

20 June 2017

Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear John

ENDEAVOUR ENERGY'S SUBMISSION AEMC'S DRAFT RULE DETERMINATION ON PARTICIPANT DEROGATION – NSW DNSPS REVENUE SMOOTHING – ERC0210

Endeavour Energy welcomes the opportunity to provide this submission on the AEMC's draft rule determination on the revenue smoothing participant derogation that was jointly submitted by the NSW DNSPs.

We are pleased that the AEMC has agreed with the policy position taken by the NSW DNSPs that the smoothing of revenues between regulatory control periods to promote price stability in the current circumstances is in the long term interests of customers.

However, we consider that certain aspects of the draft Rule can be improved to provide clarity and certainty in scope for the NSW DNSPs and the AER. We are of the view that it is of utmost criticality that the Rule be free from ambiguity to ensure that all stakeholders can observe that its application is transparent and implements the policy objective of the Rule.

Consequently our engagement in consultation with other stakeholders has been focused on the specifications of the Rule to deliver on a generally agreed policy principle. Endeavour Energy is supportive of the changes contained in the Ausgrid submission noting the joint nature of the engagement and consultation to date.

We note that the changes seek to address two key themes. First and foremost is the articulation of the principles that all parties agree. Simply put, that price volatility for customers should be minimised as much as practicable whilst keeping the networks whole. The second theme being ensuring clear and unambiguous clarity as to how to give effect to the principles of price stability and value neutrality.

I understand officers from the AEMC, AER and NSW DNSPs have met on a number of occasions to discuss and refine the working of the participant derogation. We appreciate these opportunities and the collaboration of all parties and believe that there are good lessons to be obtained from this process. We would be pleased to discuss further our proposed changes and would appreciate the opportunity to provide feedback on the AEMC's deliberations prior to making a final decision. Please contact myself or Mr Jon Hocking, Manager Network Regulation on (02) 9583 4386 or alternatively via email at jon.hocking@endeavourenergy.com.au

Yours sincerely



Rod Howard
Chief Operating Officer