

Chair, **Clare Petre**
Consumer Panellist, **Cassandra Goldie**
Business Panellist, **Andrew Richards**
Accountability Panel
The Energy Charter
E-mail: submission@theenergycharterpanel.com.au

Dear Accountability Panel Chair and Members

We are pleased to submit Essential Energy's Energy Charter Disclosure Statement for the reporting period 1 July 2019 to 30 June 2020.

The last twelve months has seen our customers and the communities we serve impacted by devastating drought. Unprecedented bushfire activity across more than 3.4 million hectares in northern, north coast and south-eastern areas of NSW severely damaged our electricity distribution network and left a total of 104,000 Essential Energy customers – including 4,700 reliant on life support equipment – without power supply. To minimise customer impacts as we rebuilt our network (up to five months for some customers), we offered generators and fuel until grid-connected supply could be restored. We also took the opportunity to loan some bushfire-affected residential customers Stand-Alone Power Systems and are assessing whether these can serve as more cost-efficient and sustainable alternatives to standard grid reconnection.

The COVID-19 pandemic has imposed further challenges in supplying safe, reliable electricity supply to support our customers' domestic and working-from-home arrangements. From mid-March 2020 we have risk assessed our existing planned works program in line with our COVID-19 Pandemic Operating Protocols and postponed some non-critical projects. We have applied comprehensive COVID-19 safety protocols to protect the health of our employees, customers, communities and business partners. We have also actively collaborated with other NSW network operators and retailers to design key principles that align with and support the Australian Energy Regulator's Statement of Expectations.

While we had been on track to achieve the real 3.8% decrease indicated in our current revenue determination for the average residential customer, we are now engaging with the Australian Energy Regulator and the NSW Government to minimise potential future network charge increases arising from cost impacts of drought, bushfire and COVID-19, and workforce retention under the NSW Government's Direction restricting workforce reductions.

Despite these challenges, our Customer Satisfaction Index peaked at 86.7 per cent in March 2020 and has remained relatively steady at around 85 per cent.

To ensure ongoing improvement, we've refreshed our Corporate Strategy to include a new dedicated Customer Experience strategy that prioritises and links customer value outcomes. Based on refined customer segmentation, in-depth research and analysis, consultation and education, it is facilitating

better understanding of our customers and their needs and building customer experience capability throughout the business. Information we've obtained to date is helping us manage a significant rise in the challenges faced by our customers, with mounting cost pressures from natural disasters and declining community resilience. We've incorporated a stronger focus on resilience in planning, technology adoption and natural disaster response to help us realise the full value of our existing network, and a new environmental and sustainability business objective will address an existing gap and deliver on customer expectations now and in the future.

Ongoing engagement with our customers and stakeholders ensures our operations remain aligned to emerging needs and continues to inform Essential Energy's whole-of-business transformation program, Amplify, which will deliver long-term operational efficiencies and help contain network price increases. We're also proactively collaborating across the energy industry to understand changing generation and distribution opportunities – working to build the energy network of the future and fulfill our role as an economic enabler for regional, rural, and remote NSW.

To improve understanding of network safety hazards, we've changed our Public Electrical Safety Awareness Plan from a static annual document to a dynamic, responsive web-based microsite. We've also implemented a new Health, Safety and Environment strategy to improve our organisational safety performance and behaviours. Other areas for improvement have included enhancing employee engagement and satisfaction, addressing poor communication with customers reliant on life support equipment and increasing operational efficiency and customer service delivery through digitisation and automation.

We are proud of our commitment to the Energy Charter and look forward to working collaboratively across the industry to achieve ongoing improvement in customer outcomes.

Yours sincerely



Doug Halley
Chair



John Cleland
Chief Executive Officer

For enquiries about Essential Energy's Energy Charter Disclosure Statement contact:
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ESSENTIAL ENERGY

DISTRIBUTES ELECTRICITY TO 866,351 CUSTOMER PREMISES* LOCATED WITHIN >1500 REGIONAL, RURAL AND REMOTE COMMUNITIES ACROSS 95% OF NSW AND PARTS OF SOUTHERN QUEENSLAND.

As an electricity distribution network operator, **Essential Energy** transports electricity safely and reliably to customers connected within our distribution area.

We service four categories of customers – connected customers, partners (direct and indirect), stakeholders (internal and external) and community. Customers may choose any electricity retailer.

Our Vision is to empower communities to share and use energy for a better tomorrow.

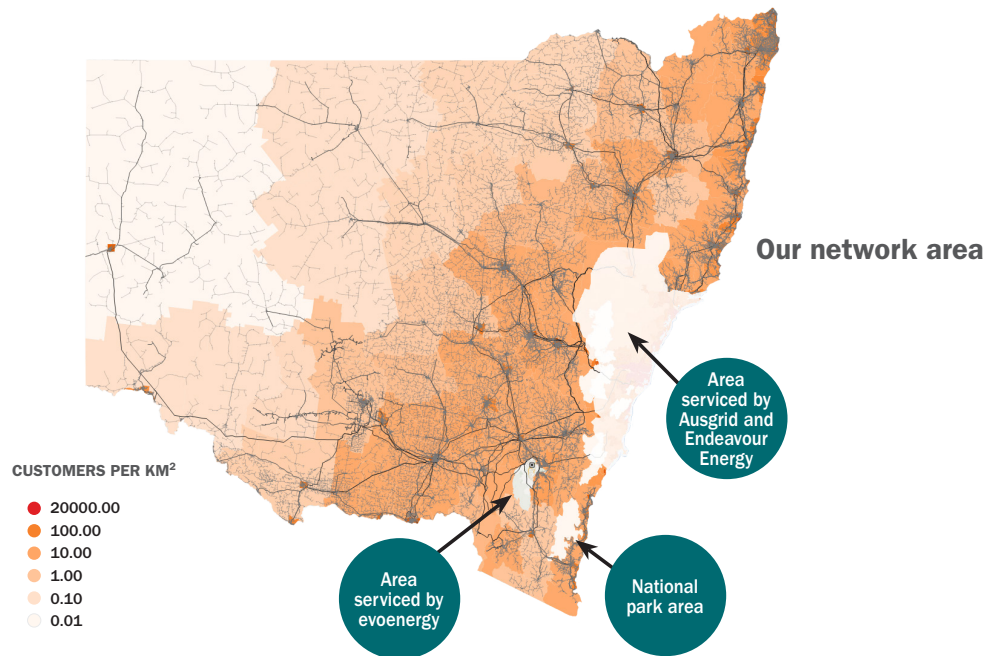
Our Purpose is to enable energy solutions that improve life.

Our Business Objectives comprise:

- > continuous improvements in safety culture and performance
- > operate at industry best practice for efficiency, delivering best value for customers
- > deliver real reductions in customers' distribution network charges
- > reduce the environmental impact of Essential Energy, where efficient to do so
- > deliver a satisfactory Return on Capital Employed.

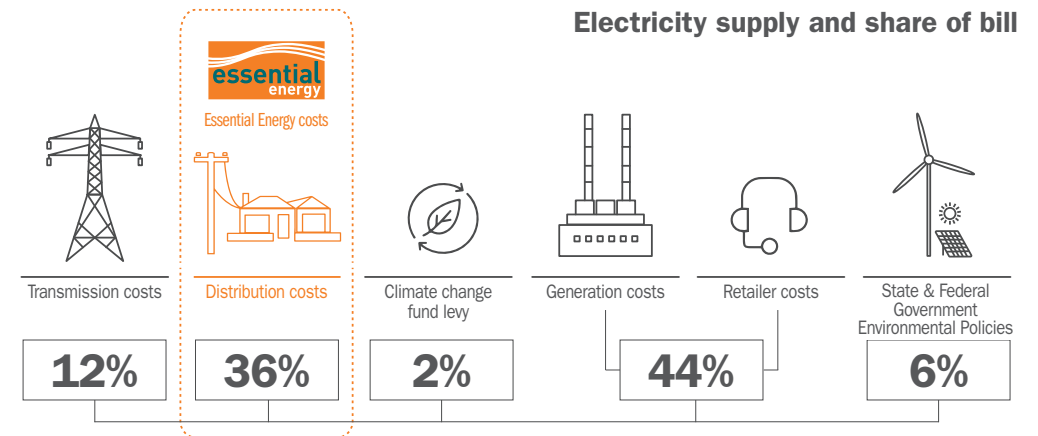
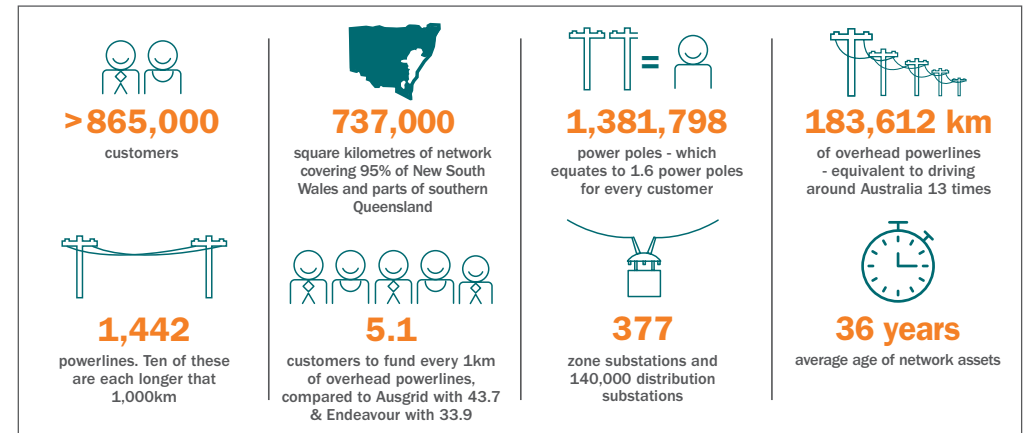
Geographically, our distribution network covers 95 per cent of NSW and parts of southern Queensland.

Many of our customers are supplied through a single feeder and electricity supply can't be re-routed to restore their power during supply interruptions.



Around 80 per cent of our network is rural. These lines carry power long distances, increasing exposure to environmental factors. This means we often have to install asset components with a greater capacity and cost than our customers would otherwise require to account for the drop in voltage that occurs as electricity travels these vast distances.

In contrast to other electricity distributors, we have one of Australia's lowest average customer densities – less than five customers per kilometre of powerline. This makes our average distribution charge higher than most other network areas across Australia.





OUR CUSTOMERS

Our customer groups



Phase two residential customer segmentation

During the reporting period, we refined our six-segment residential customer model to three core residential segments based on customer needs, engagement with energy supply and usage, and interest in receiving information from us. This has informed our new Customer Experience vision and strategic objectives.

42% ENERGY ENGAGED

- > High energy awareness
- > Open to information from Essential Energy
- > Energy & energy security matter
- > Keen to reduce consumption
- > Interested in reducing their reliance on the grid.

34% COST CONSTRAINED

- > Medium energy awareness
- > Somewhat open to engaging with Essential Energy
- > Open to reducing consumption, but it is already low
- > Vulnerable to having power supply cut off
- > Habitual in their behaviour.

24% PASSIVE CONSUMERS

- > Low energy awareness
- > Not engaged
- > Low interest coupled with limited knowledge
- > Mostly concerned with the lights working
- > Unlikely to amend behaviour without an incentive
- > Future energy consumption forecast to increase.

Customer Experience Vision

Everyday excellence. Every customer. Every interaction.

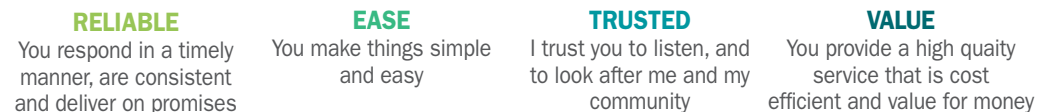
Strategic Objectives

To produce this customer experience we will pursue these strategic objectives:



Customer Experience Principles

Our guiding principles to ensure that our customers have a consistent, positive experience with us are:



We've aligned our Customer Experience Strategy with Energy Charter Principles





OUR OPERATIONS

Affordability

We're funded by our customers through a five-yearly revenue determination by the Australian Energy Regulator. We are delivering network charge reductions and greater customer choice through customer engagement, increased investment in data analytics, digitisation, automation and new technologies, asset management efficiencies and innovative connection and supply options.

Following a real network charge decrease (a flat CPI increase) in 2019-20, our future focus over the remaining three years of the regulatory period is on minimising cost impacts of drought, bushfire, COVID-19 and workforce retention pursuant to a Direction from the NSW Government, and new critical infrastructure cyber-security licence conditions.

Managing our network

We're transitioning from defect severity, time-based network maintenance to a risk-based and value driven approach. This will ensure we complete the right work at the right place, at the right time, improving power supply reliability for our customers and helping maintain downward pressure on the network component of their electricity charges.

Building the network of the future

We're collaborating with customers, regulators, retailers, technology suppliers, energy industry groups and public interest advocates so we can build the energy network of the future.

Around 0.5% of Essential Energy's customers require around 17% of the total length of our network. Providing grid-connected electricity to customers in densely forested or difficult to access locations can exceed recovered revenue, increasing costs for all customers due to the need to maintain long powerlines and associated vegetation clearances in areas with low customer density.

As an alternative, we're building our capabilities to operate and maintain Stand Alone Power Systems (SAPS) as a standard business service. A SAPS deployed after a bushfire in a fringe of grid area with low customer density (see Principle 3 case study) can be more efficient than replacing poles and wires. This improves power supply reliability for the SAPS-connected customer, and avoidance of ongoing operational and vegetation maintenance will reduce network charges for all Essential Energy customers.

Safety

Our **Public Electrical Safety Awareness Plan (PESAP)** aims to raise public awareness in our communities and across key industry sectors about electrical safety, targeting six 'at-risk' groups: general public, agribusiness, aviation, building, transport and emergency services.

Our Public Safety Committee has identified incident numbers are generally:

- > higher during July to August due to excavator contact with our network
- > higher in October to November and February to March, due to increased building, construction and agricultural activity
- > seasonally dependent but also unpredictable, eg: in FY2019 when copper theft from our network spiked.



To address this, we are implementing targeted safety education campaigns around peak incident times and locations, and sharing safety resources and information via our website. We also collaborate with industry groups to promote relevant safety messaging to further our research. Over summer 2019-20, we integrated public safety messaging on remaining safe around our network during bushfires and storms into a single, more efficient and effective seasonal campaign. Overall, we saw a decrease of 7% for all incidents in 2020 compared with 2019.

Our people

Essential Energy is a leading employer in regional NSW, providing careers for 3018 full time equivalent (FTE) employees (a head count of 3042, as at 30 June 2020). We are investing in workforce sustainability and diversity through apprenticeships, a graduate engineer training program, and asset inspection and Indigenous pre-employment traineeships.

We recognise that, to improve safety outcomes, engage our customers and enhance collaboration, our focus should be on enhancing employee engagement and minimising job stress caused by COVID-19 workplace changes. During 2019-20, we engaged the Centre for Rural and Remote Mental Health to review our current and planned workplace mental health initiatives and provide key recommendations. The review will inform development of Essential Energy's Mental Health Strategy, which is due to be finalised in the first half of 2020-21.

In July 2020, 75.9% of Essential Energy employees completed our annual engagement survey on improving our workplace. The 2020 results saw an increase of +0.34 to 3.79 (in a 0 to 5 rating scale) in overall employee engagement, with 34% of employees actively engaged compared with 22% in 2019.

2020	2019	2018	Australian average
34% engaged	22%	15%	41%
52% not engaged	53%	63%	44%
14% actively disengaged	25%	22%	15%

This improvement trend is positive and demonstrates our focus on employee development through improved communication and cultivating a feeling of purpose. Increased employee engagement facilitates inclusivity and mutual trust which aligns with our corporate values.

Our annual engagement survey will be released again in July 2021 so we can track the progress of our people initiatives. Insights will help inform our strategic objectives.

Supporting inclusion and diversity

Essential Energy is committed to building an inclusive and diverse workforce that reflects the communities we serve. Our Inclusion and Diversity Strategy sets a framework for initiatives over 2019-22.

To support culturally and linguistically diverse (CALD) communities in their communication needs, we offer the Department of Home Affairs Translating and Interpreting Service. A total of five customers utilised these services during the reporting period. This may reflect a lower percentage of people in regional and rural NSW who speak a language other than English at home compared to those in the Sydney metropolitan area ([NSW Plan for Healthy Culturally and Linguistically Diverse Communities: 2019-2023](#)).

We support Reconciliation through recruitment and development programs for Aboriginal and Torres Strait Islander peoples and connections with regional, rural and remote Indigenous Australian communities. As suggested by our [Customer Advocacy Group](#), and with input from our employee-led Aboriginal and Torres Strait Islander Working Group, during the reporting period we finalised a formal Reconciliation Action Plan.



PRINCIPLE 1:

WE WILL PUT CUSTOMERS AT THE CENTRE OF OUR BUSINESS AND THE ENERGY SYSTEM

Objective: Be customer-centric

Through ongoing engagement with customers to build our understanding of their diverse needs, now and in the future.

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

Actual scores: April to June 2020

Key Performance Indicators
across all customer groups
(out of 100)



Indicators for connected customers, stakeholders and partners

	Satisfaction	Customer ease	Value	Brand reputation
Connected customer combined ratings out of 100:	76.0	66.7	69.5	69.5
Council, retailer and CAG combined ratings out of 100:	71.8	75.9	72.4	72.8
ASP partner ratings out of 100:	70.0	68.0	70.0	71.0
Life-support customer research insights:	<ul style="list-style-type: none"> - all consider it important that their power supply is uninterrupted - 35% would have a critical safety implication with loss of power - only one in three have a back-up plan. 			

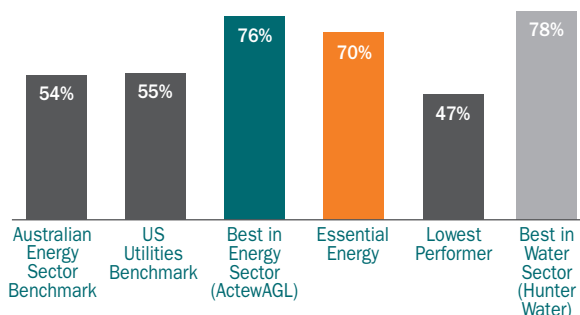
“Refining customer segmentation and gathering insights through customer satisfaction, brand research, data analysis and engagement with employees across our business is helping inform our customer experience vision, guiding principles and strategic initiatives for the next three to five years.” - Luke Jenner, General Manager Customer & Network Services

Maturity framework measure:



Customer Experience Index based on average Success, Ease and Sentiment score

*Benchmark is the median score across the participating entities



Business comment: (IAP Report key themes 1 (1-5), 2 (6), 4 (10 & 11) and 5 (12))

Understanding and embedding the diverse needs of our customers at the centre of decision making is ongoing. Central to our progress in this reporting period has been Board and management approval of a Customer Experience strategy that details Essential Energy's vision for enhanced customer outcomes. Informed by customer and employee research, it will be delivered through an action plan over the next three to five years. The strategy highlights how every part of the business contributes to the customer experience and sets clear expectations for our people. We have also:

- > embedded Customer Journey Mapping within our whole-of-business transformation plan, Amplify, (see *appendix 1*) to personalise customer experience
- > delivered a strong community and customer focused approach to crisis response, such as COVID-19 and bushfires (see *Principle 5 case study*)
- > highlighted customer issues, metrics and Energy Charter progress in Executive and Board meetings
- > undertaken research into life support customer needs to improve our outage notification process, including a buffer-zone letter initiative (see *case study below*).

Case study: Essential Energy has approximately 25,000 registered life support customers. Most life support equipment cannot be battery-charged and relies on continuous power supply. Feedback from our life support customers shows that loss of power is critical for 35%, and may result in death.

We notify these customers of planned outages via SMS to available mobiles, letters to both their mail and physical addresses and phone calls from our Contact Centre.

Following an increase in breaches of the National Energy Customer Framework (NECF) relating to non-notification in 2018-19, we have gone beyond our regulatory obligation and initiated a buffer zone letter.

We now notify life support customers located close to areas scheduled to be impacted by planned outages that they may also lose power supply if we identify emergency work in the broader area or our premises data is not 100% accurate. A subsequent survey found that the majority of life support customers welcomed the new initiative.

In the next reporting period: our Customer Experience strategy and our Amplify *Empowering Customers* workstream (see *appendix 1*) will drive our focus on improving customer outcomes across our diverse customer base, including residential, small and large business and industrial customers, and renewable energy developers, local Councils, retailers and Accredited Service Providers. 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. When introduced in Q4 FY21, this initiative will enable us to measure customer sentiment and more proactively deal with emerging issues and trends.



PRINCIPLE 2:

WE WILL IMPROVE ENERGY AFFORDABILITY FOR CUSTOMERS

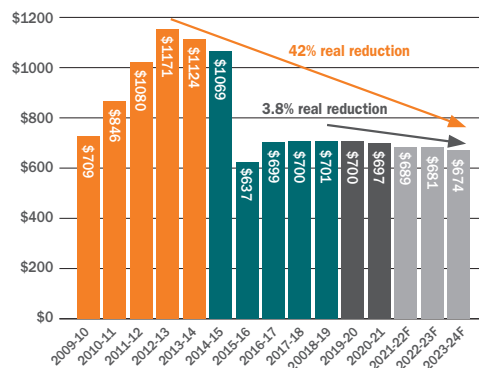
Objective: Deliver value

Provide a high-quality service that is cost efficient and good value.

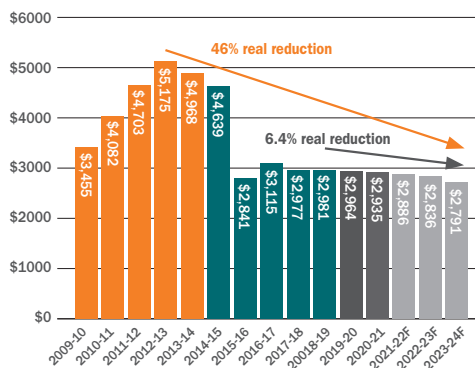
Target: Achieve a 3.8% real reduction in the network component of electricity charges for the average residential customer and a 6.4% real reduction for the average small business customer over the 2019-24 regulatory period.

Actual real reductions: On track for FY19 and 20.

Typical residential customer using 5 MWh per annum - annual distribution use of system network bill real (\$19-20)

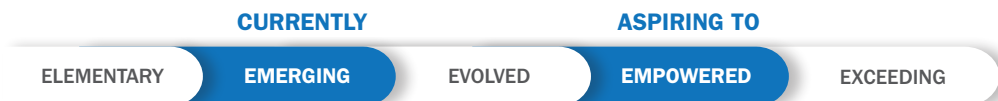


Typical business customer using 23 MWh per annum - annual distribution use of system network bill real (\$19-20)



“We’ve refreshed our corporate strategy to incorporate dedicated customer experience and operational sustainability objectives. These will ensure we align our service delivery to customer expectations and maximise value as we continue to transform our business over the next three to five years.” - Chantelle Bramley, General Manager Strategy, Regulation & Corporate Affairs

Maturity Framework measure:



Business comment: (IAP Report key theme 3 (9))

We aim to be a key contributor to downward pressure on electricity pricing. Today our network charges for a typical residential customer are 40% lower than in 2012-13 and account for approximately 37% of the average electricity bill. We are engaging with the NSW Government and the Australian Energy Regulator (AER) to minimise natural disaster and other external cost impacts and maintain this downward pressure during the five years to 30 June 2024. Our aim is to deliver network charge reductions through to 2024 and beyond. In this reporting period, we:

- ▶ continued strong stakeholder engagement on future tariff structures and emerging pricing issues
- ▶ applied and regularly reviewed an Investment Value Framework to ensure investment decisions maximise the value of the network and are in the long-term interests of customers
- ▶ expanded trials of Stand Alone Power Systems to increase power supply reliability and lower costs for customers in high cost to serve and bushfire risk locations
- ▶ trialed network resilience technologies, including composite fibre power poles and fire-retardant coating of timber poles in bushfire-impacted areas.

Industry benchmark:

Essential Energy faces unique challenges due to its largely radial, overhead rural distribution network and the lowest customer density per kilometre of network in the National Electricity Market – 5.1 customers per kilometre compared to CitiPower’s 75.5. Comparatively this leads to a higher customer cost to serve and higher network charges (see *Appendix 2*). Our whole-of-business transformation program, Amplify (see *Appendix 1*), seeks to maximise value for connected customers and deliver affordable and sustainable alternative energy options.

See also customer cost to serve benchmark, [Figure 5.3 Australian Energy Regulator \(AER\) Annual Benchmarking Report, Electricity distribution network service providers: November 2019](#)

Case study: To support our customers and regional sustainability, we are offering large businesses in our distribution area (generally those consuming ≥ 160 MWh electricity per annum) which are adversely impacted by COVID-19 the opportunity to move off demand-based tariffs. As at 30 June 2020, we approved requests from 17 large businesses (including clubs and hotels, caravan parks and sporting centres) to change their tariffs. This flexible pricing offers our customers greater affordability e.g. one business was able to reduce its electricity costs by 35% in May and 22% in June 2020.

In the next reporting period: we will continue to engage with the NSW Government and the AER to minimise natural disaster and other external cost impacts and maintain downward pressure on the network component of electricity pricing. Our Amplify *At the Right Price* workstream will drive procurement cost reductions of \$27M in recurring benefits through improved category strategies, supplier relationship and contract management capability.



PRINCIPLE 3:

WE WILL PROVIDE ENERGY SAFELY, SUSTAINABLY AND RELIABLY

Objective: Be safe, reliable and sustainable

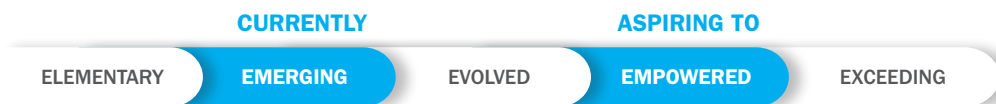
Support the delivery of safe, reliable and sustainable energy solutions, respond in a timely manner, be consistent and deliver on promises.

Target: Achieve overall network availability of 99.95%

Actual availability: On target at 99.955% at 30 June 2020 and exceeding independently audited reliability requirements. Current network reliability is more than 30 per cent better than 15 years ago.

“Our customers have highlighted the importance of Essential Energy having a position on our sustainability and environmental impact. To address this existing gap, we've added a fourth business objective: To reduce the environmental impact of Essential Energy, where efficient to do so. This will involve determining our environmental baseline, understand current and emerging technologies and implementing strategies to reduce our environmental footprint, while recognising the ongoing need to maintain economic efficiency in managing our network and servicing our customers.” - David Salisbury, Executive Manager Engineering

Maturity Framework measure:



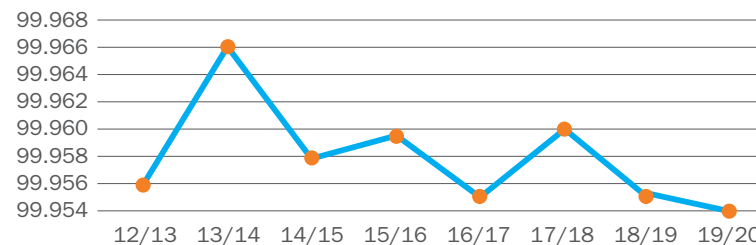
Business comment: (IAP Report key theme 3 (7 & 8))

Understanding and meeting changing customer needs is key to securing safe, reliable and sustainable electricity. We are facilitating new energy solutions and fulfilling our role as an economic enabler for regional, rural, and remote NSW. In this reporting period, we:

- > implemented a new FY20 Health, Safety and Environment strategy that includes continuing our existing contaminated land program, improving environmental impact assessment processes and developing an access agreement for land under the *National Parks and Wildlife Act*
- > undertook trials to increase the resilience of our network to bushfires (see case study this page)
- > continued industry collaboration to progress the **evolve DER project** from design to development
- > continued to trial advances in data, analytics and connectivity to improve network reliability and reduce costs
- > changed our Public Electrical Safety Awareness Plan to a dynamic, responsive web-based microsite: pesap.essentialenergy.com.au
- > delivered our In Vehicle Management System and associated driver training program
- > improved our employee engagement and satisfaction.

Internal benchmark outcomes:

Network availability across our distribution area*



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

Case study: Customer demand for network connection of distributed energy resources (DER) like solar and wind is rising. We need to determine the network capacity that can be available to meet increasing DER export demand. To facilitate this, we're running trials with NBN, electricity retailers and other energy market participants, using existing low voltage data sources to monitor our network in real time. Network visibility helps us improve public safety and reduce outage restoration times.

Case study: Almost 20% of Essential Energy power poles currently sit within high-risk bushfire areas. The bushfires in 2019-20 destroyed network infrastructure and customer connections across many regions within our distribution area. Customers challenged us to look at sustainable solutions when repairing the network.

To reduce future customer and network bushfire impacts and minimise risk of network-initiated bushfire, we are trialling alternative power supply solutions for six bushfire-affected residential customer sites. These customers have been loaned Stand-Alone Power Systems (SAPS) as an interim power supply solution. Each SAPS comprises 10kWp solar panels, 27kWh of battery storage and a 10kVA diesel backup generator. Essential Energy is working with these customers over the loan period to determine whether SAPS are the most cost-effective longer term solution or whether a return to grid supply would be cheaper.

By changing the way we deliver energy to customers in high risk areas, we can improve power supply reliability and public and network safety, and reduce costs for all customers.

In the next reporting period: To address a gap highlighted by our customers, we will finalise mapping our environmental baseline and developing a dedicated environmental strategy to improve safety and sustainability outcomes across our operations; and proactively advocate around policy initiatives that support electric vehicles. Our *Amplify Better Service Delivery* and *Empower our Frontline* workstreams will drive asset management improvement and help frontline teams operate effectively, efficiently and safely – undertaking the right work at the right place and time and utilising the right resources in the best interests of our customers.



PRINCIPLE 4: WE WILL IMPROVE THE CUSTOMER EXPERIENCE

Objective: Be easy to do business with

Make things simple, be quick and easy to deal with.

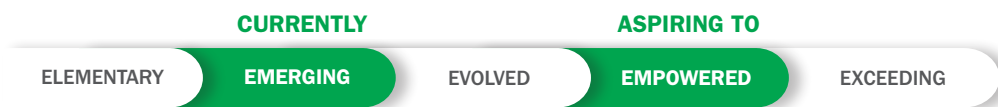
Target: Customer ease score of 80 out of 100

Actual score: Customer ease score for April to June 2020:

66^{·9}

“Our whole-of-business transformation program, Amplify, comprises eight integrated work programs that build our capability to meet or exceed financial, customer, safety and performance outcomes set out in our strategic ambition.” - Kieran Duck, Transformation Director

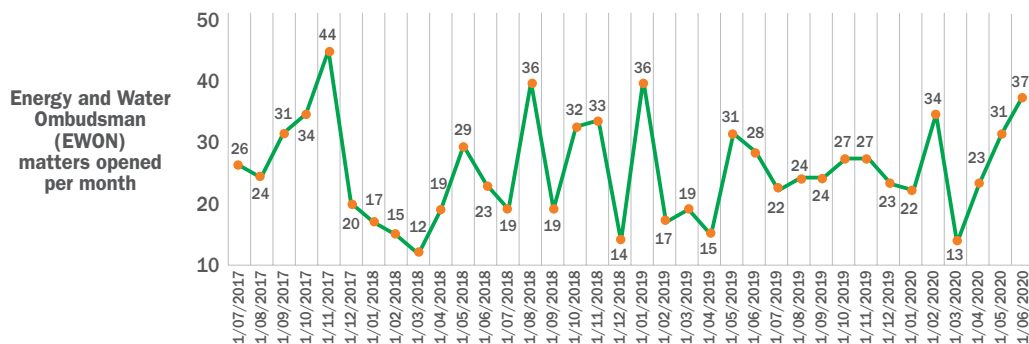
Maturity Framework measure:



Business comment: (IAP Report key theme 6 (13-15))

We aim to work collaboratively across our business operations and the energy supply chain to improve customer experience. In this reporting period, we:

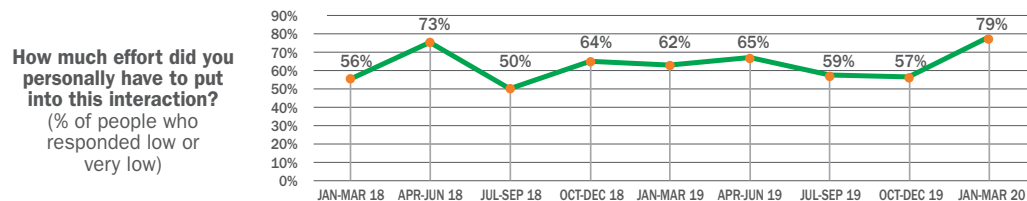
- applied Customer Ease measures and Customer Satisfaction and Complaints enhanced, monitored and actioned lag measures
- established a new dedicated role to manage Council partnerships and improve consultation with Accredited Service Providers (ASPs)
- implemented the first stage of automating the network connections process through the BetterConnect design portal
- commenced identifying opportunities for operational digitisation and automation, with a focus on realising the benefits that these efficiencies will bring for our organisation and our customers.



In general, peaks in customer complaints to the NSW Ombudsman relate to seasonal storm and bushfire impacts on electricity supply. They also relate to landholders' responsibility for maintaining private network assets located beyond the customer connection point on their properties.

Lower numbers of complaints align with minimising property access for asset inspections and meter reading, and deferral of non-essential planned work to **minimise potential for coronavirus spread**. They also reflect pro-active support provided to customers affected by drought, bushfire and COVID-19 restrictions, tailored to their needs (see *Principle 5 case studies*).

Customer effort score: Quarterly survey results currently show a positive trend.



Case studies: The first stage of our BetterConnect Portal, initiated in May 2020, enables Level 3 Accredited Service Providers (ASPs – electrical contractors who are accredited to design transmission and distribution network assets) to submit a range of connection design requests via a new automated service. This streamlines the previously manual process and also enables them to check the project status online. Training materials including manuals, videos and fact sheets have been provided to support ASPs in using the new system.

In the past, our streetlighting invoices to Councils and other streetlight customers grouped streetlighting components into a single tariff but they complained this invoicing was complex and confusing. To address this, from 1 July 2019 we introduced billing that itemises streetlight components, separating out luminaires/lanterns, brackets and supports, and their associated costs. This improves transparency and enables simpler reconciliation of invoices and assets for Councils and other streetlight customers. We held webinars for all customers on the simplified invoices.

To help reduce Council public lighting costs and environmental impacts, we are upgrading the majority of streetlighting assets in our distribution area to energy efficient LED technology. Traditionally, Councils would be required to fund the cost upfront. To encourage uptake, we are offering funding assistance and have negotiated an agreement with Department of Planning, Industry and Environment to fund any residual costs above the value of energy savings certificates available to Councils. This will help Councils achieve total savings of approximately \$3M.

In the next reporting period: We will continue to hold bi-annual Council engagement sessions and work together to assess potential for rolling out Smart Streetlighting. We will also implement Stage 2 of our BetterConnect portal to establish an end-to-end automated network connection process for ASPs, electrical contractors and other users. Our *Amplify Right Work and Enable the Network of the Future* workstream will enhance asset management modelling to improve customer service delivery now and in the future.



PRINCIPLE 5:

WE WILL SUPPORT CUSTOMERS FACING VULNERABLE CIRCUMSTANCES

Objective: Be trusted and supportive

Listen, and look after customers and their communities.

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 drought, bushfire and COVID-19 restrictions, tailored to their needs.

Internal benchmark: Complaints raised with the Energy & Water Ombudsman NSW (EWON) as a proportion of our total customer numbers. During the reporting period, matters raised with EWON as a proportion of total customer numbers ranged between a peak of 0.003% at 1 July 2019 down to a low of 0.002% at 30 June 2020.

Maturity Framework measure:



“Our employees’ dedication, professionalism and hard work in restoring power supply after bushfires damaged our network has been praised by our customers, stakeholders, local Council Mayors and Councillors and the NSW Minister for Energy, the Hon Matt Kean.”

- John Cleland, Essential Energy CEO

Business comment: (IAP Report key theme 3 (7 & 8))

We aim to be inclusive, accessible and equitable in providing meaningful support to customers experiencing short or long-term hardship. In this reporting period, we:

- > successfully completed a trial for the customer disconnection for non-payment process (see case study below)
- > provided support for customers impacted by drought and bushfire (see case studies this page)
- > minimised customer impacts during COVID-19 restrictions by risk assessing and postponing non-critical planned outages and working with retailers to implement an **ENA-agreed support package**
- > implemented external and internal audit recommendations to minimise NECF life support customer breaches and improve outcomes (see case study this page).

Case study: Essential Energy receives around 1,750 disconnection for non-payment (DNP) service orders from retailers per month. Of these, on average only 60% are completed successfully. Negative impact to customers from disconnecting power supply is high and the process is inefficient and costly to retailers.

During October to December 2019, Essential Energy trialled a scheme on behalf of retailers that hand-delivered non-paying customers notices of intent to disconnect their power supply. As a result:

- > 80% of disconnections were cancelled by retailers and these customers avoided disconnection
- > the trial achieved a 96.13% successful outcome for retailers with service orders either cancelled or completed
- > the remaining 3.87% unsuccessful outcomes were due mainly to access issues with private locks
- > our non-completion rate reduced from 60% to between 40% to 50%.

Case study: During the past 12 months, Essential Energy has actively supported customers impacted by drought and bushfire through:

- > proactively informing retailers of homes that were destroyed during the North Coast bushfires and ceasing associated network charges to enable retailers to provide billing relief to these customers
- > offering the loan of a small portable generator and fuel to customers experiencing extended delays in network power supply restoration in the NSW South Coast, Snowy Valley and Riverina areas, and Eftpos cards to assist with fuel costs to 750 customers who already had a generator in place (at a cost of >\$112,500)
- > working with Accredited Service Providers to help bushfire-affected customers with reimbursement for power supply connection within two years (total cost >\$100,000 at 30 June 2020)
- > repairing bushfire-damaged privately-owned network assets at our cost; providing assistance to private asset owners via our customer support policy for high-risk defect rectification and additional time for low-risk defect rectification; and providing alternative solutions for high-risk defects, eg: Essential Energy technicians strutting a condemned private power pole to allow the owner – a volunteer who was fighting fires away from home for an extended period – additional time to rectify the defect.

Case study: In response to specific life support customer research insights, during the reporting period we commenced an end-to-end review of our planned outage processes and life support impacts.

Outcomes have informed initial life support customer experience improvements in this reporting period (see *Principle 1 buffer letter case study*), and we will implement further improvements over the next twelve months through better process delivery, enhanced controls and clear process ownership.

In the next reporting period: We will apply learnings from our bushfire customer support program to other groups of customers in vulnerable circumstances. Our Customer Experience strategy and Amplify *Empowering Customers* workstream will help us listen to our customers and empower our employees to deliver an improved customer experience that is tailored and responsive to immediate and changing needs. We will promote our **Customer Support Policy** with customers and provide frontline employee awareness training to increase capability to identify and provide support to customers in vulnerable circumstances.

For enquiries about Essential Energy’s Energy Charter Disclosure Statement contact:
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THE VOICE OF OUR CUSTOMERS

To address customer need for real time information about power outages, critical during bushfire crises and COVID-19 restrictions, we've streamlined the data feeding into our website [outages page](#). We are also improving data mapping and outage descriptions. As a result the information is accurate, meaningful and is updated efficiently. We have also developed a disaster web page as a central source for network [updates relating to bushfires](#) and other natural disasters, and a dedicated [COVID-19 response page](#).

To further improve customer experience, we're developing an online portal that will allow customers to make a service request and track progress.

Thank you to the Essential Energy crew who worked tonight to get the power back up after the thunderstorm. I really appreciate your responsiveness, and the unplanned outage map on your website is great. I knew the fault had been reported and you were responding, and could obtain regular updates.

My heartfelt thanks for all you do to keep the power on at all times and, in particular, during this virus crisis. We sometimes take it for granted, but it is so essential, particularly at the moment as I'm working from home and my freezer and fridge are fully stocked.

We have been sending two planned outage notification letters to life support customers, one to their postal address and another to their premises address to ensure they are informed. Customer Contact Officers are consistently told by these customers that this double notification system is a waste of money and resources. Often customers receive the same letter twice because they do not have separate postal and premises addresses.

Following review, from 20 July 2020 we will ensure that only one letter will be sent to premises addresses. This will improve customer experience and reduce cost and environmental impacts.

Your employees worked their tails off in Tenterfield, in brutal fire conditions engulfing our community. Their work ethic was so impressive and I and all the community thank them for their efforts to restore power.

We're so happy with the replacement streetlight outside our home. It's a soft but strong light that angles downward and only illuminates the street, rather than the surrounding buildings. The previous light was so bright that we had to cover our windows. A marked improvement, and the light is better for the environment.

Nambucca Valley Council submission to the Royal Commission into National Natural Disaster Arrangements:

'Our local electricity distributor, Essential Energy, capably responded to the natural disaster via the rapid deployment of crews who replaced hundreds of burnt poles and re-established electricity supplies within a relatively short period of time.'

Eurobodalla Shire Council submission to the Royal Commission into National Natural Disaster Arrangements:

'The efforts of Essential Energy teams during and after this fire event were extraordinary. The fire destroyed hundreds of power poles and brought down lines. Essential Energy identified key facilities and prioritised work to restore power for the greatest good.'

Essential Energy also secured numerous temporary generators in a range of sizes to support critical infrastructure, the evacuation centres and individual property owners.'

I received a buffer zone letter advising of planned work in my area. I really appreciate the time and effort you take in looking after me as a life support customer.

Molto grazie to Essential Energy in the Cobargo region, as they have supplied my brother with a 2kVA petrol generator at no charge until power can be reconnected to his property in the next two weeks!

We've received the following feedback from Accredited Service Providers (ASPs) following implementation of the first stage of our **BetterConnect Portal**, an automated service that enables Level 3 ASPs to submit customer connection design requests:

76%

Have logged into the BetterConnect Portal since it was launched.

71%

Said it was easy to activate their OKTA account.
23% said neither easy or difficult
5% said it was difficult.

83%

Felt enough info sessions and reference materials were provided to assist user to log in and start using the portal.

73%

Agreed the portal is easy to use to submit enquiries and requests.



APPENDICES

Appendix 1: Amplify transformation program

Our whole-of-business transformation plan, Amplify, is being delivered through eight workstreams, with 52 initiatives across the portfolio. The workstreams have been set up to safely transform our business and deliver the efficiencies required to realise full value of the existing network, maximise value of being connected, deliver energy in new ways and maintain downward pressure on electricity prices for customers.

To ensure that transformation is customer-informed and business-led, key subject matter experts have been identified from across the business to lead each workstream. A member of the Executive team sponsors each workstream.

Change has been sequenced to ensure those initiatives with interdependencies are undertaken in the right order, and that the business can manage the level of change occurring at any one time.



Empowering Customers



Enterprise Data Enablement



At the Right Price



Better Service Delivery



Empower Our Frontline



Essential Technology



Identify the Right Work and Enable the Network of the Future

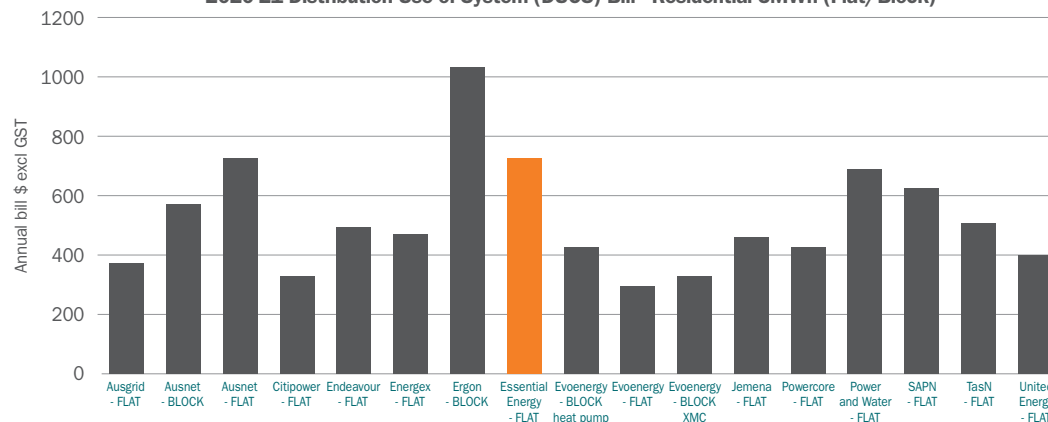


Safety and Performance Through People

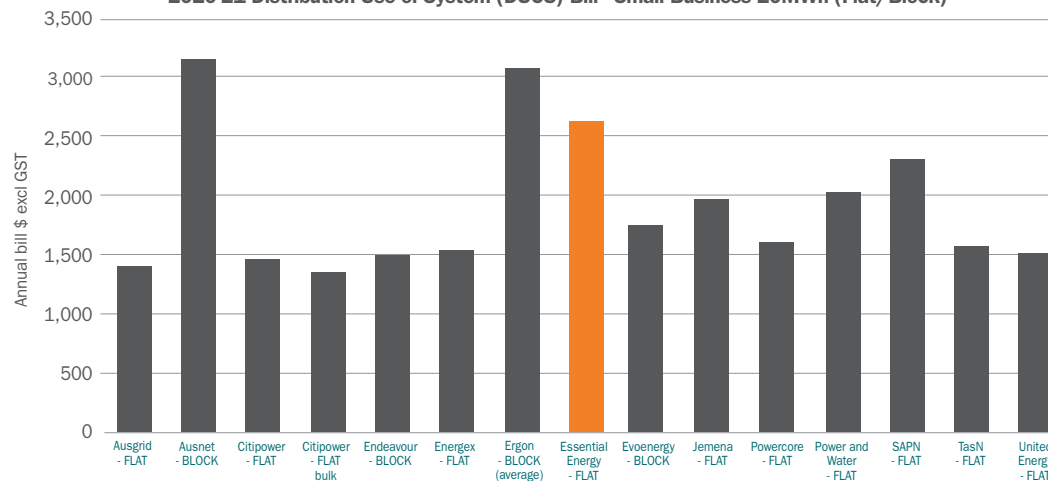
Appendix 2: Comparison of Australian DNSP standard network charges

In contrast to other electricity distribution network service providers (DNSPs), Essential Energy has one of Australia's lowest average customer densities – less than five customers per kilometre of powerline. As a result, our average distribution charge is higher than most other network areas across Australia.

2020-21 Distribution Use of System (DUOS) Bill - Residential 5MWh (Flat/Block)



2020-21 Distribution Use of System (DUOS) Bill - Small Business 20MWh (Flat/Block)



Flat or single rate tariffs: Customers are charged the same rate whatever the time of day, day of the week or quantity of electricity consumed.

Block tariffs: Customers are charged in tariff blocks relating to a nominated quantity of electricity usage. The price charged either increases or decreases with each block of electricity consumed.

XMC tariffs: These tariffs exclude metering capital charges – a capital cost component that Evoenergy applies to customers who were connected prior to 1 July 2015 (as per the AER's Final Decision for the 2019–24 regulatory control period).



APPENDICES

Appendix 3: Customer Advocacy Group member feedback

Essential Energy's **Customer Advocacy Group** (CAG) is a proactive forum for consultation, engagement and insight across Essential Energy's customer base, on any matters relating to the supply of electricity and associated services. They represent domestic, industrial, commercial, rural and remote customers and primary producers as well as low-income households, customers in vulnerable circumstances and Aboriginal and Torres Strait Islander people. Members meet quarterly.

Feedback from member Marie Russell (CAG member)

"I was invited to comment on this disclosure as a member of the Customer Advocacy Group (CAG), a consumer and a provider of feedback from others I represent.

I think it is an excellent draft with great initiatives. It is easy to read with simple language and not too technical.

There has obviously been a great amount of resources invested to ensure extensive consultation regarding the organisation's Vision (e.g. to empower communities) and strategic priorities with customers and community at heart. Essential Energy has been transparent, acting with integrity and without discrimination about these and its future investment into resources, capabilities, and initiatives to ensure the effectiveness of these priorities.

The Draft Disclosure shows Essential Energy's great potential capacity for building measurable improvement in its ability to fulfill its goals and mission through sound management, strong governance and dedication to assessing and achieving results.

It shows great leadership in progressing the organisation and empowering the community. I can remember in the eighties and early nineties when people were angry and felt let down with services, power costs, prolonged blackouts and angry meetings with power companies. The amazing progress made by Essential Energy in recent years has shown very welcome changes.

I have experienced the changes living in a remote area on the Darling River, 230 kilometres west of Cobar, both as a consumer and working with communities for forty years. Essential Energy needs to be congratulated on the good services they provide and staff that deliver these services, often under difficult circumstances in remote areas.

I and consumers I have communicated with accept there have been major changes and acknowledge the transparency and accountability shown. The biggest issue now is the cost of power and we will hold the organisation accountable to their commitment to progressing the initiatives to achieve this.

Essential Energy's remarkably diverse, well represented Customer Advocacy Group members make an excellent contribution and work well together to ensure the best outcomes for the company and consumers.

Essential Energy has been at the forefront of initiating enormous diverse change throughout the organisation. I commend them for their:

- > Draft Reconciliation Action Plan Initiative – excellent! I was privileged to be part of this consultation*
- > Apprenticeship Program – the opportunities brought about by this wonderful, successful initiative for young people, particularly Indigenous people, are great examples for all organisations*
- > ongoing engagement, support and improvements to the Life Support Program in remote areas*
- > support shown to customers and regional sustainability, by offering large businesses in your distribution area that are adversely impacted by COVID-19 the opportunity to move off demand-based tariffs. In June 2020, your approval requests from 17 large businesses, including caravan parks and sporting centres, to change their tariffs. This is so urgently needed currently for the tourism and hospitality industry*
- > Mental Health Program now being developed with Dr Hazel Dalton, NSW Centre for Rural and Remote Mental Health (I am aware of this Program as the Chairperson for the Centre) – an absolute necessity for all organisations*
- > strong support for all staff*
- > continued work in progress for the Environmental Plan*
- > development of a Vegetation Strategy for 2020-2035*
- > work in progress investigating new technology as an alternative to replacing the existing electricity network to save costs for the future, such as:
 - Stand-Alone Power Solar Systems (SAPS)*
 - fibreglass cross arms and poles (the CAG saw an example of these when they were invited to a field trip in March to the devastated Batemans Bay fire region).**

The staff all need to be commended on an amazing, tireless effort fighting the catastrophic bushfires on the South Coast in extreme, difficult circumstances and sometimes remote areas, working with other emergency services and showing great co-ordination, communication and with no adverse publicity – which says it all. The big effort is now continuing with the Recovery Program".

Marie Russell AM

Chairperson of the NSW Centre of Rural and Remote Mental Health, Director Local Land Services Western Region, Member, NSW National Parks and Wildlife Advisory Council (NPAC) and Chairperson NPAC Management Planning sub-committee.