

Energy Charter Disclosure Statement

2022-23



Introduction

We are pleased to present Essential Energy's Energy Charter Disclosure Statement, summarising our focus on customer-centricity for the period 1 July 2022 to 30 June 2023. We believe Essential Energy's future lies in facilitating regional economic development and building resilient, sustainable communities that thrive through electrification, regional connectivity and equitable access to our services.

Working towards this in our fifth year as an Energy Charter Signatory, we're focused on bringing our [Corporate Strategy](#) to life, clearly defining the path to an innovative and viable clean energy future and collaborating to build better understanding among everyone – our employees, other network operators and industry participants, government and regulators – of our combined potential to facilitate the transition.

A key part of our role is in supporting Australia's journey towards net zero by 2050. We're asking our customers to help lead business transformation, developing initiatives in response to pain points identified through customer journey mapping and embracing their changing demands and preferences as drivers for success.

A range of consultation channels is bringing our customers' voices directly into our decision making to help achieve affordable energy decarbonisation.

Emerging technologies and our 3D digital network twin modelling platform are bringing better understanding of our existing overhead network, with data showing up to double the capacity we previously assumed in some locations. This untapped capacity is a critical factor in facilitating electric vehicle integration and other new customer connections faster and at a lower cost – due, in many cases, to the need to upgrade the network being reduced or fully removed.

We're also augmenting existing capacity through a large-scale, network-connected battery trial and exploring the potential benefits of pole-mounted low voltage battery storage devices in areas with high consumer-owned solar system penetration.

In areas at risk of natural disaster and for edge-of-grid customers, we're offering utility-grade Stand Alone Power Systems (SAPS) as an innovative and cost-effective way to ensure reliable and safe electricity supply in suitable locations.

To facilitate new large-scale connections, we're improving our end-to-end connections process and committing dedicated resources to support customers through solutions. Our Major Network Connections team is helping proponents successfully negotiate complex generation connections by building strong relationships that promote a shared understanding of the project scope and requirements at every stage, and offering practical assistance by interacting on a proponent's behalf to negotiate outcomes with the Australian Energy Market Operator and Transgrid.

This engagement and facilitation approach is delivering notable process efficiencies in renewable generation connection and commissioning.

External collaboration and partnerships are critical to our success. This year, we've worked across the industry and with consumer advocacy bodies, educational institutions and renewable and other

technology organisations, sharing our experience in customer engagement to prevent disconnection and promoting this initiative's broader adoption, improving public safety outcomes, enhancing existing network visibility and enablement and trialling future network initiatives. We've also continued to inform and consult with government and regulators around the NSW Electricity Infrastructure Roadmap and ensure that customer choice in energy generation and usage is supported by inclusive consumer protections.

Affordability continues to be a prime focus, with wholesale market volatility and increasing Consumer Price Index (CPI) impacts creating significant challenges for our customers and all energy industry participants. While we continue to maintain downward pressure on our network charges through technology and capability uplifts, in FY24, the final year of the current regulatory period, a typical Essential Energy residential customer will pay an extra \$90.03 (a 10.02% increase) and a typical small business customer an extra \$331.06 (an 8.44% increase).

Our customers have noted affordability as a major concern, impacting their perceptions around our overall performance.

Our Customer Satisfaction Index saw declines throughout the year, moving from 80.7 in the final quarter of FY22 to 75.9 in FY23. In contrast, complaints continued to trend down, with a year-on-year reduction of 12.8%.

Improvement requires the clarity and courage to acknowledge what isn't working well, and the insight and flexibility to try alternatives. Advice and guidance from our [Customer Advocacy Group](#) and Essential People's Panel ensures our customers are always at the heart of our business strategies, operations and service levels. We welcome their review of our 2022-23 disclosure statement.



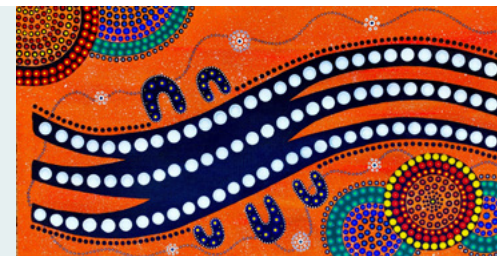
DOUG HALLEY
Chair



JOHN CLELAND
Chief Executive Officer

Acknowledgement of Country

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



For enquiries about Essential Energy's Energy Charter Disclosure Statement, please contact Mike Cole, Head of Customer, mike.cole@essentialenergy.com.au, 0408 094 719

About us and our customers

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

Business-wide customer insight

Through internal collaboration between specialist teams from across the business, we've created a new Customer Segment and Insights Data Model that delivers more granular visibility and understanding of our direct-end customer groups. The knowledge this provides gives every employee insight into who our customers are and the ability to interpret their needs over time, directly informing forecasting and investment decisions and improving service levels.

Capturing instant customer feedback

We're offering all customers who interact with our Contact Centre post-interaction surveys, helping us target service training improvements and issues resolution while increasing overall understanding of our customers' experience.

Direct connection with customers

Employees from all areas of the business can volunteer to be trained as Phone Support members and help our Contact Centre staff answer customer calls during major network events when inbound call volumes significantly increase.

To gain a better understanding and appreciation of what our customers and Contact Centre staff experience, our CEO and Executive Officer undertook phone support training in October 2022. By actively listening and gaining hands-on experience of our new omnichannel communications and systems technology, they directly connected with customers' individual issues and needs and re-committed to delivering the best possible service experience.



2022-23 key highlights

Customer-centricity

Expanding customer input

Following a successful pilot during engagement for our 2024-29 Regulatory Proposal, we've established an Essential People's Panel to complement our existing Customer Advocacy Group. This new customer council comprises connected residential and small business Essential Energy customers who provide another direct customer voice and perspective on customer impacts arising from our existing operations and any proposed initiatives, operational improvements that would benefit customers and improving engagement with our broader customer base.

The first meeting, held on 24 June 2023, covered our 2024-29 Regulatory Proposal, approach to managing bushfire risk, proposed transition to two-way pricing, measuring customer service and an introduction to Energy Charter initiatives. Meetings will be held regularly throughout the year.

Affordability

Small customer tariff trials

In partnership with retailers Red Energy and Discover Energy, we're undertaking tariff trials to better understand how pricing signals can shift household and small business electricity use, aiming to help alleviate network challenges around peak demand and solar generation exports and improve network and customer energy resource utilisation.

Through pricing and education, we're encouraging customers to shift their energy use to between 10am and 3pm, reducing demand on the network between current peak times of 5pm to 8pm.

The University of New South Wales is undertaking demographic, values and behavioural surveys and data analysis for the trials.

Outcomes to date have informed the tariffs we've put forward for the upcoming 1 July 2024 to 30 June 2029 regulatory period.

Optimising our existing network

Energy storage and demand management

In areas of potential network constraint, we're augmenting existing capacity in front of, and behind, the customer's meter.

For example, we're partnering with AGL to install a large-scale, network-connected battery in the regional town of Port Macquarie, with capacity to store up to 2MWh of exported solar energy generation and release it into the grid during evening peak demand times. Currently in trial phase, the battery has the potential to broaden export limits for our customers while solving local power quality issues and peak demand impacts on our network, in turn helping defer construction of a new zone substation. The battery will remain in service for a minimum of 15 years and is a first step towards a larger battery program for Essential Energy.

We're also engaging with a retail partner to explore the potential benefits of pole-mounted low voltage battery storage devices in areas with high consumer-owned solar system penetration.

The trial aims to unpack and test the potential multiple-value streams low voltage batteries can provide, while identifying improvements to network tariffs, connection standards, operating protocols and market rules and regulations where it is in the long-term interest of customers.

This will enable customers to access lower-cost, carbon-free, resilient energy, allow the network to support higher penetration of renewables at lower cost and provide supplier, market, and investor confidence to support continued development of the low voltage battery market.

Facilitating new energy solutions

On-site power generation and delivery

Following implementation of a national Stand Alone Power Systems (SAPS) regulatory framework in late 2022, we've commenced offering selected customers SAPS as alternatives to grid supply in locations where on-site power generation can increase power supply reliability and resilience and reduce operating costs.

These systems are an ideal solution for properties in remote locations at the end of long powerlines, in areas prone to natural disasters and in densely vegetated or difficult to access areas.

Essential Energy will own, operate and maintain these systems in the same way that we manage the current poles and wires, with continued 24/7 customer access to support.

Once installed, we plan to remove the unused poles and wires to minimise any risk of a network-initiated bushfire. This will also lower our network maintenance costs, driving down the cost of electricity for all our customers.

Sustainability

Understanding climate change impacts

In partnership with KPMG, we've completed a detailed climate change impact assessment of four acute hazards – bushfire, flood, heatwave and windstorm – to quantify the range of potential impacts these hazards may have on our network assets and the customers we serve.

Outcomes will be vital in informing our asset management strategies, technical standards development, network planning and design, investment decisions and contingency planning.

Smart Energy Communities project

Essential Energy is engaging with customers in their local communities to collect data and insights that will give us a deeper understanding of emerging needs, help identify options for affordable and reliable electricity supply and assist transition to a decarbonised future.

As part of a pilot project that will run for two years (concluding in March 2025), Wattwatchers smart energy management devices with the [myenergi app](#) are being installed in up to 200 customer sites across three communities – Tibooburra, Ivanhoe and Tea Gardens. Recruitment of participants is being led by [Wattwatchers](#).

Supporting customers in vulnerable circumstances

Uniting energy advice and support initiative

Since October 2021, Essential Energy has partnered with Uniting Financial Counselling to support customers in vulnerable circumstances.

This year, we've doubled our funding for Uniting's in-depth assistance for customers most in need, providing households with free financial advice and access to tailored counselling programs.

We will put customers at the centre of our business and the energy system



Objective: Be customer-centric

We're focused on achieving a deeper understanding of evolving customer needs, perceptions and sentiment, and tailoring our responses to enhance the quality of care and services we offer to our customers.

Key achievements

IAP2 engagement training

To help employees from across a range of different business areas gain skills and insights to engage with customers, partners, stakeholders and communities, we offer in-house engagement training aligned with the International Association for Public Participation (IAP2) Australasian framework. The sessions, comprising three modules – engagement essentials, engagement methods application and engagement design and planning – are facilitated by an IAP2 practitioner, and participants achieve an IAP2 Certificate of Engagement on completion.

Upgrading customer communication channels

A new Outage chatbot on our website, Facebook and digital channels is providing automated outage information to customers, and a new human chat facility allows customers to connect with our Contact Centre members through live web chat. E-mails are now automatically sent to the next available Contact Centre member, facilitating more efficient follow through. By offering integrated omni-channel communication systems, we are more responsive to our customers and can reduce call wait times. Following implementation, we increased the amount of customer outage calls answered in 30 seconds compared to the previous year (76.74% in FY22 to 77.80% in FY23).

Internal customer focus

We're sharing customer feedback and support stories through internal communications channels to increase awareness among all employees. Our most recent employee engagement survey saw increases across both of our customer culture metrics, with more employees saying they have grown in their ability to positively impact our customers, and had heard a story about how we had improved a customer's business or life in the previous 30 days.

Disaster recovery internet support

We're piloting a range of high-performance satellite units that provide fast, reliable internet access via Low Earth Orbit (LEO) satellites to employees in locations with little or no connectivity, and can make this service available to customers recovering from natural disaster impacts through community support hubs. Cellular mobile service redundancy has also been sourced to ensure our crews stay connected to support disaster-affected communities.

Public policy collaboration

We've engaged in public policy collaboration initiatives over the past year on our own behalf and through Energy Networks Australia (ENA), including reforming the approach for roll out of smart meters, setting customer energy resource standards to benefit consumers and improving support mechanisms for customers experiencing financial hardship.

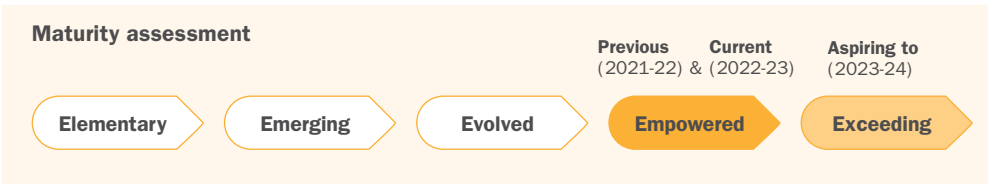
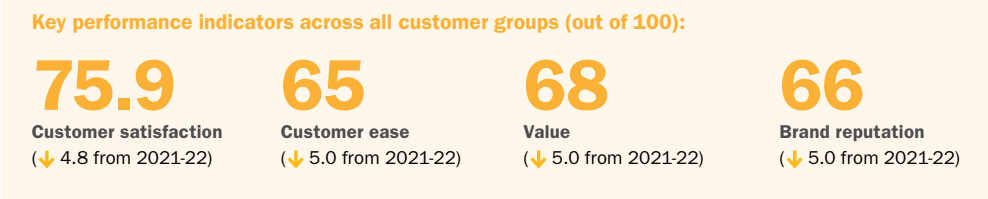
In the next reporting period

Customer-led business transition

We will introduce a Voice of Customer program that can deliver new insights into customer experiences across the majority of customer interactions (such as unplanned outages, vegetation management and asset inspections) and across multiple communications channels and touch points. Implementation is planned for August 2023 and will provide real-time, deep insights into what is working well and facilitate faster response to improvement opportunities.

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

Actual scores: (April – June 2023) Compared to the previous year, affordability has had a broad impact across most metrics, with both cost of living and energy price increases impacting customer sentiment.



Metrics: Indicators for connected customers, stakeholders and partners

	CUSTOMER SATISFACTION	CUSTOMER EASE	VALUE	BRAND REPUTATION
Connected customers combined ratings out of 100	76.3	69	70	67.7
Council, retailer and Customer Advocacy Group combined ratings out of 100	73	73	75	82
ASP partner ratings out of 100	52	43	57	52



We will improve energy affordability for customers

Objective: Deliver value

Essential Energy is working to maintain downward pressure on the network component of electricity bills while facing significant challenges across the industry, including increasing CPI impacts and wholesale market volatility. From 2023-24, we will also see impacts from recovery of the NSW Electricity Infrastructure Roadmap costs, which will continue to evolve over future years.

Key achievements

Tariff trials

Our existing tariffs are mainly based on the amount of electricity that customers use, regardless of when it is used. With increasing uptake of new technologies such as household solar, electric vehicles and battery storage, these tariffs can result in some households and businesses paying less than their fair share of our costs, while other households and businesses pay more. We're continuing to trial innovative tariffs that better reflect how customers use our network and improve fairness in the prices customers with different consumption patterns pay, partnering with some electricity retailers to test customer responsiveness to different tariff options and assess bill impacts.

The trials involve low-voltage residential, small business and large business customers and a grid-connected battery.

Investment optimisation award

Essential Energy received recognition at the 2022 Copperleaf Asia Pacific and Japan Innovator Awards for workflow management in our Network Investment Planning and Management system. This Copperleaf-based system is designed to apply a monetised risk approach to network investment decisions and manages investment throughout the pipeline from planning through to delivery.

Network enablement

Trial adjustment of voltages at Taree zone substation downwards to more closely align with the 230-volt Australian Standard has demonstrated that we can maintain safe and stable power supply to our customers while maximising headroom for embedded generation to export energy through the middle of the day. Results in Taree have shown a cumulative 5% increase in output from existing rooftop solar systems over a six-month period.

We're now progressively transitioning the network to lower voltage levels over a five-year period. By managing voltage within current network configuration as a priority, we are minimising the need for alternative network augmentation works, which in turn delivers value to all customers.

Digitisation cost efficiencies

Adoption of DocuSign for electronic execution of the majority of our major network connections contracts is helping enhance customer and internal stakeholder experience, while also improving productivity and cost efficiencies.

In the next reporting period

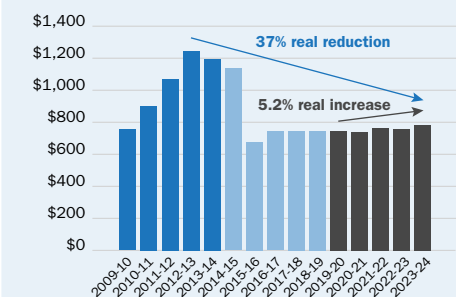
High voltage customers investigating investment in renewable technology to offset their electricity consumption and carbon footprint can take up to three years in meeting the connection requirements of the National Electricity Rules. This is coupled with financial investment in study and network augmentation costs required to facilitate the project connection point. Following success with an initial trial project that was facilitated within six months and enabled the customer to substantially reduce study and network augmentation costs, Essential Energy is working on internal process options that will enable customers to utilise renewable technology behind their point of connection metering and offset their existing maximum demand. This arrangement will be dependent on the customer electing to have a zero generation export.

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

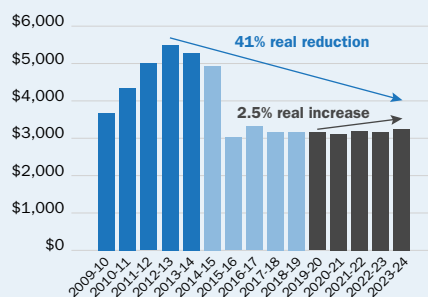
Actual outcome: In real \$FY23 terms, from their peak in 2012-13 of \$1,245 per annum, a typical residential customer's annual distribution network charge has reduced to \$784 in 2023-24 – a saving of \$461 per annum, or 37.0%. Over the same period, a typical small business customer has achieved an annual saving of \$2,253, or 40.9%.

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

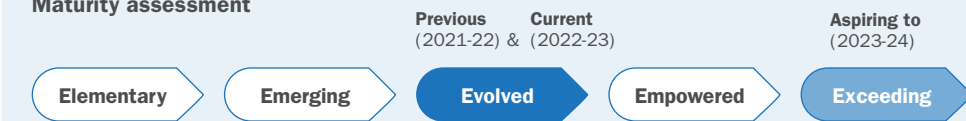
Typical Residential customer using 5 MWh per annum – annual distribution use of system network bill real (\$22-23)



Typical Business customer using 23 MWh per annum – annual distribution use of system network bill real (\$22-23)



Maturity assessment



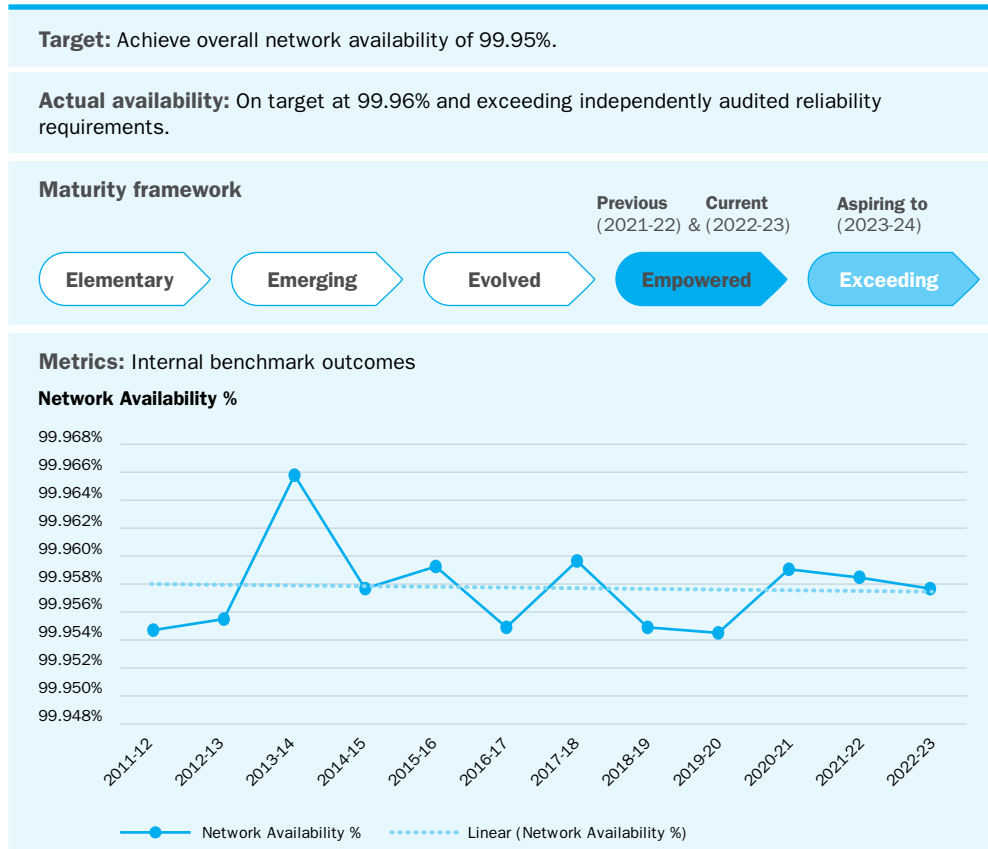
Metrics: Our Corporate Strategy is designed to improve customer service and experience while lowering overall costs. Lower costs directly contribute to lower network charges for customers across regional NSW. Our performance this year is evidenced in productivity graphs in Appendix 1.

We will provide energy safely, sustainably and reliably



Objective: Be safe, reliable and sustainable

Digital twin, bushfire and climate risk modelling are providing critical insights into our network's existing capabilities and performance, and informing planning for disaster recovery and safe, reliable, sustainable network renewal.



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

Key achievements – external

Safety

Prioritising public safety

A new Public Safety Treatment Plan was approved in January 2023 to manage risks associated with members of the public interacting with Essential Energy's network. The treatment plan measures and reports public safety risk, strategy actions, treatment and action owners.

It is supported through ongoing collaboration with Safe Work NSW, Energy Queensland, Before You Dig Australia, Aerial Applicators Association of Australia, NSW Farmers and agricultural suppliers, customers, industry groups and regulators. Messages and learnings are shared with peer organisations.

Eliminating potential shock incidents

Essential Energy engaged Osmose Australia to conduct a pilot survey of around 2,500km of our underground network to detect any voltages on earthed equipment such as street lighting poles, metal fences, pillar bases and traffic signals that could result in shocks or tingles. The aim is to assess the cost benefits to Essential Energy from an ongoing survey program.

Between February and April 2023, a mobile unit utilising non-invasive electric field detection technology was able to detect underground objects energised with less than 1 volt in pilot survey areas from Albury to Wagga Wagga, in Queanbeyan, Bathurst, Taree, Port Macquarie, Coffs Harbour, Ballina, Ewingsdale and Tweeds Heads. Early detection can help us rectify any voltage defects more efficiently and protect public safety. It can also help minimise electrical losses in the distribution network, reducing environmental impact.

Contractor safety management

To ensure effective work health and safety induction and field management for our contractors, we're delivering face-to-face refresher training for all Essential Energy employees who engage contractors. Roll out across some 75 depots commenced in August 2022 and is planned for completion by August 2023.

Reinforcing aerial safety

Essential Energy has become Australia's first distribution network provider to adopt the Flight Safety Foundation's Basic Aviation Risk Standard (BARS) Program to help strengthen aerial safety for our employees and contractors.

Sustainability

Electric vehicle facilitation

We're facilitating electric vehicle (EV) adoption by:

- appointing a dedicated EV Program Lead, EV Charging Station Connections Experience Specialist and Commercial Specialist
- offering visibility of estimated substation kVA capacity availability through an internally developed [web-based map](#) that helps charging providers identify potential locations for electric vehicle charging station connection points prior to contacting Essential Energy. This can help streamline the connections process and free our Connections team to improve response times to more complex enquiries
- partnering with a charging provider to develop customer connection decision support tools and ways to increase utilisation of the existing network to minimise the need for augmentation
- participating in EV smart charging and V2X (vehicle to everything) research programs
- investigating ways to deploy kerbside charging in areas that are not currently economically viable for charging providers.

Aboriginal heritage training

To increase awareness of Aboriginal heritage compliance obligations, in collaboration with a consultant archaeologist, Essential Energy's Environmental Services team delivered two Aboriginal heritage training sessions – one in Canberra on 6 June and one in Coffs Harbour on 8 June 2023 – for a range of employees who are involved in completing or assessing environmental impact assessments and construction.

We will provide energy safely, sustainably and reliably



Reliability

Building a more resilient network

A clear definition for network resilience developed in collaboration with our distribution network operator peers is helping us build internal capabilities and identify opportunities to improve network resilience, both as a whole and across our asset classes. Key facilitation programs include composite pole roll out, network undergrounding in areas at high risk of bushfire and storm impacts, strategic SAPS transition and microgrid partnerships.

In the next reporting period

We will trial distribution online tap changing (OLTC) transformers at two locations on our network. These transformers dynamically adjust voltage at customer connection points as solar generation occurs during the day, helping to improve customer-owned solar system performance and better manage power quality on the low voltage network.

Key achievements – internal

Safety

Critical Control Risk Framework

To ensure clarity for our field staff, we're reviewing network fatal risks (situations or events with potential to result in a fatality or serious injury) and refreshing critical risk controls through a new framework. Our Organisational Safety and Operations teams are working with experts across the business to map work tasks associated with seven network fatal risks and 10 safety business risks and identify critical controls that ensure effectiveness. This framework enables all employees to be clear in their approach to hazard control and apply the most effective risk mitigations.

To date, we've launched updated Working with Electricity and Driving and Transport critical controls, and we'll continue to roll out the remainder this calendar year.

Sustainability

Fleet electrification

We've partnered with a third party to develop a comprehensive fleet transition plan, and have successfully accessed the NSW Government's *Drive Electric NSW EV fleets* financial incentives and support for adopting electric vehicles.

To date, we have 14 fully electric vehicles, one fully electric ute and 19 fully electric forklifts across our operational area and have an elevated work platform truck that uses battery power to operate the plant, facilitating efficient task management while minimising environmental impact.

Procurement sustainability

In April 2023, we launched a Procurement Sustainability strategy that complements and builds on our corporate sustainability strategy.

Supporting this, since May 2023 we have incorporated a suite of best practice social, economic and environmental sustainability criteria derived from the United Nations Sustainability Framework into our major procurement processes.

Weighting criteria are applied to mandatory questions about prospective contractors' regional community and small business support ((including procurement from Aboriginal and Torres Strait Islander businesses), and environmental impacts and mitigation strategies.

Reliability

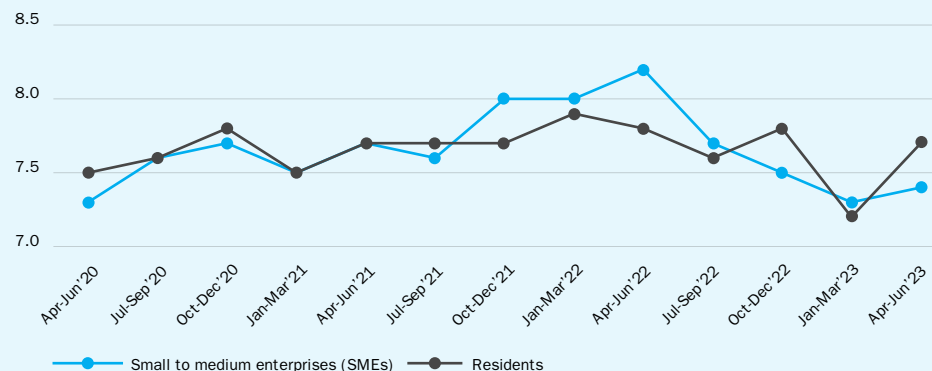
Evolving our understanding of bushfire risk management

In partnership with Melbourne University and using industry-leading modelling and technical capabilities, we've completed a detailed review of bushfire risk across our footprint. Outcomes will help us mitigate network-initiated fire risk and manage asset resilience in line with bushfire risk levels.

Customer reliability perceptions

Through our quarterly research program, we track residential and small business customer perceptions of whether Essential Energy is reliable. The latest residential customer score of 7.7 is above the overall mean, indicating that our customers generally associate Essential Energy with strong reliability. However, decreases to the year-on-year average highlight changing customer expectations as energy prices increase.

Reliable (Mean Score)



Q. How strongly do you associate the following phrase with Essential Energy? "RELIABLE – keeps the lights on and provides a consistent supply" Scores are out of 10, where 10 is the most positive. Residents (n=600), SMEs (n=200)

In the next reporting period

We aim to complete our Critical Control Risk Framework project by June 2024.



We will improve the customer experience

Objective: Be easy to do business with

The in-depth understanding we're gaining from ongoing research and direct customer engagement is refocusing our assumptions about needs, expectations and preferences and driving customer-led business improvement.

Target: Customer Ease score of 80 out of 100

Actual Customer Ease score (April – June 2023): 65 (down 5 from FY22)

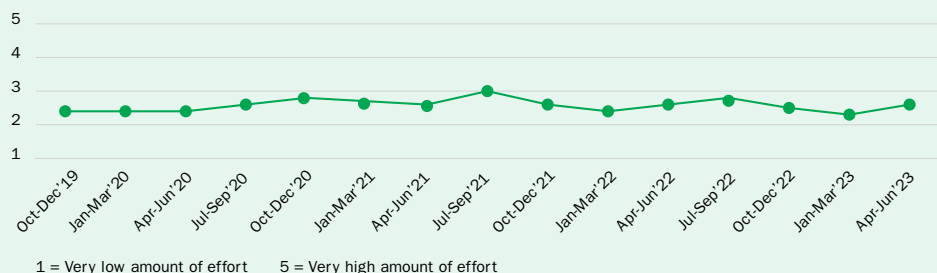
Maturity framework

	Previous (2021-22) & (2022-23)	Current (2022-23)	Aspiring to (2023-24)
Elementary			
Emerging			
Evolved			
Empowered			
Exceeding			

Metrics: A total of 261 complaints relating to Essential Energy were referred to the Energy & Water Ombudsman NSW (EWON). Of these, one was an enquiry (a customer contact that is not a complaint, such as a customer query about an approved charge). This is on par with the number of complaints opened last financial year (2.8 per 10,000 customers in FY22).

ENQUIRIES	NUMBER PER 10,000 CUSTOMERS
Enquiry / General Enquiry	0.1
Complaint Enquiry / Refer to Member / Refer to Customer Service / Unassisted Referral / Referral / Refer Back	1.2
Refer Higher Level / Assisted Referral	1.1
Complaints	0.4
• Level 1 / Conciliation / Stage 1	0.1
• Level 2 / Consultation / Stage 2	0.2
• Level 3 / Investigation / Stage 3	0.1
TOTAL	2.8

Customer effort scores: (amount of effort customers personally had to put into interactions with Essential Energy)



Key achievements

Customer meter reading service

Following a successful trial, we're now offering customers with ongoing property access issues a Read my Meter process that enables them to submit their own meter readings via a secure web-based application.

Council collaboration

Our Chief Operating Officer, Chief Commercial Officer and Head of Strategic Council Partnerships are progressively meeting with council General Managers, CEOs and Mayors from each of the 86 local government areas within our footprint on an ongoing basis. These meetings (generally held via Zoom) offer a channel for informal discussion at Executive level around potential issues, opportunities for improvement and ways we can better work together to benefit our communities and support regional growth.

Optical dark fibre deployment

Essential Energy owns and operates a dark fibre network of currently unused fibre optic cable that extends over 1,600 kilometres across regional NSW. This offers opportunities to bring advanced fibre communications to the coverage areas and support the renewable energy market.

In late 2021, we contracted Universal Communications Group Pty Ltd to construct the West Wyalong Fibre Communications Pathway, a communications service for local solar farms that comprises around 100 kilometres of new pit and pipe infrastructure and more than 125 kilometres of fibre optic cable between Temora and West Wyalong. Funded by the solar farms, the project was commissioned on 14 April 2023.

BetterConnect automated connection project completion

Following collaboration with key users, in June 2023 we delivered the final stage of our BetterConnect initiative, automating Notification of Service Work (NOSW) and Certificate of Compliance (CCEW) form submissions, and basic connection inspection and defect management arrangements. This streamlines these processes for Level 2 ASPs and electrical contractors.

Overall project completion provides a quicker, automated connection process across both low voltage and high voltage connections, improving the experience for customers, ASPs and electrical contractors, solar retailers and installers and other partners involved in connection projects.

Making subdivision connection easier

Until recently, we assessed real estate subdivision development connection applications individually. This can add substantial time and cost to the connections process.

We've developed a dedicated subdivision connection Model Standing Offer (MSO) that delivers time efficiencies and cost savings by streamlining standard connection applications and reducing the requirement for individual negotiations. The new MSO provides a clear summary of key requirements for each phase of a standard subdivision connection project, and the roles and responsibilities of all parties involved in the contestable connections process.

In the next reporting period

To ensure benefits of our new BetterConnect Essential Connections portal are realised and processes are optimised over time, we'll seek feedback through a register end-users can use to raise issues and enhancement ideas. The system will deliver consistent process performance analysis that will enable the business to target areas for uplift.



Supporting customers in vulnerable circumstances

Objective: Be trusted and supportive

Customers experiencing vulnerable circumstances can have additional or different needs, and limited ability or willingness to seek assistance. We aim to ensure our employees have the necessary skills to recognise those needs and the capability to respond appropriately to ensure fair treatment of these customers throughout their customer journey.

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

Response during the reporting period: Pro-active support provided to customers in vulnerable circumstances, tailored to their needs.

Maturity framework

	Previous (2021-22) & (2022-23)	Current (2022-23)	Aspiring to (2023-24)
Elementary	Emerging	Evolved	Empowered
Exceeding			

Metrics: Customer Support Policy access

Of 85 customer support applications submitted during the reporting period, customers pursued a total of 34 through the assessment process and were deemed eligible for financial support under the policy, with a total amount of \$138,303.92 paid. Additionally, we provided support through waiving network damage debt and recoverable works payments on compassionate grounds.

Key achievements

Australian Business and Community Network (ABCN) mentoring program

Essential Energy employees are volunteering to support the [ABCN](#), a not-for-profit organisation that connects businesses with low socio-economic status schools to address educational disadvantage through mentoring and business/school partnerships. Kicking off in June 2023, over the coming year a pool of employee mentors will support a number of digitally-run programs covering confidence and interpersonal skills building, linking STEM studies with real-world applications, leadership opportunities and post-school career path advice and assistance.

Helping young Indigenous people reach their potential

We continue to partner with the Clontarf Foundation, which aims to improve the education, discipline, life skills, self-esteem and employment prospects of young Aboriginal and Torres Strait Islander men, and in July 2022 we entered into a partnership with the Stars Foundation, which supports Indigenous girls and young women to attend and remain engaged at school, complete Year 12 and move into work or further study.

Uniting energy advice and support

We're funding Uniting Financial Counselling to deliver an Energy Support Program focused on tailored, one-on-one advice and assistance to electricity customers in regional NSW who are struggling with issues of energy affordability.

Case study: May 2023

Caitlin* was referred to Uniting's support program by her local community agency, which was providing housing support for her, her own two young children and her unwell sister's two children. Caitlin relies on the single parent payment for her income and is finding it difficult to manage the rising cost of living. She suffers from a chronic health condition and the poor condition and thermal performance of the house she lives in was exacerbating her illness.

With no fixed heating, she was relying on inefficient portable heaters to stay warm, and heating costs were significantly increasing her energy bills. She was concerned about being disconnected, as she relies on medical devices to manage her health condition.

The Uniting team helped her set up as a life support customer so she can benefit from the associated rebate. They also helped her access her retailer's hardship program, and move to a cheaper electricity plan that will save her over \$600 a year. She was assisted to apply for NSW Energy Accounts Payment Assistance (EAPA) vouchers to reduce her electricity debt by \$400, and a matching payment plan was set up through which, when she makes a payment, the retailer pays an equivalent amount off her bill.

Appliance and other energy efficiency advice and referrals to other local community programs, including food support, financial counselling, a No-Interest Loan provider to help replace an old, inefficient fridge and Centrelink assessment for carer support will also help minimise future risk of disconnection.

Caitlin was deeply appreciative of the support and the referrals to other services, to which she previously hadn't had access, and was relieved to know that she is now not at risk of disconnection.

*Not her real name

In the next reporting period

We will continue to provide funding support for Uniting to support customers experiencing vulnerable circumstances.

'We recognise the energy transition is likely to have disproportionate impacts for our most vulnerable customers. This must be a clear and ongoing focus for Essential Energy and all energy industry participants in the coming years.'

John Cleland CEO

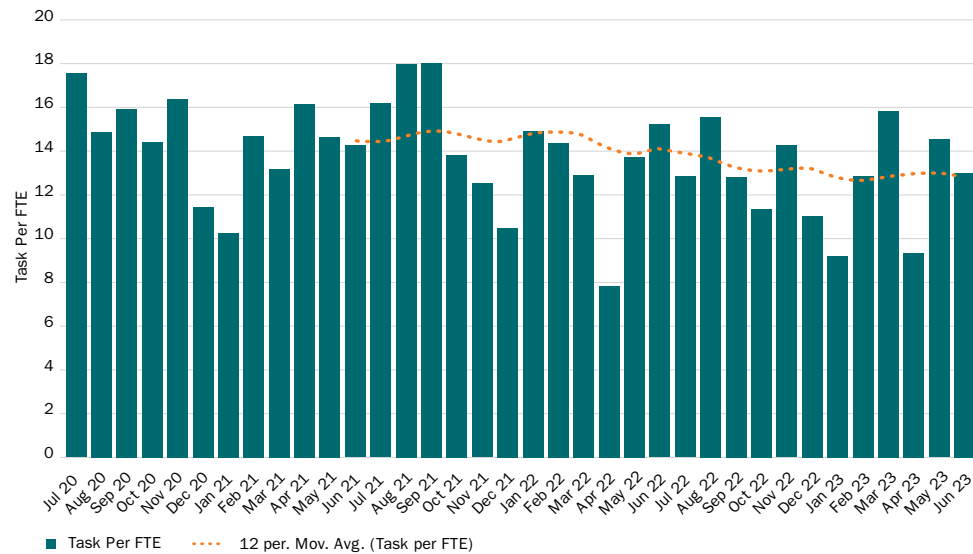
Appendix 1: Productivity outcomes

Workforce efficiency

Essential Energy remains focused on reducing outstanding tasks to minimise network risk, with 12.7 average tasks delivered per employee in FY23. This is a reduction from the FY22 result of 14.0, which is mainly attributable to weather impacts.

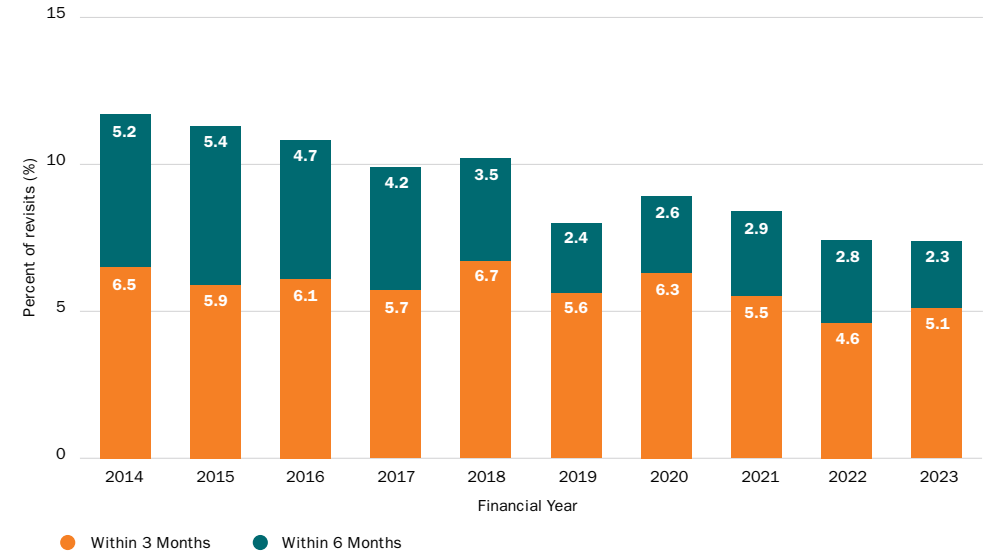
Flooding in the Lismore region during 2022 prevented access in the Ranges Operations Area for a long period, and flooding in the Central West impacted depots across 60% of our Operations Areas from September 2022 to February 2023. Other external impacts, such as seasonal variations, peaks in winter and troughs in summer holiday periods, also impacted task completion results. Positively, the task per FTE result has improved since the previous regulatory period (9.2 in FY15).

Completed Tasks per full-time equivalent (FTE) (Monthly)



Operational efficiency

Operational efficiency – return visits to poles



Appendix 2: Listening and acting

Accredited Service Providers

Our ASP Focus Group (comprising more than 20 Level 1 and Level 3 ASPs) actively reviews performance of our new Essential Connections online platform and participates in requirements gathering, user acceptance testing and system pilots. The group told us we need to streamline the connection application and offer process, particularly for real estate developments and subdivisions. We've worked with the Australian Energy Regulator (AER) to develop a new Model Standing Offer for subdivisions that enables developers to progress their connection without lengthy negotiation.

Councils

Regular discussions with Councils around network support and other opportunities has highlighted a need for collaborative planning. We're responding by appointing two dedicated Co-strategic Planning Liaisons within Essential Energy to work directly with key contacts at each Council on current and future planning projects.

Connected customers

Feedback from customers through journey mapping is helping us prioritise and develop projects that improve their experiences. In addition to rolling out our omnichannel voice and digital customer support system (see Principle 1), we're implementing estimated outage restoration time improvement initiatives and continually looking at new technology and other improvements that can deliver better, more timely customer service.

Customer and stakeholder tariff trial development

When working with customers, our Customer Advocacy Group and other stakeholders to design tariffs to trial, it was suggested that education alone could drive sufficient customer behavioural change to alleviate our network challenges and the need for more complex network tariffs. We've acted by delivering an education-only trial based on positive messaging around 'Timing is everything'. The aim is to test the extent to which residential and small business customers alter their energy use in response to education material and how this correlates to addressing peak demand, peak exports, network utilisation and improving customer energy resource utilisation. The University of NSW will undertake a desktop study using smart meter data before and after the education campaign to determine whether any broad average changes in consumption can be observed.

Network resilience and renewables support

During consultation around our 2024-29 Regulatory Proposal, customers told us that, considering increases in natural disaster events and the rapid adoption of renewable energy generation creating power quality issues, network resilience and future networks were critical areas for Essential Energy to address. Both of these have sustainability at their core and the National Electricity Rules (NER) are not clearly framed to address growing community concerns about climate change and sustainability.

Through four phases of engagement, customers refined their expectations for Essential Energy to replace some assets with more resilient options and support more renewables on the network. Customers also confirmed they expected Essential Energy to support communities experiencing disasters through initiatives such as supplying generators and a portable community hub.

In response, we're rolling out power poles made from composite material that can withstand significant heat and fire damage in at-risk locations and offering SAPS to customers in locations where on-site power generation can increase power supply reliability and resilience.

Additionally, as part of our corporate strategy implementation, we're piloting fast, reliable internet via Low Earth Orbit satellites to potentially make this service available to customers recovering from natural disaster impacts, through community support hubs and, where necessary, with power from portable SAPS. In some locations our digital twin technology has helped us identify up to double the capacity of our existing overhead network than has been traditionally assumed, offering opportunities to support more renewable connections.

It's worth noting that there are now plans for emissions to be better reflected in the NER.

Customers and partners have also told us:

'I personally believe the Gold Standard for Customer Service Procedures and Disaster Recovery Protocols goes to Essential Energy. They invested time and energy in immediately understanding the nature and scope of the devastating fires. They knew who their customers were, where their customers were located and what their customers needed. They took ownership of their customers' needs with decisive actions, simplified processes and demonstrated leadership – Bravo!' **Goulburn region**

'I'd like to thank two Essential Energy staff who went above and beyond for us yesterday. We were interstate and our meter box is locked so couldn't be opened by anyone other than Essential Energy. Their staff saved the day, accessing the box and turning the switches back on to our fridge and freezers full of food. Then they rang to confirm what they'd done. Thanks so much!' **Orange region**

'Just a big thank you to your people. They have been working in my street for the past week, replacing poles, etc. They are efficient, professional and friendly. A credit to the company. They are very much appreciated for the work they do.' **Moruya region**

'CEO John Cleland is fantastic. He is very transparent, shares information with us. Some pretty serious stuff over time. I think they would be right up there with their transparency and honesty.' **Customer Advocacy Group member**

'Essential Energy provides a wonderful service in notifying life support customers of future planned outages. I really appreciate this, and the follow-up phone calls they make to make sure the letters have been received.' **Glen Innes region**

Appendix 3: Fulfilment of commitments made in 2021-22

PRINCIPLE	COMMITMENT	OUTCOME
PRINCIPLE 1: We will put customers at the centre of our business and the energy system	Omnichannel will automate customer sentiment monitoring and offer customers post interaction surveys, helping us target service training improvements. A new chatbot on our website, Facebook and digital channels will provide automated outage information to customers.	Commitment fulfilled – see Principle 1
	We'll use customer journey mapping outcomes to prioritise and develop projects to improve future customer experience.	Commitment fulfilled – see Principle 1
PRINCIPLE 2: We will improve energy affordability for customers	Our residential and small business tariff trials will run through to 30 June 2024. University of NSW will then analyse the results in conjunction with customer demographics and the lived customer experience. Results will inform our Revised Tariff Structure Statement for the 2024-29 regulatory period, due to be submitted to the AER in January 2024.	Ongoing – see 2022-23 Key highlights and Principle 2
	We will work to embed Enterprise Resource Planning efficiencies into our operating model, realising benefits to customers.	Efficiency gains are progressively being realised
PRINCIPLE 3: We will provide energy safely, sustainably and reliably	Findings from our public safety survey and increased stakeholder collaboration and engagement will inform a revised approach for our FY23 Public Electrical Safety Awareness Plan campaigns and messages, focusing on behavioural change.	New campaigns informed by customer and stakeholder feedback are in development
	Up to 73 apprentices and 23 trainees are approved for 2023 to support an increased work program and to provide for an ageing workforce, and up to 13 graduates are approved to provide resourcing in critical workforce segments.	In this financial year, 99 apprentices, 25 trainees and 11 graduates have joined the business
PRINCIPLE 4: We will improve the customer experience	We will continue to negotiate with the major telecommunications carriers to deploy 5G network on our network infrastructure.	Agreements have been signed with two telecommunications companies to deploy 5G technology on our power poles
	We will work closely with Councils to deliver small scale roll out of smart streetlighting controls.	Ongoing – in June 2023 we commenced a six-month trial in Bathurst, to explore benefits and issues of the technology for Bathurst Regional Council and Essential Energy
PRINCIPLE 5: We will support customers facing vulnerable circumstances	We will include Uniting NSW's details on the customer assistance leaflet delivered with the notice to non-paying customers of intent to disconnect their power supply in selected trial areas across our network to gauge take up.	Uniting NSW's contact details will be included once current stocks are depleted (estimated to be in August 2023)