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26 September 2019

Dr Wendy Craik AM, Dr Cassandra Goldie  
Mr Andrew Richards and Mr Phillip Weickhardt  
Accountability Panel  
The Energy Charter

E-mail: [submission@theenergycharterpanel.com.au](mailto:submission@theenergycharterpanel.com.au)

Dear Accountability Panel Members

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

Essential Energy's commitment to customers has been refocused in the period since July 2016 through a dedicated Customer Connected Program comprising segmentation, research and analysis, extensive consultation and education. Through this work, we have gained a clearer understanding of our customers' profiles and their current and future needs, and the opportunities and obstacles meeting these needs may present. We now actively place customers at the centre of everything we do.

Our customers have told us that power supply safety, reliability and affordability are their key priorities. We have listened and commenced work to improve our performance in these areas.

Our organisational Investment Value Framework takes power supply reliability, safety and bushfire risk into consideration as part of business decisions and is helping us continue to exceed independently audited reliability requirements, with network reliability today more than 30 per cent better than 15 years ago.

Our Public Electrical Safety Awareness Plan raises public awareness about safety hazards associated with the electricity network, with a targeted focus on six key at-risk groups – agribusiness, aviation, building construction and demolition activities, emergency services and public authorities, general public in relation to renovations, DIY, vandalism, vehicle use, and transport.

We've made improvements in our organisational safety performance and behaviours, but we know we have more to do. A Health, Safety and Environment Strategy has been developed to further facilitate improvements, and we've commenced implementing it progressively. Other areas for improvement include enhancing employee engagement and satisfaction, addressing poor communication with customers reliant on continuous electricity supply for life support equipment and replacing non-compliant master-subtractive metering with smart meters.

We are pleased to report that Essential Energy is a key contributor to downward pressure on electricity pricing. Our network charges today are 40 per cent lower than in 2014, and account for approximately 37 per cent of the average electricity bill. We will maintain this downward pressure during the five years from 1 July 2019, delivering real network charge reductions and setting a platform for further reductions beyond 2024.

Our overall Customer Satisfaction Index is currently around 85 per cent, and we have received acknowledgement for our 2019-24 revenue and pricing consultation program from independent industry bodies such as Energy Networks Australia, consumer advocates including the Public Interest Advocacy Centre and, most importantly, from our customers.

Consultation with our customers and stakeholders is ongoing to ensure our operations remain aligned to emerging needs. Their insights are critical to informing Essential Energy's whole-of-business Transformation Plan, which will deliver long-term efficiencies and help maintain pricing affordability. We're also proactively collaborating across the energy industry with regulators, retailers, technology suppliers, industry groups, public interest advocates and directly with customers to understand changing generation and distribution opportunities – working towards building the energy network of the future and fulfilling our role as an economic enabler for regional, rural, and remote NSW.

In parallel, as a signatory to the Energy Charter and through reporting our alignment with the Charter's principles, we will be better positioned to:

- Understand current performance levels and areas for improvement, benchmarked against our industry peers;
- Ensure we remain focused on and accountable for improving customer service and experience;
- Learn from other industry participants' experience; and
- Implement changes in corporate culture and operations that will benefit customers in the future.

Yours sincerely

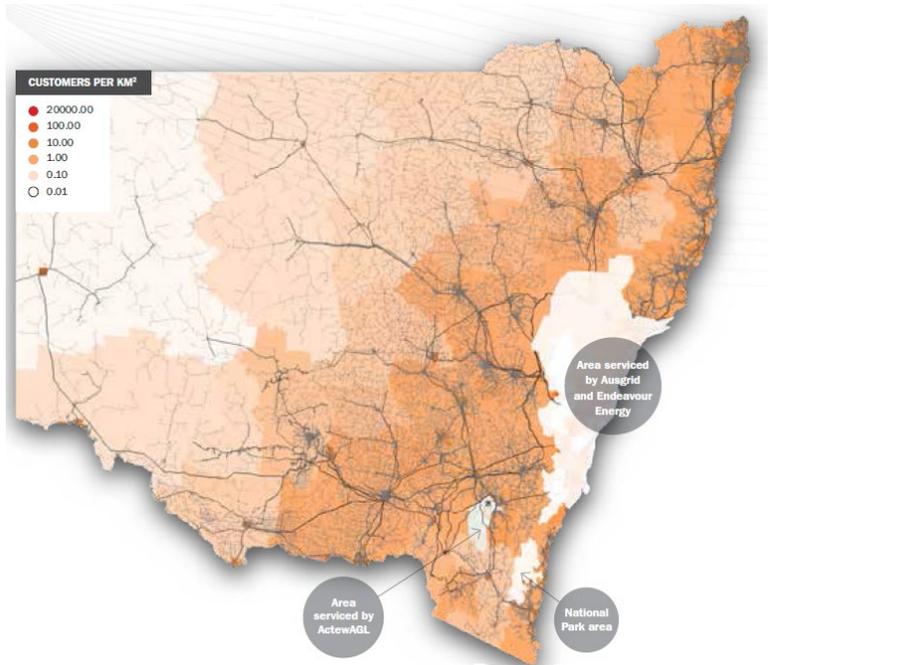


Robyn Clubb  
**Interim Chair**

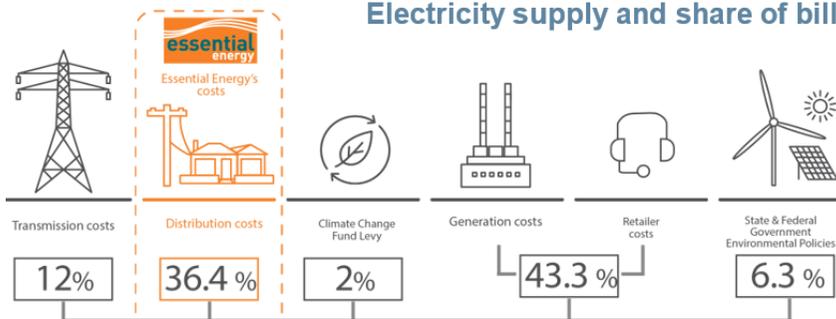


John Cleland  
**Chief Executive Officer**

## Essential Energy distributes electricity to >1500 regional, rural & remote communities across 95 per cent of NSW



### Electricity supply and share of bill



## Our customer service journey

Prior to 2011, our predecessor organisation, Country Energy, had a dual role – both supplying electricity through its network of poles and wires, and retailing it to residential, small and large business customers. Following the sale of the retail arm to the private sector in 2011, our name was changed to Essential Energy and we became a network-only business, responsible solely for distributing electricity to around 855,000 customers.

When the retail and network functions were separated, our focus shifted from direct customer service to operational performance. In 2015, our research showed that most customers didn't understand Essential Energy's role in the overall electricity supply chain, or when and how to contact us for issues relating to our network operations. We acknowledged that understanding our customers' needs and providing them value needed to become our central focus.

Since July 2016, we have sought to proactively re-engage with our customers to understand their profiles and work towards meeting their current and future needs. We now value customer engagement as a key planning tool and challenge ourselves to actively place customers at the centre of everything we do.

Today, engagement with our customers is helping to shape Essential Energy's strategies to strengthen our core operations and maximise the full value of our existing network assets.

Ongoing engagement will inform our five-year, whole-of business transformation plan aimed at:

- achieving savings of at least \$84 million per annum by 2023-24, and lower network charges
- meeting customer demand for affordable alternative options for generation and distribution in a rapidly changing energy environment
- fulfilling our role as an economic enabler for regional, rural, and remote NSW.

## Our customer groups



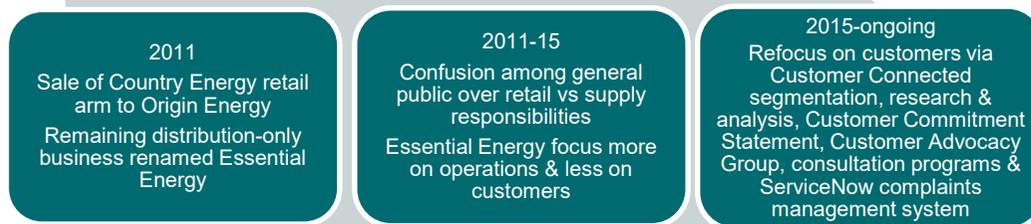
# Energy Charter Disclosure Statement

## Essential Energy – 1 January to 30 June 2019



### Principle 1: Customer-centricity

A cultural imperative, evidenced through accountable reporting



**'The more you engage with customers, the clearer things become and the easier it is to determine what you should be doing.'**  
Chantelle Bramley, General Manager Strategy, Regulation & Corporate Affairs

### Essential Energy customer segmentation snapshot

**ENERGY ENGAGED - ERIC**  
Higher income household, active in the market, uses smart meters, engaged in energy services. Key needs: Smart meters, Energy efficiency, Renewable energy. Do: Offer smart meters, Provide energy efficiency advice, Offer renewable energy options. Don't: Offer one-size-fits-all energy products.

**PASSIVE CONSUMERS - JESSICA**  
No children at home, passive in the market, uses smart meters, not engaged in energy services. Key needs: Simple energy services, Clear communication. Do: Offer simple energy services, Provide clear communication. Don't: Offer complex energy services, Provide unclear communication.

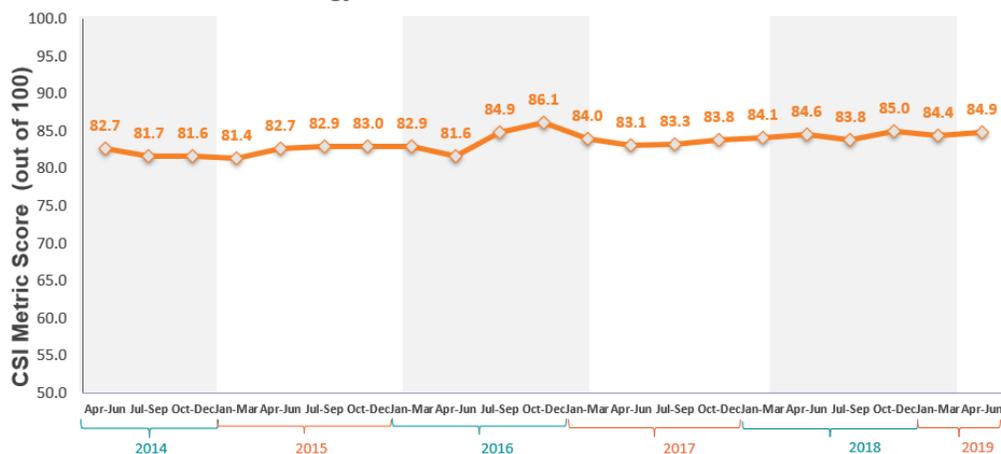
**BALANCERS - JOHN**  
Single income, active in the market, uses smart meters, engaged in energy services. Key needs: Energy efficiency, Renewable energy. Do: Offer energy efficiency advice, Offer renewable energy options. Don't: Offer one-size-fits-all energy products.

**ASPIRING SAVERS - TAMARA**  
Medium income household, active in the market, uses smart meters, engaged in energy services. Key needs: Energy efficiency, Renewable energy. Do: Offer energy efficiency advice, Offer renewable energy options. Don't: Offer one-size-fits-all energy products.

**CONVENIENCE SEEKERS - DAN**  
Younger household, active in the market, uses smart meters, engaged in energy services. Key needs: Simple energy services, Clear communication. Do: Offer simple energy services, Provide clear communication. Don't: Offer complex energy services, Provide unclear communication.

**FINANCIAL WORRIERS - SARAH**  
Financially stressed, active in the market, uses smart meters, engaged in energy services. Key needs: Simple energy services, Clear communication. Do: Offer simple energy services, Provide clear communication. Don't: Offer complex energy services, Provide unclear communication.

Essential Energy Customer Satisfaction Index metric trends



Essential Energy partnered with EY Sweeney in Q2 FY17-18 to develop a six-segment model of residential energy users. As a second phase, this will be simplified to three core residential segments, based on consumer needs, engagement with energy supply/usage, and interest in receiving information from Essential Energy.

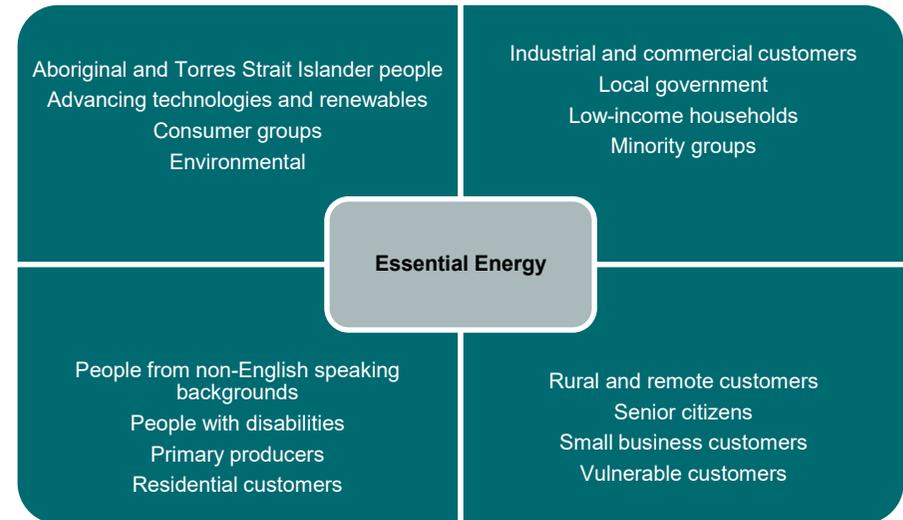
**Essential Energy's Customer Connected Initiative** is facilitating a shift to a customer-centric focus by better understanding our customers, anticipating and collaborating on their energy needs and positioning our business to meet changing generation and distribution needs. The initiative incorporates five interrelated streams:

- Customer and market segmentation**  
 Quantitative and qualitative market research into customer segments, motivators, behaviours, and future trends - delivered via external research partners - to provide the data required to enhance existing customer services, improve stakeholder relations, and pursue targeted commercial opportunities.
- Brand understanding and growth**  
 Ongoing market research delivered via external research partners to quantify current state brand perceptions/brand value, inform future brand strategy, and leverage communications and marketing channels/strategies to enhance the brand in existing markets and successfully position Essential Energy as an energy 'go-to' partner in emerging energy markets.
- Best practice customer strategy**  
 Utilise customer insights and understanding to inform current customer strategies and deliver an 'Easy Energy' customer strategy, best practice customer service, communication and engagement, while simultaneously enhancing a customer focused culture within Essential Energy's business.
- Enhanced stakeholder relations**  
 An immediate, proactive and ongoing key stakeholder engagement program encompassing regulators, consumer groups, and policy makers to influence and deliver best practice, long term commercial outcomes for the business.
- Customer Interaction Management (CIM) system**  
 Replacement of the existing Complaints Management System with a modern, service-tracking solution that will be easier to use, mobile device friendly, and provide employees with a broader view of our customers and their interactions with Essential Energy.



Essential Energy launched a new **ServiceNow Customer Interaction Management system** on 14 February 2019. This system replaced a Lotus Notes Complaints Management System database as the core system of record for the management of complaints by Essential Energy. It provides reporting and visibility around complaint information to improve resolution and services to customers. The system is also used for capturing and managing customer enquiries, service requests and for recording stakeholder engagement events. Since implementation, open claims and complaints have reduced by more than 50 per cent through better automation, more timely responses to customers and improved management reporting.

Essential Energy has established a **Customer Advocacy Group** as 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. The Group meets quarterly. Representation includes:



**Essential Energy's Customer Contact Centre** is a critical part of our customer engagement approach. Operators received more than 135,776 phone calls regarding power supply outages during the reporting period.

To improve customer experiences and become easier to do business with, in late June 2019 we improved our automated telephone messages to provide customers with real-time updates for power outages that are tailored specifically for their address. If calling from a mobile, they can choose to receive a link via SMS to report an outage.

These improvements have reduced average call waiting time to 25 seconds across all call types – the lowest outcome for any month in more than four years – and improved our Service Target Performance Incentive Scheme (STPIS) outcomes.

This aligns with and supports our values of being easy to do business with and making every dollar count.



## 2019-24 Regulatory Proposal consultation

Every five years, the Australian Energy Regulator (AER) determines the revenue required to construct, maintain and operate Essential Energy's distribution network in accordance with the National Electricity Law and National Electricity Rules economic regulatory framework.

The AER assesses and approves distribution network expenditure at a level it deems to be efficient and prudent. Prices are then set to allow recovery of these costs and are approved by the AER on an annual basis to ensure compliance with the revenue determination.

Essential Energy implemented a three-phased engagement program to share information and seek feedback about its **Regulatory Proposal for 2019-24 pricing and revenue**, and inform future business plans. Consultation covered all key aspects of Essential Energy's Proposal. Its success was recognised with the Energy Consumers Australia and Energy Networks Australia Consumer Engagement Award 2018.

The Public Interest Advocacy Centre (PIAC) rated Essential Energy's engagement around its 2019-24 Regulatory Proposal highest of the NSW Distribution Network Service Providers (DNSPs) at 4 out of 5 stars in its formal Evaluation of Consumer Engagement by NSW DNSPs 2017-18, stating:

*'Essential Energy sought consumer representative views on its pricing strategy and presented forum participants with fair and balanced information. Trade-offs were presented to participants as such and staff refrained from influencing participant choices. This allowed participants to provide clear feedback...that affordability was the key issue for them, and they were willing to trade some reliability for lower network charges.'*

## 2019-24 Regulatory Proposal consultation program

	Mini focus groups	Online survey	YourSay online forum	Stakeholder interviews	Deliberative forums	Customer Advocacy Group meeting	Deep dive stakeholder workshops	Vegetation Management Consultation Group meeting	Streetlight Consultative Committee meeting	Twitter	Event	Facebook	Phone	Face-to-face meetings	Website
Phase 1	40*	1002*	38*	11*	513*	✓		✓	✓	✓		✓	✓	✓	✓
Phase 2	48*	304*	11*	16*	518*	✓	✓			✓		✓	✓	✓	✓
Phase 3	14*	187*	✓		61*	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Total Engagements	102	1493	49	27	1092										

\* number of customers who participated

## Areas for improvement

Essential Energy is committed to embedding Energy Charter principles into our operations.

During the next reporting period, our Board will introduce a monthly meeting standing agenda item on the Energy Charter.

We will be including information about the Energy Charter and associated expected behaviours in our induction pack for new employees and will be developing a customer service training program for the business. We will also be developing a new Customer Experience Strategy in FY20.

Customer forums commenced to inform Essential Energy's 2019-24 Regulatory Proposal will be ongoing to inform future business strategies.

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

Principle in action	Customer outcomes	Activity	Evidence
<b>1.1 Have a Board that actively oversees the business' culture so as to be aligned with Energy Charter Principles.</b>	Board understands and considers customer impacts when making strategic decisions	Board: <ul style="list-style-type: none"> <li>monthly CEO report includes a section on customer insights, including key customer metrics, customer complaints, compliments and areas for opportunity, employee survey outcomes and potential wrong-doing disclosures</li> <li>members participate in Customer Advocacy Group and other key stakeholder meetings</li> <li>Regulatory Committee includes Energy Consumers Australia voluntary representation</li> </ul>	Board: <ul style="list-style-type: none"> <li>approves the corporate values, which include being easy to do business with and making every dollar count</li> <li>Charter incorporates a Code of Conduct that aligns with Energy Charter principles</li> <li>members' performance is measured against the Charter annually</li> </ul>
<b>1.2 Have management operationally accountable for embedding a 'customer at the centre' culture.</b>	Essential Energy's: <ul style="list-style-type: none"> <li>corporate management is committed to maintaining and improving customer satisfaction and customer outcomes</li> <li>corporate performance metrics include safety, customer &amp; community and Energy Charter reporting metrics</li> </ul>	Corporate management: <ul style="list-style-type: none"> <li>applies the principles of its Customer Commitment Statement across the business</li> <li>reviews monthly reports on Listen Respect Deliver principles and Customer Satisfaction Index</li> <li>has established a Customer and Stakeholder Engagement Strategy, Framework and Plan, endorsed in March 2019</li> <li>is progressively developing and implementing the Framework's supporting strategies and actions</li> <li>has implemented a Transformation Plan that incorporates a dedicated Customer Experience strategy</li> </ul>	Corporate management: <ul style="list-style-type: none"> <li>has some Key Performance Indicators (KPIs) that are specifically aligned to customer priorities and remuneration is tied to KPI delivery</li> <li>are committed to a formal Customer Commitment Statement Reference: <a href="https://www.essentialenergy.com.au/about-us/corporate-governance/policies">https://www.essentialenergy.com.au/about-us/corporate-governance/policies</a></li> <li>ensures customer complaints are reported against the Customer Commitment Statement and relevant business operational area</li> <li>tracks customer and stakeholder engagement against business values and key success metrics such as customer effort, customer satisfaction and media sentiment to assist in ensuring we meet our business and transformation objectives and that we are 'easy to do business with'</li> </ul> <p>Corporate performance metrics are measured via a Corporate Scorecard Reference: <a href="https://www.essentialenergy.com.au/-/media/Project/EssentialEnergy/Website/Files/About-Us/StakeholderEngagementFramework.pdf">https://www.essentialenergy.com.au/-/media/Project/EssentialEnergy/Website/Files/About-Us/StakeholderEngagementFramework.pdf</a></p>
<b>1.3 Ensure their work force is engaged and incentives are aligned to drive positive customer outcomes.</b>	Employee engagement: <ul style="list-style-type: none"> <li>is actively promoted through Essential Engagement hub</li> </ul> Employee: <ul style="list-style-type: none"> <li>coaching and incentives focus on delivering and improving customer outcomes, including operating more efficiently to</li> </ul>	Employee engagement: <ul style="list-style-type: none"> <li>is assessed through regular surveys (with improvement plans currently being developed)</li> </ul> Employee: <ul style="list-style-type: none"> <li>customer service achievements are encouraged through Reward and Recognition Awards for customer outcomes</li> </ul>	Employee engagement: <ul style="list-style-type: none"> <li>through Essential Engagement platform Reference <a href="https://engage.essentialenergy.com.au/staff-engagement-projects">https://engage.essentialenergy.com.au/staff-engagement-projects</a></li> </ul> Employee: <ul style="list-style-type: none"> <li>senior management Key Performance Indicators (KPIs) are aligned to customer satisfaction scores</li> </ul>

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

Principle in action	Customer outcomes	Activity	Evidence
	reduce distribution network charges	<ul style="list-style-type: none"> <li>coaching includes input from Voice of Customer surveys</li> </ul>	<ul style="list-style-type: none"> <li>engagement is regularly assessed through Gallup and Workplace Pulse surveys</li> <li>customer service achievements are assessed through ServiceNow customer surveys and excellent customer service is acknowledged through monthly Most Valuable Player awards</li> </ul>
<b>1.4 Have robust processes to determine customer and community needs and be accountable on how feedback has been considered and incorporated into decision making.</b>	<p>Customer and stakeholder:</p> <ul style="list-style-type: none"> <li>complaints management system reporting supports business improvement initiatives and has reduced open claims and complaints by more than 50 per cent, facilitating faster resolution timeframes</li> <li>Customer Connected Initiative has enhanced customer and stakeholder relationships, unlocked customer intelligence and driven a shift to a customer-centric focus by profiling our customers and anticipating and collaborating on their energy needs</li> <li>award-winning consultation around the 2019-24 Regulatory Determination has resulted in positive, customer focused outcomes</li> <li>Private Asset Management program consultation has improved customer outcomes, with proactive calls and ongoing support to help customers understand their obligations resulting in less than 1 per cent of customer defects generating a complaint</li> </ul>	<p>Customer and stakeholder:</p> <ul style="list-style-type: none"> <li>complaints response and engagement activities managed through a new customer information management system, Service Now</li> <li>feedback obtained through a Customer Connected initiative comprising customer segmentation, brand perception and customer experience research/audits, forums and consultation</li> <li>participation in forums informed Essential Energy 2019-24 Regulatory Proposal</li> <li>Private Asset Management program consultation undertaken to minimise customer impacts</li> </ul>	<p>Customer and stakeholder feedback is obtained through:</p> <ul style="list-style-type: none"> <li>market research</li> <li>new ServiceNow complaints management system introduced in February 2019</li> <li>Customer Advocacy Group</li> <li>Council consultation on streetlighting and vegetation management</li> <li>consultation around the 2019-24 Regulatory Determination aligns with the AER's Consumer Engagement Guideline for Network Service Providers (IAP2 compliance)</li> <li>Essential Engagement platform Reference <a href="https://engage.essentialenergy.com.au/">https://engage.essentialenergy.com.au/</a></li> <li><a href="https://www.piac.asn.au/2018/08/08/piac-evaluation-of-consumer-engagement-by-nsw-dnsp-2017-18/">https://www.piac.asn.au/2018/08/08/piac-evaluation-of-consumer-engagement-by-nsw-dnsp-2017-18/</a></li> </ul> <p>Corporate management:</p> <ul style="list-style-type: none"> <li>reviews customer complaints and Customer Satisfaction Index monthly</li> <li>has implemented ServiceNow customer and stakeholder interaction management system</li> </ul> <p>Reference Accredited Service Provider Forums Section 2.3</p> <p>Reference <a href="https://www.essentialenergy.com.au/about-us/customer-and-regulatory-information/regulatory-proposal">https://www.essentialenergy.com.au/about-us/customer-and-regulatory-information/regulatory-proposal</a></p> <p>Reference: <a href="https://www.essentialenergy.com.au/at-home/private-power-poles">https://www.essentialenergy.com.au/at-home/private-power-poles</a></p>
<b>1.5 Demonstrate a culture of innovation and collaboration for positive</b>	Actively exploring opportunities to improve safety, reliability and affordability outcomes for customers	<p>Innovation:</p> <ul style="list-style-type: none"> <li>established a dedicated Innovation Team to foster new ideas and an innovative culture</li> </ul>	<p>Innovation:</p> <ul style="list-style-type: none"> <li>prioritised and funded innovation programs approved, including:</li> </ul>

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

Principle in action	Customer outcomes	Activity	Evidence
<p><b>customer outcomes, including through the sharing of insights with government, research institutions and across the supply chain, as well as joint advocacy on regulatory, policy and operational issues.</b></p>	<p>associated with alternative energy delivery and pricing mechanisms</p>	<ul style="list-style-type: none"> <li>brought industry experts into Essential Energy to share knowledge and answer questions</li> <li>launched an Energise Employee Innovation Portal that enables all employees to capture innovation ideas and provides a framework for developing the idea</li> <li>commenced trialling a Pole Cavity and Structural Inspection Drill to improve risk management and quality of pole inspections</li> </ul> <p>Byron Bay microgrid trial:</p> <ul style="list-style-type: none"> <li>working in partnership with community-owned retailer Enova Energy to understand how customers can participate in peer-to-peer trading</li> <li>is providing insight into how shared energy asset ownership changes consumer behaviour</li> </ul> <p>Regulatory changes:</p> <ul style="list-style-type: none"> <li>input into regulatory changes such as reliability standards with IPART, with the aim of reducing customer prices</li> <li>future role of networks with Australian Energy Market Commission (AEMC) / ARENA</li> </ul> <p>Network tariffs:</p> <ul style="list-style-type: none"> <li>input to AEMC on how network tariffs can better benefit customers</li> </ul> <p>Stand-Alone Power Systems (SAPS) trials:</p> <ul style="list-style-type: none"> <li>engagement in developing regulations for SAPS that focus on customer experience and outcomes</li> </ul> <p>Virtual Power Plant (VPP) trials and registers for Distributed Energy Resources (DER):</p> <ul style="list-style-type: none"> <li>input to NSW Government on program development for VPP and DER implementations</li> </ul> <p>Principles for Managing Voltage Variation claims in NSW and associated customer communications:</p> <ul style="list-style-type: none"> <li>collaboration with EWON, Ausgrid and Endeavour commenced in January 2019 to provide customers with greater consistency and certainty</li> </ul> <p>Reference Networks Renewed trial Section 2.3 Reference evolve industry collaboration project Section 3.3 Reference Electric Vehicle Charging Industry Working Group Section 3.4</p>	<ul style="list-style-type: none"> <li>– trialling Stand Alone Power Systems (SAPS) to increase power supply reliability and lower costs for customers in high cost to serve locations</li> <li>– gaining visibility of the low voltage network to increase hosting capacity of solar panels on our network</li> </ul> <p>Byron Bay microgrid trial:</p> <ul style="list-style-type: none"> <li>Reference <a href="https://enovaenergy.com.au/about-us/projects/">https://enovaenergy.com.au/about-us/projects/</a></li> </ul> <p>Regulatory change submissions:</p> <ul style="list-style-type: none"> <li>on regulatory sandbox on 31 January 2019</li> <li>to IPART review on distribution reliability standards draft terms of reference on 12 February 2019</li> <li>on transparency of new projects on 23 May 2019</li> <li>attended AEMC / ARENA / DEIP workshop to discuss the future role of networks on 6 June 2019</li> </ul> <p>Network tariffs:</p> <ul style="list-style-type: none"> <li>meeting with AEMC on 6 February 2019</li> <li>SAPS: <ul style="list-style-type: none"> <li>hosting AEMC visit to Essential Energy SAPS trial site in Bulahdelah on 17 January 2019</li> <li>submission to SAPS Priority 2 issues paper 29 March 2019</li> <li>submission to SAPS Priority 1 draft report on 5 February 2019</li> <li>presentation at Energy Networks Australia (ENA) / AEMC SAPS review workshop on 21 February 2019</li> </ul> </li> </ul> <p>Virtual Power Plant (VPP) trials and registers for Distributed Energy Resources (DER):</p> <ul style="list-style-type: none"> <li>engagement with NSW Government on trials for VPP and DER implementations</li> </ul> <p>Principles for Managing Voltage Variation claims in NSW and associated customer communications:</p> <ul style="list-style-type: none"> <li>due for completion in September 2019</li> </ul>

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

Principle in action	Customer outcomes	Activity	Evidence
		Reference Transformation Plan Section 4.1	
<b>Continuous Improvement for the Principle</b> July 2019 to June 2020	1.1: In future, Essential Energy's Board will have a monthly meeting standing agenda item on the Energy Charter. 1.2: Essential Energy will be introducing information about the Energy Charter in its induction pack for new employees and will be developing a customer service training program for the business. We will also be developing a new Customer Experience Strategy in FY20. 1.2: Management training around 'customer at the centre' culture will be developed as an outcome of a Customer Experience Audit conducted in April 2019 1.3: A review of our Customer Journeys will be undertaken to inform and shape our Customer Experience Strategy 1.4: Customer forums commenced to inform Essential Energy's 2019-24 Regulatory Proposal will be ongoing		

## Principle 2: Energy Affordability

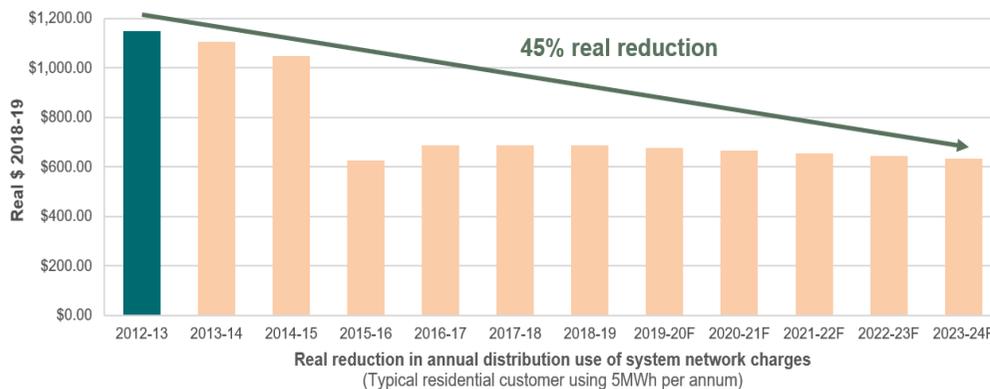
Prudent investment now for affordable energy services in the future

### Customer affordability

Prior to 2012, Essential Energy's network charges were a significant contributor to overall electricity price increases. Over the past five years to 2019, we have been a key contributor to downward pressure on pricing.

The AER has confirmed nominal network charges will increase by around \$24 over the five-year period 2019-24, or \$1.20 per quarter for typical residential customers, significantly below the forecast rate of inflation. By 2024, this equates to a relative real saving of \$14 per quarter for residential customers compared to existing network distribution charges.

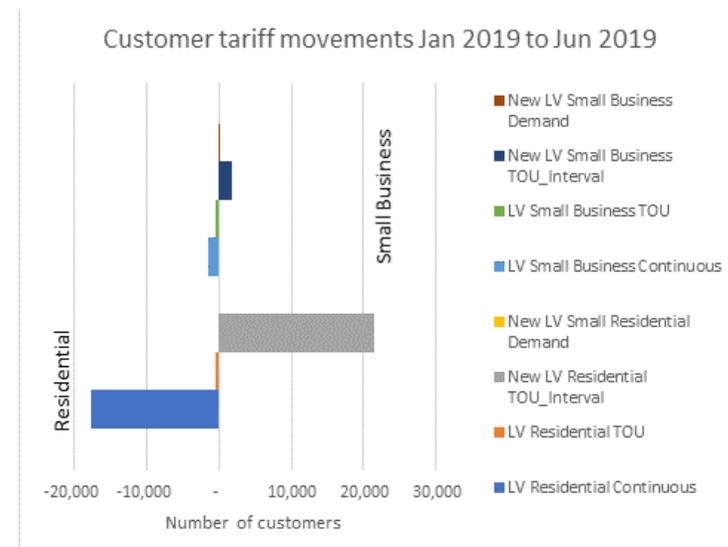
In real terms, Essential Energy is on track to deliver close to a 45 per cent reduction in residential network distribution charges over the period 2012-23 to 2023-24.



**'Pricing affordability underpins our focus on securing safe and reliable network services, facilitating new energy solutions and fulfilling our role as an economic enabler for regional, rural, and remote NSW.'**

David Salisbury, Executive Manager Engineering

Customer consultation is informing **Essential Energy's ongoing tariff reform process**, resulting in residential and small business customers moving to better value solutions. Customers can now choose between our default cost-reflective time of use tariff, a demand tariff and a flat rate. Our cost-reflective tariffs are offered at a favourable price to encourage customer uptake, and we have also shortened the time period for the demand charge applied to small customers to provide incentives to change electricity consumption behaviour and benefit from lower energy bills.



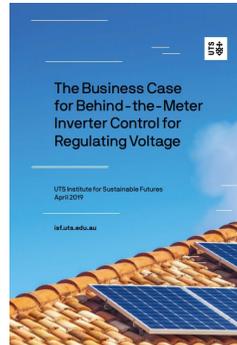
## Networks Renewed trial

Essential Energy participated in the Networks Renewed trial, aimed at enabling continual uptake of solar PV with minimal customer impact, and enabling customer batteries to be central to the solution to addressing network voltage challenges at lower cost than traditional network options.

The trial tested potential for modern smart inverters (both solar and battery inverters) to provide voltage management services to the network through dynamic control of real and reactive power.

The three-year trial subsidised over 30 customers on a constrained rural powerline in Collombatti, 25 kms north west of Kempsey, and used a software platform to allow customers to utilise their solar PV and battery installations to bid into voltage support services for the network.

Overall, the trial demonstrated a 20 per cent improvement in network voltage performance.



## Stand Alone Power Systems (SAPS) trial

Serving customers in densely forested areas or remote rural locations often comes at a cost significantly higher than the recovered revenue due to managing vegetation clearance and maintaining and renewing long powerlines to areas with low numbers of customers. Essential Energy is trialling prototype emerging technologies capable of minimising cross-subsidisation and improving reliability for customers in high cost to serve locations. The trial also investigates how Essential Energy might replace remote end-of-life assets more cost effectively than traditional network solutions.



The site selected for the Stand Alone Power Systems prototype is a residence at the end of a 5.5 km spur located on the boundaries of the Myall Lakes National Park near Bulahdelah, an area subject to high rainfall and frequent storms. The spur to the residence has only two customer connection points. The spur traverses a high bush fire risk zone through swampy and densely vegetated national park with poor vehicle access making fault and emergency responses time-consuming and potentially dangerous.

It's worth noting that low customer density across Essential Energy's footprint means that around 80 per cent of our network supports 25 per cent of our customers.

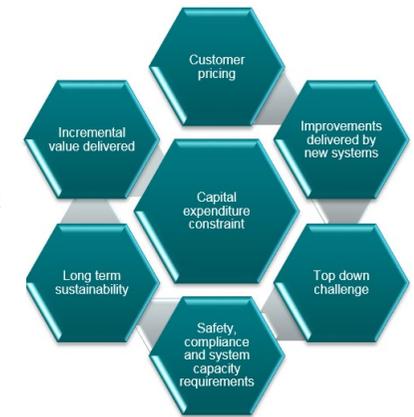
## Areas for improvement

Essential Energy is working to achieve an 8 per cent reduction in real network charges from 1 July 2019 to 30 June 2024, delivered by our ongoing transformation program based on strategic investment in enabling technologies and systems.

We will also continue to work to meet demand for affordable alternative options for generation and distribution in a rapidly changing energy environment.

## Investment Value Framework

This diagram captures the inputs and steps that fed into the development of Essential Energy's investment portfolio, underpinned by our robust value framework.



## Improving processes for Accredited Service Providers

Essential Energy has recognised a need to improve relationships with, and processes for, Accredited Service Providers (individuals or companies accredited in accordance with the Electricity Supply Act and associated regulations to undertake contestable network services) and electrical contractors, with consequent benefits for customers connecting to the network, including reducing processing times and minimising associated costs.

Commencing in October 2018, we have held:

- a total of 11 face to face engagement forums – five in the current reporting period – to explain our processes, clarify requirements and identify operational areas that can be simplified and improved
- three engagement sessions with our ASP consultancy group to discuss Essential Energy's new Level 1 ASP agreement
- an ideation session with ASPs from across NSW to obtain feedback that will influence our future operations.

Positive feedback has been received from all forums – in particular, that Essential Energy is including the industry in improving its processes and listening to concerns before implementing changes. Engagement will be ongoing, with further forums planned to collaboratively improve customer outcomes.

## Principle 2: We will improve energy affordability for customers

Principle in action	Customer outcomes	Activity	Evidence
<p><b>2.1 Ensure that investment, commercial and operational decisions are cost efficient, and explain how customers benefit from these decisions.</b></p>	<p>Investment Value Framework:</p> <ul style="list-style-type: none"> <li>enables customer reliability, safety and bushfire risk to be considered as part of business decisions</li> <li>enables customer engagement feedback to be captured and inform business decisions</li> </ul> <p>2019-24 Regulatory determination:</p> <ul style="list-style-type: none"> <li>provides for real price decreases of 1.68 per cent each year in network charges for the next five years</li> </ul> <p>Tariff Structure Statement (TSS):</p> <ul style="list-style-type: none"> <li>in developing its tariffs, Essential Energy aims to reduce real long-term average prices by promoting efficient network investment and utilisation</li> </ul> <p>Network Economics tool:</p> <ul style="list-style-type: none"> <li>enables a granular level of understanding of the revenue and costs associated with delivering the services that our customers expect</li> </ul>	<p>Investment Value Framework:</p> <ul style="list-style-type: none"> <li>implementing consistent measures for network investments to ensure all options are compared on a like for like basis and decisions reflect customer value. These apply to community bushfire risk, safety risks, network reliability and environmental impact</li> </ul> <p>Reference 2019-24 Regulatory determination consultation Section 1.4</p> <p>TSS:</p> <ul style="list-style-type: none"> <li>Developed an approved 2019-24 TSS</li> </ul> <p>Network Economics tool:</p> <ul style="list-style-type: none"> <li>provides a level of granularity that supports decision making around how best deliver energy services to specific areas and communities, now and into the future</li> <li>unlocks the opportunity to look at deploying Stand Alone Power Systems (SAPS) to meet the energy needs of customers where it is lower cost than maintaining a traditional 'poles and wires solution'</li> </ul> <p>Reference list of major projects and customer benefits in Essential Energy's 2018-19 Annual Report</p> <p>Reference Transformation Plan Section 4.1</p>	<p>Investment Value Framework:</p> <ul style="list-style-type: none"> <li>established in late 2017</li> </ul> <p>2019-24 Regulatory determination:</p> <ul style="list-style-type: none"> <li>Arup Australia (Australian Energy Regulator (AER) technical consultant) stated: <i>'we acknowledge that the portfolio optimisation, is a significant step forward... (it) is an advanced technique and used in conjunction with the independent top-down challenge renders the likelihood of materially inefficient investment to be low'</i>.</li> </ul> <p>Final determination: Reference <a href="https://www.aer.gov.au/networks-pipelines/determinations-access-arrangements/essential-energy-determination-2019-24/final-decision">https://www.aer.gov.au/networks-pipelines/determinations-access-arrangements/essential-energy-determination-2019-24/final-decision</a></p> <p>TSS:</p> <ul style="list-style-type: none"> <li>customers and the AER were supportive of the final 2019-24 TSS</li> <li>Reference <a href="https://www.essentialenergy.com.au/our-network/network-pricing-and-regulatory-reporting/network-pricing">https://www.essentialenergy.com.au/our-network/network-pricing-and-regulatory-reporting/network-pricing</a></li> </ul> <p>Network Economics tool:</p> <ul style="list-style-type: none"> <li>Is based on data-driven modelling that reconciles business economics with customer expectations and engineering insight to integrate alternative energy solutions and deliver progressive energy distribution outcomes</li> </ul>
<p><b>2.2 Offer customers energy deals that best meet their needs, supported by effective tools and incentives for customers to manage their energy use and cost.</b></p>	<p>Network tariffs:</p> <ul style="list-style-type: none"> <li>Essential Energy has consulted extensively with customers to design 2019-24 tariffs that provide better value</li> <li>there is a general shift away from more expensive tariffs as customers take up these offers</li> </ul>	<p>Network tariffs:</p> <ul style="list-style-type: none"> <li>2019-24 tariffs have been designed to offer better value customer solutions</li> </ul> <p>Streetlighting:</p> <ul style="list-style-type: none"> <li>Essential Energy has worked closely with councils to give them data and tools to reduce streetlighting energy consumption and reduce maintenance charges for public lighting</li> <li>includes significant work on transitioning to LED technology</li> </ul>	<p>Network tariffs:</p> <ul style="list-style-type: none"> <li>Reference tariff reform chart Principle 2</li> </ul> <p>Streetlighting:</p> <ul style="list-style-type: none"> <li>Essential Energy's streetlighting team has engaged with 65 councils during the reporting period, either directly or via group representatives</li> <li>LED technology has been implemented in four council areas over this time</li> </ul>

## Principle 2: We will improve energy affordability for customers

Principle in action	Customer outcomes	Activity	Evidence
		Reference Stand Alone Power Systems (SAPS) Section 2.4	
<p><b>2.3 Work cooperatively across the supply chain and with other stakeholders to improve affordability over the short and long term.</b></p>	<p>Networks Renewed trial has delivered:</p> <ul style="list-style-type: none"> <li>a business case for use of behind the meter assets to avoid network investment and improve energy affordability for customers</li> </ul> <p>Accredited Service Provider (ASP) Forums:</p> <ul style="list-style-type: none"> <li>were aimed at addressing issues Essential Energy identified around process delays and poor communications</li> <li>feedback indicated that Essential Energy must: <ul style="list-style-type: none"> <li>communicate better</li> <li>respond more quickly to ASPs' needs</li> <li>resolve billing issues</li> <li>improve consistency in how we work with ASPs</li> </ul> </li> <li>have initiated collaboration with ASPs to improve work processes and save ASPs and their customers time and money</li> </ul> <p>Stand Alone Power Systems (SAPS):</p> <ul style="list-style-type: none"> <li>network pricing reforms aim to achieve affordability</li> </ul> <p>Streetlighting consultation:</p> <ul style="list-style-type: none"> <li>ensures direct customer involvement in tender and procurement processes</li> </ul>	<p>Collaborative customer trials focused on achieving affordability outcomes including energy efficiency:</p> <ul style="list-style-type: none"> <li>Networks Renewed trial involving networks, aggregators and the University of Technology Sydney to make use of customer batteries as part of virtual power plants to avoid network investment and improve energy affordability</li> </ul> <p>ASP Forums:</p> <ul style="list-style-type: none"> <li>five engagement forums providing information to ASPs about Essential Energy's processes and opportunities for ASPs to provide feedback</li> </ul> <p>SAPS:</p> <ul style="list-style-type: none"> <li>input into joint network pricing reforms</li> <li>reference Stand Alone Power Systems (SAPS) Section 2.4</li> </ul> <p>Streetlighting consultation:</p> <ul style="list-style-type: none"> <li>with Councils in our streetlighting tender processes, including inviting input into technical evaluation for LED streetlights and as members of the Tender Review Committee for Smart Streetlighting</li> </ul> <p>Reference Customer and Stakeholder Engagement Framework and plan Section 1.2</p>	<p>Customers engaged and knowledge shared:</p> <ul style="list-style-type: none"> <li>community BBQ forums held to engage the targeted local community in the Networks Renewed trial</li> <li>ARENA Knowledge sharing report, <i>'The Business Case for Behind-the-Meter Inverter Control for Regulating Voltage'</i> April 2019</li> </ul> <p>ASP Forums April / May 2019:</p> <ul style="list-style-type: none"> <li>Coffs Harbour</li> <li>Tweed Heads</li> <li>Tamworth</li> <li>Queanbeyan</li> <li>Moruya</li> <li>resulted in numerous compliments sent to CEO</li> </ul> <p>SAPS:</p> <ul style="list-style-type: none"> <li>two meetings held with Enova Energy to discuss potential design of tariffs for SAPS customers on 31 January and 7 May 2019</li> </ul>
<p><b>2.4 Innovate to deliver competitive energy solutions for business</b></p>	<p>Stand Alone Power Systems (SAPS):</p>	<p>SAPS trial site established in Bulahdelah:</p> <ul style="list-style-type: none"> <li>monitoring to better understand performance, implications and costs, and inform appropriate</li> </ul>	<p>SAPS Field Trial commissioned in Bulahdelah on 18 May 2018:</p>

## Principle 2: We will improve energy affordability for customers

Principle in action	Customer outcomes	Activity	Evidence
<p><b>and residential customers.</b></p>	<ul style="list-style-type: none"> <li>are becoming an increasingly viable solution to provide reliable, affordable energy compared with the cost to maintain a traditional distribution network in high cost to serve areas</li> </ul> <p>Network Visibility project:</p> <ul style="list-style-type: none"> <li>will be utilised to more dynamically operate the network, increasing the available hosting capacity for DER while ensuring safety and reliability of the network at the lowest cost</li> </ul>	<p>regulatory models to unlock new competitive energy solutions</p> <p>Network Visibility project:</p> <ul style="list-style-type: none"> <li>developed in May 2019 to determine the most cost-effective blend of approaches to provide the basic level of network visibility required to enable customer-led decentralisation of the energy system</li> </ul> <p>Reference Transformation Program Section 4.1</p>	<ul style="list-style-type: none"> <li>the trial customer has been impressed with the support provided and the ease of operation of the SAPS from a user perspective. <i>'Essential Energy has been really easy to do business with . . . Everybody is very helpful, and any issues have been solved straight away . . . I can see stand-alone power systems being much more common. I would recommend it to others as an efficient and reliable system.'</i></li> </ul> <p>Network Visibility project:</p> <ul style="list-style-type: none"> <li>defined as part of overall Network Capability Strategy</li> <li>Corporate management support as a key pillar of our investment to maximise the value of being connected to the grid</li> </ul>
<p><b>2.5 Advocate on behalf of customers to improve energy affordability through engagement in regulatory and policy processes.</b></p>	<p>Regulatory processes:</p> <ul style="list-style-type: none"> <li>ring-fencing waiver obtainment means that customers do not have to find another electrician/ASP and experience power restoration delays and extra costs</li> <li>ensure customer affordability top of mind when interacting in regulatory development</li> </ul> <p>Stand Alone Power Systems (SAPS):</p> <ul style="list-style-type: none"> <li>use of SAPS in place of traditional network solutions will help minimise cross-subsidisation and improve power supply reliability for customers in high cost to serve locations</li> </ul> <p>Smart Streetlighting program bulk upgrade to LED luminaires is delivering benefits:</p> <ul style="list-style-type: none"> <li>to Councils including energy savings, carbon reduction, lower cost for service provision</li> </ul>	<p>Regulatory processes:</p> <ul style="list-style-type: none"> <li>Essential Energy successfully advocated for a ring-fencing waiver that provides an option for Essential Energy technicians to fix simple customer faults to restore supply (eg: service fuse replacement) at no cost when they are already at the premises</li> <li>the AER has classified this work as standard control in the 2019-24 final determination</li> </ul> <p>SAPS:</p> <ul style="list-style-type: none"> <li>working with the Australian Energy Market Commission (AEMC) towards a proposed rule change to allow the use of SAPS in place of traditional network solutions</li> </ul> <p>Smart Streetlighting program collaboration with Southern Lights (41 councils in Southern NSW) and other regional councils to:</p> <ul style="list-style-type: none"> <li>develop a business case to support smart streetlighting</li> <li>develop a smart streetlighting specification</li> <li>undertake market testing for smart streetlighting</li> </ul> <p>Smart streetlighting development providing additional benefits including:</p> <ul style="list-style-type: none"> <li>additional savings from increased control</li> <li>further carbon reduction</li> </ul>	<p>Regulatory processes:</p> <ul style="list-style-type: none"> <li>participated in six regulatory workshops that included discussion around customer affordability: <ul style="list-style-type: none"> <li>Australian Energy Market Operator (AEMO) distributed energy resources (DER) register meeting on collection on 1 February 2019</li> <li>Australian Energy Market Commission (AEMC) workshop on embedded networks on 22 February 2019</li> <li>AEMC workshop on network incentives and addressing the network expenditure bias on 6 March 2019</li> <li>Energy Networks Australia (ENA) / AEMO Open Energy Networks workshop on 28 March 2019</li> <li>AEMC / ARENA Regulatory Distributed Energy Integration Program (DEIP) deep dive meeting on 6 June 2019</li> <li>AER, Energy Consumers Australia (ECA) and ENA public forum presenting consultant reports from the second phase of AusNet's Trial of the New Reg Process on 13 June 2019</li> </ul> </li> </ul> <p>SAPS:</p> <ul style="list-style-type: none"> <li>consulted and provided feedback to AEMC's review of the regulatory frameworks for stand-alone power</li> </ul>

## Principle 2: We will improve energy affordability for customers

Principle in action	Customer outcomes	Activity	Evidence
	<ul style="list-style-type: none"> <li>to communities including increased safety and improved quality of lighting</li> </ul> <p>National Connection Guidelines:</p> <ul style="list-style-type: none"> <li>Energy Networks Australia (ENA) has commenced a project to prepare a nationally consistent set of guidelines to standardise the connection of distributed energy resources (DER) into the grid, outlining the technical requirements to facilitate streamlined integration</li> </ul>	<ul style="list-style-type: none"> <li>greater transparency by providing Council access to GIS information, inventory and maintenance history</li> <li>quicker response and improved quality of service</li> <li>flexible real time control of colour and temperature</li> <li>inbuilt RGB+W decorative-coloured lighting for events</li> </ul> <p>National Connection Guidelines:</p> <ul style="list-style-type: none"> <li>agreed to adopt nationally consistent connection guidelines for all classes of connections</li> <li>collaboratively engaged with all distribution network service providers (DNSPs) and stakeholders through the Energy Networks Australia (ENA) development process</li> <li>supported the need for the guidelines to explicitly reflect the National Electricity Objective (NEO)</li> </ul>	<p>systems (review period 11 September 2018 – 8 August 2019)</p> <ul style="list-style-type: none"> <li>hosted senior AEMC officials at the Essential Energy SAPS prototype site on 17 January 2019</li> </ul> <p>Smart streetlighting program meetings:</p> <ul style="list-style-type: none"> <li>in total, with representatives of around 70 of our 85 councils via approximately 25 meetings</li> </ul> <p>National Connection Guidelines:</p> <ul style="list-style-type: none"> <li>took part in workshops between December 2017 to December 2018 to develop guidelines, advocating for a balance between maximum network access and avoiding additional network investment</li> <li>Reference: <a href="https://www.energynetworks.com.au/distributed-energy-resources-national-connection-guidelines">https://www.energynetworks.com.au/distributed-energy-resources-national-connection-guidelines</a></li> </ul>
<p><b>Continuous Improvement for the Principle</b> July 2019 to June 2020</p>	<p>2.1 Review of the Value Framework to ensure its continuing to deliver effective outcome</p> <p>2.3 Begin implementation of the improvement opportunities identified through the Electric Vehicle working group</p> <p>2.4 Combine SAPS field trial outcomes with regulatory developments to deliver phase two: Essential Energy plans a pilot in collaboration with four to six customers on the tail end of a long rural feeder. Two potential sites at Moree and Balranald are proposed where feeder performance is poor and the network is due for refurbishment in the near future. Data loggers have been installed at the connection points of each customer at both locations to obtain a consumption profile across the seasonal cycle.</p> <p>2.4 Based on defined Network Visibility plan, begin implementation</p>		

## Principle 3: Delivering energy Safely, sustainably and reliably

During **consultation around our Regulatory Proposal for 2019-24 revenue and pricing**, we asked customers what their priorities were. Approximately 90 per cent of participating customers agreed that safety is essential for doing business.

Essential Energy is continuing to prioritise safety in our business plans and has included specific activities to support this, including our Black Spot program, replacing ageing cross-arms with new, storm resistant technology and continuing our safety education programs.



Safety is essential for doing business



**‘Our customers have told us that safety is their top priority and is essential for doing business.’**

**‘Our stated corporate objectives are: to achieve continuous improvement in safety culture and performance; operate at industry best practice for efficiency, delivering best value for customers; and deliver real reductions in customer network charges.’**

Mike Bowan, General Counsel & Corporate Secretary

## Corporate Strategy

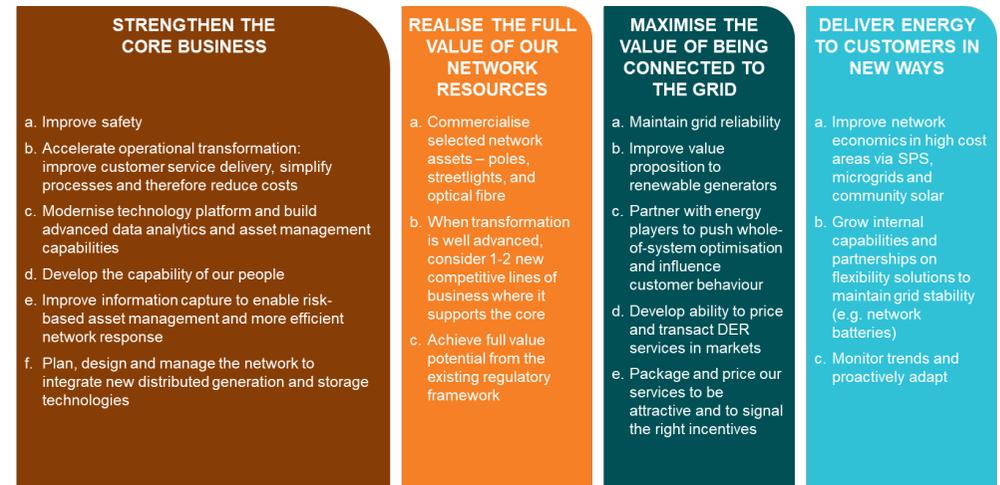
Our corporate strategy is key to ensuring that Essential Energy has a balanced direction and focus to deliver on our vision, purpose and values that reflect the demands our customers and stakeholders place on us. The four pillars of our corporate strategy work together to create an efficient organisation that delivers the services customer expect in a cost-effective manner. The three pillars to the right build on the foundation to drive delivery of value to our customers, both in the way they currently use the network, and how they are likely to utilise it in future.

At the **Hasting Sustainability Showcase** held at Port Macquarie Racecourse on 1 and 2 March 2019, Essential Energy displayed innovative methods to effectively and efficiently integrate renewable energy into the network and deliver lower cost solutions, such as virtual power plants, to address network constraints. Our display included:

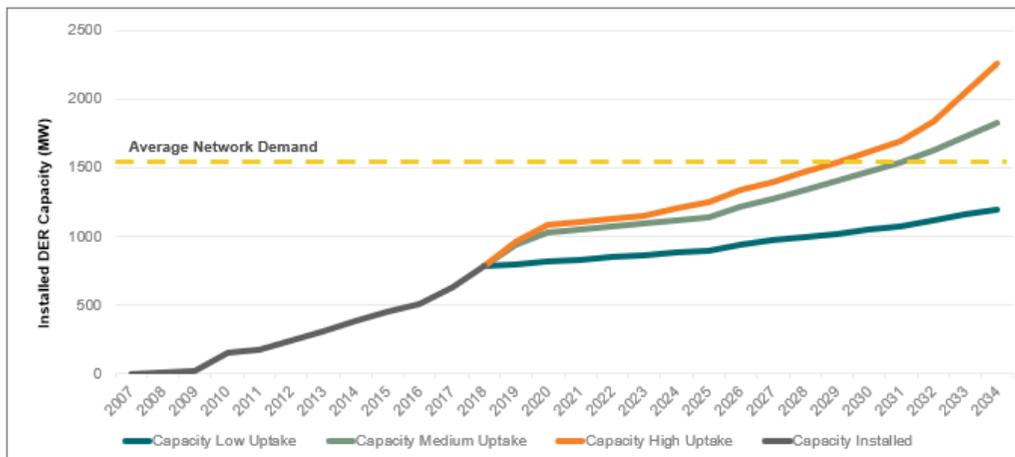
- a real size inverter, battery and smart controller and results of a joint project by the Australian Renewable Energy Agency (ARENA), Essential Energy, Reposit Power, solar inverter supplier SMA Australia and the University of Technology Sydney to assess potential for customer-owned battery storage systems to better manage electricity network demand
- two Plug in Hybrid Electric Vehicles (PHEVs) as part of an electric vehicle display.



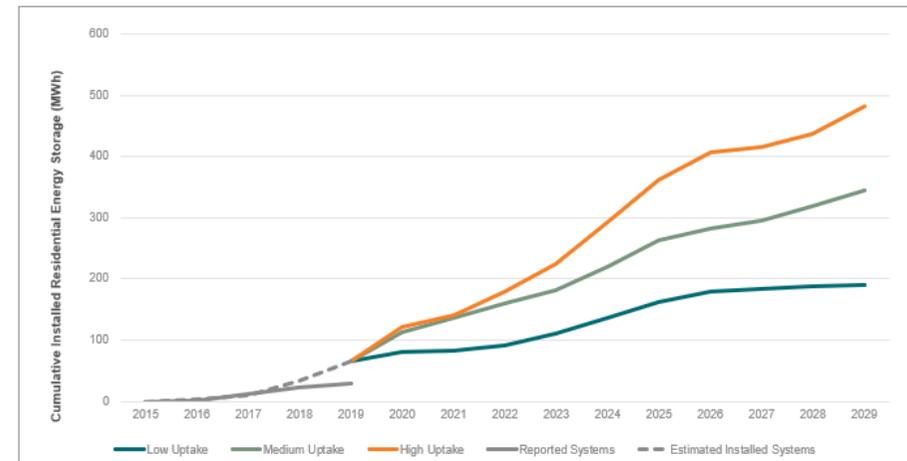
Around 1,500 people attended, and Essential Energy received highly positive feedback.



Rate of small scale solar PV adoption on Essential Energy's network



Rate of small scale battery adoption on Essential Energy's network

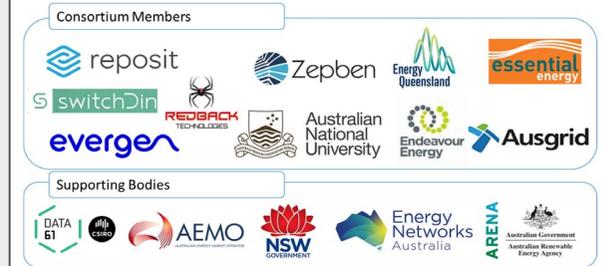
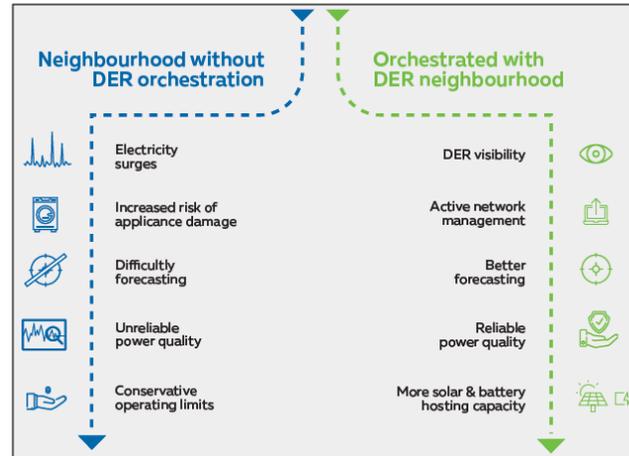


## The evolve project

Essential Energy is participating in the evolve project, which aims to demonstrate a scalable operational technology that provides actionable visibility of network limits, in order to maximise the opportunity for distributed energy resources (small generation systems located on the consumer's side of the electricity meter, such as rooftop solar, wind generators, battery storage and mini-hydro generators) to connect to the network and participate in future markets.

The evolve project will develop 'operating envelopes' that represent the physical limits of a customer connection to the electricity system, or in other words 'draw the lines for the footy field' after which customers can collaborate, export and trade anywhere within a 'field of play'.

The project includes all Queensland and NSW Distribution Network Service Providers (DNSPs) in association with the Australian National University and leading energy companies, with support from AEMO, CSIRO, NSW Government, Energy Networks Australia and ARENA.



## Safety behaviours

While the nature and severity of employee recordable injuries has decreased from FY18 to FY19, Essential Energy remains focused on improving its overall safety performance, and the following areas in particular:

- High Potential Injuries (HPI): Of 39 HPI for FY19, 24 (62 per cent) were related to poor behavioural decisions by employees using light and medium rigid vehicles.
- Total Recordable Injuries (TRIFR): Of 105 TRI for FY19, 47 (47 per cent) related to manual handling.

On average, Essential Energy employees drive more than 40 million kilometres per annum for work. A Drive to Survive communications and awareness campaign has been developed to improve employee and community safety by minimising employee serious and near miss driving incidents. The program includes:

- highlighting common causes for motor vehicle accidents
- keeping safe driving front of mind.

Our Safety is Defence program has undergone recent review and redirection. We will now look to implement a tiered field leadership program that promotes in-field engagement with purposeful intent and verification activities. This will be combined with elements of behavioural coaching to positively influence leadership behaviour.

Overall future safety improvements will be driven by a new Health, Safety and Environment Strategy.

## FY20-24 Essential Energy - HSE Strategy



FY 20-24 Strategy will commence only after program reviews of HSE company risk matrix, journey management, fatigue management, incident / injury reporting & classification and HSE contractor management

## Areas for improvement

Essential Energy will continue to work towards realising the full value of our existing network and maximising the value of being connected, investing in efficient network solutions that secure power supply safety and reliability and trialling new ways of delivering energy.

In FY20, we will implement our new Health, Safety and Environment strategy.

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

Principle in action	Customer outcomes	Activity	Evidence
<p><b>3.1 Maintain the highest standards of safety for their people, the community and the environment.</b></p>	<p>Essential Energy is committed to improving our safety performance, standards and behaviours. A specific Health, Safety &amp; Environment Strategy has been developed to facilitate improvements, and is being implemented progressively.</p> <p>Concurrently, our Occupational Health and Safety Management System provides a health and safety framework for all organisational systems and activities, with a focus on continuous improvement and quality management.</p> <p>Drive to Survive program:</p> <ul style="list-style-type: none"> <li>aims to secure community safety by minimising employee serious and near miss driving incidents</li> </ul> <p>Safety is Defence (SiD):</p> <ul style="list-style-type: none"> <li>empowers employees to take ownership of safety at an operational level and 'make safety their own'. The facilitators empower leaders to apply their own and their teams' experiences to improve safety outcomes while maintaining the strengths of local level ownership</li> </ul> <p>Alcohol and Other Drugs Procedure (AODP) proposed changes:</p> <ul style="list-style-type: none"> <li>will support critical risk management and continuous safety improvement</li> </ul> <p>Ignite Wellness program:</p> <ul style="list-style-type: none"> <li>92 per cent of participants responding to a survey indicated that Ignite has inspired them to be more</li> </ul>	<p>Drive to Survive program (on average, Essential Energy employees drive more than 40 million km per annum for work):</p> <ul style="list-style-type: none"> <li>communications and awareness campaign developed, highlighting common causes for motor vehicle accidents and keeping safe driving front of mind for employees and their families</li> </ul> <p>SiD:</p> <ul style="list-style-type: none"> <li>workshop for coaches and key business stakeholders to develop future coaches camp material</li> <li>pilot SiD Coaches Camp in Ballina for 22 representatives from different work groups across Essential Energy's distribution area</li> </ul> <p>AODP:</p> <ul style="list-style-type: none"> <li>During the reporting period, Essential Energy consulted on a proposal to update its existing Alcohol and Other Drugs Procedure (AODP). If adopted, the updates will include: <ul style="list-style-type: none"> <li>a zero blood alcohol concentration for all employees, contractors and agency staff at work</li> <li>a drug testing approach that involves maintaining the current random saliva-swab selection program, and introducing urine drug testing under certain circumstances</li> <li>self-testing facilities for employees at corporate offices and depots</li> <li>alignment to the organisation's Fair and Just Policy to enable flexible approaches to individual circumstances</li> <li>enhanced education and awareness, and individualised support options for those who seek assistance</li> </ul> </li> <li>Phase Two consultation commenced in mid May 2019, concluding in mid July 2019</li> </ul> <p>Ignite Wellness program:</p> <ul style="list-style-type: none"> <li>Module 2 – Search for Understanding focused on mental health, better understanding behaviour and communication, and keys to happiness.</li> </ul>	<p>Drive to Survive program communications:</p> <ul style="list-style-type: none"> <li>monthly corporate newsletter</li> <li>monthly divisional Drive to Survive key message reinforcement</li> <li>Plan Every Trip with an Attacking Mindset and Managing Driver Fatigue safety briefs in April 2019</li> <li>Setting Your Driving Defences and Fault, Emergency Driving Hazards and Micro Sleep at the Wheel in May 2019</li> <li>Long Weekend Driving Hazards and Tips and Winter Driving Tips in June 2019</li> </ul> <p>SiD:</p> <ul style="list-style-type: none"> <li>workshop in February 2019</li> <li>pilot Coaches Camp in April 2019</li> </ul> <p>AODP:</p> <ul style="list-style-type: none"> <li>more than 100 regional workshops were held with more than 1500 participants to educate employees and obtain feedback</li> <li>constructive meetings were held with the Regional Health and Safety Committee and Combined Unions, to help shape the final position of a revised AODP</li> </ul> <p>Ignite Wellness program:</p> <ul style="list-style-type: none"> <li>average attendance of 65 per cent for Modules 1 and 2</li> <li>Module 2 delivered February – April 2019</li> <li>Module 3 commenced early June and will continue until the end of August 2019</li> </ul> <p>PESAP:</p> <p>Reference <a href="https://www.essentialenergy.com.au/-/media/Project/EssentialEnergy/Website/Files/Our-Network/CEOP8005.pdf">https://www.essentialenergy.com.au/-/media/Project/EssentialEnergy/Website/Files/Our-Network/CEOP8005.pdf</a></p> <p>Blackspot assets:</p> <ul style="list-style-type: none"> <li>are identified through incident analysis</li> </ul> <p>Environmental safety audits included:</p> <ul style="list-style-type: none"> <li>Business Risk 6.2 Unauthorised developed or damage to flora/ fauna or heritage</li> </ul>

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

Principle in action	Customer outcomes	Activity	Evidence
	<p>focused on their health and wellbeing</p> <p>Public Electrical Safety Awareness Plan (PESAP):</p> <ul style="list-style-type: none"> <li>aims to raise public awareness about safety hazards associated with the electricity network</li> <li>has a targeted focus on six 'at-risk' groups identified from ongoing analysis of public safety incidents that result from interactions with Essential Energy's network: <ul style="list-style-type: none"> <li>agribusiness</li> <li>aviation: recreational and agricultural applications</li> <li>building: construction and demolition activities, including roadworks</li> <li>emergency services and public authorities</li> <li>general public: renovations, DIY, vandalism and vehicle use</li> <li>transport: commercial and public transport</li> </ul> </li> </ul> <p>Blackspot program:</p> <ul style="list-style-type: none"> <li>improves public safety</li> </ul> <p>Environmental safety:</p> <ul style="list-style-type: none"> <li>audit results have highlighted both positive performance and areas for improvement</li> </ul> <p>Regulatory compliance:</p> <ul style="list-style-type: none"> <li>Essential Energy has met its regulatory reporting requirements, provided information for trend and risk-based decisions for the</li> </ul>	<ul style="list-style-type: none"> <li>Module 3 – REACH (Mental Health First Response) focused on improve our workforce' ability to recognise and respond to early warning signs when experiencing poor mental health in themselves and those around them</li> </ul> <p>PESAP:</p> <ul style="list-style-type: none"> <li>proactively delivered public safety campaigns and partnered with industry groups and regulators to highlight public safety risks around the electrical network</li> </ul> <p>Blackspot program:</p> <ul style="list-style-type: none"> <li>collaboratively working with the NSW Roads and Maritime Service to move electrical assets where they are the lowest cost solution to addressing public safety</li> </ul> <p>Environmental safety Jan - Jun 2019:</p> <ul style="list-style-type: none"> <li>Health and Safety Management System and Environmental Management System external surveillance audit (a requirement to maintain management systems certified to ISO4801 and ISO 140001)</li> <li>Health Safety and Environment Audit and Assurance team completed a range of audits focused on organisational and operational risks</li> </ul> <p>Regulatory compliance:</p> <ul style="list-style-type: none"> <li>participated in regular meetings with SafeWork NSW and IPART (and other DNSPs as part of industry forums) to share safety information, discuss combined initiatives or improvements to reporting processes</li> <li>engaged in monthly meetings with IPART to improve electrical network incident reporting</li> <li>responded to external incidents within the industry reported by our regulators and undertook internal reviews of those risks within Essential Energy</li> <li>reviewed live low voltage work following an incident involving another DNSP</li> <li>voluntarily notified SafeWork of 14 safety concerns where public workers have been undertaking dangerous activities around our network</li> </ul>	<ul style="list-style-type: none"> <li>Network Fatal Risk 2: Exposure to hazardous chemicals/ materials at Essential Water, Broken Hill</li> <li>Polychlorinated Biphenyls and Oil Filled Equipment Management</li> <li>Reference <a href="https://www.essentialenergy.com.au/-/media/Project/EssentialEnergy/Website/Files/Our-Network/SafetyManagementSystemAnnualPerformanceReport2017-18.pdf">https://www.essentialenergy.com.au/-/media/Project/EssentialEnergy/Website/Files/Our-Network/SafetyManagementSystemAnnualPerformanceReport2017-18.pdf</a></li> </ul> <p>Regulatory compliance:</p> <ul style="list-style-type: none"> <li>Reference <a href="https://www.essentialenergy.com.au/-/media/Project/EssentialEnergy/Website/Files/Our-Network/SafetyManagementSystemAnnualPerformanceReport2017-18.pdf">https://www.essentialenergy.com.au/-/media/Project/EssentialEnergy/Website/Files/Our-Network/SafetyManagementSystemAnnualPerformanceReport2017-18.pdf</a></li> </ul> <p>2019-24 Regulatory Proposal consultation:</p> <ul style="list-style-type: none"> <li>Reference <a href="https://www.essentialenergy.com.au/about-us/customer-and-regulatory-information/regulatory-proposal">https://www.essentialenergy.com.au/about-us/customer-and-regulatory-information/regulatory-proposal</a></li> </ul>

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

Principle in action	Customer outcomes	Activity	Evidence
	<p>industry and the community, and engaged with regulators to improve safety more widely in the community</p> <p>2019-24 Regulatory Proposal consultation:</p> <ul style="list-style-type: none"> <li>provided clear direction that safety should be fundamental to everything Essential Energy does</li> </ul>	<p>2019-24 Regulatory Proposal consultation:</p> <ul style="list-style-type: none"> <li>outcomes included 90 per cent of participating customers agreeing that safety was their top priority</li> </ul> <p>Reference: Risk Management workshop with Customer Advocacy Group Section 3.2</p>	
<p><b>3.2 Engage with customers and the community on investments, and manage operations in line with their expectations, demonstrating how communities benefit.</b></p>	<p>2019-24 Regulatory Proposal consultation:</p> <ul style="list-style-type: none"> <li>indicated support for investment in research and development that reduces infrastructure expenditure</li> </ul> <p>Risk Management workshop with Customer Advocacy Group (CAG):</p> <ul style="list-style-type: none"> <li>engaged the CAG as a cross-section of the community to seek feedback and input into the formal safety assessments that underpin management of our operations in line with customer expectations</li> <li>ensured that assessments around the effectiveness of internal and external controls were accurately reflected</li> </ul> <p>Gas and electricity industry working group:</p> <ul style="list-style-type: none"> <li>established in FY19 to deliver better customer experiences during outages</li> </ul>	<p>2019-24 Regulatory Proposal consultation:</p> <ul style="list-style-type: none"> <li>customers said: <ul style="list-style-type: none"> <li>there is support for new energy technologies and investment in research and development that reduces infrastructure expenditure</li> <li>the generation source can be changed provided reliability and price remain stable</li> <li>there are concerns new technology advantages may not be available to all</li> </ul> </li> </ul> <p>Risk Management workshop with CAG:</p> <ul style="list-style-type: none"> <li>engagement on formal safety assessments that make up part of the Electricity network safety management system</li> </ul> <p>Gas and electricity industry working group:</p> <ul style="list-style-type: none"> <li>participation to define a scope of work to better understand customer expectations around outage communications</li> <li>deliver an actionable process improvement plan</li> </ul> <p>Reference: Investment Value Framework Section 2.1</p>	<p>2019-24 Regulatory Proposal consultation:</p> <ul style="list-style-type: none"> <li>Reference <a href="https://www.essentialenergy.com.au/about-us/customer-and-regulatory-information/regulatory-proposal">https://www.essentialenergy.com.au/about-us/customer-and-regulatory-information/regulatory-proposal</a></li> </ul> <p>Risk Management workshop with CAG on 7 March 2019:</p> <ul style="list-style-type: none"> <li>engaged the CAG as a cross-section of the community to seek feedback and input into the formal safety assessments that underpin management of our operations in line with customer expectations</li> <li>ensured that assessments around the effectiveness of internal and external controls were accurately reflected</li> </ul> <p>Gas and electricity industry working group meetings:</p> <ul style="list-style-type: none"> <li>Better Together group discussion with industry working group on 17 April 2019</li> <li>initial teleconference around outage communications with Jemena on 1 May 2019</li> <li>initiative scoping teleconference with Jemena, Ausgrid, Endeavour Energy and TransGrid on 20 May 2019</li> </ul>
<p><b>3.3 Develop business strategy and manage operations to respond to the shift to a cleaner energy system that is already underway.</b></p>	<p>The evolve industry collaboration project:</p> <ul style="list-style-type: none"> <li>aims to demonstrate scalable operational technology that provides actionable visibility of network limits</li> </ul>	<p>The evolve industry collaboration project:</p> <ul style="list-style-type: none"> <li>was developed in March 2019 in response to customer-led decentralisation of the electricity system, this project is focused on maximising opportunities for distributed energy resources (DER) to connect to the network and participate in future markets</li> </ul>	<p>The evolve industry collaboration project comprises:</p> <ul style="list-style-type: none"> <li>collaboration between Energy Queensland, Ausgrid, Endeavour, all four Australian owned aggregators and the Australian National University, with support from ARENA and the NSW Government</li> </ul>

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

Principle in action	Customer outcomes	Activity	Evidence
	<ul style="list-style-type: none"> <li>rather than static limits on using the network that exist now, this project will overlay technology to dynamically make best use of assets that have already been paid for, improving capital expenditure efficiency and associated customer outcomes</li> </ul> <p>NSW Government initiatives:</p> <ul style="list-style-type: none"> <li>are designed to reduce energy costs and promote renewable energy</li> </ul>	<p>Supporting NSW Government initiatives (including Empowering Homes Program, Smart Batteries for Key Government Buildings, Regional Community Energy, Solar for Low Income Households) through:</p> <ul style="list-style-type: none"> <li>program design</li> <li>network data and technical considerations</li> </ul>	<p>Reference Stand Alone Power Systems (SAPS) Section 2.4</p> <p>Reference Networks Renewed trial Section 2.3</p> <p>Reference Strategic Direction Section 3.5</p>
<p><b>3.4 Work with government, other energy businesses, the community and industry bodies to develop a planned transition to a cleaner energy system.</b></p>	<p>Industry and Government collaboration aims to:</p> <ul style="list-style-type: none"> <li>minimise customer range anxiety and increase transition to cleaner transport fuels</li> <li>inform development of details around a number of NSW Government initiatives designed to increase investment in clean energy technology and community energy</li> </ul> <p>Community engagement expos:</p> <ul style="list-style-type: none"> <li>inform the community about virtual power plants and renewable energy</li> </ul>	<p>Industry and Government collaboration:</p> <ul style="list-style-type: none"> <li>Electric Vehicle Charging Industry Working Group is working with Electric Vehicle Charging Industry representatives including Tesla, ChargeFox, Evie Networks and NRMA to streamline connections for high voltage DC charging stations across regional NSW</li> <li>NSW Department of Planning, Industry and Environment – working in conjunction with NSW Government, Ausgrid and Endeavour Energy to consult on initiatives, provide data, guidance and feedback to ensure alignments for stakeholders and customers</li> </ul> <p>Community engagement expos:</p> <ul style="list-style-type: none"> <li>attending and sharing network trials and initiatives</li> </ul>	<p>Industry and Government collaboration meetings:</p> <ul style="list-style-type: none"> <li>ARENA Virtual Power Plant (VPP) knowledge sharing on 12 February 2019</li> <li>VPP knowledge sharing on 26 February 2019</li> <li>Energy Networks Australia OPEN Energy Networks on 28 March 2019</li> <li>CSIRO Low Voltage Taxonomy project – all DNSPs on 16 April 2019</li> <li>NSW Energy program working group on 8 May 2019</li> <li>NSW DNSPs and Australian Energy Market Operator (AEMO) on 19 June 2019</li> <li>NSW DNSP working group meets quarterly</li> </ul> <p>Reference New Way program reforming how we manage major network connections Section 4.4</p> <p>Community engagement expos:</p> <ul style="list-style-type: none"> <li>Hastings Sustainability Showcase held in Port Macquarie on 1 and 2 March 2019</li> </ul>
<p><b>3.5 Facilitate new services and technologies that support sustainable energy solutions that meet the changing needs of the market.</b></p>		<p>Strategic Direction:</p> <ul style="list-style-type: none"> <li>Essential Energy's corporate strategy sets a direction for the business to both 'maximise the value of being connected to the grid' and 'deliver energy in new ways'</li> </ul>	<p>Strategic Direction:</p> <ul style="list-style-type: none"> <li>agreed by the Board that facilitating customers to use the network in new ways is a core pillar of our direction</li> <li>agreed that developing and delivering new ways to delivery energy to customers is also a core pillar of our overall direction.</li> </ul>

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

Principle in action	Customer outcomes	Activity	Evidence
			<ul style="list-style-type: none"> <li>Both these pillars are focused on enabling new services that meet the changing needs of our customers</li> </ul> <p>Reference: Stand Alone Power Systems (SAPS) Section 2.4 Reference: Networks Renewed program Section 2.3</p>
<p><b>3.6 Implement solutions across the supply chain:</b>  <b>a. that support energy connection, service and reliability that meets customers' needs.</b>  <b>b. to resolve service issues that impact customers and the community.</b></p>	<p>Network Performance program:</p> <ul style="list-style-type: none"> <li>will improve network performance in line with customer expectations</li> </ul> <p>Customer service solutions:</p> <ul style="list-style-type: none"> <li>new telephony messaging system provides customers with improved, real time, outage information</li> </ul>	<p>Network Performance program includes:</p> <ul style="list-style-type: none"> <li>managing overall network performance in line with national and jurisdictional reliability performance targets</li> <li>engaging with customers on levels of performance</li> </ul> <p>Customer service solutions:</p> <ul style="list-style-type: none"> <li>Reference new telephony messaging system implemented in June 2019 Section 4.2</li> </ul>	<p>Network Performance program:</p> <ul style="list-style-type: none"> <li>both national and jurisdictional audited reliability performance reporting to demonstrate targets are met</li> <li>as part of regulatory reset process, customer engagement focused on examining trade-offs available to customers in terms of price and network performance</li> </ul> <p>Reference Service Now complaints management system Section 1.3 Customer service solutions:</p> <ul style="list-style-type: none"> <li>average telephony waiting time has reduced to 25 seconds across all call types – the lowest outcome in more than four years</li> </ul>
<p><b>Continuous Improvement for the Principle</b>  <b>July 2019 to June 2020</b></p>	<p>3.1 Implementation of the FY20 Health, Safety and Environment strategy, including continuing the contaminated land program, improving environmental impact assessment processes and working towards an access agreement for works within reserved land under the <i>National Parks and Wildlife Act 1974</i></p> <p>3.1 Implementation of an In Vehicle Management System (IVMS) and delivery of a driver training program</p> <p>3.1 Following review of the current SiD program, future focus will on driving change through behavioural coaching</p> <p>3.1 A decision to adopt the Draft Revised Alcohol and Other Drugs Procedure will be made early in Q3 2019. Should the proposed updates be adopted, the updated procedure will come into effect in Q4 2019</p> <p>3,1 Develop a new Public Safety Strategy and improve the EssentialEnergy.com.au public safety web page</p> <p>3.3 evolve industry collaboration is a key focus of the Network Capability Strategy over the next 12 months, key developments will be the project moving from design phase, into development phase, with the initial findings beginning to be identified and reported publicly. This will provide a transparent demonstration to customers of the opportunities to make full use of the existing network with a technology overlay.</p> <p>3.4 Changes to the current fixed connection process to be more flexible in the facilitation of Electric Vehicle charging infrastructure</p> <p>3.5 Continued delivery against our corporate strategic direction that will mean customers will continue to see us invest in meeting the changing needs of the energy market</p> <p>3.6 In line with customer engagement feedback, business decisions will target a continuation of current network performance within both federal and jurisdictional reliability performance targets</p>		

## Principle 4: Improving customer experience

**‘Our Transformation programs are building capability and focusing on effectiveness to meet or exceed our financial, customer, safety and performance objectives. Delivery of these run alongside day-to-day continuous improvement programs focused on efficiency gains.’**

Rob Bridge, Transformation Director

**‘Responding to changing customer needs shouldn’t be a stand-alone policy. It should be an over-arching strategy, based on consultation and integral to organisational decision making.’**

Luke Jenner, General Manager Customer & Network Services

The energy industry is evolving rapidly, with emerging innovations and technologies. Essential Energy is responding by changing its business model and network operations. Through a **Strategic Transformation Plan**, we will invest around \$250 million in core business systems and new technology to deliver long-term efficiencies and associated cost savings of at least \$84 million per annum. The plan comprises:

- strengthening the core business through advanced data analytics, more efficient processes, enhanced employee capabilities and improved customer interactions
- trialing new network technologies, including microgrids, stand-alone power systems and other Distributed Energy Resources (DER), remote network sensing and other innovations to improve power supply reliability and lower costs.

Concurrently, we are investing in workforce sustainability and diversity through apprenticeships, asset inspection and Indigenous pre-employment traineeships, and by ensuring we have the expertise to manage our network now and as it evolves into the future through a graduate engineer training program.

Over the next 18 months significant programs of work will be implemented, focusing on strengthening our core business and developing the network of the future. We aim to:

- deliver a safe and reliable electricity network for customers
- maintain current reliability and service standards
- average 25 per cent improvement in poor performance areas
- improve public safety, bushfire and biosecurity management programs

We also plan to invest in:

- innovative technologies to serve future customer needs
- enabling technologies for sustainable business efficiencies to achieve lower distribution network charges in the future

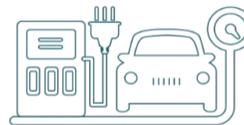
By 2024, we expect real reductions of 20 per cent real in capital expenditure and six per cent in operating expenditure compared to the 2014-19 regulatory period.



Integrating Distributed Energy Resources



Stand Alone Power Systems as alternatives for high cost to serve customers



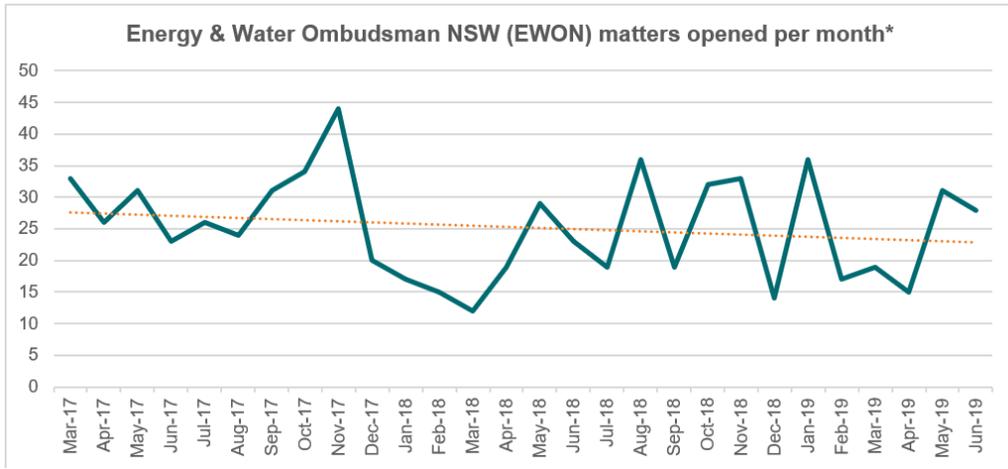
Electric Vehicle analytics



Drones to improve network inspection and maintenance



LiDAR technology to improve network risk management



\* Both May and June 2019 saw additional matters raised compared to the previous months due to EWON seeking Essential Energy's assistance with retail matters

**Our aims:**

- Safety Leader
- Affordability
- Reliability
- Good customer service & communication
- Transparency/bill itemisation
- Environmentally friendly/encouraging renewables
- Innovative technologies

**Areas for improvement**

As part of our ongoing Transformation Plan, we plan to implement:

- a Customer Experience strategy to map current and anticipated future customer experiences, identifying gaps and implementing solutions to improve our customer service delivery.
- a dedicated Customer Program
- an automated network connections process, delivering significant customer benefits by January 2020.

## Principle 4: We will improve the customer experience

Principle in action	Customer outcomes	Activity	Evidence
<p><b>4.1 Enable customers to get fair outcomes regardless of their ability or desire to participate in the energy market.</b></p>	<p>Transformation Plan:</p> <ul style="list-style-type: none"> <li>incorporates a dedicated Customer Experience strategy to ensure that Essential Energy will deliver valuable services to our customers and their communities now and into the future</li> </ul> <p>Customer satisfaction:</p> <ul style="list-style-type: none"> <li>we expect results of our Customer Ease survey and call recording and subsequent call coaching to have positive customer information and experience outcomes over the coming 12 months</li> </ul>	<p>Transformation Plan:</p> <ul style="list-style-type: none"> <li>is being implemented progressively to improve business processes and increase operational and cost efficiencies, secure workforce skills in a changing energy environment and maintain downward pressure on the network component of electricity pricing</li> <li>currently includes: <ul style="list-style-type: none"> <li>making greater use of LiDAR to build a 3D model of our network</li> <li>expanding use of drones as a safe, cost effective alternative to ground-based and aerial network inspections</li> <li>researching and trialling microgrids, small-scale renewables and other new technologies to reduce infrastructure spending</li> <li>simplifying and modernising our technology suite, eg: enterprise resource planning and asset management system replacements</li> <li>improving safety leadership and overall leadership capabilities.</li> <li>Reference Outage information Section 4.2</li> </ul> </li> </ul> <p>Customer satisfaction:</p> <ul style="list-style-type: none"> <li>introduced Customer Ease Survey to understand experiences of customers who have made an enquiry, claim or complaint. These results are actively monitored for improvements</li> <li>introduced call recording into our Customer Contact Centre. which is used for coaching and customer experience improvements</li> <li>continued to record strong results from independent research during the reporting period</li> </ul> <p>Reference Customer Connected Initiative Section 1.4  Reference consultation around 2019-24 Regulatory Determination Section 1.4  Reference: evolve industry collaboration project Section 3.3  Reference Principles for Managing Voltage Variation claims in NSW and associated customer communications Section 1.5</p>	<p>Transformation Plan:</p> <ul style="list-style-type: none"> <li>Reference <a href="https://engage.essentialenergy.com.au/essential-energy-transformation-program">https://engage.essentialenergy.com.au/essential-energy-transformation-program</a></li> </ul> <p>Customer satisfaction:</p> <ul style="list-style-type: none"> <li>Customer Ease survey: introduced in February 2019 for customers with escalated complaints or general enquiries to tell us how easy we were to deal with. The result for the period February to June 2019 was 3.98 out of 5</li> <li>call recording: introduced in May 2019 as part of improving quality call coaching</li> <li>customer satisfaction score for June 2019 was 84.9</li> </ul>

## Principle 4: We will improve the customer experience

Principle in action	Customer outcomes	Activity	Evidence
		Reference Private Asset management program Section 5.1	
<p><b>4.2 Empower customers by:</b></p> <p><b>a. making sure all communication is clear, in plain terms, accessible and understandable;</b></p> <p><b>b. providing insightful and useful information and accessible tools;</b></p> <p><b>and</b></p> <p><b>c. streamlining access to, and portability of, customer energy data.</b></p>	<p>Customer communications and marketing material:</p> <ul style="list-style-type: none"> <li>Customer Testing Workshops ensure information is accessible to and easily understood by customers</li> </ul> <p>essentialenergy.com.au web site:</p> <ul style="list-style-type: none"> <li>is fully mobile functional, making it easier for customers to obtain current information during power outages</li> </ul> <p>Outage information:</p> <ul style="list-style-type: none"> <li>tailored automated telephony information service provides customers with real-time, relevant information</li> <li>SMS outage information tool delivers more cost effective, relevant information to customers</li> </ul>	<p>Essential Energy uses a variety of platforms to communicate, update and consult with customers. These include:</p> <ul style="list-style-type: none"> <li>proactively publishing updates on social media channels Facebook, Twitter, Instagram, YouTube and LinkedIn, sharing information and responding to queries and issues</li> <li>creating project specific online forums on our Essential Engagement YourSay platform</li> <li>responding promptly and appropriately to email, postal and phone correspondence from consumers and stakeholders</li> <li>issuing text messages to keep residents and businesses up to date during power outages</li> <li>upgrading our Essential Energy website to modernise it and make it more user friendly and mobile compatible</li> <li>providing project briefings to key stakeholders and government representatives to keep stakeholders up to date with Essential Energy initiatives and consult on proposed strategies</li> </ul> <p>Customer communications and marketing material:</p> <ul style="list-style-type: none"> <li>is subject to Customer Testing Workshops</li> </ul> <p>essentialenergy.com.au web site:</p> <ul style="list-style-type: none"> <li>web forms have been integrated with Service Now, providing greater visibility of all the times customers contact Essential Energy and facilitating form submission processing</li> <li>was enhanced with five new information pages</li> </ul> <p>Outage information:</p> <ul style="list-style-type: none"> <li>available on Essential Energy's telephony information service was tailored to customers' addresses in June 2019</li> <li>SMS outage information tool introduced in June 2019</li> </ul> <p>Reference Essential Engagement Section 1.3</p>	<p>Customer communications and marketing material:</p> <ul style="list-style-type: none"> <li>ongoing growth in numbers of customers receiving outage information via SMS, with associated positive feedback from customers</li> </ul> <p>essentialenergy.com.au web site:</p> <ul style="list-style-type: none"> <li>was visited 1,301,903 times by 486,536 individual users in the reporting period – up from 954,140 visits by 342,942 individual users in Jan - June 2018</li> <li>received 55 per cent of traffic from mobile devices for the reporting period, 36 per cent from desktops and 9 per cent from tablets</li> <li>new pages include: <ul style="list-style-type: none"> <li>Heatwaves and Power Supply about managing the network during times of extreme heat, lack of reserve with links through to the AEMO website and advice on energy efficiency and staying cool Reference <a href="https://www.essentialenergy.com.au/at-home/heatwaves-and-power-supply">https://www.essentialenergy.com.au/at-home/heatwaves-and-power-supply</a></li> <li>2019-24 Regulatory Proposal Reference <a href="https://www.essentialenergy.com.au/about-us/customer-and-regulatory-information/regulatory-proposal">https://www.essentialenergy.com.au/about-us/customer-and-regulatory-information/regulatory-proposal</a></li> <li>Making a Claim For Property Or Other Damage, clarifying steps involved and what can and can't be claimed for Reference <a href="https://www.essentialenergy.com.au/outages-and-faults/making-a-claim">https://www.essentialenergy.com.au/outages-and-faults/making-a-claim</a></li> <li>The Energy Charter, including The Energy Charter Explained video, the five principles of the Charter and links to the official The Energy Charter website Reference <a href="https://www.essentialenergy.com.au/about-us/the-energy-charter">https://www.essentialenergy.com.au/about-us/the-energy-charter</a></li> </ul> </li> </ul> <p>Outage information:</p> <ul style="list-style-type: none"> <li>Is available 24 / 7 by calling 13 20 80</li> </ul>

## Principle 4: We will improve the customer experience

Principle in action	Customer outcomes	Activity	Evidence
<p><b>4.3 Ensure that innovation and design in products and services, as well as communication platforms and tools, are driven by customers' needs and preferences.</b></p>	<p>CSIRO National Low Voltage Feeder Taxonomy Study:</p> <ul style="list-style-type: none"> <li>CSIRO's National Low Voltage Feeder Taxonomy Study aims to produce the first national low-voltage network taxonomy that outlines real-world characteristics of the electricity distribution system</li> <li>Depicting how low voltage power flows through the system will help with design and assessment of technologies and systems to maximise hosting capacity of distributed energy resources (DER)</li> <li>will enable users to test the value proposition of innovative technological solutions by highlighting how they contribute to network stability, reliability and performance</li> </ul> <p>Communications platforms:</p> <ul style="list-style-type: none"> <li>encourage engagement and collaboration</li> </ul>	<p>CSIRO National Low Voltage Feeder Taxonomy Study:</p> <ul style="list-style-type: none"> <li>participating to enable a greater understanding of available network capacity for DER, enabling actions required to deliver an improved customer connection experience in the future</li> <li>Communications platforms:</li> <li>external social media: <ul style="list-style-type: none"> <li>channels achieved a 10 per cent growth of followers in the reporting period compared to the previous 6 months</li> <li>posts received 3.6 million impressions and were engaged with over 32,000 times</li> </ul> </li> <li>internal social media: <ul style="list-style-type: none"> <li>platform Workplace by Facebook is used by employees to communicate via various groups, connect with colleagues and build both formal and informal social networks</li> </ul> </li> </ul> <p>Reference Smart Streetlighting Section 2.5 Reference ASP Forums Section 2.3</p>	<p>CSIRO National Low Voltage Feeder Taxonomy Study:</p> <ul style="list-style-type: none"> <li>CSIRO Low Voltage Taxonomy project – all distribution network system operators met on 16 April 2019</li> <li>Reference: <a href="https://arena.gov.au/projects/national-low-voltage-feeder-taxonomy-study/">https://arena.gov.au/projects/national-low-voltage-feeder-taxonomy-study/</a></li> </ul> <p>Communications platforms:</p> <ul style="list-style-type: none"> <li>Swoop Analytics of Essential Energy's internal social media indicates that overall Community Health Index (based on an analysis of online community interactions, with 15 per cent considered to be a 'healthy' social networks community) varied between 40 per cent and 47 per cent</li> <li>internal social media: <ul style="list-style-type: none"> <li>achieved 3,816 posts, with 7,121 replies and 32,721 'likes'</li> </ul> </li> </ul>
<p><b>4.4 Have effective and accessible dispute resolution processes, co-ordinated across the supply chain, to resolve customer issues and implement process improvements in response.</b></p>	<p>Complaints resolution:</p> <ul style="list-style-type: none"> <li>ongoing survey results will provide insights into complaints management improvement</li> </ul> <p>Energy &amp; Water Ombudsman NSW (EWON) dispute resolution:</p> <ul style="list-style-type: none"> <li>reflects improvements in Essential Energy's dispute management processes</li> </ul> <p>New Way program:</p> <ul style="list-style-type: none"> <li>has redefined a range of business processes to reflect our agreed corporate value to 'be easy to do business with'</li> </ul>	<p>Complaints resolution:</p> <ul style="list-style-type: none"> <li>survey of customers with escalated complaints or general enquiries introduced in February 2019 to assess whether they believe we resolved their issue</li> </ul> <p>Energy &amp; Water Ombudsman NSW (EWON) dispute resolution:</p> <ul style="list-style-type: none"> <li>numbers being opened have declined</li> </ul> <p>New Way program:</p> <ul style="list-style-type: none"> <li>initiated to address negative customer sentiment around existing network connections and streetlighting processes</li> <li>comprised ideation workshops with internal stakeholders from across the business and a range of external stakeholder representatives, including Accredited Service Providers (ASPs), a solar</li> </ul>	<p>Complaints resolution:</p> <ul style="list-style-type: none"> <li>of 72 customers responding to our survey, 63 per cent felt that we had resolved their issue</li> </ul> <p>Energy &amp; Water Ombudsman NSW (EWON) dispute resolution:</p> <ul style="list-style-type: none"> <li>see graph on page 27</li> </ul> <p>New Way program:</p> <ul style="list-style-type: none"> <li>initiated in September 2018</li> <li>involved multiple customer engagement forums and targeted outreach initiatives to identify areas for improvement</li> <li>achieved: <ul style="list-style-type: none"> <li>increased reporting visibility</li> <li>business process redesign</li> </ul> </li> </ul>

## Principle 4: We will improve the customer experience

Principle in action	Customer outcomes	Activity	Evidence
	<ul style="list-style-type: none"> <li>has improved processes, increased efficiencies and built a partnership approach with our customers</li> </ul>	<ul style="list-style-type: none"> <li>proponent, a Major Connections customer, and Port Macquarie-Hastings Council as a streetlighting customer to collaborate on service improvements</li> <li>helped identify issues in our current processes and jointly find solutions</li> </ul> <p>Reference Service Now system Section 1.4 Reference ASP Forums Section 2.3 Reference Smart Streetlighting Section 2.5 Reference Aboriginal Housing Office Dubbo Solar Project Section 5.2</p>	<ul style="list-style-type: none"> <li>a new contestable works design certification process pilot project aimed at providing self-service facility for ASPs</li> </ul>
<b>Continuous Improvement for the Principle</b> <b>July 2019 to June 2020</b>	<p>Empowering customers is a critical program in our Transformation Plan, ensuring that Essential Energy will continue to deliver valuable services to our customers and community into the future. As part of this Plan, a Customer Experience strategy will map the current customer experience and what the future customer experience will be, identifying gaps and implementing solutions to improve customer service delivery. Also, as part of this Plan, we will focus on strengthening our core business and developing the network of the future.</p> <p>4.1 We will continue to measure Customer Ease during 2020 and identify areas to improve being easy to do business with.</p> <p>4.2 Future plans for essentialenergy.com.au web site include a Media Centre with enhanced rich text media releases and downloadable video, print resolution images and official corporate material for use by media agencies; improvements to outage maps; rebuilding the Accredited Service Provider document library and Council streetlight portal; and redeveloping Careers pages.</p> <p>4.4 The majority of New Way program initiatives are being incorporated into a dedicated Customer Program within Essential Energy's Transformation Plan. We aim to automate the network connections process, utilising a Salesforce product that will deliver significant customer benefits by January 2020.</p>		

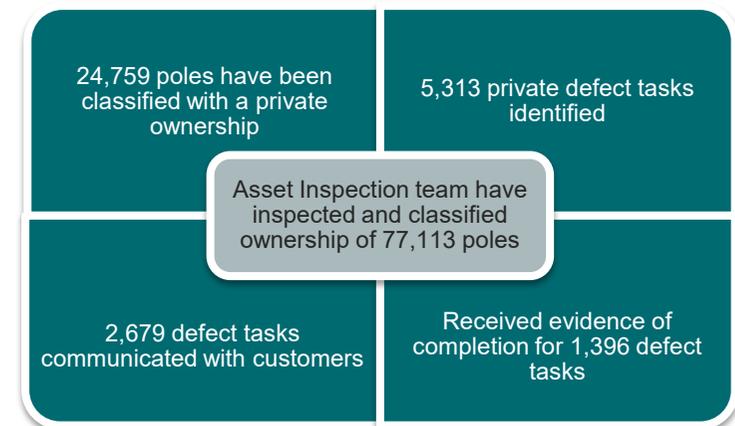
## Principle 5: Supporting customers in vulnerable circumstances

Essential Energy's **Private Assets Management program** was implemented from 1 June 2018 to ensure that privately owned overhead powerlines and associated assets are maintained in accordance with the Electricity Supply (Safety & Network Management) Regulation 2014 and Essential Energy CEOP8022 Bush Fire Risk Management Plan.

Under the *Electricity Supply Act 1995*, Essential Energy must ensure that privately-owned network asset defect rectification works in bushfire-prone areas are completed within a total of 60 days. If customers fail to rectify a defect, there is provision for Essential Energy to isolate and disconnect sections of line if there is immediate danger to life or property or an immediate risk of starting a fire, dependent on where the asset sits in relation to its bushfire risk prioritisation category.

To help private asset owners better understand their responsibilities, Essential Energy provides a range of information including a detailed brochure and, on its website ([www.essentialenergy.com.au/privateassets](http://www.essentialenergy.com.au/privateassets)), FAQs, common overhead power pole and powerline defects and indicative rectification costs. Dedicated Private Asset Management Customer Liaison Officers are available to discuss customers' individual circumstances and assist with flexible payment plans that may apply.

To 30 June 2019, this support has maintained customer complaints at <1 per cent.



## Essential Energy Customer Support Policy

Customers may be identified as being eligible for support when they are willing to meet their financial obligations for work required by Essential Energy, but do not have the capacity to do so due to a number of different factors, including:

- reliance on government assistance, or Centrelink payments including the Age Pension
- unemployed, low income, sudden loss of income or substantial reduction in income
- suffering from a physical or mental illness, or caring for someone with an illness
- living with a physical or intellectual disability, or caring for someone with a disability
- experiencing domestic violence
- change in the make-up of the family unit
- involved in legal proceedings
- death in the family
- impacted by a natural calamity such as fire, drought, flood or storm damage
- the amount a customer is required to pay is greater than they can afford to pay.

Customers seeking assessment from Essential Energy should provide evidence of eligibility for support or assistance, which may comprise:

- flexible payment options
- writing off the debt
- assistance with payments to third parties (such as Accredited Service Providers or electrical contractors).



**'Electricity prices are a continuing concern for households and businesses across NSW – particularly in the many drought-affected areas Essential Energy serves. Our focus on maintaining downward pressure on pricing has achieved network charges that today are 40 per cent lower than in 2014, and account for only around 37 per cent of the average electricity bill.'**  
Justin Hillier, Chief Financial Officer

### Principle 5: We will support customers facing vulnerable circumstances

Principle in action	Customer outcomes	Activity	Evidence
5.1 Have processes to enable early identification of and engagement with customers at risk of vulnerability, coupled with intervention measures that can prevent customers falling into hardship.	Private Asset Management program: Includes facility for customers to apply for financial support when needed to maintain private assets	Private Asset Management program: <ul style="list-style-type: none"> <li>• flexible payment plans or other financial options may be provided for customers experiencing financial hardship in accordance with Essential Energy's hardship policy</li> <li>• customers can phone 13 23 91 and ask to speak with dedicated Private Asset Management Customer Liaison Officers to discuss their individual circumstances</li> </ul> Major emergency events: <ul style="list-style-type: none"> <li>• Essential Energy works with electricity retailers to remove daily supply charges for impacted customers where appropriate during major events such as floods or bushfires</li> </ul>	Reference <a href="https://www.essentialenergy.com.au/at-home/private-power-poles">https://www.essentialenergy.com.au/at-home/private-power-poles</a>

## Principle 5: We will support customers facing vulnerable circumstances

Principle in action	Customer outcomes	Activity	Evidence
<b>5.2 Provide products and services that are tailored to customers facing vulnerable circumstances and support them to get back on track.</b>	<p>Essential Energy Customer Support Policy:</p> <ul style="list-style-type: none"> <li>defines support for vulnerable customers</li> </ul> <p>Aboriginal Housing Office Dubbo Solar Project:</p> <ul style="list-style-type: none"> <li>by voluntarily matching customer NMI data held by the distribution network with retailer billing data, Essential Energy was able to assist the project rollout, with an immediate positive impact on residents' electricity affordability and demand management</li> </ul>	<p>Essential Energy Customer Support Policy:</p> <ul style="list-style-type: none"> <li>is proactively applied when assessing claims and other customer activities</li> </ul> <p>Aboriginal Housing Office Dubbo Solar Project:</p> <ul style="list-style-type: none"> <li>in 2019, Essential Energy has worked collaboratively with the Aboriginal Housing Office, the Energy and Water Ombudsman NSW (EWON) and energy retailers to facilitate installation of solar systems on more than 150 Aboriginal Housing homes in the Central West city of Dubbo and other regional areas</li> </ul>	<p>Essential Energy Customer Support Policy CECP0008.03</p> <ul style="list-style-type: none"> <li>Reference <a href="http://essentialintranet/policy/Pages/AboriginalHousingOfficeDubboSolarProject">http://essentialintranet/policy/Pages/Aboriginal Housing Office Dubbo Solar Project:</a></li> <li>Reference <a href="http://www.solarprofessionals.com.au/blog/aboriginal-housing-office-dubbo-solar-project.aspx">http://www.solarprofessionals.com.au/blog/aboriginal-housing-office-dubbo-solar-project.aspx</a></li> </ul>
<b>5.3 Provide flexible solutions that are easy to access and are provided by specially trained frontline staff with expertise in supporting those customers who face additional barriers to engaging with the energy market.</b>		<p>Ignite Wellness training:</p> <ul style="list-style-type: none"> <li>provides frontline staff with mental health awareness training and conversation tools that enable them to better support vulnerable customers</li> </ul> <p>Reference Section 3.1</p> <p>Reference Private Asset Management program Section 5.1</p> <p>Reference Customer Support Policy Section 5.2</p>	
<b>5.4 Take a collaborative approach, partnering across the energy supply chain and with government and community service organisations.</b>		<p>Representative for Energy Networks Australia for standard development for people in vulnerable circumstances</p> <p>Reference Better Together industry working group initiatives Section 3.2</p>	<p>Reference: <a href="https://www.energynetworks.com.au/supporting-vulnerable-energy-customers">https://www.energynetworks.com.au/supporting-vulnerable-energy-customers</a></p>
<b>Continuous Improvement for the Principle July 2019 to June 2020</b>	<p>5.1 Working with electricity retailers to revise the customer disconnection for non-payment process. As a service to retailers, Essential Energy is seeking to trial face-to-face presentation to customers of notices of intention to disconnect for non-payment. It is anticipated that this will reduce the number of customers who are disconnected for non-payment. We plan to charge the retailers for this service.</p>		

## Other areas for improvement

### Employee engagement and satisfaction

Essential Energy measures employee engagement and satisfaction through an Employee Cultural Index that shows the average percentage of key cultural measures taken from regular internal employee surveys. The graph below represents this over time, and includes the two most recent surveys completed by Gallup consultancy. Based on extensive research, Gallup groups employees into three segments:

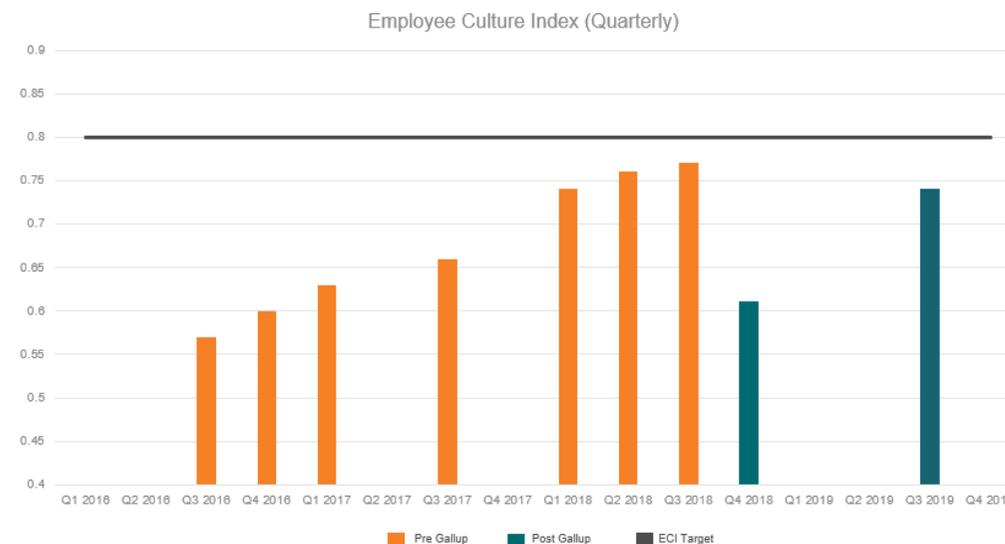
- engaged – loyal and psychologically committed
- not engaged – productive, but not psychologically connected to their company
- actively disengaged – psychologically absent and non-productive.

While recent surveys have recorded an increase in the Engagement Index, with 30 per cent of employees engaged compared to 15 per cent in 2018, our overall Employee Cultural Index result remains below target by 0.6.

Essential Energy recognises that, to improve safety outcomes, employee turnover and absenteeism, increase productivity, engage our customers and enhance collaboration, our focus should be on creating more engaged teams.

The recent survey findings provide us with a baseline from which to improve how we engage, involve and inform our employees as we adapt to the business and market challenges ahead.

Survey insights will be discussed with teams and form the foundations for divisional and team action plans.



### Life support National Energy Customer Framework (NECF) breaches

The National Energy Customer Framework (comprising the National Energy Retail Law, the National Energy Retail Regulations and the National Energy Retail Rules) regulates the connection, supply and sale of energy to grid-connected residential and business energy customers.

Premises registered with life support equipment are subject to a range of protections under the Retail Law and Rules, including:

- strict controls on de-energising life support customers
- requirements that distributors provide notice of planned interruptions to energy supply, and
- information to assist customers to prepare a plan of action in case of an unplanned interruption.

To be eligible for these protections, customers must provide their energy retailer or distributor with confirmation from a registered medical practitioner that a person residing at the customer's premises requires this equipment.

Essential Energy is required to submit regular reports each year to the Australian Energy Regulator (AER) detailing all breaches of reportable obligations. The number of life support breaches in the six-month reporting period to 30 June 2019 was higher than previous periods, and included one in June 2019 in which a life support customer was not provided with four business days' notice of a planned power supply interruption.

The AER has issued Essential Energy with a Notice requiring it to undertake an external compliance audit of life support provisions under the National Energy Retail Rules and National Energy Retail Law. KPMG has been engaged to undertake the external audit requested by the AER. The external audit fieldwork will commence by 23 September 2019. The final audit report will be submitted to the AER by 30 November 2019.

In parallel, Essential Energy will undertake an internal audit aimed at providing a robust response to any findings from the external audit and including:

- an end-to-end internal review of the current compliance process (utilising expertise from Deloitte) to identify the root causes of recent breaches, with the aim of identifying an improvement plan, and
- double validation and confirmation of life support customers within the area of a planned power supply interruption.

### Third party access to our electricity distribution network

Essential Energy has joint use arrangements and operates Facilities Access Agreements that allow third parties to install attachments on our network assets (eg: telecommunications cables on power poles). We have received feedback that we need to improve management of applications to jointly use our assets by third parties. To address this, we have established a new team dedicated to simplifying workflows and improving service, including developing a new Joint Use Standard.