

# Endeavour Energy's electricity plans and prices

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Rod Howard  
Chief Operating Officer

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# ABOUT ENDEAVOUR ENERGY

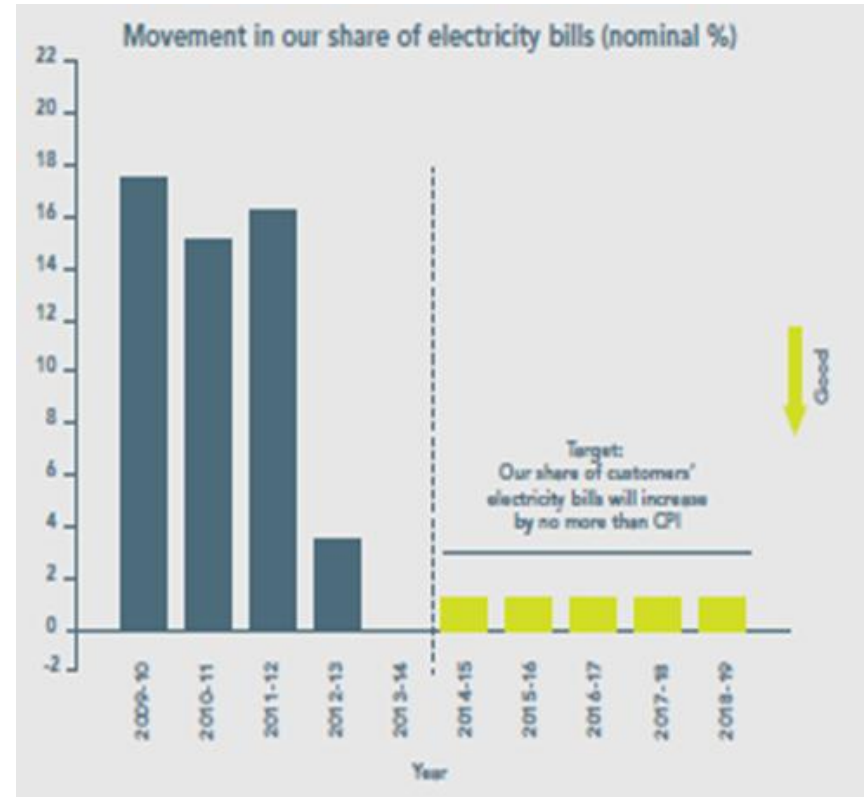
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- One of three electricity distributors in NSW
- Network covers 24,500 square kilometres with regulated investment worth \$5.6 billion
- Serves 908,000 customers – household and businesses. Including NSW’s fastest growing areas; economy worth \$58b
- Around 2,600 employees

# OUR PROPOSAL OBJECTIVES

- Safety is our number one priority. While performance is generally improving, we have not reached our ultimate goal of zero injuries.
- Ensuring the ongoing reliability, security and sustainability of the network.
- Contain our share of network bill increases to at or below CPI for customers.



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# OUR CUSTOMER ENGAGEMENT PROGRAM

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## Our engagement framework



We sought customer views through existing and new research, interactive workshops, meeting with key consumer representative groups, writing to and meeting with retailers, industry associations and councils and through social media and our website.

We used this knowledge to help inform our objectives and plans for our proposal to the AER.



# WHAT WE LEARNT

## FORUM PARTICIPANT LEARNINGS

At the end of the forums, we asked each participant what they learnt from the forum.

This page shows some of their responses.

I gained greater awareness of what Endeavour actually does. But I still feel the same. I've had no reason to complain personally, so they're doing ok in my book.

It would appear that you are 'on the ball' with the topics covered tonight. The only thing is that prior to tonight I was not aware of the extent to which you covered these topics. Perhaps there needs to be some sort of general awareness program to cover these topics.

I am more aware of costing to billings. Frustrations Endeavour face in terms of forward planning. Endeavour being serious about cost reduction and passing on cost reduction.

I've learnt that you are trying in some areas, but there is still room for improvement.

I learnt more on the breakdown of the expenses in a bill. I was also informed of Endeavour's future plans and direction for their infrastructure.

I didn't realise that underground power costs more to provide/construct. I didn't consider there are costs involved in repairs, and maybe more difficulties to access and repair.

I'm happy with what Endeavour does and they appear to be working towards keeping cost down to a minimum and passing on the savings down to the consumer.

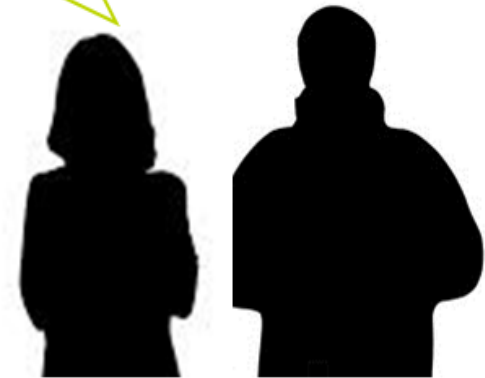
Endeavour are actively trying to help the consumer. They aren't just a business seeking more money.

Understand now that wires are expensive. A large part of my electricity bill is going towards capital and operational costs. Certain things that affect energy cost are beyond Endeavour's control.

Pricing increases over next 5 years will be more controlled than the previous 3-5 years. Positive training policy and procedures.

Learnt just who Endeavour Energy is and what they do. Learnt what Endeavour are really out to do with respect to future planning.

Enjoyed the evening very much, most informative. Interesting info on the carbon tax.

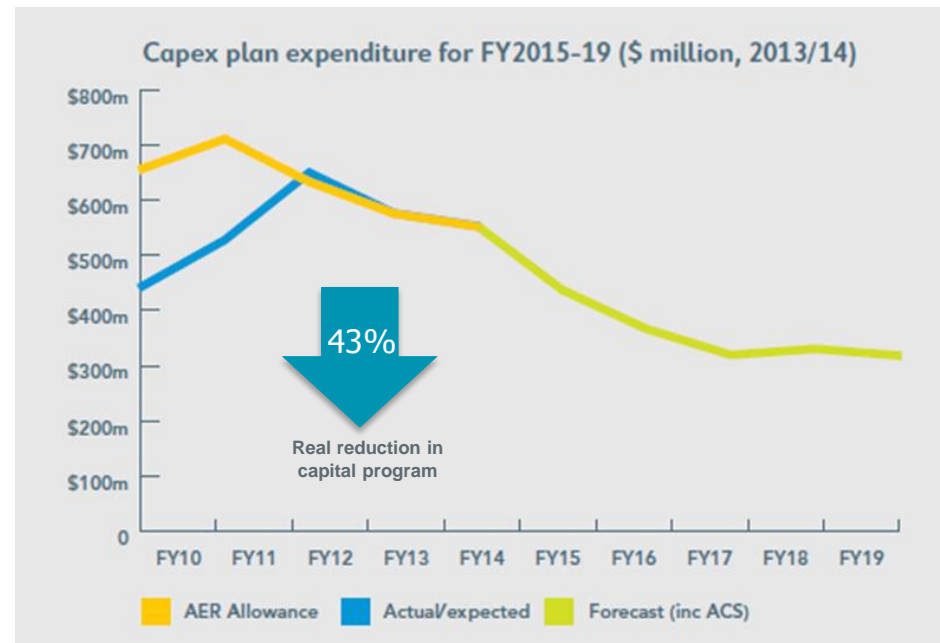


# CUSTOMER PRIORITIES

You said...	A snapshot of what we'll do
<p><b>Pricing</b></p> <p><i>"Anything Endeavour can do to keep costs down is welcome"</i></p> <p>Customers want stable, affordable electricity with no steep increases</p>	<p>We'll continue our productivity and efficiency programs which delivered a real decrease in network electricity charges for the first time in a decade in July 2013.</p> <p>We'll limit increases in the network component of electricity bills to CPI for the next five years.</p>
<p><b>Reliability and outages</b></p> <p><i>"We're living in a first world country and paying for a service"</i></p> <p>Most customers rate Endeavour Energy's level of reliability as very good and don't want to pay more for a better service. Nor are they prepared to pay less for poorer reliability.</p> <p>Customers also asked us to improve how we notify customers about outages and improve content too.</p>	<p>We plan to maintain our current level of reliability and improve areas with poorest reliability</p> <p>We're planning a new mobile site to give you live outage information</p> <p>We'll investigate improved notifications using SMS and smart phone apps and review our written interruption notices.</p>
<p><b>Safety</b></p> <p><i>"I expect safety to be a big priority for such an essential service."</i></p> <p>Customers don't want safety and reliability standards to be compromised, even for lower prices.</p>	<p>We plan to improve our safety programs for workers and contractors.</p> <p>We'll maintain our pole 'black spot' relocation program, continue our public safety education program and expand its reach via social media.</p>

# CAPITAL EXPENDITURE 2014-19

- Proposed investment of \$1.9 billion over five years. A 43% real reduction in expenditure compared to the allowance for the previous five years after you consider inflation.
- Focus:
  - maintaining a safe, reliable and sustainable network
  - renewing ageing network assets
  - service growth in demand in the key greenfield areas of North West and South West Sydney



**FROM THIS: KELLYVILLE NSW**



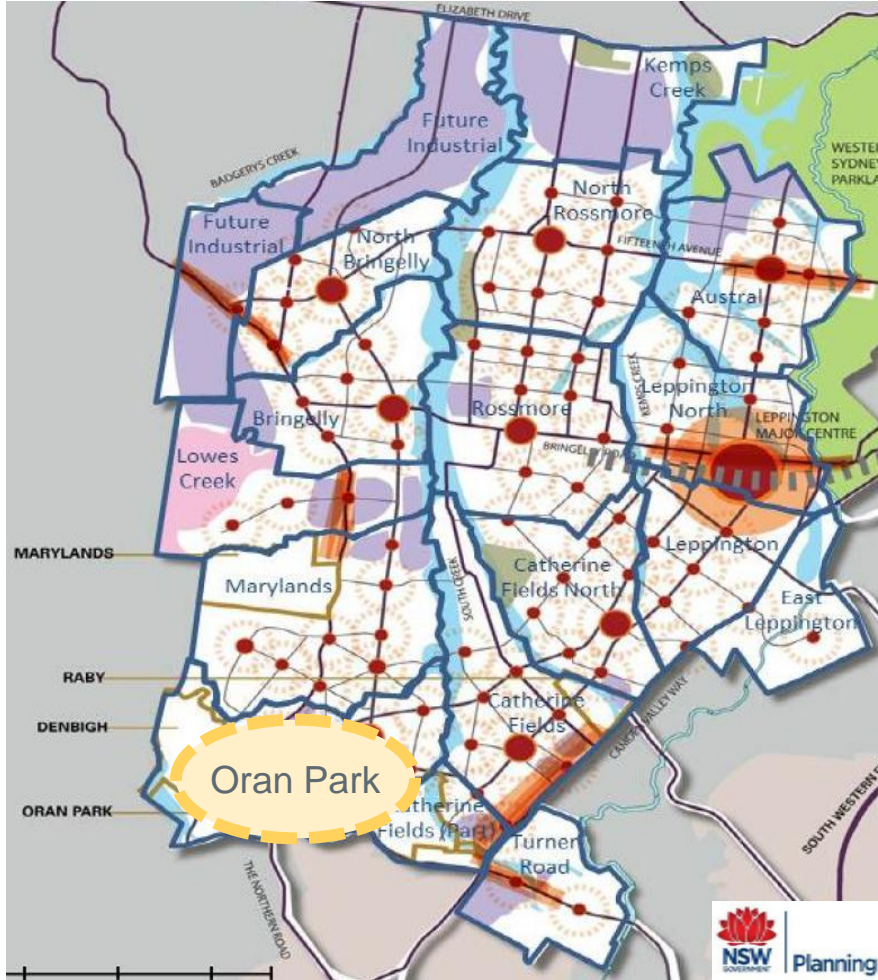
North West Growth Centre comprises 16 Precincts that will contain about 70,000 new dwellings for 200,000 people



TO THIS: KELLYVILLE 10 YEARS ON



# ORAN PARK – SOUTH WEST GROWTH CENTRE

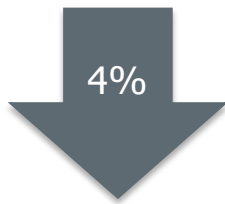


South West Growth Centre, comprises 18 Precinct with capacity for around 110,000 new dwellings for 300,000 people



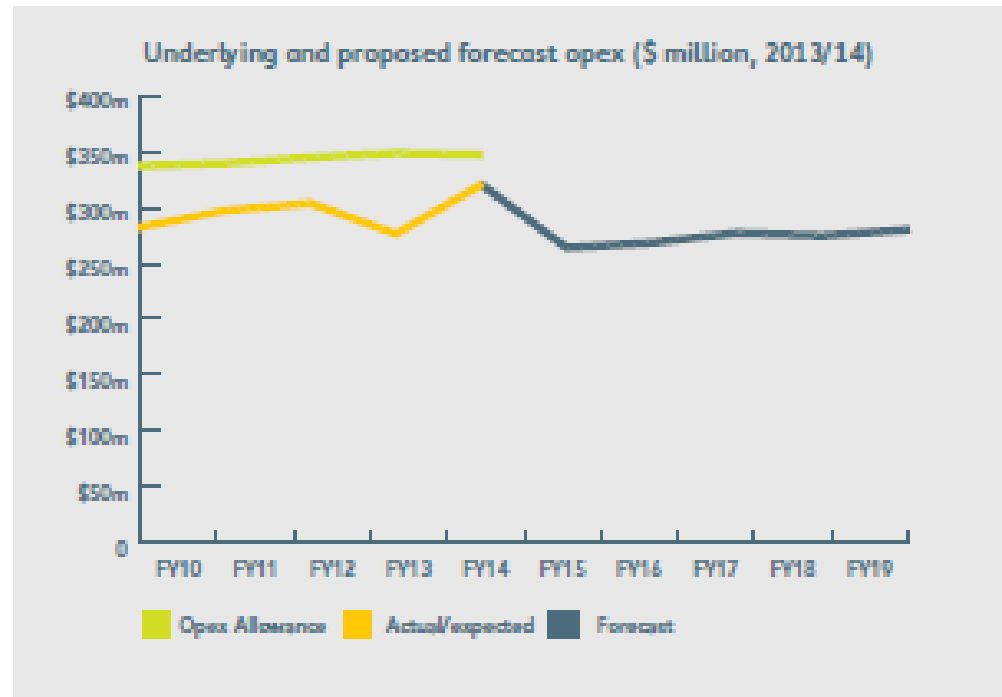
# OPERATING EXPENDITURE 2014-19

Our operating program of \$1.8 billion for the next five years is driven by the cost of maintaining and operating the network, including emergency incidents, removing vegetation around power lines and the efficient costs of supporting a network business.

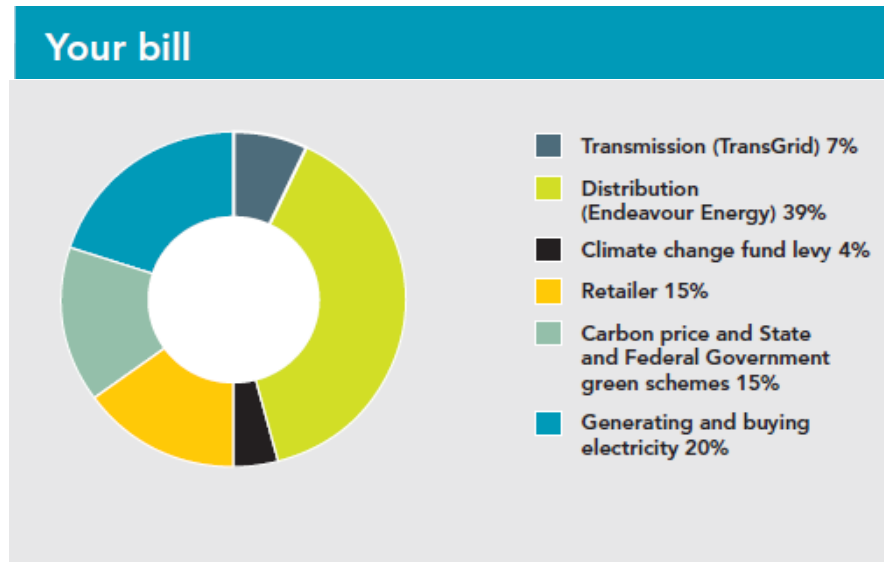


Real reduction in operating program

These plans include ongoing efficiency initiatives to achieve savings of \$304 million over 2014-19.



# OUR PRICE IMPACT



Our network charge make up about 39% of a typical customer's bill.

Based on our plans and forecast energy consumption - increases in our share of an average household electricity bill will be below the forecast rate of inflation.

## Actual and proposed changes in an average household bill

Year	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
\$ change in distribution portion of the bill	\$65	\$64	\$85	\$31	\$1	\$7	\$8	\$8	\$8	\$8
% change in distribution portion of the bill	17.8%	15.0%	17.3%	5.4%	0.1%	1.2%	1.2%	1.2%	1.2%	1.2%
Estimated impact on the total bill	7.0%	5.9%	6.8%	2.1%	0.1%	0.5%	0.5%	0.5%	0.5%	0.5%

Past increases 2009-14

Proposed increases 2014-19

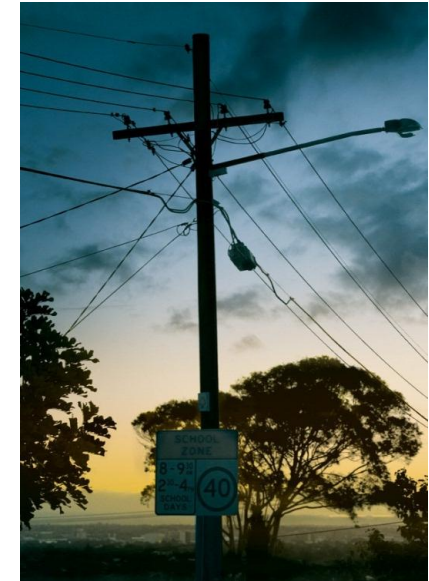
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# PUBLIC LIGHTING

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We have met with councils on our street lighting proposal. Endeavour Energy understands councils welcome our plan to contain our share of total street lighting costs to no more than CPI for the next five years.

We will do this while maintaining customer and network performance as described in the Public Lighting Code and working with councils to support new technology options such as LED.



*“Endeavour Energy has worked to make substantial improvements to street light maintenance over the past three years. We are particularly happy with our close working relationship”*

# BENEFITS AND RISKS FOR CUSTOMERS

Our proposal provides the following benefits and potential risks to our customers:

## Benefits



**Stability** – We propose to keep average increases to our share of customers' electricity bills at or below CPI for five years.



**Reliability** – We propose to maintain reliability.



**Safety** – Our capital and operating plans aim to deliver programs that are safe and sustainable for the electricity network and the communities it serves.



**Clarity of costs** – We are giving customers greater transparency about how much they pay for metering.



**New growth areas** – Electricity infrastructure for new growth centres will foster local economic development.



**Removing cross-subsidies** – Customers who don't use specific services (such as special meter test readings) will no longer subsidise those who do.

## Potential risks



**Volatility** – The AER has determined that Endeavour Energy's revenue from customers will be capped. If electricity consumption falls further than we forecast, unit prices may increase but total revenue cannot increase.



**Reduced reliability** – If our capital program is not delivered on time the electricity supply may be less reliable in some areas.



**Future prices** – Without changes to tariff structures customers who cannot afford to invest in solar technology will be burdened with increased network costs.



**New rules** – Customers who request a special service may now pay considerably more as the AER said they cannot continue to be subsidised by our general customer base.

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# QUESTIONS

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More information on our proposal can be found at:

- [endeavourenergy.com.au/ourplans](http://endeavourenergy.com.au/ourplans)

Feedback on our plans can also be provided by:

- Joining the conversation on Facebook at [facebook.com/yourpoweryoursay](https://facebook.com/yourpoweryoursay)
- Submitting your feedback directly to the AER at [aer.gov.au](http://aer.gov.au)
- Submitting your feedback directly to us at Endeavour Energy, PO Box 811, Seven Hills NSW 1730.