

2023 Energy Charter Feedback Summary

Contents

Introduction	3
Our Engagement Approach	3
Disclosure Report and Maturity Assessment	3
Maturity assessment	4
Joint CEO Forum with Aurora Energy 2023	7
Participants in joint forum	8
Priority issues raised at the joint CEO Forum	8
Theme 1: Greater communication needed to improve energy literacy	8
Summary of feedback:	8
Theme 2: Impact of cost of living increases, especially for vulnerable customers	9
Summary of feedback:	9
Theme 3: Improving stakeholder trust	9
Summary of feedback:	9
Commitment to collaboration	10

Introduction

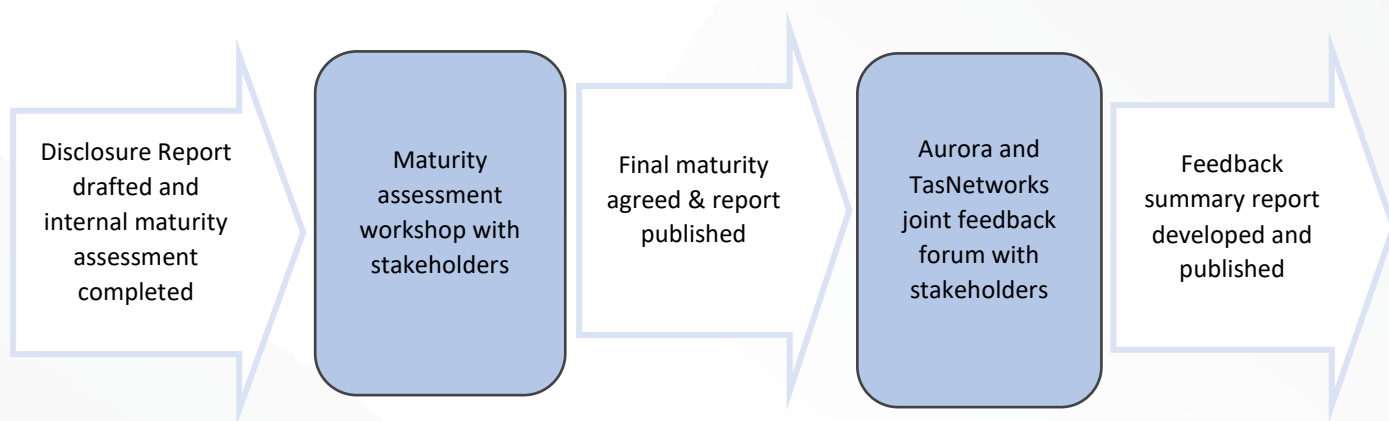
After joining the Energy Charter in 2021, TasNetworks published its second Energy Charter Disclosure Report in 2023. The Report includes the key customer outcomes achieved under the five Energy Charter principles delivered in 2022-23, and the key focus areas for the next 12 months.

As part of a decentralised accountability model, TasNetworks leveraged its existing stakeholder working groups including our Customer Council, to facilitate feedback on our performance against the five principles.

Similar to 2022, TasNetworks held a joint CEO forum with Aurora Energy to ensure stakeholders had a chance to discuss broader Tasmanian electricity supply chain issues as well as continue important conversations on critical issues such as affordability and Tasmania's role in the renewable energy transition.

This document summarises the key engagement activities undertaken to collect feedback on our maturity ratings, commitments and priorities contained in TasNetworks' 2023 Energy Charter Disclosure Report. It also includes priority issues captured through the joint CEO Forum with Aurora Energy.

Our Engagement Approach



Disclosure Report and Maturity Assessment

An Energy Charter 'Maturity Assessment Workshop' was held in July 2023 with eight of TasNetworks' key stakeholders. This included stakeholders from a number of TasNetworks' stakeholder working groups including:

- Sam Unsworth (Aurora Energy)
- Penny Cocker (Australia Electric Vehicle Association)
- John Pauley (Council of the Ageing)
- Georgia Prenter (Hydro Tasmania)
- Andrew Bowen (Master Electricians)
- Sue Morrison (Renewables, Climate and Future Industries Tasmania)
- Sharon Raymond (Renewables, Climate and Future Industries Tasmania)
- Stephen Durney (Tasmanian Council of Social Services (TasCOSS))
- Robert Mallett (Tasmania Small Business Council)
- Mark White (University of Tasmania)

The session was attended by the TasNetworks CEO and a number of other Executives and senior representatives from across the business.

At the session, TasNetworks shared an update on key achievements against Energy Charter principles. This included a transparent conversation about the commitments that hadn't yet been completed.

A Menti survey was then used to collect stakeholder feedback which enabled stakeholders to provide feedback anonymously.

All results were consolidated and the group discussed the findings.

TasNetworks considered the feedback and shared this with our Executive Team and Board. Based on these engagements, changes were made, and a final maturity rating was established.

Maturity assessment

Overall, there was positive recognition of the outcomes that TasNetworks had delivered for customers in 2022-23. Participating stakeholders rated TasNetworks higher across all principles compared to the internal maturity assessment ratings.

While it was pleasing to see that result, after discussions with our Executive and Board, we did not adjust out ratings fully to the next level. To acknowledge the positive stakeholder feedback received through the maturity assessment workshop, we have rated our maturity as being between Emerging and Evolved with the exception of principle 3 which we moved to Evolved.

Stakeholder Feedback

General feedback

Feedback	In response
Ongoing reporting and more regular updates would assist with tracking progress of commitments. A year's worth of updates is a lot to consider in the one maturity assessment meeting.	We will introduce a standing agenda item into relevant working group meetings to ensure regular updates are provided throughout the year.
Stakeholders encouraged TasNetworks to focus on activities that go beyond BAU and to think about how we can better explain 'why it matters to customers' or 'how they benefited	A key learning from 2022-23 has been to focus on quality of commitments rather than quantity. A maturity pathway has been developed that references the Energy Charter's Menu of Measures. This will ensure we are selecting priorities that give us the greatest chance of driving positive customer outcomes. We will work to better articulate those initiatives and activities that go beyond regulatory requirements in our Energy Charter and business reporting.
Stakeholders shared that the real strength of the Energy Charter is the collaborative focused initiatives such as the better together activities.	TasNetworks is already very well represented across a number of the #BetterTogether initiatives and we are committed to continue our focus on these throughout 2023-24.

Feedback against each principle

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

What we heard	Our response
<p>While the Revenue Reset is critical work and a huge investment – it is a regulatory requirement.</p> <p>For the customer to be at the centre of the business, we need to see that you’re thinking about it, before we need to think about it.</p> <p>We want you to be more proactive, not ‘steady as she goes’.</p> <p>TasNetworks is evolving very rapidly into a stronger customer focussed business but still behind private companies.</p> <p>“I’ve seen you move in the right direction”.</p> <p>“The fact you’re now in the Energy Charter (when you weren’t previously) shows movement.”</p>	<p>While the Revenue Reset is a regulatory requirement, our engagement approach has been a significant step change and one that has been co-designed with our stakeholders.</p> <p>The insights and customer preferences gathered through that 2 year engagement program has provided us with a strong baseline for stakeholder and customer engagement and the quantification of customer value more holistically in the business.</p> <p>We will leverage these insights and those from other activities, as we focus on a more customer centric culture in our ongoing business activities.</p>

Principle 2 - We will improve energy affordability for customers

What we heard	Our response
<p>The highlights provided look to the future, rather than what has happened in the last year. There is no evidence that customers are better able to afford their energy.</p> <p>Activities that are significant to the business ie: Transformation, may not yet be significant in terms of customer outcomes.</p> <p>It doesn’t appear that the Transformation savings will translate into price reductions for customers.</p> <p>Cost reflective pricing doesn’t necessarily improve energy affordability for customers.</p>	<p>In a time of significant energy transition, in addition to economic uncertainty and rising cost of living pressures, TasNetworks was able to deliver a safe and reliable electricity supply to our residential customers in 2022-23 with a minimal increase in network charges (approximately 0.4 per cent).</p> <p>TasNetworks continues our focus on keeping business costs as low as possible. This includes ongoing rollout of our Transformation Program, which is forecast to reduce operational costs by \$200m.</p> <p>Recognising that affordability remains a key concern for our customers, TasNetworks made a number of trade-offs and decisions as part of our 2024-29 Combined Regulatory Proposal to keep costs as sustainably low as possible without sacrificing reliability and safety. We have, and continue to, absorb increasing costs due to inflation to maintain affordability for customers.</p>

	We are encouraging Time of Use pricing, to avoid needing to invest in further infrastructure in the network to accommodate high usage at the same time.
--	---

Principle 3 - We will provide energy safely, sustainably, and reliably

What we heard	Our response
<p>It is unclear whether performance targets have linked accountability to executive and senior managers for embedding a culture of safety and wellbeing.</p> <p>When we started the Reset Advisory Committee process, everybody we dealt with saw the role of the business to be – safety, sustainability and reliability. That was hard-wired into everybody. Since you were already there, I don't think you're transitioning. As an engineering business, that's where you started.</p>	<p>TasNetworks remains committed to providing safe and reliable services – this is something we will never compromise on. Our focus on safety and well-being is unwavering, demonstrated by the number of significant and reportable incidents falling below our targets in 2022-23.</p> <p>Clear performance targets are in place for the TasNetworks CEO, which reflect safety metrics and targets, first and foremost. In turn, that flows through to the entire Executive Team.</p> <p>The challenge TasNetworks faces is continuing to provide safe, sustainable and reliable services at a price that customers can afford in an environment of increasing cost.</p>

Principle 4 - We will improve the customer experience

What we heard	Our response
<p>Tasmania has poor digital literacy. If you are going to a digital strategy, you need to think about providing support to improve the current literacy levels.</p> <p>"I don't get many complaints from my members about their small businesses being unduly interrupted as a result of that customer experience. In other states, they have all sorts of strife. But that's not something I hear from any of my members, at any time, that they've been significantly disadvantaged as a result of some of the stuff TasNetworks gets up to."</p> <p>Stakeholders encouraged TasNetworks to set more aspirational customer metrics.</p>	<p>TasNetworks is committed to improving our customer experience, acknowledging there had been a slight dip in our customer satisfaction metrics. This has been linked to issues with delivery timeframes failing to meet customer expectations for activities like new connections, streetlight repairs and complaint resolution.</p> <p>Our Transformation Program contains several initiatives that will help solve these challenges and improve customer satisfaction, including the streamlining of works management and the implementation of a new scheduling and mobility tool. A newly developed Customer Action Plan will also assist in driving an uplift in customer satisfaction including a review of current metrics.</p> <p>Our recently developed customer segmentation will enable us to tailor our approaches and services for</p>

	<p>different customer types to improve their experiences in interacting with us.</p> <p>Our Revenue Reset will see the introduction of a new Customer Service Incentive Scheme that was designed with customers and stakeholders. TasNetworks will be rewarded or penalised each year depending on our performance.</p>
--	---

Principle 5 - We will support customers facing vulnerable circumstances

What we heard	Our response
<p>Stakeholders were very supportive of the work TasNetworks is doing to address the needs of vulnerable customers.</p> <p>“I think what you do for vulnerable customers is pretty good, in my experience. In terms of TasNetworks and Aurora, it’s something that is almost embedded in each business.</p>	<p>TasNetworks is committed to continuing our support for vulnerable customers. This will be done through the development of a new Vulnerability Plan and a continued focus on our Community Investment Framework.</p>

Joint CEO Forum with Aurora Energy 2023

On 24 October 2023, the TasNetworks and Aurora Energy CEOs hosted a joint forum to develop collaborative ideas to better support vulnerable customers, ease cost of living challenges and ensure that no one is left behind through the renewable energy transition.

The forum was attended by both Aurora Energy and TasNetworks Executive teams with Chief Executive Officers (CEOs) leading the discussion for each business. Customer advocate representation was high, with attendees from both Aurora Energy and TasNetworks’ feedback groups but also additional members from TasNetworks’ stakeholder working groups which ensured a diverse range of residential and business customer representatives.

The joint forum outlined that the energy industry is experiencing an unprecedented amount of change which creates both challenges and opportunities. The two critical issues faced by customers is energy affordability and equitably managing the ongoing transition of the Australian energy system.

Executives from the two energy businesses highlighted key challenges and opportunities for each business and received further feedback from advocates on the topics that were important for the customers they represent.

Following an update on the key challenges and opportunities, each business presented their key 2023-24 business priorities and sought feedback from advocates which we have developed into key feedback themes.

Participants in joint forum

Energy Charter	Amy Abraham
Reset Advisory Committee	Richard Bevan
Reset Advisory Committee	Leigh Darcy
Tasmanian Chamber of Commerce & Industry	Michael Bailey
Small Business Council	Robert Mallett
Renewables, Climate and Future Industries Tasmania (RecFIT)	Sharon Raymond
Tasmanian Council of Social Service (TasCOSS)	Stephen Durney
Tasmanian Renewable Energy Alliance (TREA)	Jack Gilding
Anglicare	Mark Mason
TasWater	Samuel Paske
Goanna Energy	Marc White
Hydro Tasmania	Georgie Prenter
Australian Electric Vehicle Association (AEVA)	Penny Cocker
Launceston Chamber of Commerce	William Cassidy

Priority issues raised at the joint CEO Forum

Positive feedback was received in response to the joint CEO Forum held between TasNetworks and Aurora Energy. In response to our presentation on our disclosure three priority issues were raised:

Theme 1: Greater communication needed to improve energy literacy

Summary of feedback:

- Languages Other Than English (LOTE) issues in broader community on the rise, with increased population growth.
- Meeting customer needs will require complimentary engagement approaches as digital transformation progresses. Businesses should look to enhance the literacy levels of those customers not able to participate in new service solutions.
- The ageing community is also a factor in reduced literacy and access to digital information.
- 46% of Tasmanian adult population have grade 7 reading levels adding to the challenge of understanding complex energy industry.
- Challenging to communicate the need for network growth, without getting lost in the complexity of the need for a solution noting that do nothing is not an option.

Theme 2: Impact of cost of living increases, especially for vulnerable customers

Summary of feedback:

- Maintaining downwards pressure on all elements of the supply chain is more important than ever given ongoing cost of living challenges. However, there needs to be equal focus on the demand side with tariff reform, which is a key area that can help customers manage ongoing costs.
- Lessons could be learned from systems on the mainland as part of 'Thriving Communities' where information is shared across multiple utilities (with the approval of the individual) and their story does not have to be re-told multiple times to a variety of service providers.
- There is a need for greater protection for individuals who are put into challenging situations, such as by allowing flexibility for connection and payments where hardship is identified.
- Challenges are being faced by all utilities (not just energy) as they move on from COVID-19 created debt practices. The community has become accustomed to flexibility in payment practices, and it is going to be difficult to re-train customer mentality in a post-COVID environment.
- Price shock remains a critical issue for customers as well as businesses, and remains a driver to why they may seek help outside of Aurora Energy. Connection issues also remain a challenge and driver for customers to seek assistance outside of TasNetworks.
- The recent focus on rising costs has been on wholesale inputs whereas the next ten years is expected to be on network costs.
- Proactive engagement with customers can help address cost of living impacts with use of enhanced data a potential gateway to earlier identification of vulnerable customers and improving support initiatives.
- Demand management and energy efficiency programs for vulnerable members of the community have worked in other jurisdictions and examples should be researched and examined for use in Tasmania.

Theme 3: Improving stakeholder trust

Summary of feedback:

- There is a need to 'tell the whole story' for major energy projects that have complex drivers and diverse outcomes. Without a clear explanation of problem and benefits, it can become difficult for customers to broadly accept major energy initiatives, particularly for those directly impacted.
- When communicating on major projects, advocates sought to have this information shared earlier noting that the advocates are likely the parties who can best communicate the messages associated with those projects to their community or members.
- As Government owned businesses, Aurora Energy and TasNetworks should look to be trusted parties, who communicate with evidence-based arguments and use less 'spin' in our messages in order to build customer trust (which is currently low).
- Business partners and community advocates aren't feeling 'needed' for feedback, rather they are used as a tick a box exercise.
- Despite the predominantly renewable status of Tasmania, there remains confusion over how all generation inputs, including Basslink and natural gas, align with Tasmania's renewable energy status.

Commitment to collaboration

The past year has seen both businesses successfully collaborate on Priority #BetterTogether initiatives such as the 'Knock to Stay Connected' and 'Cost of Living' initiatives and the June 2023 Concessions Awareness Campaign.

Aurora Energy and TasNetworks have also progressed their commitment to the development of an energy literacy program to train key community representatives to deliver pre-defined energy education programs. The Tasmanian Men's Shed Network has been chosen as the partner to deliver a pilot program to test both the content and delivery methods of the new program called 'Power People'. More information on Power People will be released in early 2024.

TasNetworks and Aurora will work together to consider the issues and feedback raised at the joint CEO forum within work programs and strategic planning across the coming year. This collaborative approach reflects a broader engagement throughout the 2022-23 period with a notable increased level of collaboration between the two businesses compared to in previous years.

Following the joint CEO Forum, a draft of the TasNetworks Feedback Summary Report was circulated to all stakeholders who attended the session for feedback before being published on the Energy Charter website.