



**Energy Charter  
Disclosure Statement**  
2019/20

## A message from our Board

The 2019/20 year has been challenging on many fronts for our customers and broader stakeholders, and for us as a business.

Change in the supply and demand balance across all regions in the National Electricity Market (NEM) has resulted in an oversupply of generation capacity and material declines in wholesale electricity prices. Queensland has had the lowest wholesale prices in the NEM for the past three years. While low wholesale prices can be good news for electricity customers in the short-term, it means that coal-fired generation companies like Stanwell, are becoming uneconomical and are either operating on very narrow margins or making losses. Spot wholesale electricity prices are now less than our cost of production. This is expected to continue over the long-term and is not sustainable for us as a business.

As a Government-owned corporation, our business must service Queenslanders' needs, both as owners and end users. We are governed by a Shareholder Mandate, which sets out the parameters within which we can operate. We are working with our shareholders to develop a new mandate that will enable us to adapt and evolve our business to changing markets and to address customer demand for green energy products. It is hoped our new mandate will allow us to diversify our portfolio, balance the need to continue exerting downward pressure on wholesale prices with the need to deliver appropriate dividends, provide market services which safeguard the stability of the energy network and preserve long-term value for the people of Queensland.

Throughout the year, we made important progress in keeping energy prices affordable, advancing our strategic priorities and further improving the safety and reliability of our assets. We also:

- refreshed our [corporate strategy](#) to ensure we support our stakeholders' interests and to address the evolving challenges and opportunities in the market;
- launched new company [values](#) and behaviours to reflect the transformation of our business and set the tone for our company culture; and
- made good progress on our 2018/19 Energy Charter commitments.

We have embedded the Energy Charter principles in our strategy and business model. Our 2019/20 Disclosure Report establishes a baseline measure of our maturity in relation to each of the charter principles. While we have made progress over the past twelve months and delivered on most of our commitments, we know there is more work to do to achieve our vision.

### Paul Binsted

*Chair and Independent non-executive director*

## A message from our CEO

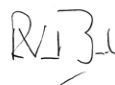
We are committed to doing business in ways which recognise and respond to the needs of the people around us, while also ensuring the long-term sustainability of our business. Our involvement in the Energy Charter acknowledges the importance of considering all customers when making business decisions, recognising the things we do well and identifying areas for improvement.

Throughout 2019/20, we:

- contributed to our host communities by ensuring ongoing reliability, efficiency and safety of our assets in addition to delivering major flow-on economic benefits via projects such as power station overhauls. We worked closely with community groups to understand and fund their needs, in order for them to provide support to vulnerable members of our communities;
- supported our customers, employees, contractors, communities and critical suppliers throughout the [pandemic response](#);
- introduced stringent safety measures at our sites to protect those essential workers who had to operate and maintain our power stations during COVID-19;
- developed products, services and asset capability to meet the future needs of our customers and markets;
- challenged and [optimised our costs](#) so that we can produce energy affordably;

- influenced regulatory change to ensure system security and reliability into the future;
- focused on working smart and building the capability of our people, systems, business processes, and cost leadership to ensure we can meet the challenges of the evolving energy market; and
- networked with other signatories to understand the thinking, networks and resources they are using to achieve similar goals, with a view to adopting solutions which help us achieve our objectives.

We are proud of the progress we have made over the past twelve months, with its intense challenges, but recognise there's still a lot more we can do to ensure we are engaging with, understanding and supporting our customers and communities better. We look forward to continuing to improve on our achievements to date and working with our customers and stakeholders to ensure their interests are at the centre of our business.



### Richard Van Breda

*Chief Executive Officer*

We welcome feedback on our Energy Charter disclosure report. For all enquiries and feedback, please contact us at [EnergyCharter@stanwell.com](mailto:EnergyCharter@stanwell.com)

# Performance scorecard

| Key performance measures  |  |   |                | Maturity assessment |            |          |         |           |           |  |
|---|--|---|----------------|---------------------|------------|----------|---------|-----------|-----------|--|
| Metric  | 2018/19 result                                 | 2019/20 target  | 2019/20 result | 2020/21 target      | Elementary | Emerging | Evolved | Empowered | Exemplary |  |
| We will put customers at the centre of our business and the energy system | Customer focus rating <sup>1</sup>             | N/A   | N/A            |                     |            | ✓        |         |           |           |  |
|   | Employee engagement score (%)                  | 64  | >64            | N/A <sup>3</sup>    | >64        |          |         |           |           |  |
| We will improve energy affordability for customers                        | Competitive pricing rating <sup>1</sup>        | N/A   | N/A            | N/A                 | -          | ✓        |         |           |           |  |
|   | Cost leadership (\$m)                          | 429.1   | 442.3          | 435.3               | 415.1      |          |         |           |           |  |
| We will provide energy safely, sustainably and reliably                   | Safety   | Total Recordable Injury Frequency Rate (TRIFR) <sup>2</sup>       | <3.61          | 4.13                |            |          | ✓       |           |           |  |
|   |  | CO <sub>2</sub> intensity (t CO <sub>2</sub> -e/MWh) <sup>2</sup> | 0.87           | 0.86                | 0.87       | 0.86     |         |           |           |  |
|   | Sustainability                                 | Tarong power stations   | 0.87           | 0.87                | 0.87       | 0.87     |         |           |           |  |
|   |  | Stanwell Power Station  | 8.9            | >8.9                | 9.2        | >9.2     |         | ✓         |           |  |
|   |  | Ash reuse (%)   | 2.14           |                     | 2.17       |          |         |           |           |  |
| Plant performance   | Water use (ML/GWh)                             | 0   | 0              | 0                   | 0          |          |         |           |           |  |
|   | Environmental enforcement actions <sup>2</sup> | 95.9  | 97.5           | 94.4                | 97.1       |          |         |           |           |  |
|   | Reliability Factor (%) <sup>2</sup>            | 90.35   | 90.9           | 90.05               | 88.0       |          |         | ✓         |           |  |
| We will improve the customer experience                                   | Equivalent Availability Factor (%)             | N/A   | N/A            | N/A                 | -          |          | ✓       |           |           |  |
|   | Customer satisfaction index <sup>1</sup>       | N/A   | N/A            | N/A                 | N/A        |          |         |           |           |  |
| We will support customers facing vulnerable circumstances                 | Customer satisfaction index <sup>1</sup>       | N/A   | N/A            | N/A                 | N/A        | ✓        |         |           |           |  |
|   |  | N/A   | N/A            | N/A                 | N/A        |          |         |           |           |  |

<sup>1</sup> Independent customer surveying is currently underway. A baseline customer satisfaction index metric will be developed as part of this process.

<sup>2</sup> Measurement metrics consistent with other Energy Charter generator signatories. We will work with other generator signatories in 2020/21 to investigate options for further common reporting metrics.

<sup>3</sup> Employee surveys were not undertaken in 2019/20 as we surveyed and consulted our people for the development of our new corporate Values. This continues our employee engagement, as the consultation in 2019/2020 ensured our new Values are aligned to our people's personal values.

## Our role in the electricity market

We hold a unique position in Australia's energy market.

- **Public ownership** – Our business is 100 per cent owned by the people of Queensland. Our profits are returned to our shareholders as dividends and are used to fund a range of public programs and services.
- **Electricity generator** – We are an energy business with a portfolio of electricity generation assets throughout Queensland. Our portfolio includes 3,337 MW of NEM-connected energy generation assets, including Stanwell Power Station near Rockhampton and the Tarong power stations near Kingaroy.

- **Electricity retailer** – Our electricity retail business, Stanwell Energy, sells electricity exclusively to 62 large customers within sectors such as the mining, industrial, retail, healthcare, government, education and commercial sectors.
- **Community member** – We work closely with community leaders, near neighbours and stakeholders in our host regions to understand their priorities and to work with them to build a future that benefits all of us.

The Queensland Government is the owner of five electricity businesses which operate across the energy supply chain (see Figure 1) – from electricity generation (Stanwell, CS Energy and CleanCo) and transmission (Powerlink), to distribution, retail and energy services (Energy Queensland).

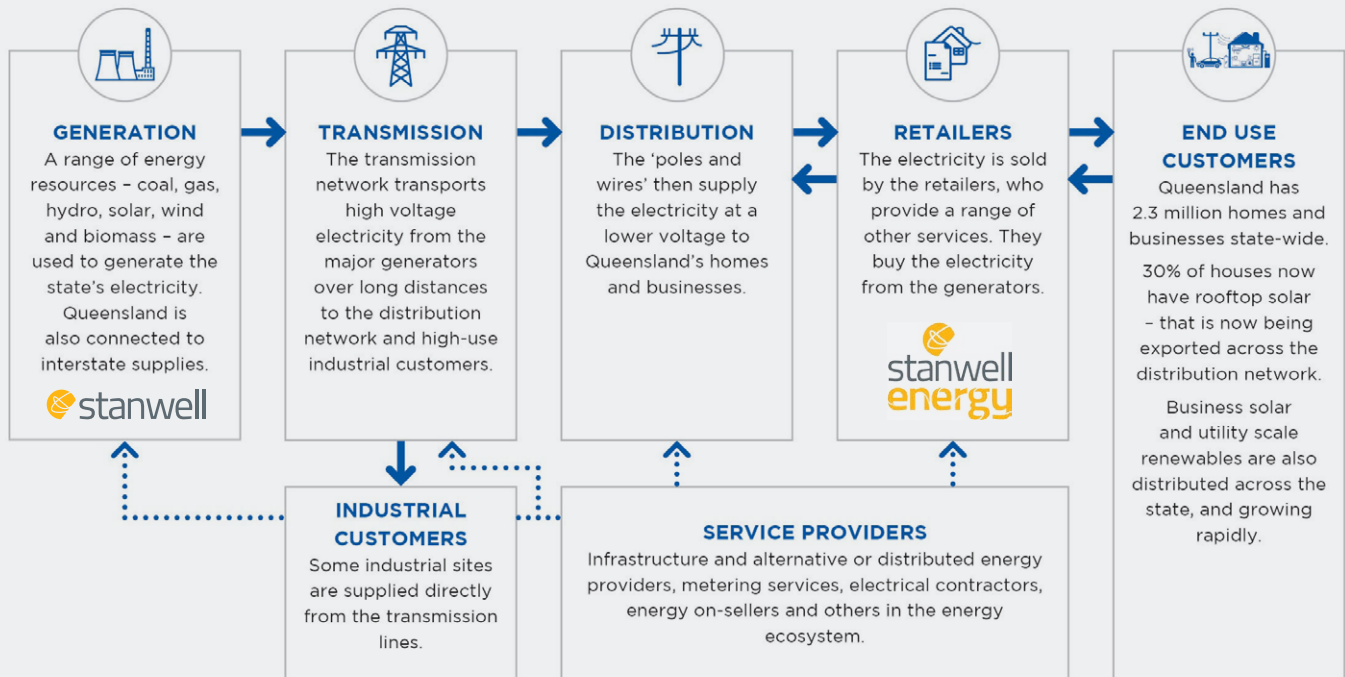


Figure 1: Queensland energy supply chain

## Our customers and communities

We have an impact (either positively or negatively) on whether customers believe the energy industry is working in their best interests. Throughout Stanwell's value chain (owning or sourcing fuel and water, generating and selling electricity, selling coal) we interact with and impact a wide range of businesses and individuals.

Throughout 2019/20, we commissioned independent qualitative and quantitative research to help us to improve our understanding of our customers and communities' perspectives, needs and expectations.

### Wholesale customers

We bid our electricity into the NEM – the wholesale market where generators sell and retailers buy electricity. Retailers then resell electricity to businesses and households.

Our wholesale customers are market participants, namely electricity retailers, generators, financial intermediaries (banks and hedge funds) and large end user / hedging counterparties / direct market customers.

### Retail customers

We have an electricity retail business, [Stanwell Energy](#), which sells electricity exclusively to large industrial and commercial customers (mining, industrial, manufacturing, transport, infrastructure, health, education, commercial and retail, and local/state/federal government sectors) along the eastern seaboard of Australia.

As large users of electricity (more than 5 GWh a year), our customers are sophisticated and understand the energy market. We work with our customers to offer bespoke energy solutions to meet their businesses' requirements. Our customers care about their energy use, their ability to source renewable energy, price certainty and value for money, accurate and timely billing, and contract flexibility.

Our retail customers can be segmented by sector, each with their own specific requirements/interests:

- Mining industrial and manufacturing – typically these customers are trade exposed and have a strong focus on lowering the cost of energy through innovative solutions.
- Transport, infrastructure, health and education – these customers often have variable loads and minimal ability to influence the timing of their peak demand.
- Commercial and retail – these customers often have multiple sites and embedded electricity networks with specific billing requirements.
- Government (local/state/federal) – these customers often have a renewable and sustainability focus.

### End users

Our business is owned by the people of Queensland. They are also the end users of the electricity we generate. Our business must serve their needs, both as shareholders and as end consumers.

Stanwell participates in both the physical and financial energy markets. The costs associated with generating energy and the way generators bid electricity into the NEM impact the prices paid by end users.

We therefore have an ongoing focus on cost leadership and our bidding strategies are designed to help exert downward pressure on wholesale energy prices.

Through our power stations, we also provide services to the electricity market to deliver secure and reliable energy. This includes frequency control and ancillary services. These services are essential to managing grid stability and security for all end users.

## Communities

Our ability to generate electricity is, in large part, dependent on the support of the communities in which we operate. We work with [local communities](#) to establish and maintain mutually beneficial relationships – a key part of this is employment and local investment.

We employ more than 700 direct employees and 550 specialist contractors across our sites. Our employees live and work in the communities where we operate and are actively involved in local community programs and activities.

In 2019/20, our social investment program distributed \$338,000 to community organisations within our local communities. Our COVID-19 response included prioritising social investment support for community groups delivering emergency and other critical care services to vulnerable people and groups.

Our coal-fired assets will eventually reach their end of lives and when that time comes it will have an enormous impact on our people and communities. While the planned departure of our power stations will not occur in the short-term, we are working with the Queensland Government's Just Transition Group and leaders within our host communities to develop frameworks and plans that empower our people and communities ahead of this eventual change.

## Principle 1: Putting customers at the centre of our business and the energy system

For Stanwell, this principle is about having a culture, championed by our Board and leaders, which is focused on innovation and collaboration for positive customer outcomes.

Throughout 2019/20, we made significant progress towards aligning business culture and 'Customer at the centre' principles; however, these are yet to be reflected in consistent customer outcomes. As a result, we have assessed ourselves as **emerging** against Principle 1.

To improve our performance against this principle, we will:

- implement initiatives that embed the voice and experience of customers and stakeholders;
- establish an Energy Charter working group with representatives from across the business to drive customer driven outcomes across the business;
- include Energy Charter commitments in relevant functional plans and key performance targets; and
- implement monthly customer and stakeholder reporting to executive leadership team.

## Customer voice on the Board

**Principle 1 | IAP themes 1 & 3 | Recommendation 16 | Commitment status: In progress**

*In its 2019 Report, the Independent Accountability Panel suggested "embedding the voice and experience of the customer at the governance and strategic level of the business is fundamental to the achievement of the Energy Charter's vision."*

Independent Non-executive Director, Adam Aspinall has been nominated as Stanwell's representative on a group of energy industry directors who will consider how this objective might be achieved. COVID-19 pandemic related restrictions have caused delays to this initiative progressing. A final report and range of options for embedding customer voice at the Board level will be finalised in 2020/21.

## Refreshed corporate strategy

**Principle 1 & 3 | IAP themes 1 & 5 | IAP recommendations 5, 12 & 16 | Commitment status: Complete**

*In our 2018/19 Disclosure Statement we committed to inviting stakeholders to participate in formulating our strategic response to key issues they raise.*

In 2020, we launched our new corporate strategy which was developed using a design thinking framework with input and participation from leaders across our business, and external customer advocates, industry and environment specialists and community representatives. We asked external stakeholder and consumer representatives to dismantle our strategy based on their perspectives, expectations and concerns, and work with us to challenge our thinking and develop a strategy which acknowledges and addresses the issues raised.

Our new strategy ensures we consider community and customer needs and expectations, both in how we operate now and evolve our business. Where decisions or initiatives can benefit our community and customers, we commit to putting those things in place and being transparent about situations where expectations cannot be acted on, and why.

Our new customer-focused strategy has four key themes:

- Create future energy solutions – developing the products customers want, keeping the system secure and enabling the transformation of the grid and markets in which we operate;
- Work smart and build capability – running a focussed, efficient business through our people, systems, business processes and cost leadership;
- Affordable emissions reduction – balancing the requirements to reduce emissions, achieve financial returns for our shareholders and support a reliable and flexible energy system into the future; and
- Benefit community and our shareholders – balancing the needs of our customers, end users of electricity, employees, regulators, neighbours, host communities, business partners, and special interest groups with those of our shareholders.

We are further developing our strategy to consider how we need to evolve our business in line with the changing needs of the energy market over the next 15 years. As part of this process, we will determine our future Energy Charter maturity objectives over the medium and long term, and report on our decision in next year's disclosure report.

## New company values enhance company culture

**Principle 1 | IAP themes 1 & 5 | IAP recommendations 5, 12 & 16 | Commitment status: Complete**

*In our 2018/19 disclosure report, we committed to review team plans to ensure they recognise the value of engaging with stakeholders when delivering on initiatives/activities.*

*We also committed to reviewing our company values, particularly as they relate to working with stakeholders and customers for mutual benefit.*

The importance of balancing the needs of customers, communities and others who are affected by our business, with the commercial requirements of our business is one of four key focus areas of our refreshed corporate strategy. The performance targets of relevant divisions, teams and individual employees and contractors are linked to this strategy as are team plans. Leaders have reviewed their team plans to ensure they also recognise the value of engaging with stakeholders when delivering on initiatives/activities.

During 2019/20, we made the significant decision to review and change our corporate Values. We worked with our people, our leadership teams and our Board to develop new values which align more closely to our new strategy, our vision and what's important to our people. Our new values are: We Care, We Adapt and We Deliver. The new values, particularly We Care and We Adapt, have a strong focus on our approach to customers, communities and other important stakeholders, encouraging different perspectives and looking after each other. The Values are being embedded including in employee performance discussions, through leadership stories, and values shares at the start of formal meetings including Executive and Board meetings.

## Principle 2: Improving energy affordability for customers

For Stanwell, this principle is about controlling our costs, tailoring energy contracts to customers' needs, ensuring we consider the long-term implications for wholesale prices, working with other organisations within the supply chain on strategic initiatives and considering energy affordability in formulating our position on key energy issues (noting that wholesale electricity prices are at record lows – lower than our cost of production – and are not economically viable or sustainable for us in the long-term).

We have processes in place to ensure business decisions are cost-effective and we tailor energy offerings that best meet customer needs; however, further work is required to reflect our customers' needs in our decision making, and as such, we have assessed ourselves as **emerging** against Principle 2.

To improve in our performance against this principle, we will:

- undertake further research to understand our retail customers' perceptions of the value for money we provide and consider options to meet customer expectations where possible; and
- undertake customer briefings and formal consultation with peak bodies as part of business decision-making processes.

### Flexible energy products

**Principles 2 & 4 | IAP key theme 1 | IAP recommendations 20 & 25**

We customise our product offerings and offer bespoke solutions to suit our retail customers' current and future requirements. We have a range of product types including one that allows our customers to progressively lock in the price for small portions of energy over a period of time at the prevailing market price. This supports our customers to better manage their costs in line with their expectations of wholesale prices. We also offer customer demand response products which incentivise our customers to voluntarily reduce their load during periods of peak demand, reducing the pressure on the system and ensuring supply for end users.

### Hedging to drive affordability outcomes for customers

**Principles 2 & 4 | IAP key theme 2 | IAP recommendations 6 & 20**

We offer liquidity, hedging and long-term contracts to support price certainty and affordability for customers.

To manage spot price volatility, we enter contracts to lock in a firm price for a specific volume of electricity in order to hedge against risk and provide price certainty. We hedge pricing risk in the market for up to three years.

We reaffirmed our commitment to providing liquidity in the financial markets for the NEM by becoming the first Queensland-based signatory to the ASX voluntary market making scheme. This supports retail competition as other retailers are able to access wholesale electricity contracts to on-sell to customers.

We also offer structured wholesale products with yearly indexed prices in line with the wholesale market. This is particularly helpful to our customers that are electricity retailers as it enables them to take advantage of recent low wholesale prices and pass these savings on to their customers i.e. households and small to medium businesses.

### Reducing costs to deliver more affordable electricity

We have a strong cost leadership focus to help reduce generation costs and exert downward pressure on wholesale electricity prices.

In 2019/20 we made significant efforts to optimise and reduce our plant, fuel and water costs. Throughout the year we:

- conducted market reviews to ensure we are operating as cost effectively as possible;
- increased collaboration across our site outage teams in order to identify opportunities to reduce the cost of outages through efficiencies and best practice solutions;
- standardised maintenance and operations processes across our sites;
- centralised our operations team at the Tarong power stations in a move which means both Tarong North and Tarong Power Stations can be operated from a single location;
- re-tendered for a new Mine Services Agreement at Meandu Mine to reduce our fuel costs and improve our competitiveness in the NEM (noting that the cost of coal is a significant portion of the total cost of running our power stations);
- upgraded our procurement system to better manage procurement activities; and
- implemented a decision support tool which optimises where capital is allocated and when it is spent using a risk evaluation approach.

Throughout the year, internal communication activities educating our people on the cost breakdown of electricity and how we impact this were delivered to further emphasise the importance of cost leadership.

### Queensland Energy Class Action

On 18 June 2020, Piper Alderman announced its intention to launch a class action against Stanwell and CS Energy in relation to 'misuse of market power' to increase electricity prices between August 2014 and December 2019, to the financial detriment of Queensland's economy and electricity consumers. We strongly refute the allegations being made and will vigorously defend our conduct in court.

We have always acted in the best interests of our customers and comply with the rules of the NEM. Piper Alderman's allegations are contestable and unsubstantiated. Many of the allegations being made by Piper Alderman quote a 2016 report by the Grattan Institute. In 2018, the independent Australian Energy Market Commission dismissed many of these claims.

The class action proposed by Piper Alderman relates to a period of high spot prices in the wholesale electricity market. These high prices occurred because of the closure of power stations in the southern states, extreme heatwave conditions, high gas prices and an increase in demand for electricity as a result of the establishment of the liquefied natural gas industry.

## Principle 3: Providing energy safely, sustainably and reliably

For Stanwell, this principle is about continuing to pursue our safety goal of zero harm today; engaging with our neighbours and host communities to ensure we conduct our business in a manner that considers environmental and social impacts; ensuring the community understands the reasons for our business decisions, and working with our customers to tailor energy products to their needs. We:

- have comprehensive management systems in place to meet safety and environmental regulatory requirements;
- have business strategy and operational plans that reflect the risks and opportunities arising from the shift to a cleaner energy system; and
- are one of Australia's most reliable energy providers.

As such, we have assessed ourselves as **evolved** against Principle 3.

To improve in our performance against this principle, we will:

- continue to develop our capability to provide system security and resilience services to support the transitioning market; and
- provide greater transparency around our emissions by regularly publishing our emissions data on our external website, including data outlining average for coal-fired power stations in the NEM so that our stakeholders can easily compare our performance to other market participants.

### Safety

#### Principle 3 | IAP key themes 1 & 2 | IAP recommendation 22

Our stakeholders expect us to maintain worker safety. Results from our [2020 Stakeholder Survey](#) indicated that our people, neighbours, suppliers and community leaders think Stanwell exceeds this expectation and they perceive us as more competent than other organisations at keeping our employees safe.

Our continued focus on safety performance resulted in a 36.7 per cent decrease in recordable injuries compared to 2018/19, and no serious injuries or fatal events across our sites. While this is a positive result, we recognise the need to remain vigilant and seek continual improvement.

To support the ongoing development of our strong safety culture, in 2019/20 we delivered campaigns targeting hand safety awareness, managing gravitational energy/falling objects, and proactive identification and reporting of potential safety that resulted in a reduction in the number of recordable injuries at our sites.

This year we also achieved gold status from Workplace Health and Safety Queensland in recognition of our extensive health and wellbeing program.

### Reducing emissions

#### Principle 3 | IAP recommendations 18 & 21

Although we managed to [reduce our emissions from 2017/18 to 2018/19](#), Stanwell currently ranks as Australia's [third-highest emitter of greenhouse gases](#). Stanwell's [current generation portfolio](#) is fossil-fuel only and our portfolio intensity is forecast to be increasingly out of step with other generation businesses.

On 31 October 2019, ownership of our low and zero emission power stations was transferred to CleanCo Queensland (a new Queensland Government owned generation company) via government regulation. We continued to provide operations, maintenance and corporate support services to these sites until 29 August 2020. With our low and no emission generation assets transferring to CleanCo, we are now out of step with customer and community expectations in relation to emissions intensity. We are exploring opportunities to transition our portfolio by incorporating technologies such as hydrogen, pumped hydro energy storage and bioenergy.

Stanwell is governed by a Shareholder Mandate which stipulates how it operates. Over the past four years, our mandate restricted our ability to invest in renewable energy solutions. We have been working with the Queensland Government to update our mandate to enable us to expand our renewable portfolio and purchase renewable energy project offtake under PPA arrangements. This will enable us to better service our customers' needs, reduce our portfolio carbon intensity, and support Queensland's transition to 50 per cent renewable energy by 2030.

### Environmental sustainability

#### Principle 3 | IAP recommendation 22 | Commitment status: Complete

*In our 2018/19 Disclosure Report, we committed to refining environmental sustainability assessment requirements into our decision-making processes, and completing an environmental scan of key factors influencing community and legislative expectations for key environmental aspects (i.e. particulates, CO<sub>2</sub>, SO<sub>x</sub>, NO<sub>x</sub>, water usage and releases and noise impacts). We also committed to develop targeted performance and sustainability focus areas in line with asset mission requirements and environmental sustainability policy.*

During 2019/20, we developed an Environmental Sustainability Assessment Tool to help our people consider environmental and social impact when they make operational decisions at our sites. Systems and processes have been implemented to ensure this assessment is completed during the initiation of relevant projects.

We completed a structured review of the environmental and community stakeholder impacts related to our plant operations. Based on impact, improvement initiatives were identified, including a reporting process to seek near neighbours' feedback.

In our [stakeholder research](#), community members (local businesses, community organisations and community leaders) reported very high levels of trust and acceptance of Stanwell's environmental and social considerations (see [Appendix](#)). Neighbours (i.e. neighbours and tenants), however, reported only moderate trust, raising concerns about emissions and the potential of fine particulates to contaminate their tank (i.e. drinking) water. Noting that trust, acceptance and our performance in relation to emissions is an important factor of our social licence, we will continue to explore opportunities to address this gap, starting with the regular reporting of our emissions data on our external website.

### Supporting the transition to a renewable energy future

#### Principle 2 & 3 | IAP Recommendation 23 | Commitment status: Complete

*In our previous disclosure, we committed to trialling new ways to improve the flexibility of our coal-fired plant.*

We are working to improve the flexibility of our generation units to cater for the increasing proportion of intermittent renewable energy in the market and changing demand patterns. In 2019/20, our ongoing [flexible plant trials](#) focused on alternate operating modes, and plant modifications required to extend the operating range of our power stations. We implemented a program of work which has enabled our Stanwell and Tarong power stations to generate at a low load of 100 MW at times when renewable plant is generating at high levels. This load is significantly lower than the levels at which our plant was designed to operate.

Running our plant flexibly enables us to run at low levels during the day (when the output from renewable generation is high) and ramp up to meet evening peak demand, and support system security and reliability as the market transitions. Unfortunately, running at low loads increases emissions for each MW hour of electricity we generate, so it's important we carefully balance the need to flex with environmental outcomes.

Our coal-fired assets will eventually reach their end of life and when that time comes it will have an enormous impact on our people and communities. While the planned departure of our coal-fired power stations will not occur in the short-term, it is important we start planning now. To support this, in 2020/21 we will work with:

- the Queensland Government on its Just Transition Strategy to develop a framework to empower our people and communities ahead of this eventual change;
- leaders within our host communities (particularly in the South Burnett) to participate in planning processes and provide financial support for leadership development programs and a forum to transition the regional economy away from coal; and
- other Energy Charter signatories to look at how the industry can support better energy transition outcomes.

## Green energy products

### Principle 3 | IAP theme 1 | IAP recommendations 12, 13 & 24

Our retail customers want green energy products. We offer accredited 'green power' through contractual arrangements; however, the transition of our renewable energy generation plants to CleanCo has impacted our ability to provide a suite of green energy products.

In May 2020, we reviewed our retail energy products to better understand our customers' preferences regarding incorporating renewable energy into their electricity purchasing requirements. A key component of this involved seeking customer feedback through an independent survey to understand their interest in product options, price parameters and risk tolerance. Insights gained through this process will enable us to develop renewable products our customers want.

## Supporting the development of circular economies

### Principle 3 | IAP theme 2 | IAP recommendations 23

We are exploring a range of initiatives to reduce emissions, maximise the value of resources, minimise unrecoverable waste and support local industries.

We have structured a number of contracts for the use of coal combustion products (CCPs) – a waste product from coal-fired power stations. In 2019/20, we:

- reached an agreement with Boral Australia Limited for the construction and offtake of a 400,000-tonne fly-ash offtake facility for the Tarong power stations;
- worked with EnviroSpheres to increase harvesting of cenospheres, a by-product of fly-ash that has a range of industrial uses including ceramics, plastics, resins and paints; and
- worked in partnership with the Ash Development Association of Australian and Capricornia Enterprise to identify and facilitate increased ash utilisation in major projects within the Central Queensland region, including a road repair trial using CCPs at the Stanwell Power Station.

We are also exploring opportunities to partner with local growers to supply bagasse products suitable for co-firing at our power stations as part of our [bioenergy strategy](#).

## Balancing our water usage needs with local communities and broader energy users

### Principles 1 & 3 | IAP themes 1 & 2 | IAP recommendations 13 & 23

Stanwell's decision-making regarding water considers the needs and priorities of regional councils, irrigators and downstream

water users as well as our own our operations. This is particularly important in the South Burnett region where drought conditions and water scarcity are a concern. In 2019/20 we:

- initiated a strategy to reduce the amount of water supplied to the Tarong power stations from Lake Boondooma for 2019/20 to ensure that the South Burnett Regional Council area continues to have access to drinking water;
- implemented water conservation initiatives at our sites including recycling effluent water, stormwater and blowdown water within our site, and reusing water from the power stations' ash dam; and
- regularly met with downstream users and irrigators to understand their priorities and ensure these are considered as we release water from our sites.

We continue to work with the South Burnett Regional Council in relation to water security, including undertaking a detailed commercial and hydrological analysis as part of our long-term water strategy.

## Energy availability and reliability

### Principle 3 | IAP theme 2 | IAP recommendations 20

Energy reliability and security of supply is critical. The challenge is ensuring enough generation capacity in the NEM to supply peak demand, even if it occurs for just a few days or hours in summer each year. This will be more challenging as the generation mix continues to shift to variable renewable energy.

Operationally, we conduct inspections, maintenance, refurbishment and replacement of plant and equipment to maintain the reliability, efficiency and safety of our generation plant. This year, we achieved average availability and reliability factors of 88.8 per cent and 94.4 per cent respectively across our NEM-connected assets. We invested more than \$164.9 million in our assets during 2019/20, to improve efficiency and maintain their performance.

We also actively engage with various market bodies and industry groups to drive sensible and reasonable market and regulatory reform for transitioning energy markets. This includes providing input on interim reliability and security initiatives; post-2025 market design; and longer-term system strength, security and reliability frameworks and services. Our [regulatory submissions](#) are publicly available on our website.

As more renewable generation supply enters the market, we must ensure system security and resilience services continue to be provided in a way that is efficient and cost-effective for customers, while also looking at how the role of our power stations will change in providing those services.

## Principle 4: Improving the customer experience

For Stanwell, this principle is about improving customer satisfaction, the responsiveness of our account managers, the provision of industry information to our customers, the flexibility of our contract terms, the systems we have in place to ensure ongoing and regular customer contact and support, and the clarity and transparency of our billing processes.

We are in the process of undertaking research to help us to better understand our customers' needs which will inform the development of new products and services and improve customer experience and satisfaction. As such, we have assessed ourselves as **emerging** against Principle 4.

To improve in our performance against this principle, we will:

- analyse our retail customers to tailor engagement and address identified needs;



- develop standard renewable energy products for customers in addition to bespoke options in response to customers increasingly requesting 'greener' products to complement other sustainability actions;
- implement processes for ongoing customer satisfaction monitoring and reporting, with any issues raised to be promptly responded to and addressed;
- link customer satisfaction survey results to account manager KPIs; and
- implement internal engagement campaigns to support our people to understand how their work contributes to the outcomes of our stakeholders.

## Understanding customers' needs and expectations

**Principles 1 & 4 | IAP theme 1 | IAP recommendations 2, 3, 12 & 20**

We have engaged an independent research agency to conduct customer research so we can better understand customers' needs and expectations, and to identify areas in which we can improve and provide greater value to our customers going forward. Focus groups and interviews with current, former and potential customers will be conducted from September 2020. This follows on from targeted customer research undertaken in May 2020 to understand customer preferences for [green energy products](#).

## New customer online portal

**Principle 4 | IAP recommendation 26 | Commitment status: Complete**

*In our previous disclosure report, we committed to upgrading the Stanwell Energy customer portal to improve functionality and access to reports and data.*

Based on feedback from our customers, we upgraded our customer online portal and billing system in May 2020. Upgrades to the portal provide our customers with improved access to their accounts, better mobile accessibility and improved user management.

Through the [customer research](#), we are re-engaging with our customers to understand their views on the upgrade and to identify additional services they would like to access via the portal.

## Customer newsletter

**Principles 2 & 4 | Commitment status: In progress**

*In our previous disclosure report, we committed to introduce a newsletter for customers to inform and educate them on market conditions, regulatory matters and key drivers affecting their energy costs.*

The development of this newsletter is underway with an expected launch in late-2020. The delivery of the newsletter was delayed allowing for the roll out of the new customer online portal and the customer research to finalise.

## Supporting customers to manage their energy use

**Principle 4 | IAP recommendation 26 | Commitment status: Incomplete**

*In our 2018/19 Disclosure Report, we committed to support our customers to make better decisions about their energy use, including implementing monitoring systems.*

In 2019, we investigated with several customers the use of energy monitoring hardware to inform the customer on energy usage around their facility. We also investigated the analytical capability of several meter providers.

Based on customer research (mentioned above), there may be an opportunity to provide additional energy use insights through our portal in future.

## New products aligned with customer requirements

**Principles 1, 2 & 4 | IAP theme 1 | IAP recommendation 12 | Commitment status: In progress**

*In our 2018/19 Disclosure Report, we committed to deliver a range of new contract offerings that are more aligned with broader customer requirements, giving customers greater control over how their electricity is procured.*

Throughout the year, our retail customers requested new products to meet their changing energy needs. We worked with these customers to develop bespoke product offerings and structures into their retail agreements, including customised billing, long-term pricing (up to 10 years), hybrid contracting arrangements, customers' management of their own energy consumption and environmental certificate requirements.

## Employee understanding of how they can benefit customers

**Principle 1 & 4 | IAP theme 1 | IAP recommendation 5 | Commitment status: In progress**

*In our 2018/19 Disclosure Report, we committed to improve our people's understanding of how their work contributes to outcomes for our stakeholders and our business to help them to make day-to-day decisions that balance the needs of our customers, neighbours and host communities with the commercial requirements of the business.*

The importance of balancing the needs of customers, communities and others who are affected by our business with Stanwell's commercial requirements is a primary focus of Stanwell's refreshed [corporate strategy](#). Targets for relevant divisions, teams and individual employees and contractors are linked to this requirement, as are team plans.

During the first half of 2020, engagement with our people has focussed on our COVID-19 related objectives of keeping our people safe; ensuring security of electricity supply and helping our host communities.

We will continue engagement with our people on how their work contributes to our customers, neighbours and host communities in line with our new corporate strategy and values.

## Understanding our stakeholders, their perceptions and expectations

**Principle 1 & 4 | IAP themes 1, 4 & 5 | Commitment status: In progress**

*In our 2018/19 Disclosure Statement we committed to undertake a stakeholder research project to gain a clear understanding of our stakeholders' expectations of us, as well as their perceptions of how we are performing on those expectations.*

During 2019/20, we engaged the University of Queensland to carry out this work.

Neighbour, community, tenant and employee research was completed prior to the implementation of COVID-19-related physical distancing measures. Interviews with regulators and shareholders will resume once pandemic measures are eased. Customer satisfaction research is being carried out separately.

The stakeholder survey final report will provide a baseline measure of our relationships with employees, neighbours, host communities, tenants, regulators and shareholders (see [Appendix](#) for interim results). This will enable us to track future performance

and evaluate the effectiveness of actions and strategies taken to enhance stakeholder relationships, as well as inform broader strategic initiatives.

## Community relationship management

**Principle 1 & 4 | IAP themes 1, 4 & 5 | Commitment status: In progress**

*In our previous disclosure report, we committed to implementing a more sophisticated tool to track issues and monitor stakeholder sentiment and to track our progress on achieving mutual benefit for our stakeholders and our business.*

We have implemented a customer relationship management platform to track community concerns and interests and incorporate these considerations in our decision making.

## Principle 5: Supporting customers facing vulnerable circumstances

For Stanwell, this principle is about how we work with our customers when they are experiencing business hardship to help them get back on track. It is also about how we are supporting the regional communities which host our coal-fired power stations. Some of these communities are among the most economically disadvantaged in Queensland. This support will be increasingly important as the energy market transitions to a lower carbon future.

Prior to COVID-19, there were limited policies or processes in place to support customers facing vulnerable circumstances other than those required by legislation. This was largely due to the nature of our customer base, who are large commercial and industrial businesses, which have a sophisticated and comprehensive understanding of the energy market. Since the pandemic, Stanwell has implemented policies and processes for evaluating eligibility for financial relief. For this reason, we have assessed ourselves as emerging for Principle 5.

## Supporting our customers and communities through COVID-19

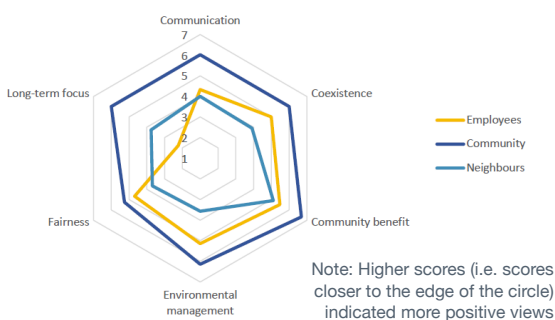
**Principle 1, 2, 3, 4 & 5 | IAP themes 1, 2, 5 & 6**

Our priorities in responding to the COVID-19 pandemic were the safety and wellbeing of our people and their families; continuing the supply of electricity to the National Electricity Market; and supporting our host communities. To support them through this time, we responded with a range of relief and support measures:

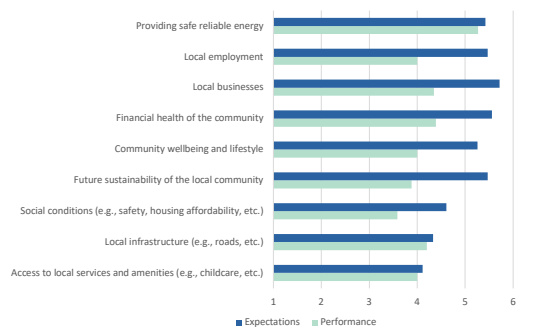
- **Retail customers** – We worked closely with our customers to support those facing financial hardship, tailoring solutions to each customer and their individual situation. For genuine cases of hardship, payment relief measures included extension to payment terms and waiving interest charges on future late payments.
- **End users** – We continued to run our power stations hard to exert downward pressure on wholesale electricity prices.
- **Suppliers** – Throughout the pandemic, we reduced our supplier payment terms to a maximum of 14 days to support our small to medium business vendors to manage their cashflow.
- **Communities** – The COVID-19 travel and social distancing restrictions imposed during 2020 isolated our host communities and prevented community organisations from carrying out their normal activities. We engaged with community leaders, Indigenous communities, neighbours, community groups and Local Disaster Coordination Centres on a weekly basis, to ascertain where immediate impacts were being felt within our asset communities, and to provide support. We adapted our social investment program to ensure financial support was available to organisations responding to emergency and priority needs in our asset communities throughout the pandemic. This included tailored support for providers of sexual assault, mental health, domestic and family violence services, who were experiencing increased demand as a result of the effects of COVID-19 restrictions. We also assisted Queensland Health by donating 50 influenza vaccines to Kingaroy Hospital, enabling vaccinations of critical hospital staff during a vaccine shortage.
- **Our people** – We quickly adapted our business processes and systems to respond to COVID-19 to ensure the health of our people and their families.

### Appendix – results of stakeholder survey

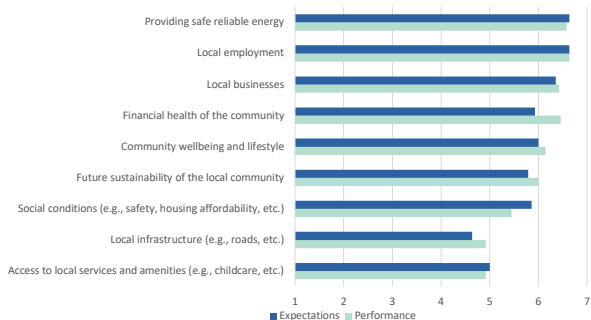
#### Stakeholder perceptions on aspects of Stanwell's performance



#### Neighbours' expectations and perceptions of Stanwell's performance



#### Community expectations and perceptions of Stanwell's performance



#### Employees' expectations and perceptions of Stanwell's performance

