

16th April 2018

Sebastian Roberts
General Manager, Network Expenditure
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001
Email: NSWACTremittal@aer.gov.au
30 November 2017

Dear Mr Roberts,

Re: Endeavour Energy - Determination 2014-19 – Remittal

The Energy Users Association of Australia (EUAA) provides this letter in response to your invitation.

The EUAA is the peak national body representing major Australian electricity and gas users. Our membership covers a broad cross-section of the Australian economy including significant retail, mining, manufacturing, materials and food processing industries.

The EUAA is a strong advocate for energy users and firmly believe that the primary objective of energy markets should be to serve the long-term interests of the consumer as stated in the NEO and NGO. There can be no doubt that energy users, both large and small are experiencing unprecedented increases in both electricity and gas costs, a situation that is clearly at odds with both the NGO and NEO.

The EUAA has received a briefing from Endeavour Energy on their progress through the remittals process. We have also reviewed their Proposal letter to the AER dated 5th April 2018 and the Customer Fact Sheet that summarises the outcomes from the remittal process.

We would like to acknowledge the approach Endeavour Energy has taken in this remittals process, particularly its focus on the affordability pressures facing all energy consumers. We are pleased to see the specific details of the proposal - and that acceptance will resolve the long running appeals and dispute between Endeavour and the AER.

Following examination of Endeavour Energy's proposed package of measures outlined in the letter of 5th April 2018, the EUAA has concluded that the overall package of measures proposed is in the long-term interests of consumers.

We would, however, comment that the way the pricing outcome of the Remittal Proposal is presented in the Customer Fact Sheet requires further clarification.

Rather than:

“Customers will benefit from a 1% real annual decrease in network costs for FY20 to FY24

We believe that it should read:

“Customers will benefit from a 1% real annual decrease in network costs for FY20to FY24 as a result of Endeavours’ over-recovery in the FY15to FY19 period.”

We believe this would more accurately reflect the circumstances that have allowed the 1% real annual decrease to come about.

We look forward to reviewing Endeavour's 2019-2024 reset submission to see how it will provide additional price reductions to consumers above that provided by the remittal decision that simply returns previous over-recoveries.

Most EUAA members are subject to strong competitive market pressures for their products. They do not have the benefit of a guaranteed regulated rate of return and cannot pass on even CPI level network price increases to their customers. While we are encouraged that Endeavour seem to be gaining an appreciation of these cost pressures more work on affordability needs to be done.

We are happy to answer any further questions you may have.

Andrew Richards

A handwritten signature in black ink, appearing to read 'A Richards', written in a cursive style.

Chief Executive Officer
Energy Users Association of Australia