

Addendum – Endeavour Energy Trial Waiver Application – 9 June 2023

The Australian Energy Regulator (AER) has received additional information from Endeavour Energy further to questions posed as part of our consultation process, provided below. To accommodate responses, we have decided to extend our consultation process by six business days (five business days for parties in Victoria, South Australia, the Northern Territory, Tasmania, the Australian Capital Territory and New South Wales considering the public holiday occurring in these states on 12 June.) We welcome submissions from interested parties on Endeavour Energy’s trial waiver application by **close of business, 19 June 2023**. Written submissions or requests to make a submission via alternative methods (e.g. through a meeting with AER staff) should be emailed to regulatorysandbox@aer.gov.au.

Please note that the below information forms part of Endeavour Energy’s trial waiver application and is the views of the applicant, not the AER.

Question	Endeavour Energy response
<p><i>The waiver says the sites require a meter exchange to support controlled load management however there does not appear to be any evidence provided on why this functionality is not already handled adequately by the existing basic meters and then handled by smart meters that are installed in the competitive market or if smart meters are required why this cannot be done through the competitive market which already exists?</i></p>	<p>Historically, off peak load control requires both a messaging system (Audio Frequency Load Control system or AFLC) at the supplying Zone Substation as well as a relay on the customer switchboard, separate to the basic meter. These relays are considered “network devices”. Basic meters have historically not had equivalent load control functionality. Smart Meters have off peak load control functionality inbuilt allowing either time based or remote activated load control.</p> <p>Currently, where there is a trigger for a meter replacement to a smart meter, the smart meter takes over the off peak load control function and the network device (relay is no longer required). However, in order to decommission an AFLC system at a zone substation, every customer in the substation supply area is required to have their legacy load control relays (network devices) replaced.</p> <p>Given that not every controlled load customer currently has a smart meter, Endeavour Energy has demonstrated that offering incentives to accelerate meter replacements in targeted locations is a least cost approach to enable decommissioning of legacy AFLC systems and avoid the costs associated with their end of life replacement. In addition to this, load control through a smart meter provides the ability for more flexible activation of load control, such as to achieve “solar soaking”.</p>

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<p><i>The waiver notes that Endeavour has selected Intellihub as the metering provider however it does not demonstrate anywhere I can see why this metering provider was selected above other metering providers and how they provided the most cost effective option to select?</i></p>	<p>Intellihub were the only meter provider offering a compliant technical solution at the time of our Albion Park trial. In this case Intellihub also acted as a single agent to avoid the overheads and complexity of separately contracting with each associated retailer or meter provider. We are open to the participation of other meter providers subject to confirmation/demonstration of a compliant technical solution. We note that it is generally the preference of retailers themselves to select which meter provider is utilised under the current framework.</p> <p>As an example of this, Endeavour Energy has recently contracted directly with Origin Energy for equivalent services under a retailer led meter replacement arrangement. In this case Origin Energy selects the meter provider/s subject to demonstrating that those meter providers can offer a compliant technical solution.</p> <p>Endeavour Energy will continue to engage with retailers and meter providers on contracting models to encourage competition and choice.</p>
<p><i>As the waiver must meet a cost benefit obligations I am curious to understand whether these meters will be collectively rolled into the RAB with Endeavour recovering a return on their investment. Or, whether there would be an opex allowance for Endeavour which would allow them to go out to the market and get the private sector to supply the meters?</i></p>	<p>Endeavour Energy is providing an incentive to retailers/meter providers to bring forward the meter replacement, but this does not involve partial or whole ownership of the meter. The incentive does not cover the entire cost of the meter replacement.</p> <p>Endeavour Energy intends to treat these incentive payments as:</p> <ul style="list-style-type: none"> • Opex where the driver is to retire the existing network owned load control system such as at end of life or to avoid the need to upgrade the existing system. • Capex where the removal of these works are headworks required to deliver an associated capital project (such as the establishment of a new zone substation or facilitating the new connection of a large load which requires the associated space and connection assets occupied by the load control system).

