariff reflects the customer's reduced reliance on distribution and transmission assets up-stream of the community battery.

1. Summary of notification information

	Off Peak+	LUOS (Residential & General Supply)
Name of trial	Off Peak+	Residential LUOS General Supply LUOS
Objectives of trial	The objective of this trial is to investigate a new cost-reflective pricing option for customers with a view to making the tariff more widely available in future regulatory periods. This tariff has the potential to provide customers with more control over their network electricity bills, improve network utilisation, and enable efficient integration of distributed energy resources (DER) in the distribution network.	
Retailer engagement and expected retailer response	Off Peak+ is a continuation of the trial tariff first raised in our FY23 sub-threshold tariff notice. One-on-one retailer meetings. See further Section 4 below.	The trial LUOS tariffs have been developed in conjunction with a retail partner for use in community battery projects. The trial tariff would be open to all retailers participating in community battery projects with Endeavour Energy, subject to trial customer limits.
Consumer engagement and expected consumer response	Off Peak+ is a continuation of the trial tariff first raised in our FY23 sub-threshold tariff notice. In developing our 2025-29 TSS and prior consultation on previous iterations of the Off Peak + trial, dynamic controlled load for solar soaking was seen by stakeholders as a potential improvement on traditional controlled load tariff structures. See further Section 4 below.	The trial LUOS tariffs have been developed in conjunction with a retail partner for use in community battery projects. The trial tariff would be open to all retailers participating in community battery projects with Endeavour Energy, subject to trial customer limits.
Proposed tariff structure & pricing	Flexible controlled load	Seasonal TOU Energy
Forecast revenue (\$ and % AAR)	\$1.78m; 0.16% of AAR	\$3.61m; 0.33% of AAR (combined Residential and General Supply)
Trial start date	1 July 2022. Current iteration of the trial commenced 1 July 2024.	1 July 2025
Duration of trial	We intend to trial these tariffs until the end of the 2025-29 Regulatory Control Period.	

Potential changes and triggers	Endeavour Energy will monitor uptake relative to NER limitations on sub-threshold tariffs. Tariff will be closed to new entrants when cap is achieved.
Notification date	27 February 2025

Table 1: Summary of Trial Tariffs

2. NER and AER requirements

NER requirements

Section 6.18.1.C(1)¹ of the NER requires a Distribution Network Service Provider (DNSP) to notify the AER, affected retailers, and affected retail customers of a new proposed tariff that is determined otherwise than in accordance with the current Tariff Structure Statement (TSS). In particular, the NER requires that:

- The DNSP's forecast annual revenue for each tariff is no greater than 1 per cent of the DNSPs annual revenue requirement (the individual threshold); and
- The DNSP's forecast annual revenue from all tariff trials is no greater than 5 per cent of the DNSP's annual revenue requirement (the cumulative threshold).

Endeavour Energy's proposed tariffs are within both the individual threshold and cumulative threshold, as shown in Table 4.

AER guidance

The AER has published a guidance note on its expectations for tariff trials pursued under the regulatory framework. The AER's guidance note states that distributors should provide clear links between the tariff trial and the distributor's TSS strategy. The AER also requests that distributors report on the results of the tariff trials, and how these learnings have been used by the business.

Endeavour Energy's proposed tariff trials aim to further our strategy of moving towards greater cost reflectivity and providing customers with greater tariff choice and the opportunity to better manage their network bills. The alignment of the sub-threshold tariffs to our TSS strategy is described in the Executive Summary.

¹ Amended under 11.141.8 of Transitional Chapter 11.

3. Eligibility and duration

This section outlines the proposed duration of the tariff trials and the mechanisms by which customers will be assigned to the tariffs.

Tariff trial period

To provide certainty to retailers and customers, Endeavour Energy intends to continue each of these tariff trials through the duration of the 2025-29 regulatory control period.

Off Peak+ eligibility and assignment

The Off Peak+ tariff trial will be provided to customers on an opt-in basis. To be eligible for this pricing trial, a customer must have the metrology and controllable device required to support the trial tariff.

Retailers can apply for the trial tariff through our standard tariff change request process. Before approving the request, Endeavour Energy will verify the customer's eligibility for the trial, assess the retailer's willingness to share data with Endeavour Energy, and review the impact on revenue limits placed on sub-threshold tariffs under the NER (6.18.1.C).

Endeavour Energy will close the trial tariff to new entrants to ensure the revenue limits placed on sub-threshold tariff under the NER (6.18.1.C) are not breached.

Customers on the Off Peak+ trial may opt-out to an eligible tariff at any time in accordance with Endeavour Energy's current tariff assignment policy. This means that customers can opt -out to our standard Controlled Load tariff options (N50 and N54).

Residential and General Supply LUOS tariff eligibility and assignment

The Residential and General Supply LUOS tariff trial will be provided to customers on an opt-in basis. To be eligible for this pricing trial, a customer must:

- have the metrology required to support the trial tariff; and
- be signed up to a retailer's community battery product offering. This product offering must be endorsed by Endeavour Energy as being consistent with the purposes of this trial.

Retailers can apply for the trial tariff through our standard tariff change request process. Before approving the request, Endeavour Energy will verify the customer's eligibility for the trial, assess the retailer's willingness to share data with Endeavour Energy, and review the impact on revenue limits placed on sub-threshold tariffs under the NER (6.18.1.C).

Endeavour Energy will close the trial tariff to new entrants to ensure the revenue limits placed on sub-threshold tariff under the NER (6.18.1.C) are not breached.

Customers on the Residential or General Supply LUOS trial may opt-out at any time.

4. Engagement

Off Peak+ is a continuation of the trial tariff first raised in our FY23 sub-threshold tariff notice.

In developing our 2025-29 TSS and in our prior consultation on previous iterations of the Off Peak+ trial, dynamic controlled load for solar soaking was recognised by stakeholders as a potential improvement on traditional controlled load tariff structures.

Endeavour Energy has engaged with our Regulatory Reference Group (RRG) and Retailer Reference Group (ReRG) and various other customer and stakeholder forums throughout the development of our 2024-29 TSS proposal.

Specifically in relation to retailers, we note that we are continuing to engage with this group and are optimistic that a retailer will pass through the network tariff trial price signals directly to the end customer. We note that:

- the trial Off Peak + tariff is already in operation with multiple retailers involved; and
- the trial LUOS tariff has been developed in response to retailer demand for community battery products. Although the LUOS tariff has been developed in conjunction with a retail partner, it would be made available to all retailers (subject to trial customer limits).

5. Tariff Structure

All proposed trial tariff structures align to our Residential and General Supply Seasonal TOU Energy tariffs as approved by the AER in Table 4 (page 21) of our Tariff Structure Statement.

Trial Tariff	Components	Units	Charging Parameter
Off Peak Plus, Residential LUOS and General Supply LUOS	Fixed	c/day	Daily access charge
	High-season peak energy	c/kWh	Charge applied to energy consumed between 16:00 to 20:00 on business days. High-season includes the months November to March inclusive.
	Low-season peak energy	c/kWh	Charge applied to energy consumed between 16:00 to 20:00 on business days. Low-season includes the months April to October inclusive.
	Solar soak energy	c/kWh	Charge applied to energy consumed between 10:00 to 14:00 on all days.
	Off-peak energy	c/kWh	Charge applied to energy consumed at all other times

Table 2: Tariff structures

6. Indicative pricing

At the time of this tariff notification, we have developed indicative 2025/26 prices for our proposed trial tariffs. We will submit the expected revenue from the trial tariff to the AER as part of our 2025/26 Pricing Proposal, due to the AER by 1 April 2025. In doing so, we will ensure the proposed prices continue to adhere to the sub-threshold revenue requirements.

The table below sets out Endeavour Energy's indicative 2025/26 prices for each of the proposed trial tariffs.

	Fixed	Peak High	Peak Low	Solar Soak	Off-peak
	c/day	c/kWh	c/kWh	c/kWh	c/kWh
Off Peak Plus	9.60	19.47	11.70	0.00	3.38
Residential LUOS	55.53	10.61	9.08	1.67	8.44
General Supply LUOS	78.01	12.13	10.60	2.35	9.96

Table 3: Indicative Network Prices

Where:

'Peak', 'Solar Soak' and 'Off Peak' periods are based on the following time periods and apply during both Eastern Standard Time (EST) and Daylight Saving Time (DST):

Business Days

Peak: 16:00 – 20:00

Solar Soak: 10:00 – 14:00

Off Peak: All other times.

Non-business Days

Solar Soak: 10:00 – 14:00

Off Peak: All other times.

The following seasons apply to 'Peak' energy and demand charges:

High-season: November to March

Low-season: April to October

7. Forecast revenues and thresholds

Section 6.18.1C(a) requires that subthreshold tariffs must satisfy both an individual and cumulative revenue threshold. In particular, the NER requires that Endeavour Energy's:

- forecast annual revenue for each tariff is no greater than 1 per cent of the annual revenue requirement (the individual threshold); and
- forecast annual revenue from all tariff trials is no greater than 5 per cent of the annual revenue requirement (the cumulative threshold).

As shown in Table 4, our proposed sub-threshold tariffs are forecast to fall significantly below both the individual and cumulative thresholds for 2025/26.

We will continue to monitor customer numbers and volumes on the trial tariffs and, in the unlikely event that the trials approach the revenue thresholds, we will close the trial tariff to new entrants.

We intend to demonstrate ongoing compliance with the revenue thresholds in our annual pricing proposal to the AER.

Annual Smoothed Revenue Requirement (AAR)	Rules threshold (\$'000)	Expected Trial DUOS (\$'000)	Expected Trial DUOS (% of ARR)
Indicative 2025/26 AAR (DUOS)	1,101,698		
5% of AAR – Aggregate of all Trials		5,385	0.49%
1% of AAR – Off Peak+ Trial		1,779	0.16%
1% of AAR – Residential LUOS Trial		2,880	0.26%
1% of AAR – General Supply LUOS Trial		726	0.07%

Table 4: Compliance with revenue thresholds for subthreshold tariffs

