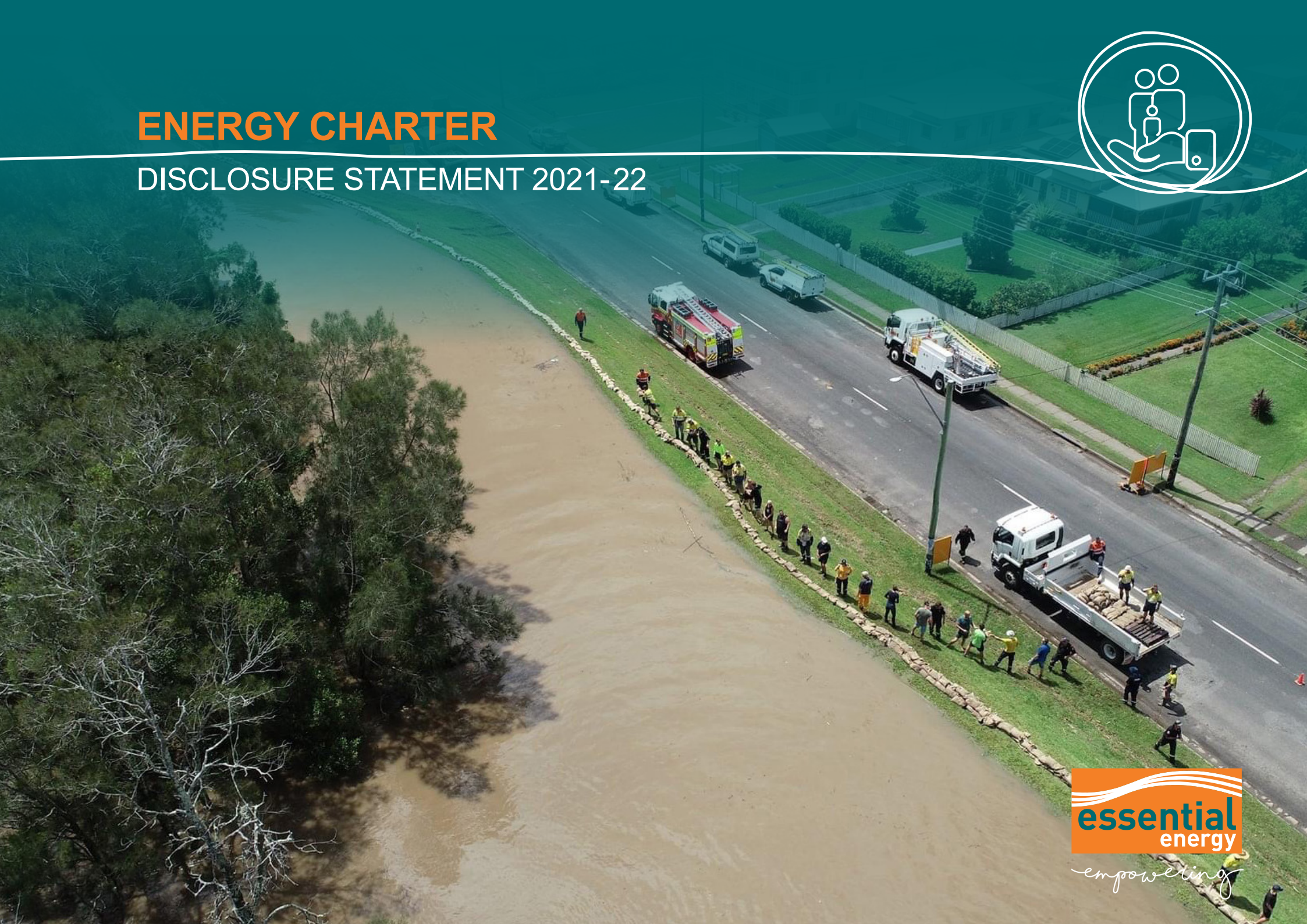


# ENERGY CHARTER

DISCLOSURE STATEMENT 2021-22





# Introduction

We are pleased to present Essential Energy's Energy Charter Disclosure Statement, summarising our focus on customer-centricity for the period 1 July 2021 to 30 June 2022.

In our fourth year as an Energy Charter signatory, we've focused on better understanding and collaborating with our customers and partners to improve their current experience and assist transition to an affordable, reliable and sustainable energy future.

Our renewed Corporate Strategy – introduced in November 2021 and informed by customer input and industry trends – acknowledges recommendations arising from last year's Energy Charter process to prioritise facilitating an efficient and fair energy transition. It will position our distribution network at the centre of the evolving energy ecosystem and drive value for the households and businesses we serve. Delivered through a five-year implementation roadmap, it will generate increased utilisation of our existing network, facilitate new generation connections and sustainably evolve our operations to achieve net zero emissions.

Our Corporate Strategy builds on the solid base we've achieved to date through a robust 10-year business transformation and optimisation program. It strongly aligns with Energy Charter principles in driving delivery of safe, reliable and cost-competitive energy services as we evolve our operations to meet emerging needs and expectations. But effective transformation can only be delivered through integrated and aligned progressive implementation that supports business operation through every stage of change, and is planned in response to shifting market and customer demands and regulatory complexities. We're engaging with government, regulators, other industry participants and consumer advocacy bodies and involving our customers in decision making, asking them to help achieve an affordable transition to a decarbonised future.

We're optimising our existing network through an industry-leading digital network twin, which will also facilitate collaborative design of new network connections – a vital enabler to accelerate renewable and electric vehicle infrastructure in NSW.

The digital twin also aids network modelling and reconstruction in areas impacted by natural disaster. This, and instant customer access to data through our Network Information Portal, were important in network repair and customer reconnection when torrential rain and record flooding in late February and March caused catastrophic network and property damage from Tweed Heads south to Coffs Harbour, and power loss for a total, 69,603 individual customers. We mobilised 210 local employees and 215 travelling crew from 30 locations across NSW to undertake network repairs and engaged [LifeWorks](#), our Employee Assistance Program provider, to offer a crisis support line for flood-affected customers and community members.

To secure future power supply delivery in areas at risk of natural disaster, and for edge-of-grid customers, we're working with the NSW Government, regulators and Energy Networks Australia and building internal capabilities to facilitate deployment of Stand-Alone Power Systems (SAPS). We're also investigating alternative energy options for SAPS such as hydrogen, which would provide zero-emission energy and reduce operating costs by eliminating the need for generator refuelling.

We're encouraging customer-led transition through expansion of our existing Customer Experience program into a dedicated Customer Strategy and refreshed segmentation, focusing on customers in vulnerable circumstances and customer diversity. We've also commenced roll-out of a new Customer Focus Training program to help every employee understand their role in delivering customer service excellence.

It's pleasing to see that our Customer Satisfaction Index peaked at 82.7 per cent in December 2021 and has shown a sustained increase at around 80.7 per cent for the final quarter and a full year average of 81.2, compared with an average of 78.7 for the previous year.

Affordability, however, remains a critical challenge. While we continue to maintain downward pressure on our network charges through efficiency and capability uplifts, we have sought and obtained approval from the Australian Energy Regulator to recover unfunded costs of major natural disaster events and new licence compliance conditions through network charge increases in the remainder of the 2019-24 revenue period. As a result, a typical residential customer will pay an extra \$22 in each of the two years from 1 July 2022, and a typical small business customer an extra \$83.

Our [Customer Advocacy Group](#) members' guidance on behalf of their communities ensures our ongoing focus on maintaining affordability, improving customer experience and meeting current and future customer needs. We welcome their insights on our 2021-22 disclosure statement as an important gauge of our customer performance and scrutiny of gaps and areas for improvement, both in our service delivery and our reporting of it.



**Doug Halley**  
Chair



**Luke Jenner**  
Acting Chief Executive Officer



**Acknowledgement of Country.** Our depots and offices are located on the country of 29 First Nations. We acknowledge the Traditional Custodians of these lands and their continuing connection to land, water and community, and pay our respects to ancestors and Elders, past, present and emerging.

For enquiries about Essential Energy's Energy Charter Disclosure Statement, contact: Mike Cole, Head of Customer, [mike.cole@essentialenergy.com.au](mailto:mike.cole@essentialenergy.com.au) 0408 094 719

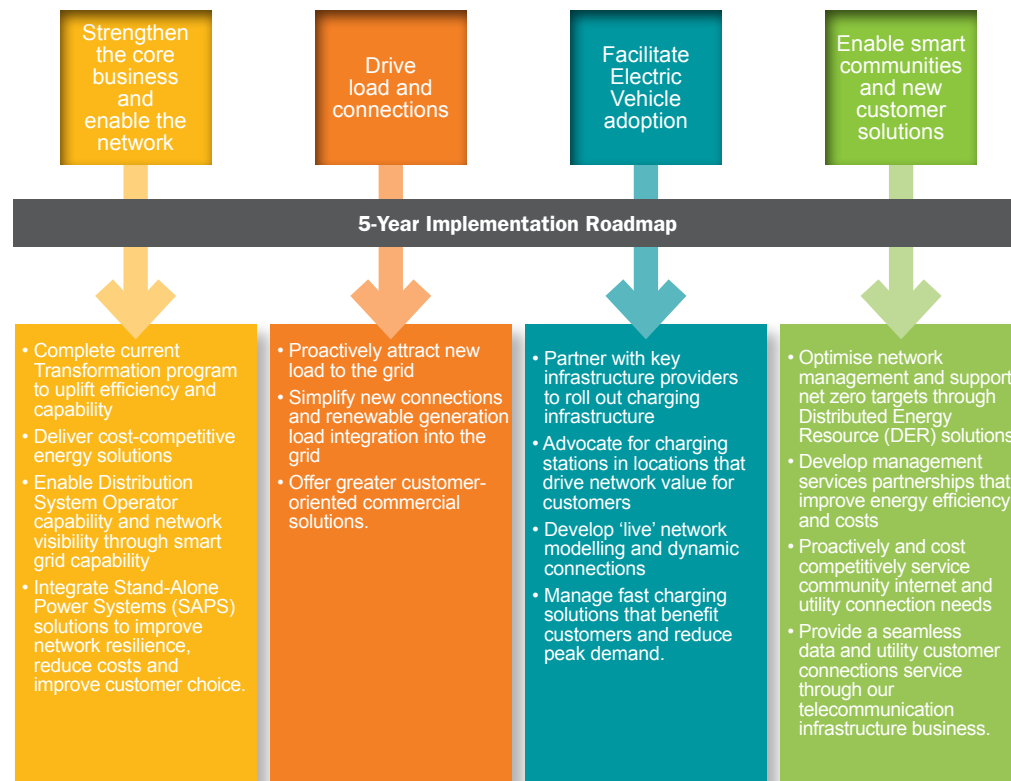


**Essential Energy** distributes electricity to more than 880,000 customer and business premises located within >1500 regional, rural and remote communities across 95% of NSW and parts of southern Queensland.

## Delivering the network of the future

In 2021, we refreshed our Corporate Strategy to provide a clear direction for the next five years. The strategy focuses on optimising existing asset utilisation, facilitating grid connections and additional load on our network, reducing barriers to electric vehicle adoption and empowering communities to share and use energy, while maintaining network charge affordability. It also drives business expansion into underserved, unregulated opportunities, commencing with leveraging our existing telecommunication assets (see Principle 4).

Individual employee goals contribute directly to outcomes, feeding upwards into team, divisional and cross-divisional goals that align with strategy pillars and corporate objectives.



By embracing growing customer expectations and new energy solutions, we can support and advance economic enablement and a sustainable energy future for regional, rural, and remote communities.

## Our customers



A new Customer Strategy will drive Corporate Strategy delivery, and refined customer segmentation will help us enhance customer value as we move towards a renewable future.

	Segment	Customer Value Proposition
Residential & SME	<b>Ultra-high reliability residential &amp; SME</b>	Providing highly reliable electricity, with simple and transparent communication and timely support in times of disruption.
	<b>DER owning residential &amp; SME</b>	Supporting and simplifying the connection, use, and value realisation of distributed energy resources (DER).
	<b>Non-DER owning residential &amp; SME</b>	Providing cost-efficient and reliable electricity, minimising customer complexity and disruption.
Commercial	<b>Multi-premises commercial</b>	Leverage the energy market and new solutions to improve cost-effectiveness and co-ordinate management across the full portfolio of operations, with timely resolutions and proactive communication to minimise operational disruption.
	<b>Stable load, high-reliability commercial</b>	Provide reliable, uninterrupted power through a holistic and individualised service offering, to support driving future operational needs.
	<b>Intermittent load commercial</b>	Enable uninterrupted operations during times of peak demand, supported by an individualised, holistic and transparent service.
	<b>Real estate developer</b>	Provide timely, holistic, and innovative solutions for new developments, simplifying the energy process for developers.
	<b>Radio &amp; telco</b>	Improve effectiveness and cost efficiency of telecommunications implementation and operations by leveraging our asset base in an innovative way.
	<b>Renewable developer</b>	Provide cost-effective, comprehensive core solutions to enable efficient and effective planning and integration of new renewable generation into the network.
Gov	<b>Local council</b>	Enable cost-effective and future-focused decision-making by acting as an intimate, trusted, and knowledgeable source on the energy landscape.



# 2021-22 key highlights

## Customer-centricity

### New Customer Strategy

While our existing Customer Experience Strategy has supported our current state, we have expanded it into a dedicated Customer Strategy that aligns and promotes customer focus across our new Corporate Strategy pillars. We've also updated customer segmentation to promote customer-led business transformation. Refined for uniqueness, actionability, and exhaustivity, our new model is based on needs, quantity and value. It consolidates some customer groups with similar usage profiles to ensure that they are quantifiable and measurable, focusing on:

- > ultra-high reliability residential, small and medium business customers
- > DER-owning residential, small and medium business customers
- > non-DER owning residential, small and medium business customers.

## Affordability

### Cost pass-through applications

Major natural disaster events and new licence condition obligations have given rise to unforeseen costs not included in Essential Energy's 2019-24 Australian Energy Regulator (AER) revenue determination. To the extent possible, we have minimised the costs proposed to be recovered from customers. However, our distribution network prices will need to increase.

Following discussions with retailers and customer advocates on price impacts, in September 2021 we submitted applications to the AER to pass through to our customers the costs associated with two events – \$75M for network repair of 2019-20 bushfire damage and \$40M to cover strengthening physical and cyber security to comply with critical infrastructure licence conditions changes.

In March 2022, the AER approved \$69 million for bushfire recovery and \$35 million for licence condition compliance, with costs to be recovered in distribution network charges over two years from 1 July 2022 (as preferred by customer advocates). As a result, a typical residential customer will pay an extra \$22 in each of the two years, and a typical small business customer an extra \$83.

## Facilitating new energy solutions

### Surveys

As part of our 2024-29 Regulatory Proposal consultation, we surveyed customers, business partners and stakeholders to understand their vision for the network of the future in 2035. We engaged with more than 440 residential, small, medium and large customers, 46 business partners comprising renewable developers, new technology providers, retailers and councils and a broad range of industry advocate representatives to help inform current planning that will enable our energy transformation journey.

In October 2021, we partnered with Taverner Research Group and The Behavioural Architects in an Australian-first survey of customer expectations and concerns about the introduction of Stand-Alone Power Systems (SAPS). Critical behaviour insights from in-depth interviews with 300 rural and remote customers including farmers, large industry and edge-of-grid residents are helping us develop a detailed engagement strategy for potential SAPS customers. Research results will also inform key stakeholders including the NSW Government, which is undertaking a consultation process as part of a decision to opt into the national SAPS regulatory framework.

### National guidelines

To further support the industry in developing utility-grade SAPS, we advocated for industry collaboration with other distribution network operators and chaired the Energy Networks Australia (ENA) committee to develop National Guidelines for Distribution Network Service Provider-led Stand-Alone Power Systems. Published in December 2021, [ENA DOC 046-2021](#) promotes system reliability, performance and safety.

### SAPS implementation

In anticipation of the adoption in August 2022 of a national regulatory framework to support SAPS deployment, we plan to convert three of our trial SAPS to permanent installations in 2022-23, and progressively build in-house capabilities to operate and maintain SAPS as a standard business service. To support this, we're trialling Grid connected solar systems, Batteries and SAPS design and installation training for our employees. Outcomes will inform broader training throughout the business as SAPS uptake increases.

We've also installed an Australian-first 100% renewable diesel-free hydrogen SAPS near Bulahdelah, NSW, to demonstrate SAPS solutions that don't require backup generators. The trial commenced in June 2022 and will run for 18 months.

## Supporting customers in vulnerable circumstances

### Uniting NSW energy support program

From October 2021, we commenced a trial with Uniting NSW to deliver an energy support program for customers across regional NSW. The program includes tailored energy efficiency and literacy advice, assistance with concessions, payment plans, Energy Accounts Payment Assistance (EAPA) vouchers, better energy deals and referral to other local community support services where required. In 2021-22, Uniting has offered the program through its community networks to households who will benefit most from the trial. To date, 18 households have been assisted. Additionally, the UnitingCare Australia Consortium is co-ordinating the [Escaping Violence Payment Program](#), which has found that energy-related issues are in the top three payment concerns for domestic violence survivors. Uniting is promoting its energy support initiatives in NSW through this program.

Uniting has also provided training to assist employees applying our Customer Support Policy to better understand and communicate with customers in vulnerable circumstances.



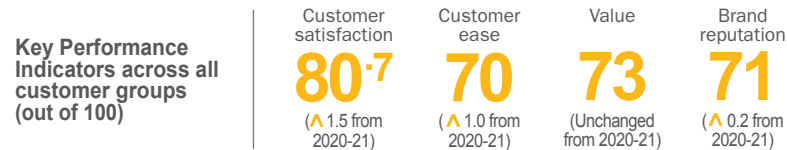
# Principle 1: We will put customers at the centre of our business and the energy system

## Objective: Be customer-centric

We're monitoring and improving customer interactions, mapping our customers' journeys, making their voice part of everyday decision making and promoting a culture that gives every employee the tools to improve customer experience.

**Target:** Customer scores of 80 out of 100 for overall satisfaction, ease, value and brand reputation

**Actual scores:** (April - June 2022)



## Maturity assessment:

Previous (2020-21) & Current (2021-22)      Aspiring to (2023-24)

ELEMENTARY → EMERGING → EVOLVED → **EMPOWERED** → EXCEEDING

## Metrics:

**Indicators for connected customers, stakeholders and partners**

	Customer satisfaction	Customer ease	Value	Brand reputation
Connected customers combined ratings out of 100	<b>81.5</b>	<b>73</b>	<b>76</b>	<b>73.7</b>
Council, retailer and Customer Advocacy Group combined ratings out of 100	<b>75</b>	<b>74</b>	<b>75</b>	<b>72</b>
ASP partner ratings out of 100	<b>58</b>	<b>53</b>	<b>62</b>	<b>58</b>

Compared with the same period last year, connected customer, council, retailer and Customer Advocacy Group ratings increased. ASP ratings were lower during the period, with Enterprise Agreement industrial action and system changes adversely impacting operational outcomes during the year.

## Key achievements

### Customer Focus training program

In partnership with coaching organisation Bendelta, we're rolling out a training program that helps every employee understand their role in supporting customer service excellence and progressively delivers the tools they need to achieve it. We offered Customer Centricity, Customer Empathy and Written Customer Communications modules in 2021, and will add Customer Interactions and Customers in Distress modules in 2022.

## Customer journey mapping

Customer journey mapping helps us see our business the way our customers perceive it and define their ideal future state experience. Through workshops with 150 employees and in-depth interviews and telephone and online surveys with 2500 customers, we have completed current and future state journey maps for our key customer segments, our Accredited Service Provider (ASP) and electrical contractor partners and key service areas including planned and unplanned outages, vegetation management, meter reading and new connections, and completed the current state for our telecommunication infrastructure business. Based on what our customers have told us, we've identified 16 high-priority projects to improve future customer experience.

## Expanding pricing consultation with customers and stakeholders

To better balance evolving customer and industry objectives, we've expanded customer and stakeholder consultation on proposed tariffs for the 2024-29 regulatory period. The broader group includes a youth group, renewable developers, new technology providers, ASPs and critical infrastructure providers, and we are holding in-depth discussions with culturally and linguistically diverse and Aboriginal and Torres Strait Islander customers.

## Defining new customer service measures

We are engaging with customers and stakeholders to determine more appropriate customer service measures against which we may receive rewards or penalties under the regulatory framework. These new measures will be presented to the AER as part of our 2024-29 regulatory proposal and if endorsed, will replace the existing customer service measure: *Percentage of calls to our fault line that are answered within 30 seconds*.

## Customer contact digitisation and optimisation

We're personalising our communication services and customer response through multiple digital channels, and delivering locally specific, real-time outage information to customers via our website and Contact Centre. We've also implemented the first phase of our new Omnichannel technology – a web-based, self-service [Knowledge Hub](#) that enables customers to instantly self-access information.

## Public policy collaboration

We continue to engage with government, regulators, other industry participants and consumer advocates to support the NSW Electricity Infrastructure Roadmap, including developing detailed design and implementation plans for three [Renewable Energy Zones](#) located within our area of operations.

We're also engaging with the NSW Government across regional [Special Activation Precincts](#) to understand future load growth and plan electrical infrastructure solutions to accommodate phased development.

## In the next reporting period

Omnichannel will automate customer sentiment monitoring and offer customers post interaction surveys, helping us target service training improvements. A new chatbot on our website, Facebook and digital channels will provide automated outage information to customers. We'll also use customer journey mapping outcomes to prioritise and develop projects to improve future customer experience.



# Principle 2: We will improve energy affordability for customers

## Objective: Deliver value

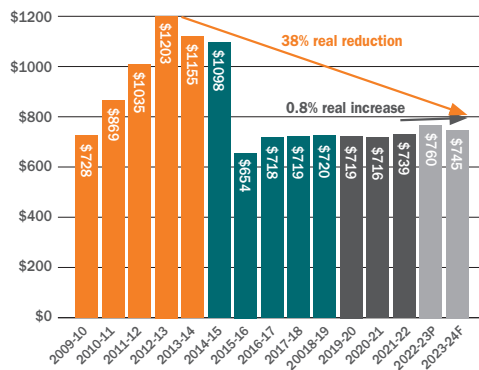
While we are endeavouring to maintain downward pressure on the network component of electricity bills in this and the next regulatory periods, we and other industry participants face significant challenges in developing funding mechanisms that enable energy generation, supply and storage flexibility and secure long-term market sustainability and energy affordability. We're involving our customers in decision making, asking them to help ensure an affordable energy transition to a decarbonised future.

**Target:** Achieve a 3.8% real reduction in the network component of electricity charges for the average residential customer and a 6.4% real reduction for the average small business customer over the 2019-24 regulatory period.

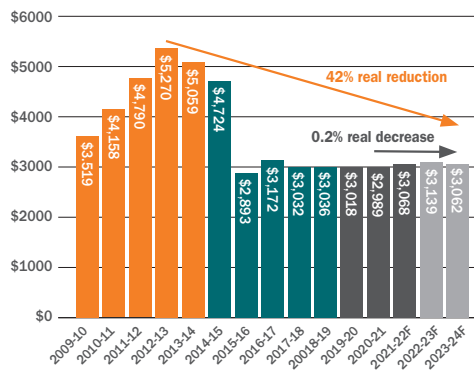
**Actual outcome:** In real \$FY22 terms, from their peak in 2012-13 of \$1,203 per annum, a typical residential customer's annual distribution network charge has reduced to \$745 in 2021-22 – a saving of \$464 per annum, or 38.5%. Over the same period, a typical small business customer has achieved an annual saving of \$2,221, or 41.8%.

The charts below show how typical residential and small business customers continue to benefit from our business reforms over the 2014-19 and 2019-24 pricing and revenue periods, despite external cost impacts of natural disaster and licence condition changes.

Typical residential customer using 5 MWh per annum - annual distribution use of system network bill real (\$FY22)



Typical business customer using 23 MWh per annum - annual distribution use of system network bill real (\$FY22)



### Maturity assessment

Previous (2020-21) & Current (2021-22)

Aspiring to (2025-26)

ELEMENTARY → EMERGING → EVOLVED → EMPOWERED → EXCEEDING

**Metrics:** Our new Corporate Strategy will build on successful whole-of-business transformation to date and is designed to improve customer service and experience while lowering overall costs. Lower costs directly contribute to lower network charges for customers across regional NSW. Our performance this year is evidenced in productivity graphs in Appendix 1.

## Key achievements

### Transformation Benefits Management Framework

We've developed a Benefits Management Framework to help guide our business transformation process from identification to realisation of financial and non-financial benefits.

The framework will improve tracking and monitoring, and identify any barriers or necessary changes to ensure benefits are aligned with strategic objectives and realisation value is optimised.

Benefits are categorised as:

- > **Financial:** those directly linked to cash flow through both revenue and cost saving
- > **Economic:** such as workload, cost avoidance and productivity
- > **Qualitative:** those driving positive impactful changes on safety, employee experience, customer experience and compliance
- > **Enabling:** which unlock capacity for future-proofing the business through technology uplift and scope for future growth.

### Customer-led future network pricing

Our newly-established Stakeholder Collaboration Collective, including consumer advocates, is working with us through our 2024-29 Regulatory Proposal development process to provide advice and ideas, challenge our thinking and ensure we bring in experts where required to help co-design future service delivery and pricing that reflects our customers' preferences.

### Residential and small business tariff trials

We have been working with three retail partners and the University of NSW over the last year to develop residential and small business tariff trials that will test customers' responsiveness to different tariff options and assess the impact on their bills, with the aim of making the cost of electricity fairer for everyone.

We have also begun an education-only trial to test the extent to which information alone can drive change in how residential and small business customers consume electricity. The trials will run through to 30 June 2024.

### Enterprise Resource Planning

We implemented a new Enterprise Resource Planning system during the reporting period, providing a platform to create efficiencies within our corporate support areas such as procurement, finance, human resources and recruitment.

## In the next reporting period

Our residential and small business tariff trials will run through to 30 June 2024. University of NSW will then analyse the results in conjunction with customer demographics and the lived customer experience. Results will inform our Revised Tariff Structure Statement for the 2024-29 regulatory period, due to be submitted to the AER in January 2024.

We will also work to embed Enterprise Resource Planning efficiencies into our operating model, realising benefits to customers.



# Principle 3: We will provide energy safely, sustainably and reliably

## Objective: Be safe, reliable and sustainable

We're embedding early-stage analyses of environmental impacts and network resilience as critical components of prudent investment planning and safe, reliable, sustainable network renewal.

**Target:** Achieve overall network availability of 99.95%

**Actual availability:** On target at 99.96% and exceeding independently audited reliability requirements.

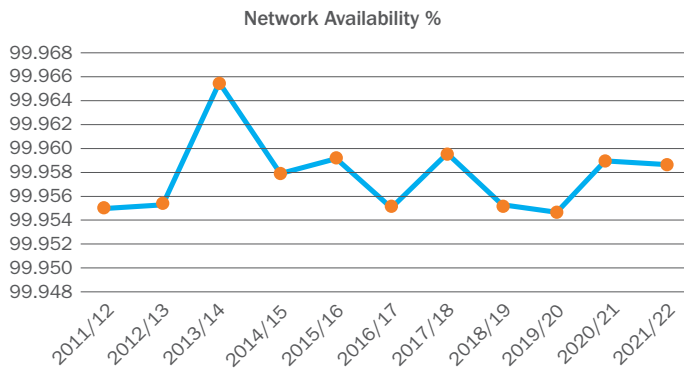
**Maturity framework:**

Previous (2020-21)    Current (2021-22)    Aspiring to (2025-26)



### Metrics:

#### Internal benchmark outcomes



*\*Normalised to exclude major events outside Essential Energy's control and planned outages*

## Key achievements - external

### Safety

#### Public safety survey

To gauge customer powerline safety awareness and public safety messaging retention, we surveyed our at-risk customer groups in September 2021, and again in February 2022. Results are providing insights into customer perceptions of key electricity safety issues, including fallen or damaged powerline risk and response to an electricity safety incident involving a motor vehicle.

#### Safety for women in agriculture

We partnered with SafeWork NSW to offer free, interactive Lunch and Learn sessions for women involved in the agricultural industry in 20 regional locations around NSW from 1 June to 15 July 2022. Sessions included: Safety while working near the electricity network, Electrical safety, Emergency preparedness and response, Safety around farm vehicles and At-risk workers and contractors.

### Loss of supply risk management

At Essential Energy's instigation, in August 2021 ENA's Asset Management Council established a working group, with Essential Energy as the chair, to investigate community safety impacts from loss of supply during heightened fire-risk weather conditions. A research partner has been selected and outcomes, due by the end of 2022, will help network operators balance employee, public and bushfire safety during these conditions.

### Sustainability

Distributed Energy Resources (DER) penetration across Essential Energy's distribution area has steadily increased over the past decade (see Appendix 2).

#### Southcoast Microgrid Reliability Feasibility project

Essential Energy is partnering with the Southcoast Health and Sustainability Alliance and technology company Zepben in a project led by the Australian National University to assess the feasibility of transitioning regional NSW communities from grids exposed to bushfires and other natural disasters to a resilient network of islandable renewables and battery-based microgrids.

Financially supported through the Australian Government's Regional and Remote Communities Reliability Fund, over the next three years the team will engage with NSW South Coast Eurobodalla residents and businesses to:

- > conduct community-led design of future energy systems
- > model operation of eight microgrids across the region and associated implementation costs
- > explore business models and regulatory innovations to improve feasibility.

The project aims to ensure that communities and relevant agencies are equipped with social, economic and governance infrastructure to manage microgrids.

#### Task Force on Climate-related Financial Disclosures reporting pilot

Essential Energy is working with the NSW Government to pilot State-Owned Corporation reporting under the Task Force on Climate-related Financial Disclosures. The disclosures require Essential Energy to assess, measure and disclose climate-related risks and opportunities as part of financial reporting – creating transparency and awareness of climate-related matters within the business, and for our external stakeholders.

### Electric vehicles

Under our new Corporate Strategy, facilitating electric vehicle adoption is a key priority. We're currently supporting the NSW Government's Electric Vehicle Strategy through:

- > ensuring critical network information is available to customers through the [NSW Electric Vehicle Fast Charging Infrastructure Master Plan map](#)
- > commencing a network hosting capacity study
- > working with charging providers to identify areas of available network capacity
- > working with local councils to identify charging infrastructure locations
- > hosting an Electric Vehicle Charging Infrastructure working group to support and co-ordinate private charging infrastructure deployment
- > supporting innovative charging infrastructure trials.



## Principle 3:

# We will provide energy safely, sustainably and reliably

### Reliability

#### World-class asset management

Our asset management system is sustainably embedding a risk-managed approach to asset investment. Timely, accurate asset lifecycle visibility and optimisation of planned, reactive and project works over a multi-year time-horizon are reducing costs, while improving performance. In 2021, our asset modelling and network strategies won an award from the Asset Management Council. In January 2022, we obtained accredited certification to the International Standard for Asset Management Systems, ISO 55001.

#### Digital asset management

We've created a 3D digital twin of our network that, supported by a mechanical analytics engine, has the capability of accurately and efficiently modelling how the network will perform under normal conditions and during extreme weather events. Combined with digital imagery, this is helping us assess network-wide risk and resilience and significantly improve compliance and consistency in Essential Energy's and our ASP and electrical contractor partners' network design processes. The digital twin model is already helping us determine the network's true capacity and its compatibility with renewable energy connections and increased load from electrification (including electric vehicles).

#### Vegetation management

Our risk-based approach (see Principle 4) aims to reduce vegetation-related controllable bushfire risk by 20% over the next 15 years.

### In the next reporting period

Findings from our public safety survey and increased stakeholder collaboration and engagement will inform a revised approach for our 2022-23 Public Electrical Safety Awareness Plan campaigns and messages, focusing on behavioural change.

### Key achievements - internal

#### Safety

##### Commendation for Essential Energy's digital safe work tool

Our digital Hazard Identification, Risk Assessment and Control (HIRAC) tool, which was developed in-house to provide real-time risk reporting to manage systemic safety risks and support safe and efficient worksites for our teams and contractors, was highly commended as an outstanding solution to a high-risk work, health and safety issue in the SafeWork NSW 2021 Annual Awards.

##### Electricity Network Safety Management System (ENSMS)

In March 2022, an external audit of our ENSMS confirmed that we are on track to deliver improvements we committed to in response to the findings of a 2020 Public and Worker Safety audit. Critical to achieving these improvements is defining a set of network safety incident cause-consequence diagrams. Developed through a series of workshops, these are informing a set of lead indicators that will be embedded as business as usual by October 2022 to help manage future network safety risk and performance.

#### Sustainability

##### New corporate Sustainability Strategy

Our corporate Sustainability Strategy, implemented from May 2022, responds to a broad scope of social, environmental and economic risks and opportunities. It establishes a reporting framework under Global

Reporting Initiative (GRI) standards and prioritises commitments where Essential Energy can make the biggest impact.

Accessible, reliable and resilient energy is central to our Sustainability Strategy and our three strategic pillars are: responding to climate change; empowering our people; and enabling regional development and resilient communities. Eight commitments underpin the pillars, covering: climate resilience and connectivity, net zero transition, decarbonisation, safety and wellbeing, inclusion and culture, regional business and communities, sustainable and resilient supply chains and cultural heritage.

#### Sustainable waste disposal

To help reduce council public lighting costs and environmental impacts, we're upgrading the majority of streetlighting assets to energy efficient LED technology. Landfill disposal of the obsolete lighting equipment was estimated to cost a minimum of \$1.6 million. We've negotiated an agreement with our LED installation contractor to separate redundant lamps from light heads and send 100% of these components for recycling, at zero cost to Essential Energy. Metal is melted down for re-use and the plastic is made into other extruded plastics.

#### Fleet sustainability

Where practical, we plan to expand use of alternative fuel technologies in our passenger vehicles to our operational fleet. Currently, we have around 30 passenger vehicles, of which 10 are Plug-In Hybrid Electric Vehicles (PHEV) and 12 are petrol-electric hybrids. As our passenger vehicles reach end of asset lifecycle, we're replacing them with electrified options.

We anticipate it will be some time before commercial light and heavy alternative fuel vehicle options meet our mass, distance and availability requirements. In the interim, we're developing and testing concepts specific to the needs of our fleet. For example, we're jointly partnering with a regional NSW business to develop a hybrid-drive Mobile Elevated Working Platform design to maximise mobilisation and plant operational performance and improve efficiency.

#### Workforce sustainability

To ensure workforce renewal, in January 2022 we recruited 41 new powerline worker and three zone substation electrical technician apprentices, five asset inspection trainees and four graduates in engineering and information technologies. Additionally, five new field operations trainees joined our Indigenous Pre-Employment Program. This continues to provide a career pathway for Aboriginal and Torres Strait Islander people into the business, with three trainees from last year's program transitioning to apprenticeships in 2022.

#### Reliability

##### Corporate reliability

Through our quarterly research program, we track residential and small business customer perceptions of whether Essential Energy responds in a timely, consistent manner and delivers on promises. Our performance is shown in Appendix 3.

### In the next reporting period

Up to 73 apprentices and 23 trainees are approved for 2023 to support an increased work program and to provide for an ageing workforce, and up to 13 graduates are approved to provide resourcing in critical workforce segments.





# Principle 4: We will improve the customer experience

## Objective: Be easy to do business with

We're learning the needs and expectations of our customers and using this knowledge to anticipate and deliver customer-driven solutions for business transformation and a better customer experience.

**Target:** Customer Ease score of 80 out of 100

**Actual Customer Ease score:** (April - June 2022): 70 (up 1 from FY21)

### Maturity framework:

Previous (2020-21) & Current (2021-22)      Aspiring to (2023-24)



### Metrics:

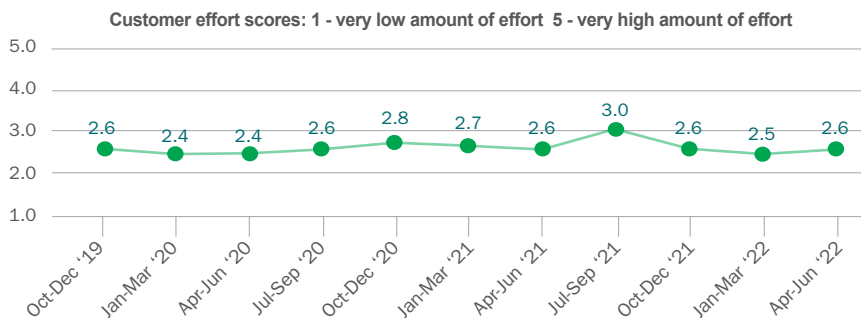
#### Escalated complaints

A total of 268 complaints relating to Essential Energy were referred to the Energy & Water Ombudsman NSW (EWON). Of these, two were enquiries (a customer contact that is not a complaint, such as a customer query about an approved charge).

Enquiries	Number per 10,000 customers
Enquiry / General Enquiry	—
Complaint Enquiry / Refer to Member / Refer to Customer Service / Unassisted Referral / Referral / Refer Back	1.5
Refer Higher Level / Assisted Referral	0.8
Complaints	
Level 1 / Conciliation / Stage 1	0.3
Level 2 / Consultation / Stage 2	0.2
Level 3 / Investigation / Stage 3	0.2
<b>TOTAL</b>	<b>3.0</b>

#### Customer effort scores

(Amount of effort customers personally had to put into interactions with Essential Energy)



## Key achievements

### Network Information Portal

Essential Energy is providing all customers access to our network asset data through a self-service [Network Information Portal](#) on our website, implemented in July 2021.

Instant access to network information from any device is enabling ASPs and electrical contractors undertaking contestable works to utilise and share live data with their customers. It also allows ASPs to create more accurate concept plans to submit with their applications for a Design Information Pack.

As recommended by the NSW Independent Bushfire Enquiry, the portal will also provide visibility of critical assets during natural disasters, enabling the NSW Rural Fire Service's [Fires Near Me](#) and, in future, the NSW Government's [Floods Near Me](#) app, to be overlaid for real-time risk mitigation.

### End-to-End Vegetation Management initiative

Our industry-leading, 15-year Vegetation Strategy promotes sustainable vegetation management, lowers network risk and places downward pressure on network charges. It focuses on collaborating with our stakeholders and suppliers to replace incompatible vegetation growing near powerlines with suitable low-growing species. In September 2021, our Vegetation Strategy Manager, Heath Frewin, was awarded the Utility Arboriculture Association Australia's Utility Arborist Award for his significant contribution to this strategy.

### Telecommunication infrastructure business

Our telecommunication infrastructure team offers services to connect regional communities through our:

- > 1.4 million power and 68,000 streetlight poles to facilitate 5G network and SMART city expansion
- > 1,500 km of dark fibre network (comprising currently unused fibre optic cable) covering regional and remote NSW
- > 170 towers to enable roll-out of mobile and wireless networks.

We've also helped deliver a high-speed fibre network for the [Parkes Special Activation Precinct](#). This is providing secure, scalable and high-speed ethernet and internet to improve digital connectivity in the region and benefit local businesses located in the precinct.

### Diversifying our supplier base

We're updating our procurement practices to include searching the Supply Nation website to support our Reconciliation Action Plan commitments and, where appropriate, inviting tenders from Indigenous goods and services suppliers.

### Essential Connections Portal

Progressive implementation of our BetterConnect initiative is providing a quicker, automated network connection process for customers, their ASPs, electrical contractors, solar retailers and installers and other partners. In early June 2022 we rolled out a new Essential Connections portal covering low voltage connection enquiry and application processes. It provides new enquiry channels, digitised forms tailored to meet different connection needs, improved data collection that makes applications easier and automated processes saving time for customers.

## In the next reporting period

We will continue to negotiate with the major telecommunications carriers to deploy 5G network on our network infrastructure, and work closely with councils to deliver small scale roll-out of smart streetlighting controls.



## Principle 5: Supporting customers in vulnerable circumstances

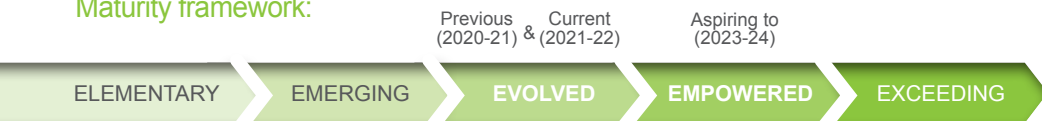
### Objective: Be trusted and supportive

As interactions between electricity delivery and climate and social policies grow, it is critical that we balance prudent network investment and pricing efficiency with ensuring our customers are informed and engaged, have choice in energy generation and usage and are aware of and are supported by robust consumer protections.

**Target:** Flexible response to meet the needs of customers in vulnerable circumstances

**Response during the reporting period:** Pro-active support provided to customers affected by flood impacts, tailored to their needs

#### Maturity framework:



#### Metrics:

##### Customer Support Policy access

Of 74 customer support applications submitted during the reporting period, customers pursued a total of 25 through the assessment process and were deemed eligible for financial support under the policy, with a total amount of \$97,364 paid. Additionally, we provided support through waiving network damage debt and recoverable works payments on compassionate grounds.

### Key achievements

#### Support for flood-affected communities through:

- > electronic noticeboards with our phone number, and face-to-face customer contact points across Lismore, Woodburn and Ballina
- > daily power supply restoration progress updates via local radio and television stations
- > flood reconnection and safety information at evacuation centres
- > reconnection information posters at supermarkets, service stations and other general stores
- > social media advertising to promote reconnection and flood safety, reaching 27,728 people.

#### Support for flood-affected customers through:

- > a dedicated flood information [web page](#) and updates via [Facebook](#)
- > calling all life support customers experiencing outages to check on their welfare
- > offering generators to life support customers without power for over 10 days, and \$200 fuel cards
- > offering eligible flood-impacted business customers compensation for the reasonable cost of generator hire, fuel, delivery and connection
- > waiving network access charges for the billing period for customers with flood-impacted premises

- > pausing estimated meter reading for uninhabitable houses and buildings
- > reimbursing up to \$350 of costs to reconnect premises disconnected for safety reasons, where they needed to engage an ASP
- > waiving the ASP Certificate Compliance of Electrical Works cost for customers in flood-affected post codes
- > contributing \$600 to help flood-affected customers with reimbursement for power supply connection within two years
- > pausing disconnections for non-payment to flood-affected customers
- > pausing private asset defect notifications in flood-affected areas, and repairing or replacing flood damaged or destroyed private assets on a like for like basis, at our cost.

An overview of our flood response can be viewed on [YouTube](#) and a summary is included in Appendix 4.

#### Smart meter advocacy for life support customers

We have almost 28,000 life support customers, representing approximately 3% of our customer base. We are advocating with industry and government to allow Essential Energy and other distribution network operators to install smart meters for life support customers. Benefits would include:

- > reducing unnecessary planned outage notifications through more accurate life support customer location data
- > improving planned outage process accuracy to reduce the number of planned outages cancelled at short notice and associated impacts on life support customers
- > eliminating the need for meter reading visits to medically vulnerable customers during COVID-19.

#### Empowr Mobility Trial Road Safety Program – NSW Pilot

Essential Energy has partnered with [Empowr Mobility](#) and Transport for NSW to provide safe, reliable and affordable vehicles to disadvantaged young people in outer suburban and regional NSW. Formed under Transport for NSW's Towards Zero Initiative, the pilot aims to educate and improve young drivers' safe road behaviour.

Over a period of 12 months the pilot will deliver:

- > 10 safe, newer vehicles provided by Essential Energy, fitted with artificial intelligence that delivers driver behaviour performance analysis and education, and vehicle affordability and maintenance cost incentives
- > joint community engagement to promote young driver road safety
- > mentoring and fortnightly check ins for probationary drivers.

### In the next reporting period

We will include Uniting NSW's details on the customer assistance leaflet we deliver with the notice to non-paying customers of intent to disconnect their power supply in selected trial areas across our network to gauge take up.

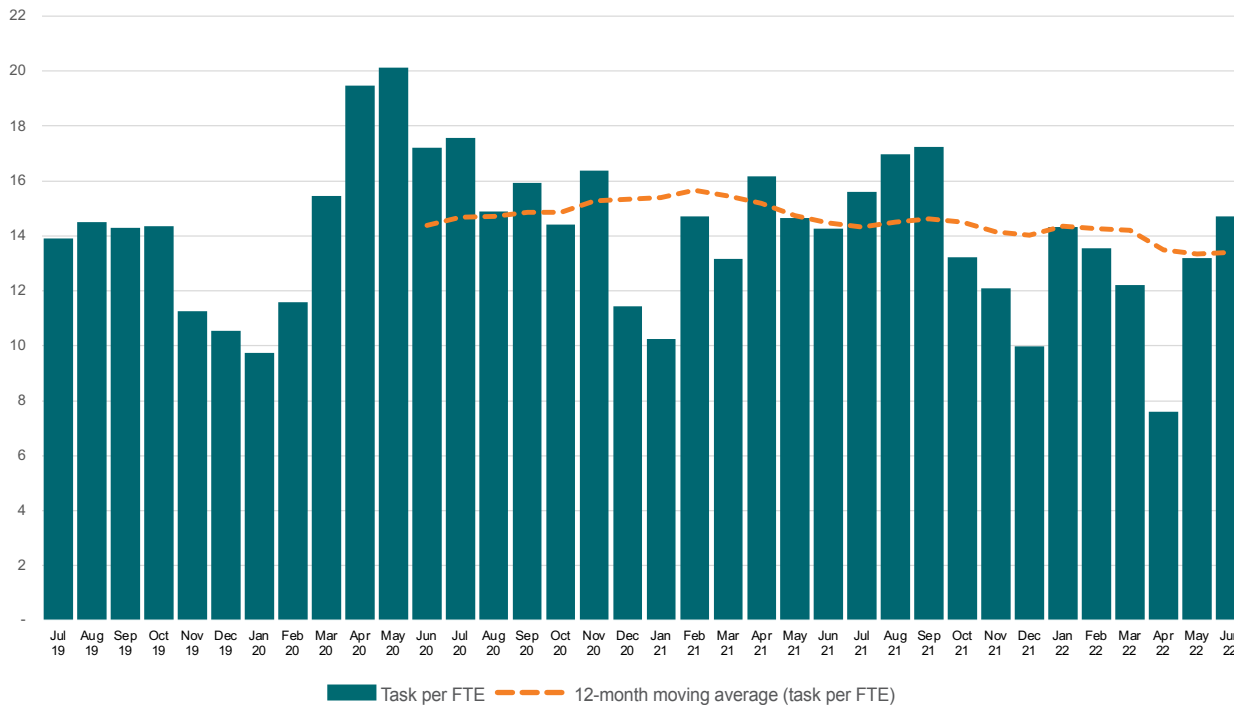


# Appendix 1: Productivity outcomes

## Workforce efficiency

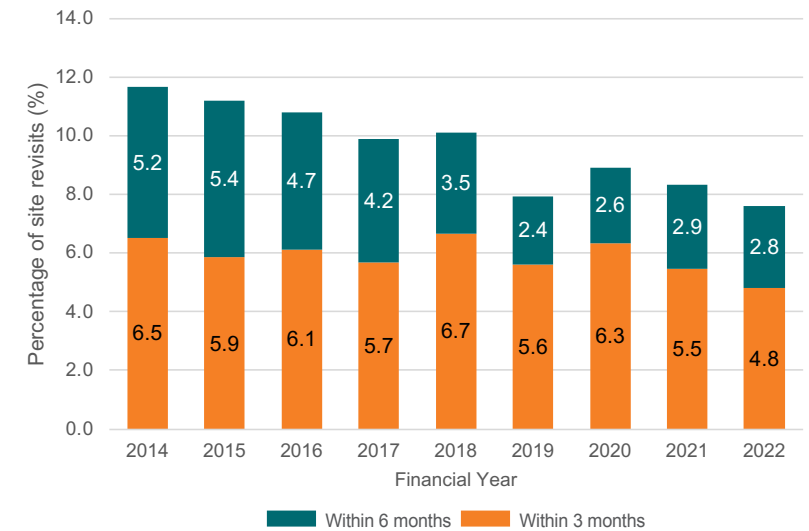
A strong focus on reducing outstanding tasks to minimise network risk has resulted in 13.4 average tasks delivered per employee in 2021-22 compared with 14.4 for 2019-20. Overall variations in tasks completion are due to seasonal variation, with peaks in winter and troughs in summer holiday periods. Extreme unfavourable weather events and COVID-19 have impacted tasks completion during 2021-22. The increase in April-June 2020 was due to our focus on work tasks not requiring outages in short-term response to COVID-19. It is worth noting that the average completed tasks per full time equivalent (FTE) at the commencement of the previous regulatory period (1 July 2014) was 9.2.

Completed tasks per full time equivalent (FTE)\* (Monthly)



## Operational efficiency

Operational efficiency- return visits to poles

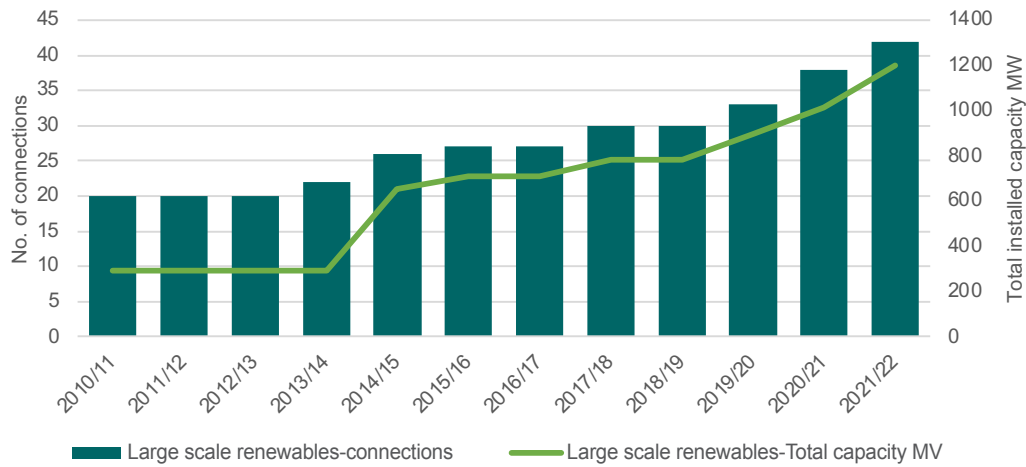




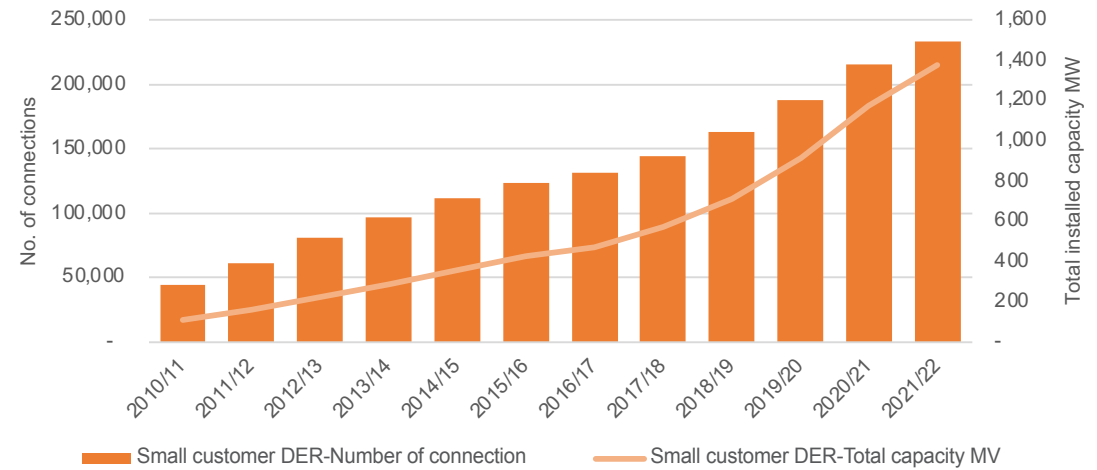
## Appendix 2: Distributed energy resources (DER)

We have around 2,500MW of installed renewable capacity on our network, with over 1,200MW of large-scale renewable generation from 42 connections, and over 1,300MW of small-scale renewable generation from 26.5% or 234,000 customers.

### Large scale renewables



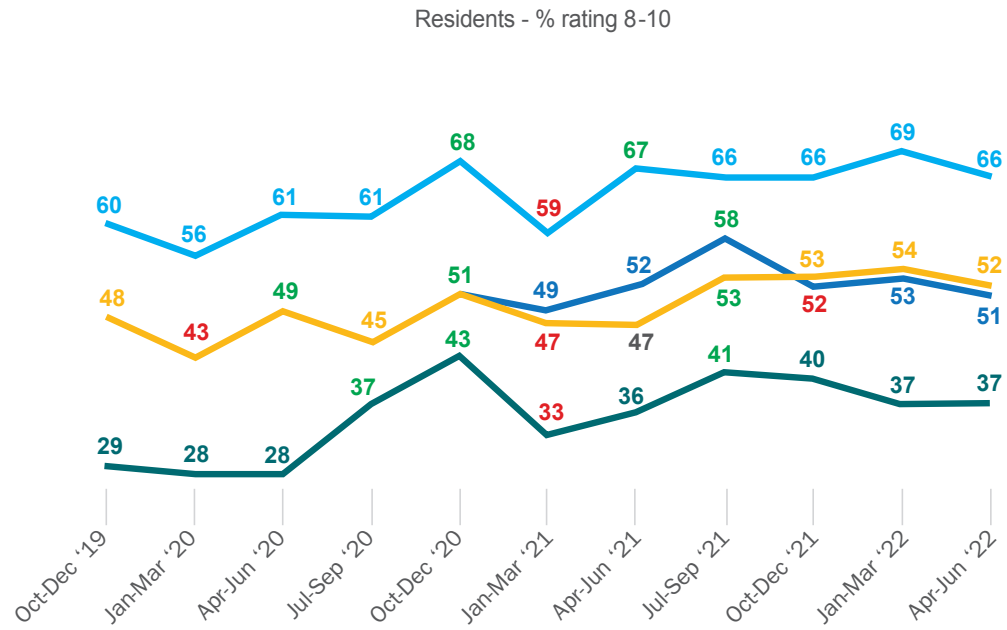
### Small scale renewables



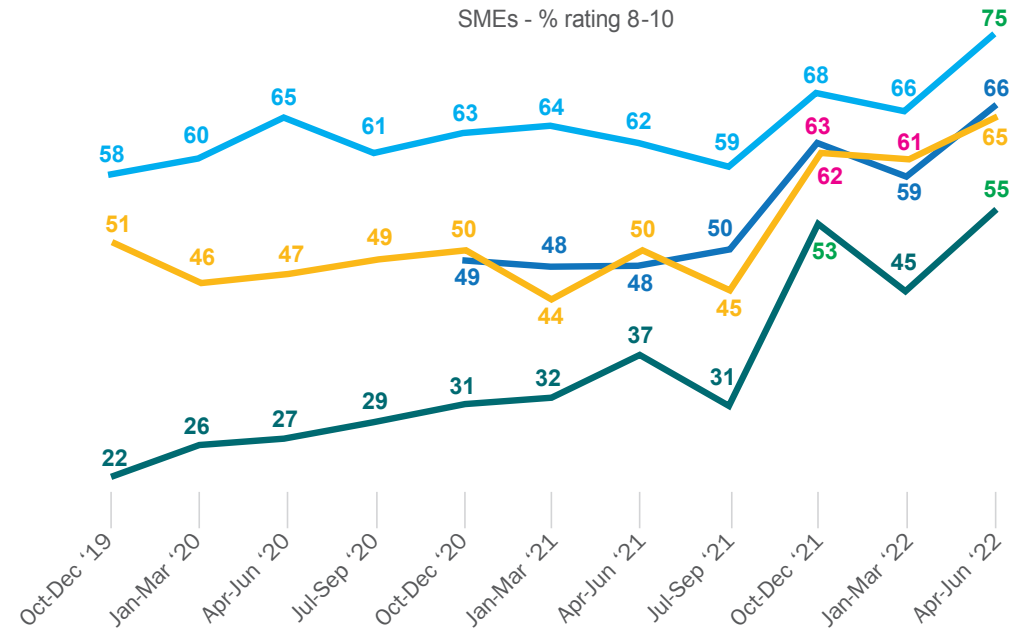


# Appendix 3: Corporate reliability

Residents - % rating 8-10



SMEs - % rating 8-10



- Reliable
- Responsive
- Easy to deal with
- Affordable

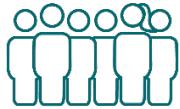


## Appendix 4: Northern Rivers flood response



**2,215**

Hazard  
Identification  
Risk Assessment  
Controls completed



**69,603**

Individual  
customers  
affected by  
power outages



**1,408**

Life support  
customers  
affected  
by outages

**7,042**

Properties  
de-energised  
for safety



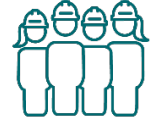
**5,409\***

Properties  
re-energised  
after safety  
inspections



**210**

Local  
employees  
involved in the  
response



**215**

Travelling crew  
from 30  
locations



**50**

Padmount and  
chamber  
stations, switching  
units and  
cabinets tested,  
repaired or  
replaced



**98**

Under-awning  
mains boxes,  
cubicles and  
assets tested,  
repaired or  
replaced



**2**

Depots  
impacted by floods



**348**

Fleet vehicles



**50,172**

Litres of diesel



**14**

Message boards  
used



**Multiple**

Air, water and  
ground patrols

\*The remaining number of de-energised properties include those awaiting damage rectification and those where customers may not be returning.



# Appendix 5: Empowering customers

## Thanks for flood response

Thank you to Essential Energy for the recovery work following the Northern Rivers floods in early March. It has been harrowing seeing the devastation across our community and the many, many customer impacts across the coast.

The speed, coordination and organisation of the Essential Energy response to this crisis has been impressive. We have seen your teams out in force, engaging with our community in a calm, professional, solutions-focussed and expert manner, checking and ensuring the safety of customers, their homes and our communities and re-energising homes as quickly as has been safe and practical. The on-ground presence of Essential Energy's Community Response team has been well received, as have local radio updates about power and safety. In short, Essential Energy's response has been remarkable and sets a benchmark for other networks, agencies and organisations in future crisis events.

Your Market Liaison Manager has also provided significant support to our Operations Team on response timeframes, information on estimated reads, re-energisations etc – all critical information for our Operations Team, as well as our frontline sales and customers service teams. The speed of you and your team's response has directly positively influenced and reduced the impacts to both Enova's business and our customers – a heartfelt thanks from me.

Kind regards,

**Felicity Stening**  
Managing Director



## Supporting renewables connection

*SOLARQUOTES* blog by Michael Bloch, 27 April 2022

### Hillston Solar Farm hits 100% generation ahead of schedule

Amp Power Australia's 120MW Hillston Solar Farm in south-west New South Wales is now cranking at full capacity, reaching full generation in under three months from initial energisation.

'Reaching full output ahead of schedule is a testament to the cooperation of all stakeholders, in particular the Distribution Network Service Provider Essential Energy, and the proactive management from our local team,' stated Dean Cooper, Executive Vice President and Head of Amp Power Australia.

Located around 3.5 km south of the township of Hillston and adjacent to Essential Energy's 132/33 kV Hillston sub-station, it's expected Hillston Solar Farm will generate approximately 235,000 gigawatt-hours of clean electricity annually while avoiding more than 160,000 tonnes of carbon dioxide emissions per year.

## Public safety collaboration

In consultation with NSW Farmers, Cotton Australia and GrainCorp, we've developed a new Seasonal Worker Safety Checklist to help farmers promote safe work practices to both inexperienced and returning workers during harvest periods.

## Telecommunication Infrastructure team empowers learning

*Upper Coopers Creek Public School Newsletter, 28 October 2021*

There was no newsletter last week because, as I'm sure you're all aware, there was no electricity. For once though, we didn't mind the inconvenience. If the kids haven't told you already, the electricity was turned off so that a drone could help install the fibre optic cable that will finally bring our school 21st Century internet! We were all super excited and fascinated to watch the drone take the cable from our school to the other side of the valley.

## LEDs help Council reduce costs

*Blayney Chronicle, 7 April 2022*

The LED streetlight upgrade investment by Blayney Shire Council, implemented by Essential Energy in September 2021, has reduced energy usage from about 25,000 KWh in January of 2021 to 10,600 KWh in January of 2022 and saved nearly \$5,500. Blayney Mayor Scott Ferguson says the results are impressive.

## Instant access to network information through our Network Information Portal

"Hands down the best system Essential Energy has ever made available to ASPs. And the team have been super helpful in making minor adjustments along the way. Well done. **Peter Tillott, ASP.**"

## Giving our employees the tools to promote customer centricity

As a result of our Customer Empathy training workshop...

% of people who **strongly agree** or **agree** with the feedback statements

**93%**

"I now have a clearer understanding of what customer empathy means for us at Essential Energy"

**97%**

"I recognise a range of reasons that can trigger customers' reactions"

**93%**

"I have become more aware of my own reactivity and how I respond to customers"

**93%**

"I have learnt some techniques to help me build relationships and achieve the best outcomes for customers"

**93%**

"I am aware of practical tools and tips I can use to embed empathy and a service mindset in the way I work with customers"

As a result of our Written Customer Communications training workshop...

% of people who **strongly agree** or **agree** with the feedback statements

**100%**

"As a result of this workshop, I recognise factors that contribute to the resolution of customer issues through written communication"

**100%**

"As a result of this workshop, I am confident to identify a customer's stated and unstated concerns from their written inquiry"

**100%**

"As a result of this workshop, I can examine multiple perspectives before responding to a customer's query"

**100%**

"As a result of this workshop, I have some practical tools and ideas for effectively structuring written communication"



## Appendix 6: Fulfilment of 2021-22 commitments

Principle	Commitment	Outcome
<b>Principle 1:</b> We will put customers at the centre of our business and the energy system	We aim to include a culturally and linguistically diverse (CALD) persona in our customer journey mapping.	Culturally and linguistically diverse (CALD) personas were included in our customer journey mapping.
	We will use artificial intelligence to monitor customer interactions with Essential Energy across multiple channels, including voice, social, SMS and web, then categorise and tag them as positive or negative.	We've commenced enhancing customer contact digitisation and optimisation, personalising our communication services and customer response through multiple digital channels.
<b>Principle 2:</b> We will improve energy affordability for customers	Outcomes of tariff trials for both residential and small business customers and SAPS during 2021-22 will inform consultation with customers and stakeholders on proposed tariffs for the 2024-29 pricing and revenue period.	We have developed residential and small business tariff trials to test customers' responsiveness to different tariff options and assess the impact on their bills. Trials will run through to 30 June 2024. Results will inform our Revised Tariff Structure Statement for the 2024-29 regulatory period, due to be submitted to the AER in January 2024. Development complexities have delayed SAPS tariff trials until 2022-23 or later.
<b>Principle 3:</b> We will provide energy safely, sustainably and reliably	We will improve asset management through a new Enterprise Asset Management system and increase works delivery efficiency through streamlined scheduling, dispatch and field logistics, inventory optimisation and risk-based vegetation management.	We're replacing our current end-of-life Enterprise Asset Management system with a modern, cloud-based solution that embeds a risk-managed approach and strengthens our capabilities across asset and works value chains
	We will participate in Queensland energy data company, Luceo Energy's, SHIELD project. This project aims to gather the data needed to assess how much consumer-owned energy can safely be connected to the electricity grid without additional investment in infrastructure, rather than the current practice of relying on static and conservative export limits.	We're participating in Luceo Energy's ARENA-funded SHIELD project, with the aim of developing a real-time data platform that allows network operators to assess how much consumer-generated energy can safely be connected to the electricity grid without additional investment in infrastructure.
	We plan to trial a solar generation export tariff to assess customer bill and lifestyle impacts of changing tariffs before we propose any formal changes to our tariffs as part of our next Tariff Structure Statement.	Trial implementation has been delayed due to skills shortages, recent wholesale market conditions and the need to build new systems that can accommodate modern tariffs.
	Where practical, we plan to expand use of alternative fuel technologies in our passenger vehicles to our operational fleet.	As our passenger vehicles reach end of asset lifecycle, we're replacing them with electrified options – predominantly hybrid and Plug-In Hybrid Electric Vehicles (PHEV).
	Phase 3 of our Strategic Workforce Planning Program will include reviewing our operational planning approach and tools in the current state to identify ways to uplift and optimise processes, creating an operational workforce health-check dashboard and developing a current state view of the workforce against key metrics that will align operational and strategic workforce planning.	A strategic workforce planning project was completed to develop workforce planning principles, methods, governance, team roles and responsibilities. Workforce segmentation and criticality assessments were completed, and two workforce planning pilots undertaken. A workforce analytics dashboard and roadmap were also delivered, to enable enterprise-level scaling of workforce planning.
<b>Principle 4:</b> We will improve the customer experience	Stage 2 of our Network Information Portal will provide additional enhancements and functionality to improve customer self-service.	All customers can now instantly access network asset data through our self-service Network Information Portal, implemented in July 2021.
	Our BetterConnect initiative will provide a quicker, automated connection process across low voltage connections, improving the experience for Accredited Service Providers and connecting customers.	In early June 2022 we rolled out the new Essential Connections portal to improve low voltage connection enquiry and connection application processes.
<b>Principle 5:</b> We will support customers facing vulnerable circumstances	We will refresh our customer segmentation, with a strong focus on customers in vulnerable circumstances.	Refined customer segmentation and value propositions developed as part of our new Customer Strategy will ensure we focus on enhancing value for all customers.
	We will measure success of assistance leaflets delivered to non-paying customers.	Periodic suspension of our pre-disconnection notification process due to customer hardship impacts from floods and COVID-19 surges precluded valid assessment.