

31 January 2022

Dr Kris Funston
Executive General Manager Network Regulation
Australian Energy Regulator
GPO Box 3131
CANBERRA ACT 2601

Dear Dr Funston,

EXPRESSION OF INTEREST – BETTER RESETS HANDBOOK EARLY SIGNAL PATHWAY

On behalf of Endeavour Energy, I am pleased to write in response to the Australian Energy Regulator's (AER) invitation to apply for an early signal pathway under the new Better Resets Handbook.

Endeavour Energy welcomes and supports this direction from the AER, which encourages high quality engagement, rewards customer-centric proposals, and is designed to improve the efficiency of the regulatory review process.

I write to confirm our interest in the early signal pathway. In doing so, I highlight that this decision has the unanimous support of Endeavour Energy's Board, Executive leadership, project teams and the endorsement of our Regulatory Reference Group (RRG), a committee of key customer advocates and stakeholders that are co-designing and directly supporting our customer engagement for this regulatory reset.

Our attached Expression of Interest sets out Endeavour Energy's commitments to the AER to receive an early signal pathway. However, I take this opportunity to highlight that Endeavour Energy's Engagement Plan (attached), which has been co-designed with the RRG and our Board, aligns well with both the spirit of the Better Resets Handbook, as well as the specific commitments required by the AER.

Endeavour Energy is reciprocating the AER's 'early signal' approach by not only committing to the publication of a draft proposal in October 2022, but also publishing a preliminary proposal in April 2022, including early considerations for all categories of expenditure, modelling and methodology, and tariffs.

The preliminary proposal will provide our customers, broader stakeholders, and the AER a very early indication of the direction and shape a draft proposal from Endeavour Energy might take, and therefore provides a substantial starting point for deep and informed customer engagement, as well as early guidance on any regulatory concerns. We stress that the Preliminary Proposal is a starting point – because we expect our detailed program of customer and stakeholder engagement will provide customer insights and feedback that bear directly on the draft proposal we submit to customers and the AER in October 2022.

We believe our commitment to publish a preliminary proposal, which exceeds the Handbook's minimum requirements, simultaneously facilitates constructive, early engagement with the AER and provides our

customers the information they need to make genuinely informed decisions about the services they value most and at what cost, while having regard to the regulatory objective of prudence and efficiency.

Early last year our RRG told us that a “no surprises” approach was key to delivering a thoughtful, well-informed, customer-focused proposal capable of their support. We made that commitment to the RRG last year, and we are pleased to extend that commitment to the AER in 2022.

More so, Endeavour Energy has heard and genuinely upholds the view that trust, good faith and transparency are the drivers of continuous good engagement, not just with our customers and consumer advocates, but also with the AER. We look forward to your consideration of our Expression of Interest, which we trust demonstrates good faith, good planning, and a real commitment to do what’s right by our customers.

Finally, our team is grateful for the valuable time and constructive guidance already provided by AER representatives throughout our regular engagement in 2021. Their consistent presence and timely advice have been highly beneficial to Endeavour Energy and to our stakeholders as we work towards a customer-centric proposal. We hope to see this approach deepened by the early signal pathway.

Yours sincerely,



Guy Chalkley
Chief Executive Officer

Appendices

- A) Expression of Interest Requirements Summary
- B) Regulatory Reference Group Letter of Support
- C) Endeavour Energy Engagement Plan (v.5 draft proposed, January 2021)
- D) Regulatory Reference Group Terms of Reference
- E) Endeavour Energy preliminary assessment of compliance with the Better Resets Handbook

Appendix A

EXPRESSION OF INTEREST

Endeavour Energy is pleased to respond directly to the six requirements of the AER's early signal pathway. Please see our responses below.

1. A commitment from the CEO and/or the Board, expressing an interest in obtaining an early signal on the elements of its regulatory proposal as set out in this Handbook.

The attached covering letter from CEO, Guy Chalkley makes this commitment. Further, the Endeavour Energy Partnership Board Regulatory Committee unanimously resolved to endorse this commitment on the 2 December 2021. This commitment is further supported by the Endeavour Energy Regulatory Reference Group (RRG) of key stakeholders (refer appendix B).

2. A commitment to publish a draft regulatory proposal for consultation that incorporates the findings of its consumer engagement and shows how the draft proposal meets the expectations set out in the Handbook, including supporting models, data and analysis. The EOI could also indicate other content that is intended to be covered in the draft regulatory proposal.

Per the attached covering letter, Endeavour Energy commits to publishing a draft proposal as required in October, *and* to publishing an earlier, preliminary proposal in April 2022, which will be prepared with input from the RRG, with the intention of providing a substantial starting point for deep and informed engagement with a broader group of consumer advocates and customers in the development of the draft proposal.

The Preliminary Proposal will likewise provide a meaningful and very early starting point for the AER with regards to assessment of all key building blocks of our proposal, including detailed capex and opex proposals, tariffs and depreciation, including the modelling that underpins these aspects of the preliminary proposal.

This provides the AER the earliest possible access to advice regarding the core building blocks of a possible proposal, pending the outcomes of customer and stakeholder engagement between April and October 2022.

By necessity, any discussion of trade-offs and alternatives considered by customers can only be provided to the AER at the draft proposal stage in October following the publication of the preliminary proposal in April. However, this approach allows the AER to provide early analysis and advice regarding our modelling, early assumptions, regulatory compliance, and overall direction.

We anticipate this approach means the draft proposal in October can equally reflect customer feedback and AER advice, fulfilling the objective of the targeted review of a more efficient regulatory review process.

3. Its consumer engagement plan which includes how it intends to meet the expectations for consumer engagement set out in section 3 of this Handbook and how it has/intends to engage customers on their desired outcomes. This plan should include its expectations for AER staff involvement, particularly what type of feedback will be sought and how AER staff can provide feedback to the network business and its customers.

Endeavour Energy proudly submits its engagement plan to the AER, as requested. Endeavour Energy’s engagement plan was co-designed by our RRG, Executive and our Board. It is highly detailed, and per agreement with the RRG, is considered a “living document” subject to amendment as we proceed. A less detailed, more accessible version is also being prepared for our customers and stakeholders to give the broader public clarity of our plans.

Prior to this application and the publication of the Handbook, our engagement plan was in its fourth iteration (August 2021). The fifth version attached shows the mark ups we propose to the RRG to include the early signal pathway and engagement of the AER. It also includes recent amendments following more detailed engagement planning we conducted with the RRG in November 2021.

Please note that we have provided this as a marked up draft pending approval of our RRG in keeping with our commitment to co-design of the plan. We will be pleased to update the AER with the approved version pending the RRG’s approval of our latest amendments.

Specifically, Section 7 of the engagement plan now outlines how Endeavour Energy will engage the AER throughout its program, both informally through direct negotiation subject to AER resource availability, and through participation as observers in our customer and stakeholder engagement activities. To that end, Endeavour Energy has already liaised with the AER to ensure appropriate subject leads are invited to observe and offer guidance at our engagements leading up the publication of the preliminary proposal in April and will work with the AER to arrange appropriate representation at our engagement post the preliminary proposal.

Further, Endeavour Energy agrees to the AER’s proposal of several check in points. We appreciate the AER’s intention to be flexible on engagement, and we recommend that instead of check in points previously suggested by the AER (in May, August and November 2022), the following timing synchronises with our engagement schedule and would maximise the benefit of these check in points for all parties, as follows:

Proposed Timing	Proposed Sequencing
June 2022	Following: April preliminary proposal May segment workshops (2) May & June customer deliberative forums (4)
September 2022	Following: June customer deliberative forums (2) July, August & September stakeholder deep dives (4) August – quantitative customer research
November 2022	Following: September customer deliberative forums (3) Conclusion of customer engagement October draft proposal.

- 4. What data and information can be provided to the AER during the course of pre-lodgement engagement to facilitate AER staff feedback to networks and consumers in accordance with the consumer engagement plan. The level of feedback and assistance that AER staff can provide during the course of pre-lodgement engagement to networks and consumers will depend on timely provision of relevant information. We will discuss the proposed data and information, along with proposed dates for provision, with businesses that express interest in the early signal pathway.**

Per above, Endeavour Energy intends to provide all modelling, methodology and specific investment considerations starting from April 2022. Our preliminary proposal will contain expenditure forecasts (both in total and at a category level) as well as other building block forecasts. We will also make the underlying modelling, such as the Post Tax Revenue Model (PTRM), Roll Forward Model (RFM), Repex and Opex models available to the AER at this time.

We expect to be able to share more detailed capex forecasting information such as business cases from June 2022. It is our understanding that further requests from the AER for more detailed information will be influenced by the trends presented for total investment and category-level investment in the information provided in April (preliminary proposal) and June (business cases). We are pleased to work with the AER further in the scheduling of engagement to work through this data provision.

We mindfully heed that customer engagement will be ongoing throughout, and that discussions with the AER should not preclude the outcomes of customer engagement. Endeavour Energy, our consumer advocates and the AER will have to have regard to the ongoing customer feedback while working through the building blocks of our proposal.

Nevertheless, Endeavour Energy does not consider simultaneous AER, stakeholder, and customer engagement to be antithetical to the delivery of a customer-focused proposal. Indeed, these engagement streams should be complementary and, with all parties listening to our customers, work towards putting the customers' present and long-term interests first.

- 5. A commitment to submit an independent consumer report on the development of the regulatory proposal, to be submitted with the regulatory proposal, to the AER. Further details about the independent consumer report can be found in section 3.4.2 of the Handbook.**

Endeavour Energy's engagement plan (v.4 August 2021) and RRG Terms of Reference (v.6 October 2021) already commit our RRG to the provision of several independent reports regarding the development of our proposal, the quality of our engagement, and the impacts our engagement has had directly on the proposal made to the AER.

The reports are expected in April 2022 (accompanying preliminary proposal), October 2022 (accompanying draft proposal), January 2023 (accompanying final proposal) and in January 2024 (in response to the AER's draft determination).

We have provided guidance to the RRG that reports should be approximately 20-30 pages each, and report on the quality of engagement, documenting evidence of how engagement influenced the outcomes of the proposal's building blocks, in keeping with the expectations of the Handbook. We have also offered independent editorial support through the provision of an author / copywriter subject to the RRG's acceptance.

- 6. A commitment to not diverge from analytical methods and techniques consistent with the Handbook, and relevant AER guidelines and guidance material, to develop building block topics without first seeking the input of consumers and feedback from AER staff.**

Endeavour Energy commits to implement analytical methods and techniques consistent with the Handbook. In doing so, we aspire to making assessment of our proposal, both by the AER, the CCP and our stakeholders easier, more predictable and less time consuming for all parties.

We assume the adoption of AER methodology will result in a more efficient regulatory review.

Attachment B

25 January 2022

Dr Kris Funston
Australian Energy Regulator

by email via Endeavour Energy: [REDACTED]

Dear Dr Funston,

Expression of Interest – Early Signal Pathway – Endeavour Energy

As convenor of the independent members of the Endeavour Energy Regulatory Reset Group (RRG), I wish to indicate our support for the Expression of Interest under the AER Better Resets Handbook.

The RRG was established in April 2021 as a joint Endeavour Energy / customer and stakeholder working group focused on the co-design of the 2024-29 regulatory reset, specifically to ensure customer voices were adequately heard in the reset proposal.

Over the past ten months, Endeavour Energy has provided ample opportunity for customers and stakeholders to be involved in the early engagement process. We have met as a team, albeit virtually, over a dozen times, where opportunities to provide input to the design of the engagement plan have been provided. Endeavour have proved amenable to our suggestions and co-design requirements, and to a large extent they are well-reflected in the ongoing process.

Recent activities by the RRG have included encouraging Endeavour to elucidate their plans for tariff reform. We are pleased with the recent progress in this area, particularly in the way the NSW DNSPs - including Endeavour Energy - are cooperating with the view of making efficient use of resources in the tariff trials.

We have also been invited to observe the various components of the early engagement that involve direct discussions with a number of consumer cohorts.

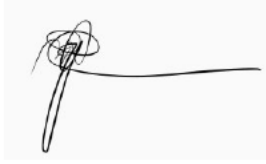
The engagement process, and RRG meetings in particular, have been well supported by Endeavour Energy, with an extensive file of minutes and issues being recorded. This information will provide a baseline measure to gauge how Endeavour is 'listening' as the proposal process progresses. We also acknowledge the good level of involvement by Endeavour Energy's executive and directors.

The process has not been without difficulties, however. Changes in representation because of staff movements in some stakeholder organisations means the membership of the RRG is a little fluid. In addition, the time pressures on the RRG membership mean the ability to provide the reporting capability required under the Early Signal Pathway may be of concern. We are currently having productive discussions with Endeavour on the resourcing required by independent members to ensure we can meet the RRG Terms of Reference reporting timetable obligations.

We wish to highlight that the early stages of consumer engagement by Endeavour Energy have largely been achieved consistent with their plan and the guidance of the Better Resets Handbook. There is of course much more water to pass under the bridge in Endeavour's regulatory proposal, particularly around providing evidence of prudent and efficient investment decision making.

At this stage however we are supportive of Endeavour's Expression of Interest for the Early Signal Pathway.

Kind regards,

A handwritten signature in black ink, appearing to be 'Mike Swanston', with a long horizontal line extending to the right.

Mike Swanston

Convener, Independent Members of the Endeavour Energy Regulatory Reset Group, for the RRG



Engagement Plan

2024 – 2029 Regulatory Proposal

Powering communities for a brighter future

V5 January 2022 – Amendments pending approval

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1. Co-designed engagement approach with our customers

A co-designed approach

The purpose of this plan is to guide genuine and effective customer and stakeholder engagement to shape Endeavour Energy's 2024-2029 Revenue Determination.

Endeavour Energy seeks to embed high-quality customer engagement in its day-to-day operations and in the development of its regulatory proposals. Customer voices and preferences support and inform our business by ensuring we continue to meet customers' changing expectations of an energy service delivery and ensuring we continue to meet the National Electricity Objective in the long-term interests of customers.

In keeping with our core value to "find a better way", this engagement plan is being developed through a co-design process with Endeavour Energy's Board, Executive and customer and stakeholder representatives.

Similarly, in keeping with this value Endeavour Energy has applied to the Australian Energy Regulator (AER) for an "early signal pathway" under the AER's new Better Resets Handbook. This commits Endeavour Energy to bringing the AER into the room as we work with stakeholders and customers in the development of our proposal, enabling early regulatory guidance and oversight along the way.

We are aiming high. We are committed to listening, identifying better practice, learning from past experience, utilising international standards and building a culture of effective engagement recognised across the industry. Our goal is to embed effective business-as-usual engagement so that we strengthen a customer centric culture, reflecting the changing needs of customers and our evolving ecosystem. This engagement plan is also guided by:

- Endeavour Energy's Corporate Strategy
- Endeavour Energy's Stakeholder Engagement Framework
- The Energy Charter
- IAP2 Core Values for Public Participation



Members of Endeavour Energy's Board, Executive Leadership and Customer Advocates at a co-design workshop 3 May 2021

2. Our corporate strategy

Customers and communities are the central pillar of our Corporate Strategy

Our corporate strategy guides our priorities over the coming years as the industry transforms from a centralised system to one that is increasingly customer centric. Core to the success of that transition is the trust and confidence that our stakeholders have in us.

In order to achieve our ambition to be the best performing network in Australia, customer and stakeholder engagement is an organisational priority that is led from the top.

We want to work with customers and stakeholders to understand their needs and expectations so that together we can improve customer outcomes, become an employer of choice, drive innovation through partnerships and create mutual value.

Our mission is to embed quality, **continuous** engagement across our business as a competitive capability and core pillar of our business strategy. This requires Endeavour Energy to build on the learnings from past engagement experiences and foster a culture that looks to engage on a continuous basis.



Endeavour Energy Corporate Strategy - House

3. Revenue Determination Engagement Goal

2024-2029 Revenue Determination Engagement Goal

Endeavour Energy's engagement goal has been refined three times (12 April 2021 RRG meeting, 3 May co-design workshop and 23 June 2021 RRG meeting). The proposed engagement goal for the revenue proposal is as follows:

To undertake engagement that delivers our vision of powering communities for a brighter future by developing a revenue proposal that balances

- *the priorities, preferences, diversity and current and future needs of our customers*
- *with sustainable returns to shareholders, and*
- *can be considered prudent and efficient by the Australian Energy Regulator.*

This means providing fair access to the modern grid and ensuring customers pay no more than is necessary for a safe, reliable and secure electricity supply and quality service.

The long-term interests of customers

The National Electricity Objective is "to promote efficient investment in, and efficient operation and use of, electricity services for the long-term interests of consumers of electricity with respect to:

- price, quality, safety and reliability and security of supply of electricity
- the reliability, safety and security of the national electricity system"

Our plans and goals are centred on the long-term interests of customers in alignment with this objective, acknowledging that sustainability is inherent to the long-term interests of customers.

What we heard
Customer representatives questioned 'returns for shareholders' but accepted the need for sustainable shareholder returns to provide confidence in the business and sector for critical ongoing investment

What we heard
Customer representatives highlighted the need for sustainability to be shown in the long-term interests of customers and the nation

4. Key features of engagement

Our engagement approach enables customers to influence a broad range of clearly identified topics for engagement, reflecting the feedback from our customers and learnings from our peers and the AER consumer engagement framework.

Collaborative influence – working with customers to achieve common goals where appropriate across the Public Participation Spectrum (IAP2)

Iterative and responsive – sharing feedback regularly and explaining how we are responding to it via clear “**feedback loops**”, adjusting to stakeholder and customer needs and preferences both for engagement and the revenue proposal that it will develop

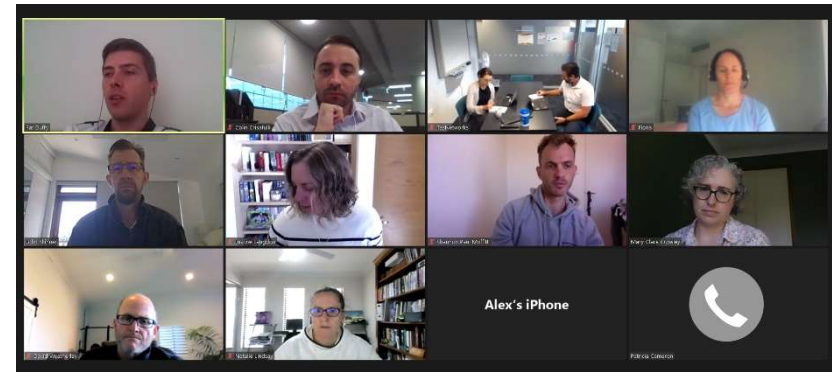
Led from the top – appropriate CEO, Executive and Board participation to ensure access to key decision makers

Joint engagement – collaborating with other networks where possible to support aligned topics and simplification of process

Multiple channels – facilitating diverse inputs and supporting culturally and linguistically diverse communities

Informed and resourced – undertaking meaningful engagement with a broadly representative body of customers, providing the clear and accessible information they need to participate in a meaningful way

Robust challenge capability – enabling the assumptions and strategies that underpin the proposal to be tested with adequate resources to do so



Above: Teams from Endeavour Energy, Ausgrid, Essential Energy (NSW), EvoEnergy (ACT) and TasNetworks (Tasmania) workshop common areas of customer engagement in their revenue proposals.

Below: Topic mapping from the 3 May co-design workshop

5. Endeavour Energy engagement approach

We recognise that stakeholders often bring diverse and sometimes conflicting interests and concerns to us, representing a significant challenge and opportunity in our operations, planning and investments.

We are committed to listening to the voice of our customers and key stakeholders. Endeavour Energy has adopted an engagement approach that aligns with our business, customer and stakeholder needs, and elevates business as usual engagement. This includes working closely with business partners (ASPs) in the delivery of service and utilising our Peak Customer and Stakeholder Committee as a key voice of interested customers. To provide additional focus, Endeavour Energy has established three subcommittees of the Peak Customer and Stakeholder Committee: a Regulatory Reference Group, a Retailer Reference Group and a Future Grid Reference Group. This development uplifts our engagement practice and is in direct response to feedback received by the AER's Consumer Challenge Panel in its 2019-24 revenue proposal.

Peak Customer and Stakeholder Committee (PCSC)

Membership of the PCSC reflects our diverse customer base, with organisations representing:

- residential customers
- vulnerable customers
- small to medium businesses
- large industrial customers
- rural customers
- builders and developers
- local government
- culturally and linguistically diverse communities.



Our key stakeholder groups (from Endeavour Energy's Stakeholder Engagement Framework)

Regulatory Reference Group (RRG)

The purpose of the RRG is to co-design Endeavour Energy’s engagement plan and Endeavour Energy’s revenue proposal as agreed through ongoing collaboration with key customers and stakeholders. In doing so, we are listening to and embedding customer voices in our business practice and in the future plans that inform the delivery of our services.

This commitment to the principle and practice of co-design however will not infringe the autonomy of the independent members of the RRG, who represent peak stakeholder organisations and consumers at large; and who are expected to report separately to the AER on the Endeavour Energy proposal, and Endeavour Energy’s engagement program. The RRG will report regularly to the PCSC, ensuring that the ideas and plans it develops can be tested and endorsed by all peak stakeholders.

What	Scope and method
Membership	<p>Chaired by Endeavour Energy’s Chief Financial Officer</p> <p>Volunteer members of the PCSC including:</p> <ul style="list-style-type: none"> • Business NSW • Business Western Sydney • The Customer Advocate • Energy Users Association of Australia • Ethnic Communities Council of NSW • Public Interest Advocacy Centre* • Total Environment Centre • Western Sydney Regional Organisation of Councils <p>Supported by senior managers from Customer and Strategy, Regulatory Affairs, Corporate Affairs, Asset Strategy & Planning, Finance</p> <p>* (Position vacated December 2021, pending further advice from PIAC)</p>
Invited observers	<p>AER, AER’s Consumer Challenge Panel</p> <p>NSW Department of Planning, Industry & Environment (NSW DPIE)</p>

What	Scope and method
Frequency of meetings	Minimum of bi-monthly meetings, with agendas to be agreed in advance with members.
Focus areas	<ul style="list-style-type: none"> Advise on the scope, timing, methodology and delivery of the engagement program Partner with Endeavour Energy in the formation of viable future business plans, incorporating as best as possible the priorities of different stakeholder groups Support the AER directly through the 'Better Resets' program through continuous participation in engagement and through the development of key reports Improve Endeavour Energy's understanding of the needs and expectations of different customer segments Inform Endeavour Energy's approach to tariff reform Assist Endeavour Energy in its support of vulnerable and CALD customers; and, Encourage a culture of continuous engagement at Endeavour Energy
Budget to support engagement of revenue determination	Endeavour Energy will financially support reasonable expenditure by the independent members of the RRG, such as commissioning research into aspects of Endeavour Energy's regulatory proposal. A governance framework will be developed for considering and funding proposals.

Future Grid Reference Group (FGRG)

The ENA's Electricity Network Transformation Roadmap estimates that by 2050, distributed energy resources may contribute up to 45 per cent of Australia's electricity generation capacity. Endeavour Energy is actively making a transition to a new model of operation, moving forward as a distributed services operator that adopts emerging technologies offering new products and services to our customers. Endeavour Energy has established a subcommittee of the Peak Customer & Stakeholder Committee to provide valuable stakeholder input and guidance specific to its Future Grid strategy.

What	Scope and method
Membership	<p>Chaired by Endeavour Energy's Chief Customer and Strategy Officer</p> <p>7 members of the PCSC</p> <p>Supported by senior managers from Strategy and Insights, Network Regulation, Corporate Affairs, Network Planning, Finance</p>

What	Scope and method
Invited observers	AER, AER's Consumer Challenge Panel (when appointed)
Frequency of meetings	Two half-day workshops minimum. Agendas and approach to be jointly designed and agreed.
Focus areas	<ul style="list-style-type: none"> • Guide the development of Endeavour Energy's Future Grid strategy • Identify opportunities to diversify products and services for our customers • Identify possible partnerships that will benefit the successful development and implementation of Endeavour Energy's Future Grid strategy • Inform the design of a tariff strategy for emerging products and services • Consider effective approaches to building network resilience to ensure reliability of supply in worsening environment conditions • Promote education and research that identifies consumer priorities and drives informed choices for our customers in a changing energy landscape • Assist our successful journey to a low carbon environment

Retailer Reference Group (ReRG)

Retail energy markets are the final link in the energy supply chain. Energy retailers buy electricity in wholesale markets, package it with distribution services and sell it to customers. This is typically the main interface between the electricity industry, and customers such as households and small businesses. Endeavour Energy has established a Retailer Reference Group to facilitate best-practice engagement with retailers who are critical to customer engagement and reform in the industry.

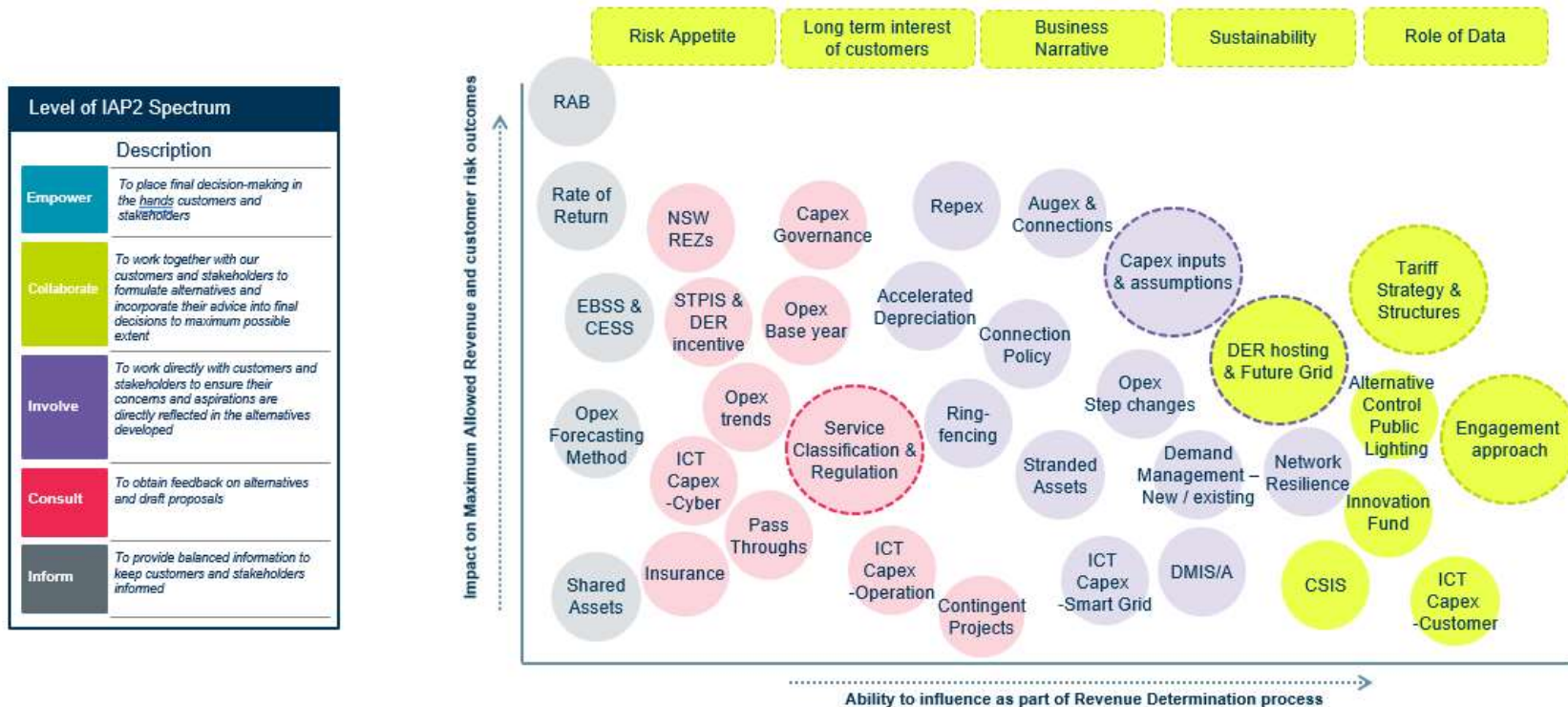
What	Scope and method
Membership	AGL, Alinta, Origin and Red Energy are the retailers that have volunteered to participate, however all retailers will have access to ReRG materials and are encouraged to engage at their discretion Adherence to competition law obligations
Invited observers	AER, AER's Consumer Challenge Panel (when appointed)
Frequency of meetings	At least once every four months commencing October 21

What	Scope and method
Focus areas	<p>The Retailer Reference Group is to help inform Endeavour’s approach to tariffs, and provides the following assistance:</p> <ul style="list-style-type: none"> • Advising on the scope, timing, methodology and delivery of the tariff engagement program • Enhancing Endeavour Energy’s understanding of the needs and expectations of different customer segments and stakeholders • Helping inform Endeavour Energy’s approach to tariff reform and collaborate in the develop and tariff trials • Helping inform Endeavour Energy’s approach to metering • Identifying opportunities to collaborate across the supply chain to streamline engagement <p>Collaborating with Endeavour Energy on programs to support vulnerable and CALD customers, and; being involved in actively shaping a culture of continuous engagement at Endeavour Energy.</p>

6. Engagement scope

An inside-out view



Our engagement scope has been set looking outward from the regulatory framework as required by the Australian Energy Regulator. The RRG, together with representatives of Endeavour Energy’s Board and our Executive Leadership co-designed a map of issues for engagement, identifying their impact on the proposal and the ability of customers to influence the outcomes for each aspect of our revenue proposal on the IAP2 Spectrum of Participation. This co-designed map acts as a critical resource that defines detailed engagement planning and is subject to further amendment by agreement of the RRG and Endeavour Energy’s leadership team and Board. A detailed summary of these issues, topic themes and their engagement profiles are provided in the appendix.



Engagement map co-designed by the RRG, Endeavour Energy Board and Executive Leadership at the 3 May 2021 workshop

The critical components of our engagement are reflected below in a table that identifies questions important to customers that reflect why we deliver services, how we deliver services as well as what services we deliver now and should deliver in the future.

An outside-in view (preliminary)

Focus area	Key questions	
Who we are 	01 What services we provide	<ul style="list-style-type: none"> • What is the role of a distribution network in the evolving energy market? • What are the important drivers of our plans? Customers (engagement and choice) network (demand, urban heat, resilience), regulatory and gov policy drivers, environment and technology (economic and financial) resources and skills • What services should Endeavour Energy be providing or considering for the future? • What additions (or rationalisations) are required to our list of ancillary services? • How should these services be regulated?
	02 What incentives we face	<ul style="list-style-type: none"> • How should networks best be incentivised to discover the optimal balance between cost and service quality? • How have we improved our capital governance and risk prioritisation process? • Are the input-based schemes (EBSS and CESS) working effectively? • Are the output-based schemes (STPIS and DMIS/A) working effectively? • Should Endeavour implement a CSIS? If so, advise on its design and measures. • Advising on potential expansion of STPIS to incorporate DER/export hosting.
Our plans & outcomes 	03 Our expenditure plans	<p>For capital investment:</p> <ul style="list-style-type: none"> • How has our risk appetite impacted our plans? • How do we implement modern and innovative grid technologies to adequately cater for changing customer needs? • How do we sustainably replace existing assets to maintain a safe and reliable network? • How do we cater for Western Sydney growth through an efficient mix of network and non-network solutions? • What are the benefits of our ICT transformation and ongoing needs? <p>For operating and maintenance expenditure:</p> <ul style="list-style-type: none"> • Is our base year efficient as per the AER's benchmarking models? • Does our forecast need to be adjusted for any known regulatory changes or capex / opex trade-offs? • What productivity factor, wage growth and output growth should apply to our forecast?
	04 Our prices and tariffs	<ul style="list-style-type: none"> • Do the constituent parts of our proposal result in an overall pricing outcome that is acceptable to customers? • What are the learnings from the implementation of our 2019-24 Tariff Structures? What improvements can be made to improve the cost reflectivity and equity of our tariffs? • How do our tariffs cater for the evolving nature of the network and changes in customer behaviour? • What alignment opportunities exist between networks? • Should specific tariffs be introduced to cater for embedded networks and community grids?

7. AER Better Resets Handbook

The Australian Energy Regulator released the *Better Resets Handbook – Toward consumer centric network proposals* in December 2021 (after the fourth version of this engagement plan was agreed by the RRG in August 2021). The Handbook encourages networks to better engage their customers and have customer preferences drive the development of regulatory proposals. For network businesses, meeting these expectations means proposals are more likely to be accepted without significant change by the Regulator. Further, earlier involvement in the assessment process should create a more efficient regulatory process for all stakeholders.

With the agreement of the Board and the RRG, Endeavour Energy is submitting an Expression of Interest in January 2022 to the AER to qualify for an 'early signal pathway' for our Regulatory Proposal. This plan has been amended accordingly to reflect this new process.

Both the engagement plan and Terms of Reference that Endeavour Energy and the RRG committed to prior to the publication of the Handbook were already consistent with the AER's requirements for an early signal pathway, and reciprocates the AER's "early signal approach" by:

- committing to the publication of a draft proposal in October 2022, as well as a preliminary proposal in April 2022, providing early opportunity for regulatory oversight and guidance, including early considerations for all categories of expenditure, modelling and methodology, and tariffs; and by
- committing the RRG to independent reporting on the quality and outcomes of Endeavour Energy's engagement

The commitments this engagement plan continues to make will exceed the Handbook's minimum requirements, simultaneously facilitating constructive, early engagement with the AER and providing our customers the information they need to make genuinely informed decisions about the services they value most and at what cost, while having regard to the regulatory objective of prudence and efficiency.

Network businesses that can access the early signal pathway will be notified by a letter from the AER Chair, which will also be published on the AER website. This plan will be updated accordingly upon receipt of advice from the AER regarding Endeavour Energy's application for an early signal pathway.

Per Section 10 of this Plan (see below), Endeavour Energy will invite AER representatives as well as their CCP to participate in all customer-focused engagement activities, welcomes ongoing, informal liaison with AER subject leads (subject to negotiation with the AER regarding resource availability), and proposes periodic check ins with the AER that synchronise well with key activities in our engagement plan:

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- in June 2022 (following our April preliminary proposal, and our opening customer deliberative forum and stakeholder workshops)
- in September 2022 (following two further stakeholder deep dives, two further customer deliberative forums and quantitative customer research)
- in November 2022 (following the conclusion of our customer engagement and the publication of a draft proposal).

8. Engagement techniques

Our engagement techniques will align with customer and stakeholder preferences and expectations, reflecting an engagement plan that has genuinely been co-designed. Key insights from the co-design process include:

- The Regulatory Reference Group (RRG) will play a key role in setting scope of engagement and key issues, and report back to the Peak Customer Stakeholder Committee (PCSC).
- Formal customer preference research should underpin the topics and methods of engagement as well as the proposal.
- Retailers need to be engaged and an appropriate technique found that accommodates their interests (acknowledging competitive challenges);
- Endeavour Energy should publish early positions on key matters to assist the engagement, including early forecasts.
- It is necessary to undertake workshops with key stakeholders to discuss key input assumptions and the risk appetite that underpin specific aspects of the proposal;
- Deep-dives should focus on understanding the changes in our industry and be provided from an outside-in perspective.
- Customer deliberative forums should seek key input from end-use-consumers on priorities and related trade-offs.
- Digital engagement, including website and social media to be used to extend the reach of customer engagement
- Site tours particularly focussed on Western Sydney with customers and stakeholders assist in learning about Endeavour Energy's business and focus.

Across all engagement techniques deployed, we will develop and share clear “**feedback loops**” that outline the feedback we have received in that forum (“What we heard”), how that feedback is being considered internally (“What we’re doing”) and communicate any next steps.

Range of techniques

This section outlines the range of techniques Endeavour Energy will use. It is not intended to be exhaustive and we intend to adapt in response to feedback when and where needed.

What	Scope and method
Consumer Challenge Panel (CCP)	<p>The AER's CCP provides an advisory role to the AER and is one of several inputs the AER will consider when assessing a revenue proposal (including separate reporting from the RRG). Its objective is to advise the AER on:</p> <ul style="list-style-type: none"> • whether network businesses' proposals are in the long-term interest of consumers. • the effectiveness of network business' engagement activities with their customers and how this is reflected in the development of their Revenue Proposal <p>Endeavour Energy will involve the AER CCP in engagement activities as appropriate, including key forums such as the PCSC and RRG meetings.</p> <p>The AER CCP will provide an advisory capacity to the AER; it does not negotiate outcomes of the revenue proposal</p>
Regulatory Reference Group (RRG)	<p>The RRG will play the key role in engagement on a range of the relevant aspects, themes and issues of the revenue proposal process through an ongoing process of co-design. It reports back to the Peak Customer and Stakeholder Committee. The RRG is detailed further in section 5.</p>
Future Grid Reference group	<p>The Future Grid Reference Group (a subcommittee of the Peak Customer and Stakeholder Committee) is tasked with helping to shape Endeavour Energy's Future Grid Strategy and ensuring it reflects customer priorities as detailed in section 5.</p>
Peak Customer and Stakeholder Committee	<p>The PCSC plays the key role in engagement on a range of aspects of Endeavour Energy's business as usual operations as well as remaining the key body to guide engagement on our regulatory proposal.</p>
Retailer Reference Group	<p>The Retailer Reference Group is to help inform Endeavour's approach to its tariff engagement program and tariff reform, metering, customer segments, opportunities to collaborate across supply chain, support of vulnerable and CALD customers.</p>
Preliminary position and draft proposal	<p>A Preliminary Proposal on key inputs is planned to be released in April 2022.</p> <p>A Draft Proposal is due to be released in October 2022.</p> <p>The Preliminary Position will be used to engage in deep-dives, workshops and deliberative forums with stakeholders and customers particularly in the May – September period of 2022.</p>

What	Scope and method
	The Draft Proposal will be open for public submissions for one month following publication of the document. The feedback received will help shape Endeavour Energy's Proposal to the AER in January 2023.
State of the Network forum	This is a new engagement initiative for Endeavour Energy in 2021 and will be held annually. An annual State of the Network forum will be held in key Endeavour Energy regions to inform and consult stakeholders on the investment plans and priorities of Endeavour Energy for the next 10 years. Customer and stakeholder input from these forums continue to help shape Endeavour Energy's expenditure plans and priorities and will be incorporated in the revenue proposal.
One-on-one briefings	One-on-one briefings will be held with Endeavour Energy's key subject matter experts and key stakeholder organisations where appropriate. These briefings will help identify priorities and allow information to be tailored to suit individual stakeholder needs and priorities.
Workshops	<p>Endeavour Energy will seek to hold workshops on key aspects of the Revenue Proposal process. The workshops will be used to inform stakeholders, including the RRG on how Endeavour Energy currently develops its future investment plans and priorities. These workshops are intended to also hear from key customer representatives on matters that may influence Endeavour Energy's approach prior to releasing its Preliminary Positions. Key topics for workshops include:</p> <ul style="list-style-type: none"> • capital expenditure forecasts, methodology, key inputs and assumptions • operating expenditure forecasts particularly step change assumptions and methodology
Stakeholder deep dives	<p>Endeavour Energy will undertake deep dive sessions in the period April – June 2022 post publication on the Preliminary Positions paper. Deep dive sessions focus on complex, difficult to resolve subjects to allow detailed exploration of issues. The deep dive topics envisaged include those detailed in Section 6,</p> <ul style="list-style-type: none"> • What services we provide • What incentives we face • Our expenditure plans • Our prices and tariffs

What	Scope and method
	<p>Deep dives are typically resource intensive and held over 4-6 hours. Endeavour Energy will seek to involve a wide group of customer and stakeholder representatives as well as the PCSC, RRG, AER CCP and NSW Government.</p>
<p>Deliberative workshops</p>	<p>Endeavour Energy plans to engage customers on their priorities in deliberative forums to discuss key matters developed from and coincide with stakeholder deep dives to hear preferences on key matters in the community. These forums are to occur in Paramatta, Wollongong and Liverpool or Penrith.</p> <p>Deliberative workshops give customers time to weigh up evidence presented before reaching a decision or preference and employ thoughtful and deliberate consideration of the ideas presented. Possible use of online voting technologies. Use of reason and logic to decide preferences after evidence presented.</p>
<p>Digital and social media engagement</p>	<p>Endeavour Energy will establish a website that will act as a central point for customers and stakeholders to access information on the Regulatory Determination process and provide interactive feedback and input through a digital platform. Social media platforms will also be utilised to encourage participation in the Revenue Determination process.</p>
<p>Formal research</p>	<p>Endeavour Energy will gain customer and stakeholder insights and preferences from its formal research mechanisms. The research briefing will be coordinated with the RRG for completion prior to other key stakeholder activities. The research will be informed by focus groups to explore attitudes and preferences regarding:</p> <p>The services we provide</p> <ul style="list-style-type: none"> • Obtain customer insights on a list of services that Endeavour currently provides and understand what good looks like for each and how they would prioritise them and why • Examine a list of services that Endeavour could provide in the future and discuss each to understand how they would prioritise them and why <p>Expectations around affordability, reliability and safety</p> <ul style="list-style-type: none"> • Briefly explore trade-offs • Explore how customers feel Endeavour should work to enhance network resilience in the face of climate extremes (e.g. paying more to retain reliability or paying the same for lower reliability) <p>Transition to a low carbon economy to enable customer future energy choices</p> <ul style="list-style-type: none"> • Understand how customers feel about issues such as transition to a low carbon economy and how proactive vs reactive networks should be in supporting the transition

What	Scope and method
	<ul style="list-style-type: none"> Explore how customers want to be able to interact with energy in the future. Assess how involved they want to be e.g. to what extent do customers want to actively manage their usage to get best value for money vs trust a network to do this on their behalf. <p>Customer journey mapping and experience will also be a focus of research and inform our plans.</p>
Site tours	Endeavour Energy will include site tours of network assets and growing communities as part of discussions on capital and operating expenditure plans to provide an opportunity for customers and stakeholders to see firsthand the proposed management practices of our assets.

Techniques and customer segments

Our regulatory engagement method builds upon Business as Usual engagement. The method is reflective of the manner and way customers and stakeholders want to engage. Our BAU and Regulatory Engagement methods are detailed below:

Who	Business as Usual Method	Regulatory Engagement Method
Customers	<ul style="list-style-type: none"> Peak Customer and Stakeholder Committee Comments and complaints analysis to the ELT and Board EWON 'Bring your bill' days Letterbox drops Sponsorships and volunteering Community outreach Hardship programs Digital channels - SMS socials 	<ul style="list-style-type: none"> Peak Customer and Stakeholder Committee Regulatory Reference Group and Future Grid Reference Group workshops <p>End use consumers</p> <ul style="list-style-type: none"> Segmented focus groups Digital engagement – online survey with open ended questions; Your Power, You Say Quantitative, segmented research Series of iterative deliberative planning workshops, on a regional basis, inviting back the same group of customers Tariff workshops One on one meetings with large customers

Who	Business as Usual Method	Regulatory Engagement Method
		<ul style="list-style-type: none"> Request PCSC to amplify engagement via their customer base/network
Suppliers	<ul style="list-style-type: none"> Annual forums Surveys One on one meetings 	<p>Electricians, solar installers, ASPs:</p> <ul style="list-style-type: none"> Workshop/s to understand Endeavour Energy's plans and customer benefits, as suggested in our co-design workshop.
Growth	<ul style="list-style-type: none"> One on one meetings at CEO level Planning forums Multiutility MOU UDIA and developer groups Business Chamber networks Local and Regional Council groups 	<ul style="list-style-type: none"> 'State of the Network' regional forums to profile our future plans targeting councils, UDIA members, planning agencies, NSW Government and AER and workshop future expectations and investment plans
Environmental groups	<ul style="list-style-type: none"> Council engagement Regulatory forums NSW Government – NPWS Local community groups 	<ul style="list-style-type: none"> NSW industry/CSIRO sustainability workshops Workshops - tariffs
Government and regulators	<ul style="list-style-type: none"> One on one meetings Briefings and Policy forums Board meetings Industry association – ENA Regional and local council meetings 	<p>Regulator meetings</p> <ul style="list-style-type: none"> AER Board to Board; CEO to CEO and ELT to ELT engagement IPART briefing – CEO/ GM HSE <p>State and Federal</p> <ul style="list-style-type: none"> State MPs one on one briefings - across network Ministerial one on one briefings – State and Federal. Top down and Department of Energy policy advisers Local government information sessions Energy Forums – use existing Regional Council forums Road shows for all local councils - CEO to CEO Future grid workshops
Shareholders	<ul style="list-style-type: none"> Board and committee meetings 	<ul style="list-style-type: none"> Board and committee meetings

Who	Business as Usual Method	Regulatory Engagement Method
	<ul style="list-style-type: none"> Investor programs Active engagement with the business 	<ul style="list-style-type: none"> Investor programs Engagement in all customer engagement workshops
Employees and unions	<ul style="list-style-type: none"> Employee engagement survey Internal coms channels Interest- based bargaining 	<ul style="list-style-type: none"> Subject matter experts to act as table facilitators at all customer workshops Senior leaders/ELT to attend focus groups as observers CALD employees to facilitate CALD customer workshops Briefings for unions on approach and people implications
Industry parties (this includes retailers and other distributors)	<ul style="list-style-type: none"> Energy Charter initiatives Industry associations and forums 	<p>Retailers: Exec engagement</p> <ul style="list-style-type: none"> Retailer Reference group Issues papers Tariff engagement <p>NSW Networks: Workshop to identify common interests and opportunities to jointly engage – research, tariffs, F&A</p>
Community	<ul style="list-style-type: none"> Community events Volunteering events Sponsorship and donations 	<ul style="list-style-type: none"> Online survey Website updates Fact sheets
NGOs	<ul style="list-style-type: none"> Peak Customer and Stakeholder Committee Policy forums Energy Charter “Better Together Groups” 	<ul style="list-style-type: none"> Peak Customer and Stakeholder Committee Reg reference groups Policy forums and responses to regulators (as suggested by PIAC)
Business partners	<ul style="list-style-type: none"> Innovation partnerships Research Membership of business groups – CEDA, UDIA, Western Sydney Dialogue, Business Western Sydney 	<ul style="list-style-type: none"> Program to actively tap into existing memberships, forums and channels to amplify reach and engagement

Who	Business as Usual Method	Regulatory Engagement Method
Media and think tanks	<ul style="list-style-type: none"> • Earned and paid media • Briefings and events 	<ul style="list-style-type: none"> • Briefings of select journalists – AFR, industry and metro • Fact sheets on customer issues and contentious issues

9. Evaluation

Evaluation is a critical to assist the AER in its assessment of the quality of our engagement and will provide opportunities to Endeavour Energy to be responsive to feedback and adjust our engagement practices as required throughout the engagement. Endeavour Energy will take an evaluation approach that seeks to genuinely and consistently measure whether our engagement reflects the intent of four key references:

- our engagement goal
- the AER’s forthcoming Statement of Expectations (with current reference to the AER’s “Table 7 Principles of Engagement” pending its publication)
- Endeavour Energy’s Stakeholder Engagement Framework; and
- IAP2 Core Values

Design

Evaluation will be captured in three streams that combine opinion-based survey metrics and data that details the scope of the engagement plan:

1. An evaluation survey for each engagement event:
 - This would take the form of a short unattributable survey filled in by participants either at or immediately following each event, via an online survey or a paper survey (as appropriate).
 - A consistent approach would be used for both stakeholder and end-consumer events, with slight variations between the two surveys as required. Nevertheless, every stakeholder engagement will consistently be evaluated by the same survey, and every end-consumer engagement will consistently be evaluated by the same survey.
 - The findings will be used iteratively to refine our engagement approach for future events. They will be presented as overall results, as well as by event type and by customer segment type, as part of a published summary of consultation.
2. Quarterly evaluation survey of overall engagement approach by the RRG:

- An attributable quarterly survey is proposed to enable a bigger picture view of the overall engagement program, and at quarterly intervals it will enable Endeavour Energy to be responsive to evaluation and consider adjustments to the program as it progresses. An attributable survey will enable Endeavour Energy to follow up on issues or suggestions raised by RRG members for further, deeper discussion.
- The AER's Consumer Challenge Panel could be included if appropriate following their appointment.
- The results would be collated and shared with RRG members and the AER, including participant comments.

3. Collection of data in relation to scope of engagement:

- Endeavour Energy will include data in its final evaluation summary that relates to the scope of engagement undertaken, including the:
 - Number and variety of engagement events,
 - Number of meetings of RRG, PCSC & FGRG
 - Number of individuals consulted in total
 - Number of stakeholders consulted (not including repeat engagement of key stakeholders)
 - Number of end-consumers consulted
 - Participation by the Executive Leadership team
 - Participation by the Board
 - Detail of where customer feedback has influenced the proposal as well as an explanation of where customer feedback was not used and why
 - Diversity statistics (proportion of young, old, people not fluent in English, small business owners).

These three streams of assessment will provide a rich and detailed summary of the engagement program and can underpin key stakeholders' assessments of Endeavour's approach.

Key Performance Indicators

For all evaluation surveys, we propose to use a consistent scale (a 5-point Likert scale) that measures the quality of Endeavour Energy's performance as either excellent, good, fair, poor, very poor.

Endeavour Energy proposes setting a stretch target of 100% for combined ratings of 'good' and 'excellent' for all event-related evaluation surveys. For the quarterly evaluation survey of key stakeholders, we propose a stretch target of 100% for combined ratings of 'good' and 'excellent' by the end of the engagement period. If we receive lower scores along the way, this feedback and associated comments will provide clear direction on where we can lift our performance. The aim of 100% 'good' or 'excellent' ratings reflects Endeavour Energy's drive to deliver best practice engagement that underpins a customer-focused revenue proposal and informs improved business-as-usual engagement practices across Endeavour Energy.

The following table outlines specific criteria for evaluation.

Goal / Principle	Considerations for evaluating Endeavour Energy's performance as excellent, good, fair, poor, very poor
A. Endeavour Energy 2024-2029 Revenue Determination Engagement Goal	
<p><i>To undertake engagement that delivers our vision of powering communities for a brighter future by developing a revenue proposal that balances:</i></p> <ul style="list-style-type: none"> <i>the priorities, preferences, diversity and current and future needs of our customers</i> <i>with sustainable returns to shareholders, and</i> <i>can be considered prudent and efficient by the Australian Energy Regulator.</i> <p><i>This means providing fair access to the modern grid and ensuring customers pay no more than is necessary for a safe, reliable and secure electricity supply and quality service.</i></p>	<ul style="list-style-type: none"> Engaging on topics that reflect customer priorities Engaging with a broad, diverse group of customers and stakeholders Delivering a proposal that has clearly been influenced by customer preferences and priorities Delivering a proposal that provides fair access to the modern grid
B. AER Table 7 Framework for considering consumer engagement	
Nature of engagement	
<i>Overall</i>	<ul style="list-style-type: none"> Quality of the overall engagement program
<i>Consumers partner in forming the proposal rather than asked for feedback on distributor's proposal</i>	<ul style="list-style-type: none"> Working collaboratively with customers and stakeholders to develop the proposal Being genuinely open to feedback and willing to explore new ideas
<i>Relevant skills and experience of the consumers, representatives and advocates</i>	<ul style="list-style-type: none"> Involving appropriately skilled representative stakeholders through the engagement process
<i>Consumers provided with impartial support to engage with energy sector issues</i>	<ul style="list-style-type: none"> Providing consumer advocates with impartial support to engage with energy sector issues
<i>Sincerity of engagement with consumers</i>	<ul style="list-style-type: none"> Being genuinely open to feedback and willing to explore new ideas
<i>Independence of consumers and their funding</i>	<ul style="list-style-type: none"> Endeavour Energy will financially support reasonable expenditure by the independent members of the RRG, such as commissioning research into aspects of Endeavour Energy's regulatory proposal. A

Goal / Principle	Considerations for evaluating Endeavour Energy's performance as excellent, good, fair, poor, very poor
	governance framework will be developed for considering and funding proposals.
<i>Multiple channels used to engage with a range of consumers across a distributor's customer base</i>	<ul style="list-style-type: none"> Engaging with a broad, diverse group of customers Engaging using a mix of suitable channels and methods
Breadth and depth	
<i>Overall</i>	<ul style="list-style-type: none"> Engaging with a broad, diverse group of customers Engaging deeply on issues of most importance to customers
<i>Clear identification of topics for engagement and how these will feed into the regulatory proposal</i>	<ul style="list-style-type: none"> Working collaboratively with peak groups to: <ul style="list-style-type: none"> Develop an approach to community engagement Consider topics for engagement Consider who should be consulted and Consider scope for customer influence Engaging on topics that reflect customer priorities Clearly explaining the purpose of each engagement and how feedback will be used to inform Endeavour Energy's proposal
<i>Consumers consulted on a broad range of topics</i>	<ul style="list-style-type: none"> Engaging on a broad range of topics relevant to customers
<i>Consumers able to influence topics for engagement</i>	<ul style="list-style-type: none"> Working collaboratively with peak groups to consider topics for engagement Seeking end-customers input on topics they feel are the most important to focus on during the engagement
<i>Consumers encouraged to test the assumptions and strategies underpinning the proposal</i>	<ul style="list-style-type: none"> Being genuinely open to consumer opinions and feedback and willing to explore new ideas
<i>Consumers were able to access and resource independent research and engagement</i>	<ul style="list-style-type: none"> Facilitating requests by consumer advocates for research and engagement beyond what was agreed in co-design activities as required.
Clearly evidenced impact	
<i>Proposal clearly tied to the expressed views of consumers</i>	<ul style="list-style-type: none"> Delivering a proposal that has clearly been influenced by customer preferences and priorities

Goal / Principle	Considerations for evaluating Endeavour Energy's performance as excellent, good, fair, poor, very poor
<i>High level of business engagement e.g. consumers given access to the distributor's CEO and/or board</i>	<ul style="list-style-type: none"> Ensuring an appropriate level of involvement of senior executive, CEO and Board in engagement
<i>Distributors responding to customer views rather than just recording them</i>	<ul style="list-style-type: none"> Delivering a proposal that has clearly been influenced by customer preferences and priorities
<i>Impact of engagement can be clearly identified</i>	<ul style="list-style-type: none"> Explaining clearly how customer feedback has influenced the draft/final proposal Explaining reasons why customer feedback has influenced the draft/final proposal where relevant Clearly explains how stakeholder feedback has influenced its approach and why feedback has not been used where relevant
<i>Submissions on proposal show consumers feel the impact is consistent with their expectations</i>	<ul style="list-style-type: none"> Resourcing RRG to provide a brief statement on whether the proposal is consistent with the objectives set and what they observed through the engagement process
Proof point	
<i>Reasonable opex and capex allowances proposed:</i> <ul style="list-style-type: none"> <i>In line with, or lower than, historical expenditure</i> <i>In line with, or lower than, our top down analysis of appropriate expenditure</i> <i>If not in with top down, can be explained through bottom up analysis</i> 	<i>Considered an assessment criterion for the AER.</i>
C. Endeavour Energy Stakeholder Engagement Framework Principles	
1. Purposeful <i>We begin every engagement with a clear understanding of what we want to achieve and link this to our strategy.</i> <ul style="list-style-type: none"> <i>We clearly identify the scope of our engagement and align it to our strategic priorities, recognising that we also need to understand stakeholders' interests, objectives, and capacity to engage.</i> <i>We focus on issues that are material to Endeavour Energy and our stakeholders.</i> 	<ul style="list-style-type: none"> Developing a Regulatory Reset Engagement Plan that describes the purpose of each activity Explaining the purpose of each engagement activity and how feedback will inform Endeavour Energy's proposal Using customer engagement to identify the topics that they want to engage with most deeply
2. Inclusive <i>We identify relevant stakeholders and make it easy for them to engage.</i>	<ul style="list-style-type: none"> Engaging with a broad, diverse group of customers and stakeholders Engaging using a suitable mix of channels and methods

Goal / Principle	Considerations for evaluating Endeavour Energy's performance as excellent, good, fair, poor, very poor
<ul style="list-style-type: none"> We identify and enable the participation of people and organisations who contribute to, influence, or are affected by our work, including those that may be harder to reach due to language, culture or mobility. We select the most suitable engagement methods. We provide stakeholders with clear, accessible information they need to participate in a meaningful way. We listen to stakeholders and act on their feedback. 	<ul style="list-style-type: none"> Providing stakeholders with the clear and accessible information they need to participate in a meaningful way Clearly explaining how customer feedback has clearly influenced the proposal Being genuinely open to feedback and willing to explore new ideas Provides appropriate feedback loops for engagement with end-customers
<p>3. Timely We involve stakeholders from the start and agree on when and how to engage.</p> <ul style="list-style-type: none"> We design the engagement process with stakeholders and provide clear information on how and when we will engage. This includes meeting schedules and response times for information requests or feedback. 	<ul style="list-style-type: none"> Working collaboratively with peak groups to: <ul style="list-style-type: none"> Develop an approach to community engagement Consider topics for engagement Consider who should be consulted Consider scope for customer influence Developing an engagement plan that is updated as activities change Providing stakeholders with timely information on the engagement program and outcomes Providing timely responses to stakeholder questions and feedback
<p>4. Transparent We are open and honest in our engagement and set clear expectations</p> <ul style="list-style-type: none"> We identify and explain the engagement process, agree to a decision-making process and to the role of stakeholders in the engagement process. We also explain up front how their feedback will be used. We provide feedback to stakeholders about how their input informed or influenced the outcome of the decision-making process. 	<ul style="list-style-type: none"> Identifying in the Engagement Plan how decisions are to be made and ensuring that customer information reflects this Clearly explaining the purpose of each engagement and how feedback will be used to inform Endeavour Energy's proposal Clearly explaining how customer feedback has influenced the proposal Explaining reasons why customer feedback has not been used where relevant Being genuinely open to feedback and willing to explore new ideas Provides appropriate feedback loops for engagement with end-customers
<p>5. Responsive We consider and respond to concerns and provide prompt feedback</p> <ul style="list-style-type: none"> We understand that engagement is a two-way process. We take care to be open to alternative views and to listen as well as speak. We will be flexible in our approach. We keep the commitments we make to stakeholders. 	<ul style="list-style-type: none"> Being genuinely open to feedback and willing to explore new ideas Implementing a knowledge management system that notes the commitments we made to stakeholders Providing timely responses to stakeholder questions Doing what we will say we will do

Goal / Principle	Considerations for evaluating Endeavour Energy's performance as excellent, good, fair, poor, very poor
<ul style="list-style-type: none"> <i>We recognise the different communication needs and preferences of stakeholders and endeavour to meet these wherever possible.</i> 	<ul style="list-style-type: none"> Reflecting stakeholder needs and preferences in the design of our stakeholder engagement methods
<p>6. Best practice <i>We will aim high</i></p> <ul style="list-style-type: none"> <i>We learn from past experience, listen to feedback, follow international standards and aim to build a culture of effective engagement that is recognised across the industry.</i> <i>We are guided by the IAP2 public participation spectrum of engagement</i> <i>We are action oriented and strive to develop shared value for stakeholders and Endeavour Energy.</i> <i>We will apply this approach across the business with all stakeholders and will lead from the top.</i> 	<ul style="list-style-type: none"> Striving to take a best practice approach to stakeholder and community engagement including using the IAP2 framework Developing an engagement plan that considers the IAP2 spectrum of engagement and what our commitment to engagement is Regularly evaluating the effectiveness of our engagement, taking participant feedback on board and refining our engagement activities as appropriate Having a member of the Endeavour Energy leadership team present at every community engagement
<p>7. Collaborative <i>We will work with interested parties for mutual benefit.</i></p> <ul style="list-style-type: none"> <i>We integrate the relevant contributions identified by stakeholders in Endeavour Energy's strategy and are clear about the reasons if contributions are unable to be used.</i> <i>We share knowledge and skills with stakeholders and work in partnership to build solutions. We establish strategic partnerships that produce positive results for both parties.</i> <i>We share Endeavour Energy's performance results as well as the results of the different stakeholder engagement processes, providing - when appropriate - verified performance information.</i> 	<ul style="list-style-type: none"> Working collaboratively with peak groups to: <ul style="list-style-type: none"> Develop an approach to community engagement Consider topics for engagement Consider who should be consulted Consider scope for customer influence Explaining how customer feedback has clearly influenced the proposal Explaining why customer feedback has not been used where relevant Sharing the results of engagement activities and associated evaluation with our stakeholders
<p>8. Measurable <i>We will assess progress on a continued basis and drive improvements</i></p> <ul style="list-style-type: none"> <i>We evaluate engagement against set criteria and key performance indicators, seeking to use comparable measures over time and report outcomes to the Executive and Board and publicly.</i> <i>We adapt and improve approaches over time and embed improvements via governance processes.</i> 	<ul style="list-style-type: none"> Regularly evaluating the effectiveness of our engagement Regularly evaluating the effectiveness of our engagement with the Executive and Board, and refining our engagement approach as appropriate
<p>D. IAP2 Core Values</p>	

Goal / Principle	Considerations for evaluating Endeavour Energy's performance as excellent, good, fair, poor, very poor
1. <i>Public participation is based on the belief that those who are affected by a decision have a right to be involved in the decision-making process.</i>	<ul style="list-style-type: none"> • Working collaboratively with energy peak groups to: <ul style="list-style-type: none"> ○ Develop an approach to community engagement ○ Consider topics for engagement ○ Consider who should be consulted ○ Consider scope for customer influence • Engaging on topics that reflect customer priorities • Engaging with a broad, diverse group of customers and stakeholders • Ensuring that anyone who wishes to contribute to the discussion, can
2. <i>Public participation includes the promise that the public's contribution will influence the decision.</i>	<ul style="list-style-type: none"> • Explaining the purpose of each engagement and how the feedback will be used to inform Endeavour Energy's proposal • Delivering a proposal that reflects customer preferences and priorities
3. <i>Public participation promotes sustainable decisions by recognising and communicating the needs and interests of all participants, including decision makers.</i>	<ul style="list-style-type: none"> • Working collaboratively with peak groups and Endeavour Energy teams to identify what aspects of the future service offer is negotiable and what is non-negotiable • Working collaboratively with peak groups to develop an engagement approach that considers who makes up the community, and what are their various interests in the project
4. <i>Public participation seeks out and facilitates the involvement of those potentially affected by or interested in a decision.</i>	<ul style="list-style-type: none"> • Engaging using a mix of suitable engagement methods and channels to ensure a wide engagement of people affected by or interested in our decision
5. <i>Public participation seeks input from participants in designing how they participate.</i>	<ul style="list-style-type: none"> • Working collaboratively with energy peak groups to: <ul style="list-style-type: none"> ○ Develop an approach to community engagement ○ Consider topics for engagement ○ Consider who should be consulted ○ Consider scope for customer influence • Seeking our customers input on topics they feel are the most important to focus on during the engagement and what they see as the most appropriate methods for engagement
6. <i>Public participation provides participants with the information they need to participate in a meaningful way.</i>	<ul style="list-style-type: none"> • Providing stakeholders with clear and accessible information they need to order to participate in a meaningful way

Goal / Principle	Considerations for evaluating Endeavour Energy’s performance as excellent, good, fair, poor, very poor
7. <i>Public participation communicates to participants how their input affected the decision.</i>	<ul style="list-style-type: none"> • Explaining how customer feedback has influenced the proposal • Explaining the reasons why customer feedback has not been used where relevant • Provides appropriate feedback loops for engagement with end-customers • Clearly explains how stakeholder feedback has influenced its approach and why feedback has not been used where relevant

Draft Evaluation Survey – Single event / engagement

Below is the evaluation survey for single engagements (to be amended for stakeholder sessions and some for end-consumer sessions). The quarterly survey was amended in December 2021 to include a “not applicable” field recognising that not all aspects of engagement are pertinent to each quarter’s activities.

Please rate Endeavour Energy’s performance in the following areas:

	N/A	Excellent	Good	Fair	Poor	Very Poor	More feedback welcome
Overall quality of the engagement event							
Clearly explaining the purpose of the engagement and how the feedback will be used to inform Endeavour Energy’s proposal							
Meeting the engagement purpose set out at the start of the session							
Clarity about the issues you are able to influence							
Quality of [pre-reading/presentations] in terms of providing information to allow me to participate in engagement in a meaningful way							
Making sure everyone had an opportunity to have a say							

Demonstrating genuine interest in my opinion							
<i>[For RRG/PCSC meetings and deliberative process]</i> Demonstrating clear feedback loops from previous engagement with the group							
Quality of the facilitator							
Quality of my table facilitator (where relevant)							
Quality of the presentations by Endeavour team members							
The venue, location and time							
What did you enjoy most about today? <i>Open-ended response</i>							
What could we do better in future sessions? <i>Open-ended response</i>							

Draft Quarterly RRG Survey

The following survey will be provided to the RRG on a quarterly basis following is proposed as a quarterly survey. This incorporates – the engagement program, Endeavour Energy’s approach to working with key stakeholders and translation of engagement outcomes into the proposal. (*This last section may not be relevant in the earlier stages of the engagement program.)

Please rate Endeavour Energy’s performance in the following areas:

	Excellent	Good	Fair	Poor	Very Poor	More feedback welcome
The overall engagement program						
Overall quality of the engagement program						
Clear intention to take a best practice approach to stakeholder and community engagement						
Seeking end-customer input on topics they feel are the most important to focus on during engagement						

	Excellent	Good	Fair	Poor	Very Poor	More feedback welcome
Seeking end-customer input on what they see are the most appropriate methods for engagement						
Engaging deeply on issues of most importance to customers						
Engaging with a broad, diverse group of customers and stakeholders						
Engaging using a mix of suitable channels and methods						
Being genuinely open to end-customer feedback and willing to explore new ideas						
Clearly explaining the purpose of each end-consumer engagement activity, what they are able to influence and how feedback will be used to inform Endeavour Energy's proposal						
Providing customers with clear and accessible information they need to participate in a meaningful way						
Provides appropriate feedback loops for engagement with end-customers						
Appropriate level of involvement of Executive, CEO and Board in engagement						
Developing an engagement plan that considers the IAP2 spectrum of engagement and what Endeavour Energy's commitment to engagement is for each topic						
Approach to working with peak stakeholders						
Working collaboratively with peak groups to develop an approach to engagement						

	Excellent	Good	Fair	Poor	Very Poor	More feedback welcome
Working collaboratively with peak groups to consider topics for engagement						
Working collaboratively with peak groups to consider who should be consulted						
Working collaboratively with peak groups to consider scope for customer influence						
Reflecting stakeholder needs and preferences in how they are engaged						
Clearly explaining the purpose of each stakeholder engagement activity and how feedback will be used to inform Endeavour Energy's proposal						
Clearly explains how stakeholder feedback has influenced its approach and why feedback has not been used where relevant						
Providing stakeholders with clear and accessible information they need in order to participate in a meaningful way						
Being genuinely open to stakeholder feedback and willing to explore new ideas						
Faithfully capturing feedback from customers and stakeholders and noting commitments made						
Providing stakeholders with clear and timely information in relation to meetings and requests						
Providing timely responses to stakeholder questions and feedback						
Making good on commitments						

	Excellent	Good	Fair	Poor	Very Poor	More feedback welcome
Sharing the outcomes of engagement and associated evaluation of the event with stakeholders						
Regularly evaluating the effectiveness of its engagement and refining its engagement approach as appropriate						
Involving appropriately skilled representative stakeholders through the engagement process						
Providing consumer advocates with impartial support to engage with energy sector issues						
Providing consumer advocates with opportunities to work independently of Endeavour in designing the revenue proposal						
Facilitating requests by consumer advocates for research and engagement beyond what was agreed in co-design activities if necessary						
Resourcing RRG to provide a brief statement on whether the proposal is consistent with the objectives set and what they observed through the engagement process						
Translation of engagement into the draft/ final proposal						
Working collaboratively with customers and stakeholders to develop the proposal						
Explaining how customer feedback has clearly influenced the draft/final proposal						
Explaining the reasons why customer feedback has not influenced the draft/final proposal where relevant						
Delivering a proposal that reflects customer preferences and priorities						

	Excellent	Good	Fair	Poor	Very Poor	More feedback welcome
Delivering a proposal that provides fair access to the modern grid						

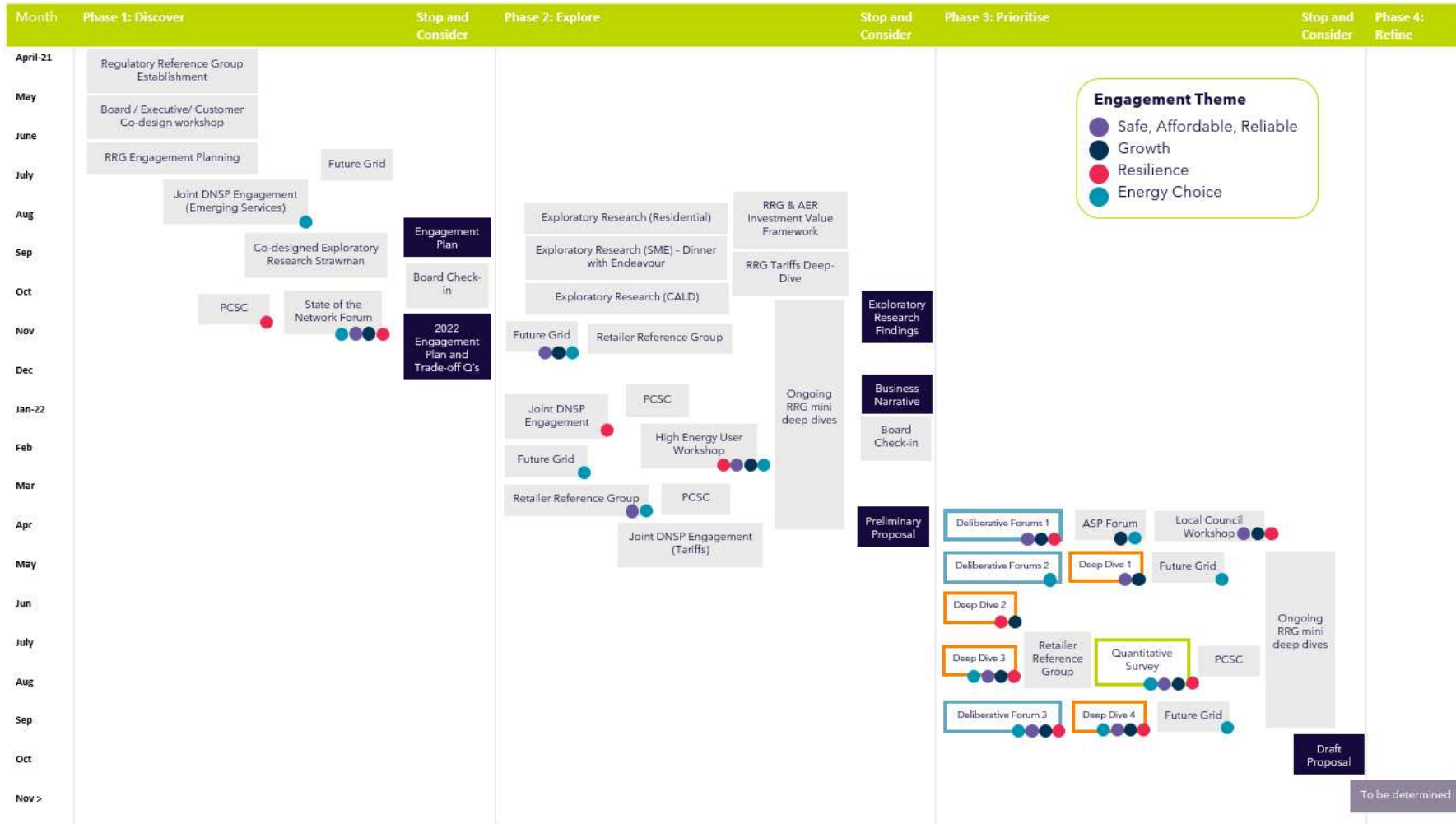
10. Engagement schedule and map

We have developed a comprehensive plan for engaging with our customers and stakeholders, outlined below. This plan was developed in June 2021, and subsequently updated in November 2021 to include detailed, specific scheduling of 2022 engagement activities. Endeavour Energy is committed to engaging on the Revenue Determination process post this point based on AER timelines for review of our proposal and key feedback.

Phase	Discover	Explore	Prioritise	Refine
Timing	April 2021 – September 2021	October 2021 – April 2022	May 2022 – October 2022	November 2022 – January 2023
Purpose	<ul style="list-style-type: none"> A research period to better understand customer and stakeholder needs, preferences and feedback on their service they value and our engagement approach 	<ul style="list-style-type: none"> A period of deeper exploration of key issues to help inform development of our preliminary proposal 	<ul style="list-style-type: none"> Broad and deep engagement on our preliminary proposal, identifying aspects of greatest importance to customers 	<ul style="list-style-type: none"> Developing and refining our final proposal using insights from the previous stage
Mode of Engagement	<ul style="list-style-type: none"> Establish subcommittees of the Peak Customer and Stakeholder Committee, including the Regulatory Reference Group (RRG) and Future Grid Reference Group (FGRG), determine Terms of Reference for those committees and commence regular, schedule of meetings (14) Develop the Engagement Plan using co-design principles Establish the Retailer Reference Group (ReRG) and determine Terms of Reference One-on-one briefings with stakeholders Ongoing engagement with AER Focus group exploratory research with residential and SME customers (13) In-language direct engagement with CALD communities (7) Participate in joint DNSP engagement (service classification) and collaborate on programming Establish 'Your Say' project website Digital and social media engagement Create feedback loop register 	<ul style="list-style-type: none"> Regular meetings with RRG and PCSC including 'mini deep dives' (13) Independent meetings of RRG (10) One-on-one briefings with stakeholders State of the Network Forums (2) High Energy Users Workshop Future Grid Workshops (2) Retailer Reference Group webinar (1) digital engagement of broad retailer group through closed 'Your Say' project page. Ongoing engagement with AER, including application for 'early signal pathway' under the Better Resets Handbook Commence engagement of AER's Consumer Challenge Panel (CCP) Review of draft Business Narrative Digital and social media engagement Engagement via 'Your Say' project microsite Proactively issue sending engagement updates to interested stakeholders Maintain feedback loop register 	<ul style="list-style-type: none"> Regular meetings with the RRG (minimum 12) Independent RRG meetings (minimum 12) One-on-one briefings with stakeholders Customer Deliberative Forums (9) In-language engagement with CALD communities Issue-specific Deep Dives with broader stakeholders (4) Customer quantitative research Ongoing engagement with AER, including formal check ins (2) Ongoing engagement of AER's Consumer Challenge Panel (CCP) Digital and social media engagement Engagement via 'Your Say' project website AER Better Resets Panel engagement, including formal check ins (2) Maintain feedback loop register and close feedback loops 	<ul style="list-style-type: none"> Digital and social media engagement 'Your Say' project website Direct, proactive update of stakeholders (both RRG and broader stakeholders from deep dives) Cross reference feedback loops to ensure proper close out
Key Deliverables	<ul style="list-style-type: none"> Engagement plan Exploratory customer research report 	<ul style="list-style-type: none"> Business Narrative Preliminary proposal 	<ul style="list-style-type: none"> Draft proposal Draft proposal customer overview Engagement report 	<ul style="list-style-type: none"> Final proposal Final proposal customer overview Engagement report

Engagement Schedule

The following outlines at a high level the proposed timing of key engagement activities up until lodgement of Endeavour Energy's regulatory proposal in January 2023. Endeavour Energy is committed to engaging on the Revenue Determination process post this point based on AER timelines for review of our proposal and key feedback. Ongoing Regulatory Reference Group and Peak Customer Consultative Committee meetings will also continue past this point.



Appendix: Engagement topics and approach

Topic / Theme	Overview	Level IAP2	Approach (example)
Risk Appetite	Our risk appetite in the long-term interests of customers reflects the Group Board position on key risks. This includes the risk tolerability from a safety, network, finance, compliance, customer, reputation, environmental and industry positioning perspective.	Consult	Consult with stakeholders on the Group risk appetite position and its impact on current and future plans.
Sustainability	We heard from customers concerns with sociological and environmental impacts of our industry. Sustainability was highlighted by customers to be in the long-term interests of customers. The sustainability theme will provide an overarching objective in our plans.	Collaborate	Collaborate with stakeholders on their direction associated with sustainability and its impact on our plans.
Role of Data	Improving business analytics and commercial opportunities from the effective use of data will underpin efficient and innovative delivery of electricity services, the role of improving data will provide an overarching objective and impact on our plans.	Collaborate	Collaborate with stakeholders on the role of data and information that features in our overall business narrative and plans.
Customer Engagement	This topic is about how we engage with customers and stakeholders, defining the objectives of engagement, identifying the topics, setting the breadth and depth of engagement and advising on customer research.	Collaborate	Collaborate with RRG through workshops and Engagement Plan Consult with PCSC on proposed engagement plan
Distributed Energy Resources (DER) hosting & Future Grid	This is about clarifying the role of networks in emerging markets (i.e. acting as a Distribution System Operator (DSO) to co-ordinate DER on the LV network for network purposes), ensuring that networks facilitate customer choice (i.e. do not curtail DER), prepare for new technologies like EV charging and utilise and investigate new network solutions like grid-scale batteries.	Collaborate	Collaborate with Future Grid and RRG through workshops to define scope of DER hosting and technologies Involve customers on preferences through research Consult investment plans through deep dives
NSW Renewable Energy Zones (REZ's)	The NSW Electricity Infrastructure Roadmap will be funded via a jurisdictional scheme (i.e. via prices like the Climate Change Fund). NSW REZs may also require augmentation of the distribution network or incentives in the distribution network to increase access rights in the REZ.	Consult	Consult with PCSC on Endeavour submissions to NSW DPIE on REZ

Topic / Theme	Overview	Level IAP2	Approach (example)
Demand Management (DM)	The avoidance or deferment of traditional network investment via demand management (notably via RIT-D process). The market for DM is growing and new technologies like Batteries further increase opportunities.	Involve	Involve RRG on workshop on processes to determine non-networks solutions through capital governance
Innovation Fund	Some networks (Ausgrid, Ausnet) have proposed a portion of their capex allowance be exempted from the CESS and earmarked for use on innovative trials and projects as governed by their respective Future Grid Customer Forum/ Committee.	Collaborate	Collaborate with Future Grid and RRG through workshops to define scope innovation fund approach to future grid
Capex inputs & assumptions	This is referring to key inputs like our customer growth, demand and energy forecasts, our key planning assumptions (like ADMD values), risk appetite, asset health indexes and age profiles.	Involve	Involve key stakeholders in workshops on our key inputs that drive our plans and seek input.
ICT Capex	Our ICT investment is key to current and ongoing efficiency drivers and in meeting new obligations and addressing key risks (e.g. cyber security and digital customer service enablement).	Refer below	Refer below.
ICT – Capex: Cyber	ICT investment associated with the protection of critical infrastructure including compliance with Critical Infrastructure license conditions	Consult	Consult with key stakeholders on our investment plans in cyber security that meet our obligations
ICT – Capex: Operations	ICT investment in operational technology solutions to enhance operation and control of the network assets	Consult	Consult with key stakeholders on our investment plans in operating technology investment that support our operations.
ICT – Capex: Smart Grid	ICT investment in new platforms to enable 2-way markets and efficient operation and service quality for DER hosting.	Involve	Involve through future grid workshops key stakeholder on the investment plans to support future grid enablement.
ICT Capex – Customer Service	ICT investment in platforms that enhance customer service	Collaborate	Collaborate with key stakeholders and through deep-dives on customer service-oriented ICT investments.

Topic / Theme	Overview	Level IAP2	Approach (example)
Capex Governance	Includes demonstrating to stakeholders the improvements made and to determine our capex requirements and achieve a sustainable risk profile for our business	Consult	Consult key stakeholders on our capital governance approach in accordance with our risk-appetite and business processes.
Augmentation Expenditure (Augex) & Connections	Servicing growth from the existing customer base and connecting new customers is a key service we provide. Customer growth is central to our business narrative.	Involve	Involve key stakeholders in our growth investment plans and key drivers to incorporate their advice in our plans.
Replacement Expenditure (Repex)	This is the largest category of capex. The rate at which we replenish our assets impacts RAB growth (which impacts long term prices), network performance and risk.	Involve	Involve key stakeholder based on our risk-appetite and technology plans, our replacement plans to maintain a safe, reliable and secure network.
Tariff Structures and Strategy	This is about setting our Tariff Design, assignment policies, rate of transition and providing efficient signals to customers for new technologies and innovation.	Collaborate	Collaborate with key stakeholders and end-use customers on the design of our tariffs and our tariff strategy including potential 2-way pricing.
Network Resilience Investment	How networks are considering and managing climate risk in its plans; this can involve proactive capex programs to improve network automation and resilience, reactive outage response and insurance opex and risk allocation balance between networks and customers via pass-throughs.	Involve	Involve key stakeholders in our decisions regarding network resilience investment, particularly associated with long-term climate change and more immediate disaster relief.
Pass Throughs	An aspect of network resilience where it is inefficient to incur costs to manage certain risks of uncertain timing and consequence. A set list of defined events is used to manage these risks by allowing a Determination Revenue Allowance to be adjusted if the event occurs.	Consult	Consult key stakeholders on our pass-through definitions and impacts.
Insurance	Our insurance policies are a key risk management tool associated with the network resilience issue. It will be important to note growing cost and challenge of securing insurance.	Inform	Inform key stakeholders of our insurance policies and insurance

Topic / Theme	Overview	Level IAP2	Approach (example)
			environment reflecting risk appetite and costs.
Operating Expenditure (Opex) Forecasting Methodology	The AER's base-step-trend method is tied to the EBSS and is a formulaic approach to setting opex rather than a granular assessment of opex budgets at a category level.	Inform	Inform key stakeholders on the OPEX forecasting methodology set by the AER
Opex Base Year	This is about the AER's benchmark efficiency test to determining whether the base year opex is efficient. This determines whether the base-step-trend forecasting method and EBSS applies or whether the AER uses its substitute opex forecast with no EBSS.	Consult	Consult key stakeholders on the methodology and approach to base year OPEX
Opex trends	This is accounting for real growth in inputs prices (labour and materials), output growth (growing customer base) and productivity targets and trends	Consult	Consult key stakeholders on the growth factors, including productivity and growth, that reflect our business and our efficiency.
Opex Step changes	Known or reasonably expected changes to opex (from our FY23 base year) are factored into our forecast opex. This could be to fund efficiency programs or increasing insurance premiums, demand management and innovation contracts or other new regulatory obligations.	Involve	Involve key stakeholders in the forecast opex step changes that reflect the topics and require an uplift in operating and maintenance costs.
Efficiency Benefit Sharing Schemes - EBSS & CESS	The opex and capex incentive schemes respectively as part of better regulation reforms. There is growing asymmetry between them as the CESS hard codes a 30:70 sharing with customers whilst the EBSS has reduced to 16:84 with WACC reductions. These schemes are fundamental to the ex-ante, incentive-based regulatory framework that incentivises networks to drive efficiency.	Inform	Inform key stakeholders on the regulatory approach and outcomes associated with incentive regulation.
Service Target Performance Incentive Scheme STPIS & DER Incentive	The existing reliability incentive scheme will likely be amended to also include a DER hosting incentive (potentially voltage or a more direct measure of curtailment). NSW licence conditions will also provide new service standards.	Consult	Consult key stakeholders on the STPIS scheme, it's factors and performance outcomes.

Topic / Theme	Overview	Level IAP2	Approach (example)
Demand Management Incentive Scheme / Allowance DMIS/A	The extent to which we are incentivised to fund innovative trials (DMIA) and then operationalise demand management initiatives (DMIS) generally via the RIT-D process.	Involve	Involve key stakeholders in our strategies for non-network solutions and formulate key decisions together.
Customer Service Incentive Scheme	A customer service incentive scheme could be a new and separate scheme that replaces the telephone answering component of STPIS with a suite of new measures (customer satisfaction, SMS notification, planned outages, telephone answering, etc). It requires customer support and will remain 0.5% Revenue at Risk.	Collaborate	Collaborate key stakeholders on the applicability and design of a new Customer Service Incentive Scheme (CSIS)
Regulated Asset Base (RAB)	RAB is the largest contributor to long-term prices and impacts inter-generational equity. RAB/customer has been a key concern of stakeholders.	Inform	Inform customer through draft outcomes of the RAB outcome, although RAB growth will feature in investment plans as a top-down metric of performance
Rate of Return	Determined separately via the AER's binding rate of return instrument 2022 review. Critical to prices and attracting quality investors and securing long term investment in energy networks.	Inform	Inform customer through draft outcomes of the rate of return on overall revenue.
Accelerated Depreciation	Networks can accelerate depreciation for asset mis-categorisation and technical redundancy (driven by regulation or technological change).	Involve	Involve RRG and broader customer representative through workshops of the technical obsolescence of assets and depreciation requirements.
Service Classification & Regulation	The AER defines the services we may provide and determines the level (i.e. Direct control vs Unregulated distribution services) and form of regulation (i.e. revenue vs price cap) that applies. This process will be critical for clarifying the regulatory treatment of new and emerging services and setting the scope of the ring-fencing guideline.	Consult	Consult with RRG and broader representatives through early deep dives on our role and service offerings as a regulated entity
Contingent Projects	For large capital projects (in excess of approx. \$45M for Endeavour Energy) of uncertain timing or nature a trigger event can be defined to re-open a Determination during a period.	Consult	Consult with RRG and stakeholders on contingent projects (where applicable)

Topic / Theme	Overview	Level IAP2	Approach (example)
Connections Policy	The terms and conditions for how new customers connect to our network. The efficiency of this process is important to servicing growth and changes will be required following the DER rule change. This topic will also cover our capital contributions policy and how it impacts community growth. It relates to how the cost associated with new connections is shared between new and existing customers.	Involve	Involve keep stakeholders on the Endeavour Energy connection policy, its impact on development and costs.
Shared Assets	Sharing network assets (e.g. for telecommunications assets) results in a 10% sharing of unregulated revenue generated via the use of shared assets. Encouraging dual use assets reduces costs that need to be recovered by electricity customers.	Inform	Inform stakeholders of Endeavour Energy's shared asset opportunities and cost impacts.
Alternate Control Services (including street lighting and smart lighting services)	Defining the scope price of Public Lighting, Metering and Ancillary Network Services (ANS). LED and smart public lighting and managing metering asset stranding being key issues.	Involve	Involve key stakeholders, particularly councils, on ACS offerings and modelling.

OVERVIEW

Endeavour Energy is committed to engaging deeply and extensively with customers and stakeholders in the creation of a new Revenue Proposal to the Australian Energy Regulator (AER), customers and our shareholders for the 2024-2029 regulatory period. Endeavour Energy's ambition is to submit a proposal that explicitly reflects consumer priorities and feedback and is capable of support by the AER.

Endeavour Energy has established the Regulatory Reference Group (RRG) as a subcommittee of the Peak Customer & Stakeholder Committee to support the development of our proposal to the AER, which will take place from 2021 - 2024. The RRG assumes responsibility for the detailed work of regulatory engagement on behalf of the PCSC, and reports back to the peak committee, ensuring all members of the PCSC remain informed of its work, and are afforded opportunities to influence and contribute to regulatory engagement.

The Terms of Reference is a 'live' document that will be regularly reviewed by The Peak Customer & Stakeholder Committee. The first document review will occur when the AER publishes its *Statement of Expectations for Networks* later in 2021.

The RRG will comprise independent members of the Peak Customer & Stakeholder Committee who volunteer to participate, and representatives of Endeavour Energy. The RRG has been established on a principle of co-design; in which independent members of the RRG and representatives of Endeavour Energy work collaboratively on the development and implementation of the engagement plan and the development of the Endeavour Energy 2024-29 Revenue proposal.

This commitment to the principle and practice of co-design however shall not infringe the autonomy of the independent members, who represent peak stakeholder organisations and consumers at large; and who are expected to report separately to the AER on the Endeavour Energy proposal, and Endeavour Energy's engagement program.

Endeavour Energy welcomes the AER to participate as an observer at the subcommittee and anticipates that an AER Consumer Challenge Panel will be active observers of the RRG.

PCSC Representation

- TBA, Public Interest Advocacy Centre
- Bruce McClelland, Business Western Sydney
- Iain Maitland, Ethnic Communities' Council of NSW
- Mark Byrne, Total Environment Centre
- Mark Greening, Energy Users Association of Australia
- Mike Swanston, The Customer Advocate
- Nic Pasternatsky, Western Sydney Regional Organisation of Councils
- Simon Moore, Business NSW
- Adam Cramp, NSW Department of Planning, Industry & Environment (observer)
- Sophia Vincent, NSW Department of Planning, Industry & Environment (observer)

Endeavour Energy Representation

- Francoise Merit, Chief Financial Officer
- Leanne Pickering, Chief Customer & Strategy Officer
- Scott Ryan, Chief Assets and Operating Officer Peter Langdon, Head of Asset Management & Performance
- Colin Crisafulli, Manager Network Regulation
- Patrick Duffy, Regulatory Strategy Manager
- Daniel Bubb, Network Pricing Manager
- Kate McCue, Manager Corporate Affairs
- Jacqueline Crompton, Stakeholder & Communications Manager

MEETINGS

Meetings will be chaired by Endeavour Energy Chief Financial Officer, Francoise Merit.

Endeavour Energy will host a minimum of bi-monthly meetings. Agendas will be agreed in advance in collaboration with subcommittee members.

PCSC members will not be able to nominate a proxy to attend. Endeavour Energy has the discretion to replace members of PCSC subcommittees as a result of continued non-attendance following prior collaboration with members of the relevant subcommittee.

PUBLICATION

Matters considered by the RRG including meeting presentations and Minutes may be published on the Endeavour Energy website.

ROLE OF THE INDEPENDENT MEMBERS OF THE RRG

The RRG is subject to the objectives and procedures of the Peak Customer & Stakeholder Committee Charter. The PCSC representatives ('Independent Members'), acting in an advisory capacity, perform the following roles throughout the development of the Revenue Proposal:

1. representing the long-term interests of Endeavour Energy customers
2. co-designing of the engagement program
3. participating as key stakeholders in the Revenue Proposal engagement; and,
4. challenging Endeavour Energy throughout the development of its' 2024-29 Revenue Proposal both on its proposal and the engagement program

In particular, the Independent representative Members will:

Activity	Position on the IAP2 spectrum
Advise on the scope, timing, methodology and delivery of the engagement program	Collaborate
Participate in a range of specific engagement activities with customer segments at locations across the Endeavour network.	Consult
Partner with Endeavour Energy in the formation of viable future business plans.	Consult / Involve / Collaborate

Incorporate as best as possible the priorities of different stakeholder groups.	Involve
Assist in improving Endeavour Energy's understanding of the needs and expectations of different customer segments.	Involve
Provide input into the development of the 2024-29 revenue proposal including challenging key parts such as operating costs, capital costs and the Tariff Structure Statement.	Involve / Collaborate
Assist Endeavour Energy in its support of vulnerable and CALD customers.	Collaborate
Encourage a culture of continuous engagement at Endeavour Energy.	Involve
Provide briefings on the work of the RRG to each PCSC meeting.	Consult

To assist Independent Members to fulfill their roles, they will be able to:

- commission independent research in the above matters. The scope and cost of this research will be subject to discussion with, and approval by, Endeavour Energy representatives on the RRG; and
- engage directly with the AER without Endeavour Energy participation to better understand the AER's approach to a matter associated with the reset. The Independent Members will provide Endeavour Energy and the AER's observer on the RRG advance courtesy notification of meetings. Subject matter and AER staff met.

Drawing on this work, the Independent Members will prepare four independent reports for submission to the AER and Endeavour:

Independent Members Report	Target Date for submission to AER & Endeavour Energy
On the Preliminary Proposal	April 2022
On the Draft Proposal	October 2022
On the Regulatory Proposal	January 2023
On the AER Draft Decision and Revised Revenue Proposal	January 2024

These reports will comment on how the engagement process has influenced the Plan/Proposal, highlighting areas of agreement and disagreement and how Endeavour Energy responded to the challenges that were presented with during the reset process. The Independent Members may also present at public forums arranged by the AER on the 2024-2029 regulatory re-set.

Independent Members will participate in ongoing event-related evaluation of Endeavour Energy's engagement program, as well as quarterly engagement evaluation surveys.

INDEPENDENT MEMBER MEETINGS

Independent Members may elect to meet collectively at their discretion (on a regular or ad hoc basis), without Endeavour Energy participation. Independent Members will provide advice to Endeavour Energy relating to costs incurred as a result of this work.

The independent members will appoint a Co-ordinator from among the independent members to:

- chair independent meetings
- ensure all independent members can participate in independent meetings
- ensure adequate records of independent member meetings are retained (these will not be published outside of Endeavour Energy)
- represent group feedback to Endeavour Energy representatives on the RRG, including requests for additional support (including meeting facilitation by Endeavour Energy's engagement partner), additional information or additional engagement activity, including research initiatives
- coordinate the preparation of the four independent reports referred to above

Feedback (including requests per above) will be collaboratively considered by the entire RRG (comprising independent members and Endeavour Energy representatives) within a co-design setting.

ENDEAVOUR ENERGY SUPPORT FOR INDEPENDENT MEMBERS

To support the Independent Members of the RRG to fulfill its various roles, Endeavour Energy will:

- provide briefings, where requested, to assist Members understand the revenue reset process
- provide logistical support including facilitating support from its engagement partner Newgate Australia and providing an agreed platform e.g. Recollective
- consider proposals for independent research
- provide timely feedback on proposals from Independent Members
- to ensure enough membership to fulfill the purpose, appoint new Independent Members e.g. when an existing member resigns or is unable to attend meetings

CONFIDENTIALITY

Independent Members recognise that they will be given access to confidential information as part of their role. Given this they agree to sign a Confidentiality Agreement that will expire on the date that the AER delivers its Final Decision on the 2024-29 revenue reset.

CONFLICT OF INTEREST

These may arise from time to time. Independent Members are accountable for raising any actual or potential conflicts with both the RRG Chair and the Independent Member's Co-ordinator.

REMUNERATION

Endeavour Energy acknowledges and values the time members invest in participation in Regulatory Reference Group workshops and meetings. Endeavour Energy is pleased to remunerate members whose participation in the subcommittee is ancillary to their professional roles.

Remuneration entails an hourly rate of \$250 +GST (capped at 8 hours per day) in addition to remuneration of travel expenses for engagement activities associated with the Regulatory Reference Group.

Appendix E

Preliminary Assessment
of Endeavour Energy's
capacity to comply with
the AER Better Resets
Handbook



Engagement: We have co-designed a comprehensive engagement plan with our RRG and have demonstrated a commitment to genuine and thorough engagement to date. We consider we are ‘on track’ to satisfy the requirements of the Handbook.







Sections	Component	AER Expectation	Endeavour Preliminary Position
4.2	Nature of engagement	<p>Networks will sincerely partner with customers. Specifically:</p> <ul style="list-style-type: none"> the sincerity of engagement as evidenced by ‘buy-in’ from network management, an openness to new ideas and allowing customers to ‘set the agenda’. partnering to form a proposal through collaboration rather than simply asking for feedback. equipping customers by engaging with qualified customer representatives, providing impartial support and ensuring they are appropriately remunerated. 	<p>We have revised our Stakeholder Engagement Framework and developed a Reset Engagement Plan through a co-design process with our RRG. We have committed to a co-design approach, guided by Powerlink’s experience, to develop our regulatory proposal in collaboration with our RRG.</p> <p>We intend to engage with end-use customers in a series of deliberative forums that build their knowledge and ability to participate advise over time. We have also established an expert panel of customer representatives (RRG) that are remunerated for their participation and will be resourcing support to provide independent reports.</p>
4.3	Breadth and depth	<ul style="list-style-type: none"> Clearly laid out engagement plans which outline objectives, topics and the level of participation customers can expect with realistic timeframes. Consulting on outputs which should then guide development of inputs. Using multiple channels of engagement which cater to (and balance) the interests and needs of different customers. Engagement should consider the IAP2 Spectrum of Public Participation. 	<p>Our Engagement Plan includes an identification of engagement topics of interest. These topics were prioritised collaboratively by the Board, Executive and RRG in terms of impact and intended level of customer participation per the IAP2 spectrum.</p> <p>We have focused initial customer research on preferences around desired cost-service outcomes and sought to frame RRG discussions similarly. We will continue to focus on the outputs and use this to develop our proposal inputs.</p> <p>Our Engagement Plan includes multiple forums, engagement channels and methods designed to cater for the level of knowledge, interest and resourcing of our various stakeholders. We intend to highlight and balance any conflicting interests in the positions we develop.</p>
4.4	Clearly evidenced impact	<ul style="list-style-type: none"> Clear link between customer research and engagement, a networks’ representative of the desired customer outcomes and how the proposal delivers against this (including balancing conflicting interests). Independent support for proposals developed by networks. Use of feedback loops. 	<p>We have developed initial investment themes based on exploratory customer research and stakeholder engagement conducted to date. We will continue to test and refine these themes with the RRG and customers through various engagement activities.</p> <p>We have plans in place to support the independence and resourcing of our RRG. We have developed a feedback loop register for our various customer committees. Our engagement plan also includes numerous reflection points with the RRG (and our Board) as well as a close-the-loop customer deliberative forum and a Draft Proposal in October 2022 that closes the loop on the April 2022 Preliminary Proposal.</p>

Capex: Our intention is to develop a capex proposal that satisfies the requirements of the Handbook. We intend to submit a capex forecast that is below (or at) current period spend and derived applying our improved asset and risk management framework and quantified cost-benefit analysis.

Sections	Component	AER Expectation	Endeavour Preliminary Position
5.2.1	Top-down testing of total and category level	<p>Forecast total capex is not materially above current period spend and consistent with incentive outcomes (e.g. a material CESS reward for underspending is not followed by a large increase in capex).</p> <p>At a category level the recurrent components are not materially above current spend and/or AER models (like repex) where available. Non-recurrent and new categories supported by cost-benefit analysis (CBA).</p>	<p>Our intention is to submit a capex proposal that is at or below current period spend and the allowance. Noting there remains forecast uncertainty for the current period given the considerable time remaining (3 years) and covid impacts. If we fail to achieve our current period forecast we will review our capex proposal and/or CESS outcomes to the extent necessary.</p> <p>At a category level we will utilise the AER's repex model for recurrent repex. We are targeting a reasonable cost-benefit analysis coverage of our forecast spend focussing on material categories (like repex), increasing categories (like Augex) and new categories (such as DER). Noting any new or increasing categories are forecast to be offset by reductions in the remaining categories period to period.</p>
5.2.2	Bottom-up evidence	<p>For material categories of spend, evidence for key programs or projects of:</p> <ul style="list-style-type: none"> • Identification of need (prudence) per the Rules. • Quantitative CBA of all feasible options. • Accounting for capex/opex trade-offs. • Compliant with planning requirements (RIT-D). 	<p>We have (and continue to) make significant improvements to our asset and risk management practices following feedback from the AER and EMCa during the 2019-24 determination. This includes a revised value framework, investment optimisation tool, investment governance and documentation approach which has been consulted with our key stakeholders.</p> <p>We are in the process of developing our bottom-up plans using our value framework (which accords with AER input assumptions and guidance notes). We have engaged third-parties to test the developing quantitative, economic CBA business cases covering a material portion of our forecast program. This also includes the testing of options, particularly non-network as a matter of BAU and in applying the RIT-D.</p>
5.2.3	Technical proficiency	Alignment with industry standards on good asset and risk management (such as ISO 55000 and ISO 31000).	As noted above we have made significant improvements to our asset and risk management practices and we regularly certify our compliance with key industry standards.
5.2.4	Sustainable RAB	Customers provided with reasons and implications for any increase in the forecast RAB.	We expect to deliver a capex proposal that supports a declining RAB (and RAB/customer) in real terms.
5.2.5	Customer engagement	Evidence that proposal reflects preferences of customers and customers where fully informed of implications of short and long term trade-offs.	We intend to satisfy this requirement through a detailed engagement program, developed with our RRG, that identified several capex related issues for engagement across the IAP2 spectrum. This includes initial customer research to inform the development of our plans and alternate options. Through our preliminary proposal, RRG engagement, customer deliberative forums and stakeholder deep dives we will test these assumptions and seek feedback on the available options. We will then review and revise our inputs (i.e. capex forecast) as required in order to ensure it delivers outputs (i.e. cost and service quality) that aligns with customer expectations.




Key:  Aligned or enough information available to suggest 'on track'  To be determined / Immaterial  Not aligned or not on track

Opex: We are ‘on track’ to deliver a proposal that meets the requirements of the Better Resets Handbook. We consider any deviations in the trend factor to be immaterial. Our position will be subject to the outcomes of engagement on step changes and accounting standard changes.




Sections	Component	AER Expectation	Endeavour Preliminary Position
6.2.1	Forecasting approach	<ul style="list-style-type: none"> Opex is forecasting using the ‘base-step-trend’ approach with inputs and assumptions consistent with those used to calculate the EBSS carryover amounts. 	 We intend to utilise the AER’s opex forecasting approach consistent with the EBSS.
6.2.2	Base opex	<ul style="list-style-type: none"> Efficiency scores greater than 0.75 (with operating environment factors considered as required) Estimate final year opex using AER’s method and consult on any adjustments to base opex. 	 Our forecasts indicate our base year opex (FY23) will meet the AER’s efficiency test. We will use the AER’s method to forecast final year opex. We note a base year opex adjustment may be required if we adopt a lease accounting standard change (shifting lease expenditure from opex to capex). However, we will consult further with the RRG on whether we adopt this change for regulatory accounting.
6.2.3	Trend	<ul style="list-style-type: none"> Output growth forecast using the AER’s preferred specification (and weights). Adopting AEMO’s consumption and demand forecasts and customer growth consistent with historic trend. Price growth forecast using the AER’s input price weights and using two state-specific utilities industry WPI growth forecasts for labour (including one engaged by the AER). Zero real non-labour price growth. Productivity growth of 0.5% 	 <ul style="list-style-type: none"> Output growth: we will use the AER’s output specification and weights. However, AEMO may discontinue the demand forecasts referred to. Regardless, we intend to utilise whichever demand and consumption forecasts that have performed more accurately historically for our network area. Price growth: we will align with the AER’s expectations. Productivity growth: we will include a 0.5% productivity factor
6.2.4	Step changes	<ul style="list-style-type: none"> Limited to new obligations, capex/opex substitutions or driven by major external factors outside of a DNSPs control. Any amounts are well justified, not double counted and material. 	 We will investigate whether any step changes meet the AER’s criteria with the RRG. We have identified several potential step changes including: the Critical Infrastructure Bill, accounting standard changes (both leases and Software as a Service), increasing Insurance premiums, acquisition of metering data, the amended NSW Guaranteed Service Levels (GSLs) scheme and non-network support payments. Quantification and further engagement with the RRG will be required.
6.2.5	Category specific	<ul style="list-style-type: none"> Consistent with cost categories included as category specific costs in previous AER decisions. 	 We are not aware of any category specific costs that will be required outside of debt raising costs which will be calculated using the AER’s method.
6.2.6	Customer engagement	<ul style="list-style-type: none"> Evidence that forecast opex is consistent with expectations with customer preferences (particularly where there is a deviation from the above AER positions). 	 We intend to include a forecast opex that is lower than current period allowance and that supports an overall revenue outcome and focus that aligns with customer expectations. We will engage on opex matters more specifically with respect to accounting standard changes and in assessing and developing any step changes.

Key:  Aligned or enough information available to suggest ‘on track’  To be determined / Immaterial  Not aligned or not on track

Depreciation: We are on track to deliver a depreciation forecast that satisfies the requirements of the Better Resets Handbook. We do not expect any material deviations from the AER’s expectations or current approach.

Sections	Component	AER Expectation	Endeavour Preliminary Position
7.2	Modelling	<ul style="list-style-type: none"> The AER’s post-tax revenue model, roll forward model and depreciation tracking module (where relevant) are used without amendments. 	<p> We intend to use the AER’s models without amendment.</p>
7.2.1	Asset lives	<ul style="list-style-type: none"> No broad adjustments to depreciation approach. Noting it may be appropriate for there to be targeted long run refinements that can be achieved with limited short run impact on customers. An asset’s remaining life can be cut short unexpectedly. However, early replacement decisions should be balanced with the volume of repex being proposed and include a consideration of re-using assets elsewhere in the network. Where it proposed an asset is separated from the broader asset base and depreciation is accelerated this should be consulted on with customers. 	<p> Similar to the Powerlink case study in the draft <i>Better Resets Handbook</i> we intend to refine our approach to calculating the remaining asset lives. In the 2020-24 period we moved from a WARL (weighted average remaining life) method to a period-by-period tracking approach. This NPV neutral change resulted in depreciation better matching the economic life of the assets as the WARL method resulted in a back loaded depreciation profile.</p> <p>For 2024-29 we intend to move from period-to-period to year-by-year tracking (a more accurate method). This staggered approach to refining our asset lives calculation means there is minimal short-run impact on customers from making the change. We expect this change will increase revenues by approx. +\$500k p.a. over the 2024-29 period (noting it is NPV neutral over the life of an asset). A year-by-year tracking method is currently used by all other non NSW/ACT DNSPs and reflects the default method in the AER’s models (including the method used for tax depreciation purposes).</p> <p>For accelerated depreciation we do have distribution transformers that are early retirement candidates. Specifically, transformers where solar export has resulted in them exceeding operating parameters and where other options like “tapping” (i.e. expanding the operating limits) and/or re-purposing have been exhausted. It is estimated that approximately \$8.5M worth of transformer asset value could be accelerated over the 2024-29 period. Our initial position is to not propose this change unless the RRG consider there is merit in consulting on this issue further with customers.</p>
7.2.2	Asset classes	<ul style="list-style-type: none"> The asset classes would be unchanged from the last reset. 	<p> We intend to use the same asset classes. However, there may be a need to add asset classes to reflect changes in accounting standards in the treatment of leases. We will consult further with the RRG on whether this accounting standard change should be adopted for regulatory accounting purposes by Endeavour Energy.</p>

Tariffs: We are on track to deliver a Tariff Structure Statement (TSS) that is capable of satisfying the requirements of the Better Resets Handbook. We have identified a number of opportunities to progress tariff reform and an engagement program to ensure our position is guided by customer feedback.

Sections	Component	AER Expectation	Endeavour Preliminary Position
8.2.1	Tariff reform	<ul style="list-style-type: none"> Demonstration of tariff reform consistent with the network pricing objective and pricing principles set out in the Rules 	<p> We intend to refine the cost reflectivity of our tariffs (or expand their application) whilst balancing customer impacts. Options we intend to consider to progress tariff reform include:</p> <ul style="list-style-type: none"> Introduction of 'solar soak' pricing periods to encourage consumption at times of high solar export Introduction of an opt-in 'prosumer' tariff with export charges at times of high solar export and a 'feed-in' reward for those customers that can shift their export to times of peak network demand. We intend to trial this tariff effective 1 July 2022. Trialling a dynamic controlled load tariff that is designed to perform solar soaking during the day and manage the evening peak demand – including the load expected from household EV charging. We intend to trial this tariff effective 1 July 2022. <p>Noting the above is not an exhaustive list of options and subject to further customer research and engagement.</p>
8.2.2	Customer engagement	<ul style="list-style-type: none"> Demonstration of significant stakeholder engagement and broad support 	<p> We intend to satisfy this obligation:</p> <ul style="list-style-type: none"> We commenced engagement with our RRG on TSS3 and areas for improvement to our current position. We are collaborating with other DNSPs and will explore opportunities for joint engagement where feasible / appropriate. We have also conducted exploratory customer research on customer priorities. This will inform more detailed and specific engagement with customers on tariff design options via a series of deliberative forums with customers across our network area. Following this engagement we will conduct a series of 'deep dives' with stakeholders, customer representatives and the AER to consult on detailed tariff design options in light of the customer feedback received. An additional workshop has been scheduled for local government which will focus on streetlighting tariffs and smart lighting. We have also established a Retailer Reference Group to engage with Retailers on TSS3 and are planning engagement with other key stakeholders such as high energy users and the NSW Government.
8.2.3	Managing customer impacts	<ul style="list-style-type: none"> Provide insight into and management of any adverse customer impacts 	<p> We will:</p> <ul style="list-style-type: none"> Trial our 'prosumer' tariff structure to gauge customer and retailer acceptance of the incentives inherent in this structure. Share customer impact analysis on our proposed tariff reforms Where required, use transitional tariffs and tariff assignment policies to manage the impacts of reform.