



# ENERGY CHARTER DISCLOSURE STATEMENT 2020-21





# Essential Energy – Energy Charter Disclosure Statement 2020-21



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

Dear Accountability Panel Chair and Members

We are pleased to submit Essential Energy's Energy Charter Disclosure Statement for the reporting period 1 July 2020 to 30 June 2021, developed by our senior leaders and in collaboration with the communities we serve.

Following last year's widespread drought and bushfires, natural disaster has continued to challenge customer resilience in regional NSW, with major floods in late March 2021. To assist flood-affected customers, we applied learnings from last year's bushfires through a range of informational and financial support initiatives, working in collaboration with Accredited Service Providers (electrical contractors accredited to design transmission and distribution network assets). Operationally, we worked with an international team using satellite geospatial data to develop maps indicating flood areas which were used to support crew safety, power restoration and by Disaster Relief Australia in its support and clean-up efforts.

We've formed stronger ties and reinforced trust with our customers and their communities through our emergency response efforts. Additionally, in collaboration with industry, government and consumer advocates, we're using insights from these experiences to accelerate and expand alternative technology deployment and improve network sustainability in at-risk areas.

While ongoing COVID-19 restrictions have imposed some further challenges, our operating protocols – developed to allow flexibility to meet changing COVID-19 situations across our footprint – have been adapted as necessary by our pandemic response group to secure safe and reliable electricity supply for customers.

To improve understanding of network safety hazards, we introduced a new Public Safety Strategy, supported by improved public safety messaging and enhanced impact evaluation that facilitates continuous improvement. Internally, our 2020-24 Health and Safety Strategy is supported by a new health and wellbeing program that emphasises the importance of keeping our employees mentally and physically healthy – critical during the workplace changes imposed by COVID-19 restrictions.

Despite these challenges, our Customer Satisfaction Index remained strong, with a result of 79.2 at June 2021 against our target of 75 – an increase of 3.4 compared with 2019-20.

While ensuring we respond effectively to our external environment, our ongoing focus is on streamlining our operations through a whole-of-business transformation program. This program is continuing to progressively deliver long-term operational efficiencies, helping to contain network price increases and delivering new products and services that meet customer and stakeholder expectations.

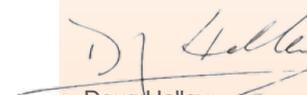
In response to customer feedback, we introduced a 2020-24 environmental strategy. This will help us identify and manage environmental risks across the diverse and sensitive landscapes we operate in, and achieve socially responsible outcomes for the regional communities we serve while maintaining safety, reliability and economic efficiency.

Affordability of tariffs for all customers is an important aspect of ensuring inclusive infrastructure and enabling access to basic services. During the reporting period, we've worked with customers and stakeholders to co-design innovative tariffs to trial, aimed at improving fairness and ensuring our network delivers the products and services they expect. This includes tariffs aimed at accommodating rapidly increasing household solar generation, and a higher penetration of electric vehicles. Additionally, as part of our overall program of customer journey mapping, we are assessing service delivery to residential cost-constrained and life support customers.

However, major natural disaster events and new licence compliance conditions have given rise to costs not included in the Australian Energy Regulator's 2019-24 revenue determination. We are preparing a cost pass through application for some of these additional costs, and holding stakeholder roundtable discussions to obtain feedback on the trajectory of resulting price increases. At this stage, we estimate increases will reduce our forecast real reduction in the network component of electricity charges from 3.8% to 0.5% for the average residential customer.

We remain proud of our commitment to the Energy Charter, and will continue to work collaboratively both internally and across the industry to support the energy sector towards improved outcomes for customers.

Yours sincerely



Doug Halley  
Chair



John Cleland  
Chief Executive Officer

## Acknowledgement of Country



The lands on which Essential Energy operates is country for 29 First Nations. We acknowledge the Traditional Custodians of these lands and their continuing connection to land, water and community, and pay our respects to ancestors and Elders, past, present and emerging.

For enquiries about Essential Energy's Energy Charter Disclosure Statement, contact:  
Belinda Kallmier, Head of Customer Experience, [belinda.kallmier@essentialenergy.com.au](mailto:belinda.kallmier@essentialenergy.com.au) 0439 860 227



# Essential Energy distributes electricity to more than **870,000** customer premises located within **>1500** regional, rural and remote communities across **95%** of NSW

As an electricity distribution network operator, Essential Energy services four categories of customers – connected customers, partners (direct and indirect), stakeholders (internal and external) and community. Connected customers may choose any electricity retailer.

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

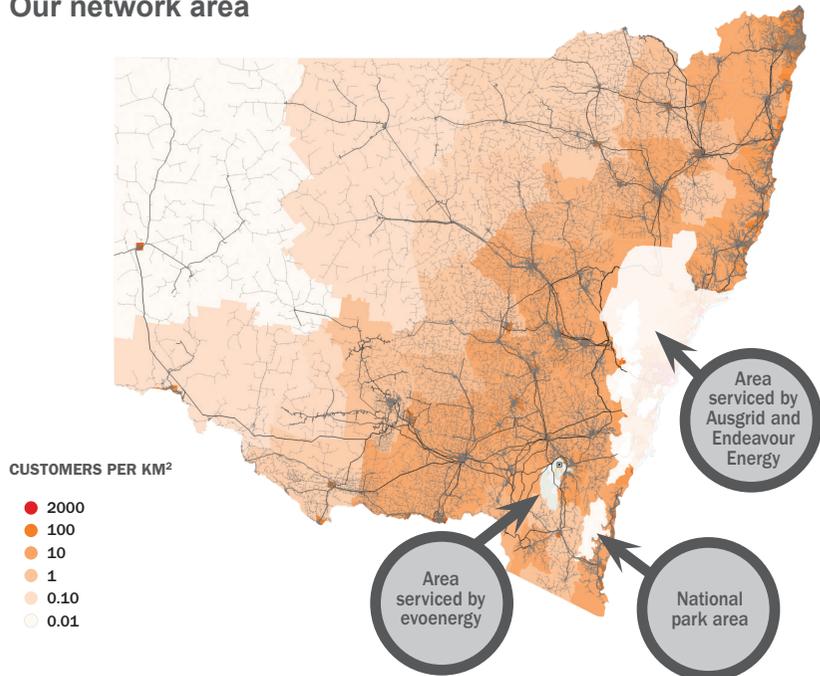
**Our Purpose** is to enable energy solutions that improve life.

**Our Business Objectives** comprise:

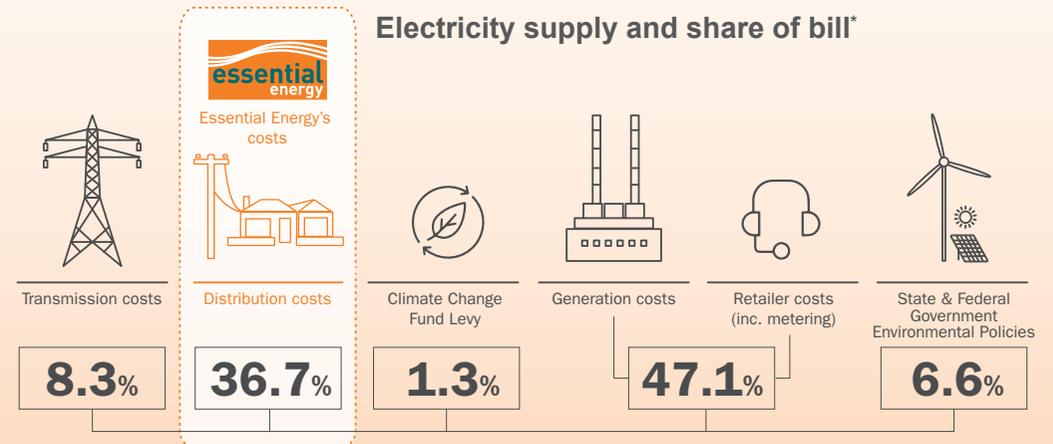
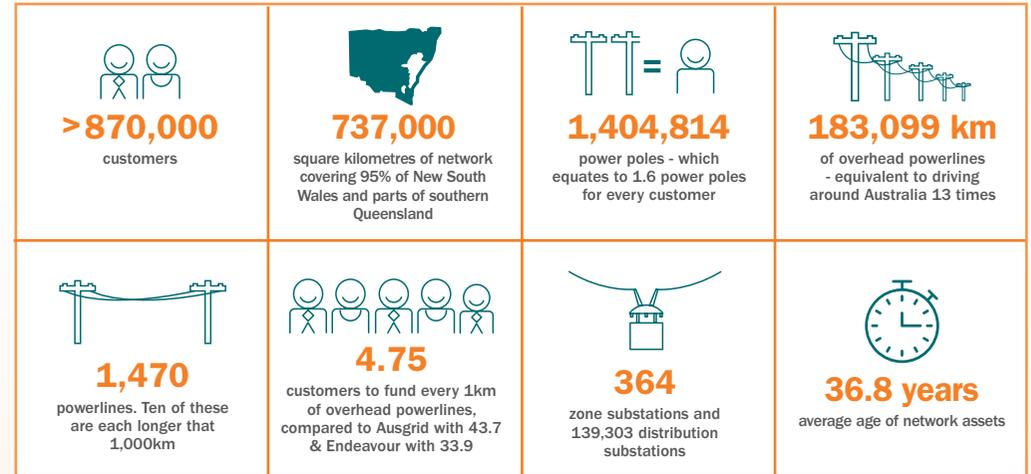
- continuous improvements in safety culture and performance
- operate at industry best practice for efficiency, delivering best value for customers
- deliver real reductions in customers' distribution network charges
- reduce the environmental impact of Essential Energy, where efficient to do so
- deliver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

Around 80% of our network is rural. Many of our customers are supplied through single powerlines and power can't be re-routed to restore power during supply interruptions. These lines carry loads long distances, increasing exposure to environmental factors. This means we often install asset components with a greater capacity and cost than our customers demand, to account for the drop in voltage that occurs as electricity travels these vast distances.

## Our network area



We have one of Australia's lowest average customer densities – less than five customers per kilometre of powerline. This makes our average distribution charge higher than most other networks across Australia.



\*Adapted from: 2020 Residential Electricity Price Trends report - 15122020.pdf (aemc.gov.au)



# Our customers

## Our customer groups



## Placing customers at the centre of our business operations

We've embedded a dedicated Customer Experience Strategy within our Corporate Strategy to prioritise, link and optimise customer outcomes. Based on refined customer segmentation, in-depth research and analysis, consultation and education, it is facilitating better understanding of our customers, informing decisions to meet their needs and building customer experience capability throughout the business.

## Customer experience implementation

**Customer Experience Vision: Everyday excellence. Every customer. Every interaction.**

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

<p><b>BE RELIABLE</b></p> <p>'You respond in a timely manner, are consistent, and deliver on promises'</p>	<p><b>MAKE THINGS EASY</b></p> <p>'You make things simple and easy'</p>	<p><b>BE TRUSTWORTHY</b></p> <p>'I trust you to listen, and to look after me and my community'</p>	<p><b>ENSURE CUSTOMERS GET VALUE FOR MONEY</b></p> <p>'You provide a high quality service that is cost efficient and value for money'</p>
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We've also established an Empowering Customers workstream as part of our whole-of-business transformation program, Amplify. Workstream initiatives will bring the voice of the customer directly into decision making and empower our teams to deliver an improved customer experience that is tailored and responsive to immediate and changing needs. Current initiatives focus on Connections and Ancillary Services, Customer Contact Digitisation and Optimisation and Customer Journey Mapping.

**Retailers**

'We've had floods in the last 6 months and Essential Energy were really good - they took the learnings from the bushfires, they made the de-energisation process easy. Customers went to Essential Energy directly rather than going to the retailer. A much smoother system that we were happy with'

Collaboration, automation & simplified processes are improving retailer & customer experiences

**Residential & small business customers**

'Reduce time that customers are placed on hold when they call the Contact Centre'

In FY22, we will introduce Omnichannel & Automate initiatives to streamline & improve customer communications options

**Commercial & Industrial**

'We're looking to increase our usage and want to speak to someone about how they can guarantee our future supply. A relationship manager would be useful for that'

We've appointed key customer account managers

We've identified potential SAPS sites and will invite site owners to participate in tariff trials during 2021 - 2022

**Accredited Service Providers**

'Make the connections portal easier to use, provide updates on expected timing of applications and notify of delays'

Progressive implementation of our new automated BetteConnect portal is delivering efficient self-service processes and seamless collaboration with our design & certification staff

**Local Councils**

'Increase engagement around streetlighting and LED rollout, and increase understanding of smart streetlighting technology'

We will finalise roll-out of energy efficient LED streetlights by FY23, one year ahead of schedule

In collaboration with Councils, we'll finalise procurement of a smart streetlighting solution in FY22



# Our operations

## Affordability

We're funded by our customers through a five-yearly **revenue determination** by the Australian Energy Regulator.

Essential Energy faces unique challenges due to its largely radial, overhead rural distribution network and low customer density per kilometre of network – about one third the number of customers per kilometre of powerline compared to average customer density across Australia. Since low customer density requires more poles and wires to reach customers than other networks with a higher customer density, this leads to a higher customer cost to serve and higher network charges.

We are maintaining downward pressure on network charges and providing greater customer choice through customer engagement, increased investment in data analytics, digitisation, automation and new technologies, asset management efficiencies and innovative connection, supply and tariff options.

Following a real network charge decrease (a flat CPI increase) in 2020-21, our future focus over the remaining three years of the regulatory period is on minimising cost impacts of drought, bushfire and COVID-19 and new licence conditions, including critical infrastructure cyber-security and ISO5501 asset management system compliance.

## Managing our network

We're transitioning to a risk-based and value-driven approach to managing our network, ensuring that we do the right work at the right time across the network. This will progressively deliver sustainable long-term asset management process changes and more agile practices, improving power supply reliability and affordability for our customers.

## Building the network of the future

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

We're building our capabilities to operate and maintain Stand Alone Power Systems (SAPS) as a standard business service and, through our Network Asset Intervention and Retirement Strategy, investigating other non-network solutions to improve power supply delivery for edge-of-grid customers. We're also investigating alternative energy options for SAPS such as hydrogen, which would provide zero-emission energy and reduce operating costs by eliminating the need for generator refuelling.

Technical requirements for managing network performance in areas supplied by SAPS and microgrids are being developed to enable safe and reliable implementation of regional and community microgrids in suitable locations.

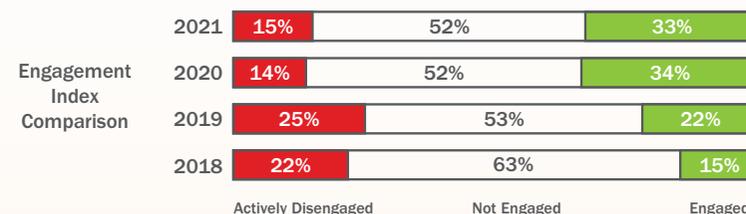
## Safety

We saw a 10% increase in public safety incidents during 2020-21, mainly due to car, tipper truck, high load and agricultural vehicle contact with our network, and in part due to a significant increase in harvest activity compared with prior years. To promote powerline safety awareness, we launched the Look Up and Live planning tool and aerial marker program (see Principle 3). Additionally, under our Public Electrical Safety Awareness Plan, we shared seasonal education campaigns, based on incident data analysis and seasonal trends and targeted to at-risk groups. A range of educational resources are also available on our website.

## Our people

Essential Energy is a leading employer in regional NSW, providing exciting and rewarding careers for more than 3000 employees. We are investing in workforce sustainability and diversity through apprenticeships, asset inspection and Indigenous pre-employment traineeships, and by ensuring we have the expertise to manage our network now and as it evolves into the future through a graduate engineer training program.

Our 2020-24 Health and Safety Strategy continues to improve our health and safety performance and aims to prevent serious harm to our employees and communities. It is supported by a new health and wellbeing program, which emphasises the importance of keeping our employees mentally and physically healthy and focuses on prevention, promotion and early intervention initiatives. In June 2021, 77% of Essential Energy employees completed our annual engagement survey, with 2,381 employees sharing their opinions, comments and suggestions on how we can improve as an organisation.



## Supporting inclusion and diversity

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

Ongoing quarterly culturally and linguistically diverse (CALD) customer research indicates:

- 8% of participating CALD customers speak a language other than English at home
- 12% are of Aboriginal or Torres Strait Islander background
- 22% are in vulnerable circumstances
- 76% are consciously trying to find ways to reduce their electricity bill.

To support CALD communities in their communication needs, we offer the Department of Home Affairs Translating and Interpreting Service. We are also reinforcing our CALD energy efficiency and customer support messaging.

Our Reconciliation Action Plan, implemented in November 2020, seeks to strengthen our relationships with Aboriginal and Torres Strait Islander peoples, communities and employees to empower social, economic and cultural wellbeing and improve our understanding of the diverse cultural dynamics that exist across our network. Action delivery is supported by a dedicated employee-led working group committed to progressing reconciliation within and outside our business, representation on our industry-leading Customer Advocacy Group and recruitment and development programs for Aboriginal and Torres Strait Islander peoples.



## Principle 1:

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

## Objective: Be customer-centric

Embedding a holistic customer focus demands strategy, leadership and commitment from employees at every level and in every part of an organisation. Enhanced customer experience is now a strong pillar of our Corporate Strategy, and an Empowering Customers workstream within Amplify is enabling customers to co-design an improved experience of our operations at every stage of customer journeys.

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

### Actual scores:



### Indicators for connected customers, stakeholders and partners

	Customer satisfaction	Customer ease	Value	Brand reputation
Connected customers combined ratings out of 100	<b>79</b>	<b>69</b>	<b>72</b>	<b>71</b>
Council, retailer and Customer Advocacy Group combined ratings out of 100	<b>70</b>	<b>64</b>	<b>72</b>	<b>70</b>
ASP partner ratings out of 100	<b>76</b>	<b>69</b>	<b>78</b>	<b>72</b>

### Maturity framework:

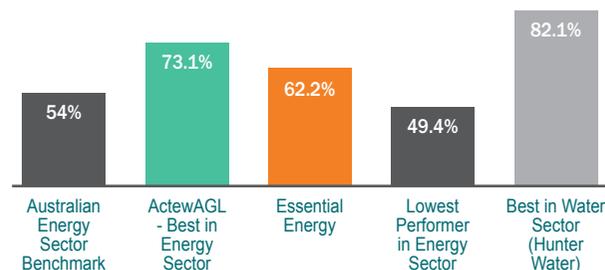


### Metrics:

Customer Service Benchmarking Australia (CSBA) has tracked the performance of 14 energy retailers and 18 energy distributors between April 2020 and March 2021. Essential Energy outperforms the energy sector benchmark but must improve to be the top performer for this sector.

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

\*Benchmark is the median score across the participating entities



## Key highlights

### Customer segmentation and research

In response to customer feedback, we're continuing to refine segmentation of our customer groups and expand our ongoing Customer Satisfaction, Brand and Reputation research program, engaging a larger sample of commercial and industrial customers to obtain comprehensive feedback and more reliable customer satisfaction metrics. Aligned within key customer segments, we've identified 21 customer personas (see Appendix 1).

### Customer journey mapping

In February 2021, we commenced working with research and service design companies to develop a better understanding of our customers' and business partners' end-to-end experience when using our services. Customer and partner group representatives and experts from across our business were engaged in independently facilitated workshops. Insights are helping us improve customer experience across each segment and drive customer-focused business decisions over the next two to five years. The initiative includes capability building training to equip our people with the skills and tools to work with customers empathetically and effectively.

### Customer champions

We've established a team of Customer Champions who meet monthly and are empowered to represent and embed the voice of the customer across the business, driving a customer-focused culture.

### Empowering Customers initiatives

We're improving customer experience through a range of targeted initiatives, including simplifying network connection, ensuring our Customer Contact Centre can offer customers accurate, tailored information using multiple communication channels and identifying automation opportunities that benefit our customers.

### Public policy collaboration

Essential Energy has engaged extensively with the NSW Government in developing detailed regulations to support delivery of the *Electricity Infrastructure Investment Act* (the Electricity Infrastructure Roadmap). This policy is aimed at co-ordinating investment in new generation, storage and network infrastructure in NSW. Our input has focused on ensuring that consumer outcomes such as affordability and improved reliability are front of mind and that household investment in solar panels and batteries is considered.

We've also taken a leadership role in discussions with the Australian Energy Market Commission, Australian Energy Regulator and the NSW Government about establishing a framework that allows network operators to deploy Stand Alone Power Systems technology in emergency response situations and where costs could be lowered for consumers.

## In the next reporting period

We will: refresh customer segmentation, with a focus on customers in vulnerable circumstances and customer diversity; use artificial intelligence to monitor customer interactions with Essential Energy across multiple channels including voice, social, SMS and web, categorising them as positive or negative to measure customer sentiment and more proactively deal with emerging issues; and commence roll-out of a new Customer Focus Training program to help every employee understand their role in supporting customer service excellence and ensure they have the tools to achieve it.



# Principle 2: We will improve energy affordability for customers

## Objective: Deliver value

We strive to be inclusive and sustainable throughout our operations, balancing affordability for customers with cost recovery that delivers safe and reliable electricity distribution services.

**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.

### Critical changes to forecast real reductions:

Electricity consumption levels have been significantly lower than forecast for the first two years of this regulatory period, resulting in lower revenues. Reduced consumption levels are mainly due to mild weather conditions (particularly during summer 2020-21), increasing customer uptake of rooftop solar generation and, to a lesser extent, COVID-19 impacts. To recover adequate revenue over the five-year regulatory period, our distribution network prices will need to increase.

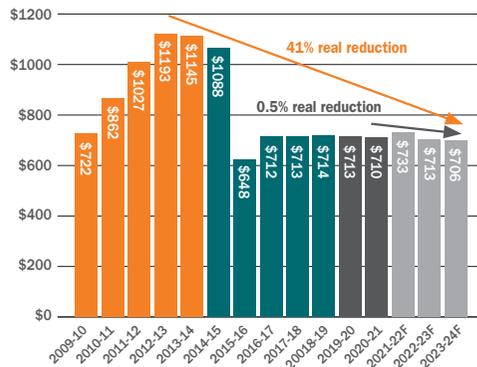
Increases will reduce our forecast real reduction in the network component of electricity charges from 3.8% to 0.5% for the average residential customer (who will pay \$8.25 more in real \$20-21 over the 2019-24 regulatory period), and from 6.4% to 2.1% for the average small business customer.

### Maturity framework:

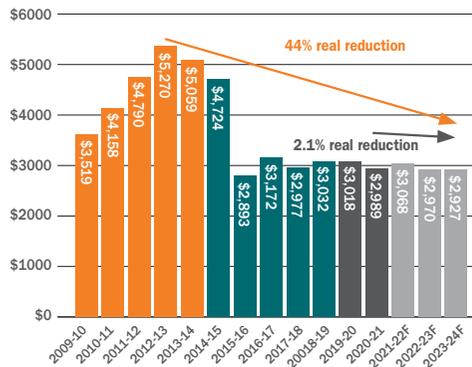


### Metrics:

Typical residential customer using 5 MWh per annum - annual distribution use of system network bill real (\$20-21)



Typical business customer using 23 MWh per annum - annual distribution use of system network bill real (\$20-21)



### Key highlights

Over the last eight years, we've achieved real network charge decreases in our footprint of approximately 40%. Ongoing reforms include substantial investment in new technology, staff training and more efficient processes (as evidenced successfully in the productivity graphs in Appendix 2) and are designed to improve customer service while lowering overall costs.

However, major events, including drought, bushfire, flood and COVID-19, and new licence compliance conditions introduced since the Australian Energy Regulator determined Essential Energy's 2019-24 revenue are placing upward pressure on our cost base. Having exhausted other funding avenues via government, we are preparing a cost pass through application for some of these additional costs, and holding stakeholder roundtable discussions to obtain feedback on cost recovery through price increases.

### Investment value framework

Through our Investment Value Framework, we are implementing consistent measures to ensure all network investment options are compared on a like for like basis, and decisions reflect customer value. These apply to community bushfire risk, safety risks, network reliability and environmental impact. In this reporting period, we have embedded a stronger focus on customer needs and expectations to inform our business decisions.

### Stand Alone Power Systems

Internal modelling suggests that over the next 10 years, SAPS could be a more cost-efficient alternative for between 800 and 1,400 customers (more, if storage technology costs fall faster than forecast). To deliver increased value options for our customers, we're developing capability to include SAPS technology as business-as-usual and working with the Australian Energy Market Commission, NSW Government and consumer groups to ensure that rules governing SAPS utilisation support network deployment where efficient.

We've also developed a desktop study to identify potential SAPS sites and invite site owners to participate in innovative tariff trials during 2021-22. Smart meter data will be used to assess customer energy consumption, establish a 'menu' of efficiently sized SAPS to suit different types of customers and facilitate cost-effective SAPS procurement and roll-out.

### Residential and small business tariff trials

We've worked with customers and stakeholders over a six-month period to co-design innovative tariffs aimed at improving network pricing fairness and ensuring our network can deliver products and services that customers expect. This includes accommodating rapidly increasing adoption of household solar and other distributed energy resources, and associated changes in how residential and small business customers source and use energy. These more cost-reflective tariffs potentially offer customers opportunities to reduce network charges in return for altering electricity consumption patterns. They will be trialed in partnership with retailers, technology providers, university researchers and behavioural economists during 2021-22.

### In the next reporting period

Outcomes of 2021-22 tariff trials for both residential and small business customers and SAPS will inform customer and stakeholder consultation on proposed tariffs for the 2024-29 pricing and revenue period that balance customer and industry objectives.



## Principle 3:

# We will provide energy safely, sustainably and reliably

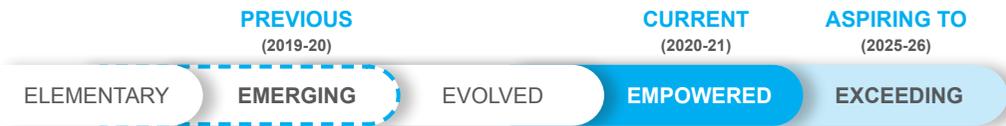
## Objective: Be safe, reliable and sustainable

Our asset management framework drives customer and business-focused best practice and capability, and ensures we operate safely, effectively and efficiently in the immediate and longer-term interests of our connected customers, partners and stakeholders.

**Target:** Achieve overall network availability of 99.95%

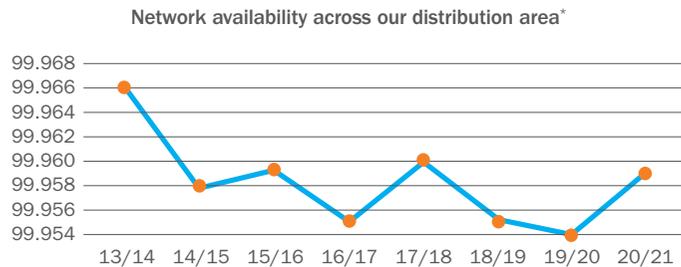
**Actual availability:** On target at 99.959% and exceeding independently audited reliability requirements

### Maturity framework:



### Metrics:

#### Internal benchmark outcomes



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

## Key highlights - external Safety

### New Public Safety Strategy

Having identified opportunities to consolidate our approaches to managing public safety, we implemented a new Public Safety Strategy in October 2020. An internal Public Safety Working Group meets monthly to analyse incident data, address any identified issues and track remedial initiatives.

### Electricity Network Safety Management System

We're upgrading our Electrical Network Safety Management System during 2020-21 and 2021-22 by clarifying roles and responsibilities, embedding cyclic system management activities and strengthening links with other management systems.

### Look Up and Live

In September 2020, we launched a free **Look Up and Live** digital mapping app (developed by

Energy Queensland) to provide anyone working on or around our electricity network with the tools and resources to plan for a safe operation.

### Aerial marker initiative

Recommendations of a working group formed by Essential Energy and comprising internal employees and Energy Queensland representatives are being implemented to improve aerial marker affordability, expedite our response to requests, and provide a timeframe service guarantee for aerial marker fitting.

## Sustainability

### Environmental Strategy

Our new 2020-24 Environmental Strategy ensures that Essential Energy understands and addresses environmental risks and liabilities. It will guide environmental system and process improvement to realise efficiency gains, increase productivity and improve compliance, simplify our approach to environmental resources and technological opportunities and upgrade processes involving sensitive environmental locations. It will underly our initial efforts to work towards NSW Net Zero by 2050.

### Network Visibility

As more customer-installed distributed energy resources (DER), such as solar and battery storage systems, connect to our network, we need to determine available network capacity to meet increasing DER export demand. We're running trials with industry, electricity retailers and other energy market participants, using existing low voltage data sources to monitor and manage our network in real time, at the lowest possible cost. We are piloting a NetVis platform that allows us to leverage this data to enable dynamic network management and increased network safety, performance and operating efficiency.

Network visibility helps us improve public safety, reduce outage restoration times and offers DER owners network services incentives and increased generator size options.

### Evolve DER Project

Essential Energy is collaborating with industry and academia to progress the ARENA/NSW Government funded **Evolve DER Project** from design to development. The project will enable Essential Energy to maximise network DER hosting capacity and facilitate customer access to increased DER export, while maintaining network safety and reliability.

### Collaboration with solar installers

As the amount of DER increases, the potential for the network and customers to experience reverse power flows, voltage fluctuations and power quality issues increases. To avoid unauthorised or unapproved small-scale solar system connections to our network, we are engaging with and educating retailers, solar installers and solar customers about system installation processes.

### Export tariff trials

We've been working with customers and stakeholders to co-design tariffs aimed at accommodating rapidly increasing household solar generation. Rather than limiting solar exports, we will be trialling:

- encouraging customers to utilise energy over the middle of the day, when solar systems are exporting
- charging customers with DER a fee if they export large amounts of energy into the network between 10am and 3pm, when there is corresponding low power demand
- paying customers with DER for exports into the network during our peak period of 5-8pm each day.

These tariff changes will improve fairness, and in conjunction with our other initiatives, will facilitate growth of DER on the network as we shift to a cleaner energy system.



## Principle 3:

# We will provide energy safely, sustainably and reliably

### Electric vehicles

To facilitate electric vehicle (EV) charging accessibility, we are participating in the national Electric Vehicle Council, engaging with EV charging providers to improve charging infrastructure connections, managing network constraints to accommodate EV charging demands, investigating EV tariff opportunities and working with regional councils on a regional charging infrastructure situation report. We are also working closely with the NSW Government on the delivery of its EV strategy to maximise consumer benefits and minimise costs.

### Vegetation Management Strategy

Using data from NSWAdapt and CSIRO to create a 50-year model of climate change impact on vegetation, we are moving from a rules-based to a risk-based vegetation management approach that will deliver safety, public amenity and cost benefits.

### Council collaboration on LED streetlight rollouts

To help reduce council public lighting costs and environmental impacts, we are upgrading the 160,000 streetlights that we maintain for 86 councils. By the end of June 2021, 72% of the upgrade was complete, with the aim of achieving 100% by the end of 2023-24.

### Reliability

#### Network security

At an industry level, our Executive Manager Engineering was appointed as distribution network service provider representative on the Australian Energy Market Commission's Reliability Panel, participating in review and reporting on national electricity system safety, security and reliability.

#### Composite poles

We are installing poles made from composite material, which can withstand significant heat and fire damage and are also termite resistant, in high-risk areas as part of our cyclical network renewal program.

### In the next reporting period

We will: improve asset management through a new Enterprise Asset Management System; and finalise procurement of a smart streetlighting solution that will enable our public lighting customers to dim lighting on major regional roads during low traffic times, reducing energy costs and carbon emissions.

### Key highlights - internal

#### Safety

##### Vehicle safety

Essential Energy's vehicles travel more than 30 million kilometres each year. An in-vehicle monitoring system that monitors asset, speed and location has been installed in all vehicles to reduce driving risk and improve vehicle safety. This improves customer safety by helping us review and improve our own driving behaviours. It can also access information from emergency service providers, such as flood and fire map overlays, notifying Essential Energy if teams are entering hazardous situations or if changing conditions increase risk.

We've utilised the NSW Government's online Road Safety in Your Workplace toolkit to refresh employee knowledge about road safety and implement new safety policies and procedures. Essential Energy is a campaign partner, sharing our experiences insights with other rural NSW businesses via [towardszero.nsw.gov.au/workplace/case-studies](https://towardszero.nsw.gov.au/workplace/case-studies)

#### Digitisation improvements

We've moved from a paper-based Hazard Identification, Risk Assessment and Control (HIRAC) to a digital tool that provides real-time risk reporting to support safe and efficient worksites for our teams. It also reduces administration and saves around \$400,000 in printing and distribution costs. Following successful pilot testing in March 2021, full business rollout commenced in April 2021.

### Sustainability

#### Heritage Asset Management Strategy

Essential Energy owns one state heritage listed structure (Mullumbimby Power Station) and 12 structures listed on the Heritage and Conservation Register (comprising substations, power stations, field service centres and office buildings). To ensure good conservation practice and improve heritage asset sustainability for future generations, we have developed and implemented a new heritage asset management strategy.

#### Fleet optimisation

Our Right Fleet initiative, launched in mid 2021, is ensuring that the right vehicle assets are in the right place, at the right time. A modernised, more fuel-efficient fleet and smarter deployment will ensure we continue to meet customer needs while reducing travel and associated greenhouse gas emissions and lowering driver safety risk.

#### Workforce sustainability

Key outcomes of the first two phases of our Strategic Workforce Planning Program, launched in August 2020, include an integrated workforce planning framework to identify future capability needs and pilot testing, using actual data to forecast long-term demand and defining talent strategies to mitigate future risks.

### Reliability

Through our quarterly research program, we track residential and small business customer perceptions of whether Essential Energy responds in a timely, consistent manner and delivers on promises as a score out of 10.



### In the next reporting period

Where practical, we plan to expand use of alternative fuel technologies in our passenger vehicles to our operational fleet. Phase 3 of our Strategic Workforce Planning Program will include optimising our current operational planning approach and tools, creating an operational workforce health-check dashboard and developing key metrics to align operational and strategic workforce planning.



# Principle 4: We will improve the customer experience

## Objective: Be easy to do business with

Our new customer journey mapping initiative will help streamline service delivery, tailor personalised customer experiences and empower our employees to be accountable for customer outcomes. In the longer term, business-wide embedded customer experience capability will ensure that every action takes into account customer satisfaction, enabling us to anticipate and prioritise customer needs.

**Target:** Customer Ease score of 80 out of 100

**Actual Customer Ease score:** 69

### Maturity framework:



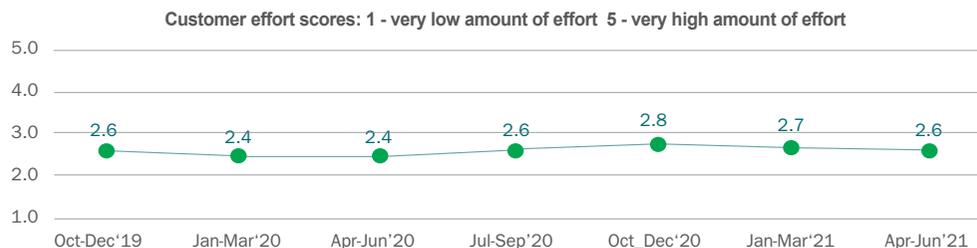
### Metrics:

A total of 318 complaints relating to Essential Energy were referred to the Energy & Water Ombudsman NSW (EWON). Of these, 145 were enquiries (a customer contact that is not a complaint, such as a customer query about an approved charge).

Enquiries	Number per 10,000 customers
Enquiry / General Enquiry	-
Complaint Enquiry / Refer to Member / Refer to Customer Service / Unassisted Referral / Referral / Refer Back	1.7
Refer Higher Level / Assisted Referral	1.3
Complaints	
Level 1 / Conciliation / Stage 1	0.3
Level 2 / Consultation / Stage 2	0.2
Level 3 / Investigation / Stage 3	0.2
<b>TOTAL</b>	<b>3.7</b>

### Customer effort scores:

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



## Key highlights

### Free energy assessments

We partnered with the Australian Energy Foundation to offer customers in Lismore free home and business energy audits. From Monday 1 February to Friday 19 April 2021, the free 20-minute energy phone consultation provided advice on energy-efficient home cooling, finding the best energy tariff and reducing energy use when working, studying or cooking. Following limited uptake in this location, the trial was expanded to Bathurst during the remainder April to 18 May, again with limited uptake. Across both trial areas and the extended timeframe, uptake was less than 10% of the original trial scope.

### Collaboration with Accredited Service Providers

We have formed an external customer reference group comprising electrical contractors, solar installers, ASPs, surveyors and high voltage project proponents to help design our future state processes in a collaborative manner.

Following successful implementation of the first stage of our BetterConnect Portal in May 2020 to enable Level 3 ASPs to submit a range of connection design requests via a new automated service, we are progressively implementing Stage 2. When complete, BetterConnect will provide a seamless automated connections process across high and low voltage connection enquiries, applications, design, construction, testing and quality assurance processes, and offer self-service and greater transparency of job progression for all ASPs, electrical contractors, and solar installers.

### Microgrid projects

Essential Energy is advising large commercial customers, including, in agreement with NSW Farmers, on Norco Farmers microgrid assessment, and on microgrid flow benefits for agriculture with Queensland Farmers' Federation, Constructive Energy, REAQUA Solar Pumping and Cotton Australia. We are also part of two community initiatives that have received Federal funding to establish feasibility of microgrids to improve network resilience.

### Vegetation Management Strategy

Our new vegetation management initiative is focused on improving customer outcomes and includes:

- working closely with customers and Councils to reduce the need for trimming through strategic removal of inappropriate plantings and replacement with suitable species at appropriate distances
- working within local rural environments and ecologies to encourage low-growing native shrubs and grasses to outcompete undesirable species
- using large data sets and advanced analytics to improve our decision-making processes.

### New TelBu team

TelBu is commercialising and developing wireless and fibre telecommunications assets across our network, offering opportunities for improved connectivity within communities. Sophisticated telecommunications infrastructure will enable rapid response to emergency incidents, enhance mobile coverage in regional and rural areas, and give schools and essential services access to reliable, high-performing network infrastructure.

## In the next reporting period

We will provide all customers access to our network asset data through a self-service information portal on our website: [essentialenergy.com.au/maps](https://essentialenergy.com.au/maps). Further enhancement of our BetterConnect initiative will provide a quicker, automated connection process across low voltage connections, improving the experience for Accredited Service Providers and connecting customers.



## Principle 5:

# We will support customers facing vulnerable circumstances

## Objective: Be trusted and supportive

We understand that vulnerability is a dynamic state, affected by personal factors, life events or other circumstances that impair ability to engage our services. We aim to provide responsive, flexible service delivery that ensures customers experiencing short or longer-term vulnerable circumstances are treated fairly, with empathy and sensitivity to their individual circumstances.

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

**Response during the reporting period:** Pro-active support provided to customers affected by flood and COVID-19 restrictions, tailored to their needs

### Maturity framework:



### Metrics:

#### Customer Support Policy access

Of 62 customer support applications submitted during the reporting period, customers pursued a total of 13 through the assessment process and were deemed eligible for payment, with a total amount paid of \$46,469. Additionally, we provided support through waiving network damage debt and recoverable works payments on compassionate grounds.

## Key highlights

### Understanding and supporting customers in vulnerable circumstances

We provided frontline employee awareness training to increase capability for our Contact Centre and Customer Resolutions teams to identify and provide support to customers in vulnerable circumstances.

As part of our overall program of customer journey mapping, we're assessing service delivery to residential cost-constrained and life support customers. We also capture feedback from these groups through quarterly research to inform business decisions that enhance customer experience for these groups.

### Reducing disconnections for non-payment

Following a successful trial last year, on behalf of retailers we hand-deliver non-paying customers notices of intent to disconnect their power supply. The notice encourages customers to contact their retailer to arrange alternatives. Concurrently, on behalf of non-profit organisations, we recently and other forms of assistance.

During a period of COVID-19 escalation and increased restrictions commencing in late June 2021, in agreement with retailers we voluntarily stopped disconnecting customers for non-payment across our network area.

Our Customer Support Policy provides support for customers who are in vulnerable circumstances through flexible payment plans, writing off debt and assisting with payments to third parties. We've updated our policy to clarify that customers experiencing domestic violence are not required to provide evidence to be considered for support.

### Support for flood-affected communities by:

- providing updates on power supply restoration progress face-to-face at community meetings and through information issued on our behalf by the Australian Defence Force to isolated communities
- distributing **Reconnecting after Flooding factsheets** to 10 evacuation centres, to community representatives and directly to customers whose properties were disconnected due to flood impact.

### Support for flood-affected customers through:

- a dedicated flood information web page [essentialenergy.com.au/our-network/floods](https://essentialenergy.com.au/our-network/floods)
- calling all life support customers experiencing outages to check on their welfare
- partnering with community groups to offer the loan of more than 130 small portable generators, and more than 5,000 litres of fuel with these and to customers with their own generators who were experiencing extended network power supply restoration delays
- working with ASPs to help flood-affected customers with reimbursement for power supply connection within two years
- waiving reconnection fees for 593 customer premises disconnected for safety reasons, once confirmed it was safe to reconnect
- reimbursing up to \$350 of costs to reconnect premises disconnected for safety reasons, where they needed to engage an ASP (total cost within 2020-21: \$57,952).
- pausing disconnections for non-payment to flood-affected customers
- pausing 37 private asset defect notifications in flood-affected areas
- repairing or replacing flood-damaged or destroyed private assets on a like for like basis, at our cost.

A summary of our response can be viewed at:

[Essential Energy MNC flood response March 2021 - YouTube](#)

### NSW Planning, Industry and Environment solar initiative for customers in community housing

Essential Energy has provided technical advice around network capacity and solar export limits to assist roll-out of a NSW Government-sponsored solar upgrade initiative aimed at fostering financial, social and economic equality for customers in community housing in Far West NSW. All energy saving benefits go to the tenants of the housing provider.

### Community support initiatives

During the reporting period, our Community Choices program provided a total of \$175,000 shared across 20 zones in our network area to support a wide range of community-based groups and projects that increase social inclusion, assist communities in need and enhance community engagement. Our customers voted online during April and May 2021 for the cause they wanted to receive funding of up to \$2,500.

## In the next reporting period

We will refresh our customer segmentation, with a strong focus on customers in vulnerable circumstances to inform support mechanism improvements; and measure success of the assistance leaflet delivered with the notice to non-paying customers of intent to disconnect their power supply.



# Appendix 1:

## Refining customer research through identification of 21 customer personas

### Residential Customers

				
Energy Engaged	Cost Constrained	Passive Consumer	Life Support Customer	Master Subtractive Metering (MSM)

### Business Customers

	
Small Business	Commercial & Industrial

### ASPs

		
ASP 1	ASP 2 / Electrical Contractor	ASP 3

### Connecting Customers

	
Real Estate Developer	Renewable Developer

### Direct Partners

	
Local Council	Retailer

### Essential Water

	
Essential Water Residential	Essential Water Business

### TelBu

		
Radio & Telecommunications	Joint Use - Poles & Streetlighting	Fibre

### SAPS/DSO

	
Stand Alone Power Systems (SAPS) Customers	Distributed System Operator (DSO) Customers

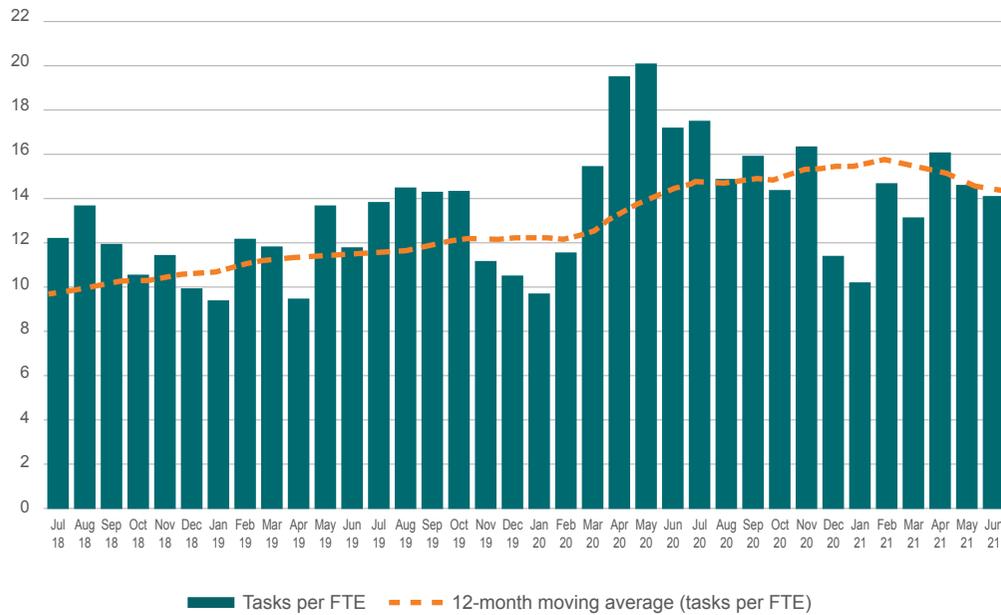


# Appendix 2: Principle 2: Productivity improvements

## Workforce efficiency

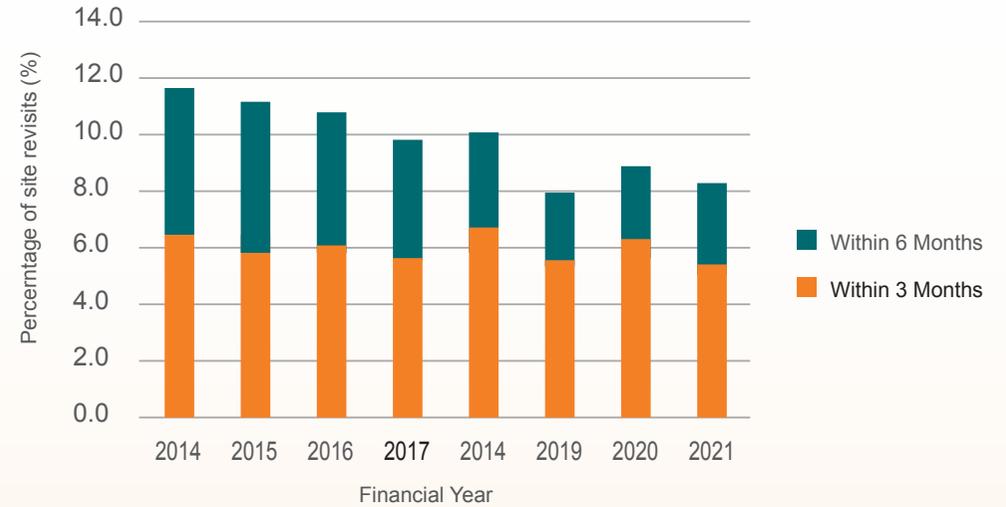
A strong focus on reducing outstanding tasks to minimise network risk has resulted in 14.5 average tasks delivered per employee in 2020-21 compared with 9.8 for 2017-18. Overall variations in tasks completion are due to seasonal variation, with peaks in winter and troughs in summer holiday periods. An increase in April-June 2020 is due to our focus on work tasks not requiring outages in short-term response to COVID-19.

### Completed tasks per FTE\*



\* FTE: Full Time Equivalent employees.

### Operational efficiency - return visits to poles





## Appendix 3: Customer Advocacy Group

Mr John Cleland  
Chief Executive Officer  
Essential Energy  
PO Box 5730  
Port Macquarie NSW 2444

Dear John,

As this Disclosure details, Essential Energy is performing well against each of the Energy Charter's five principles. In the view of the **Customer Advocacy Group**, the Disclosure also documents an apparently genuine desire to operate according to these principles and maintain or improve its performance in relation to them.

The company is embedding a true customer focus from the top down, aligning corporate strategy with the principles through broad customer representation on, and operational transparency through, our Customer Advocacy Group.

It's impressive to see a Customer Experience strategy as a pillar of Essential Energy's Corporate Strategy and a framework for developing a company culture based on customer-centricity. It's also impressive to see the Empowering Customers work stream helping business transformation maintain focus on customer satisfaction as a fundamental part of business operation and continuously improve customer service.

Establishment of the 'customer personas' as shown in Appendix 1, and the intention to expand these, is a good indication that Essential Energy appreciates the diverse nature of its customers and aims to satisfy their various needs.

We appreciate that Essential Energy has actioned past feedback to implement a new environmental strategy that will lead to more sustainable operations and is actively engaging customers in shaping future network pricing.

The company is obviously aware of the factors transforming the industry, particularly customer installation of renewable energy resources, and the implications for the distribution network. It is taking positive steps to accommodate this strong trend by installing renewables as alternatives to grid connection where suitable. It has also taken the opportunity of using its Tariff Structure Statement preplanning to engage with customers and stakeholders to develop fair pricing mechanisms around these new energy technologies.

Collaboration with other utilities in NSW and interstate, with research organisations and national industry organisations is helping to ensure the company's development of future energy services aligns with industry evolution.

Essential Energy is also going beyond business as usual and compliance requirements by establishing its Reconciliation Action Plan in November 2020 and through dedicated recruitment and development programs for Aboriginal and Torres Strait Islander peoples. It is working with retailers and customers in vulnerable circumstances to minimise disconnections for non-payment,

with communities to minimise natural disaster impacts, and with Government and regulators to reduce external impacts on network price increases.

The self-assessment against the Maturity Framework reported in the Disclosure reflects the journey that Essential Energy has progressed. Notably, this has occurred during a period where many of our communities (who represent 95 per cent of NSW) have experienced fires, floods and other natural disasters.

Ongoing improvements will continue to be required to meet growing customer expectations and the changes in the industry. Similarly, the company will need to continue to invest in and maintain operational flexibility to deliver its 'first responder' services in light of the increasing instances of disruptive events.

Yours sincerely

**Thea Bray**  
Policy Officer  
Energy and Water Consumers'  
Advocacy Program  
Public Interest Advocacy Centre (PIAC)

**Margaret Breust**  
Community representative  
Country Women's Association  
NSW committee member

**Jennifer Brown**  
Policy Officer  
Cotton Australia

**Mark Byrne**  
Energy Market Advocate  
Total Environment Centre

**Shannon Lalic**  
Policy, Training and  
Executive Services Manager  
Caravan & Camping Industry Association  
NSW

**Cr Janine Lea-Barrett**  
Community representative  
Cobar Shire Councillor  
Business Manager Landmark Russell

**Iain Maitland**  
Energy Advocate  
Ethnic Communities' Council of NSW

**Simon Moore**  
Policy Manager, Infrastructure  
Business NSW

**Kathy Rankin**  
Policy Director  
Rural Affairs & Business Economics & Trade  
NSW Farmers

**Marie Russell AM**  
Community representative  
Representing rural and remote customers



## Appendix 4:

# Achievement of Independent Accountability Panel (IAP) 2019-20 recommendations\*

No:	Recommendation	Outcome
4	Adopt and each publicly articulate a clear, collective approach that builds on recent energy industry acknowledgements of the inevitability of change, effectively communicates how the 'north star' of net zero emissions feeds into better consumer outcomes, and drives a whole of sector focus on making energy transition work for consumers.	BAU – Amplify is delivering efficiencies required to realise full value of the existing network, deliver energy in new ways and maintain downward pressure on electricity prices for customers. This, and our new 2020-24 environmental strategy, will help drive our operations towards net zero by 2050.
5	Under the #BetterTogether initiative, consider establishing a 'Whole of Industry Energy Transition Working Group' to coordinate a long-term response for the industry and a 'just transition' for customers. This working group should include customer representatives and be approached as something of a 'blank canvas'. This has the potential to elevate the industry above the politics of the day and provide a more stable platform for future investments and joint industry-customer advocacy.	A working group has been established and Essential Energy will participate.
6	Expand management of the growing risk that more customers cannot pay their energy bills to include becoming more active on policy questions that feed into energy affordability (eg. low-income households' access to energy efficiency and income adequacy).	BAU – Our current focus during the remainder of the 2019-24 regulatory period is on working with Government to minimise natural disaster and other external cost impacts.
7	Ensure the highest standards of customer care are implemented in responding to the growing debt tsunami, using the Victorian Payment Difficulty Framework as the benchmark.	An Essential Energy employee is representing Energy Networks Australia on the Standards Australia working group consulting on developing an international standard for customers in vulnerable circumstances. It will subsequently develop the Australian Standard.
8	Elevate the Energy Charter to the highest possible extent within the organisation, including involving their Board in development of Energy Charter Disclosures and linking performance review standards and leadership remuneration to customer outcomes.	BAU – Essential Energy's Board is updated monthly on Energy Charter matters and reviews and provides feedback on our annual Disclosure. Customer satisfaction is a KPA for Essential Energy senior leaders, with associated impact on the at-risk component of their remuneration.

No:	Recommendation	Outcome
9	If not already in place, Signatories should establish a customer reference group or customer/community council. Signatories should then commit to go beyond simply informing this group of what they are doing, but seek to involve them in key decisions and empower them to play an active role in shaping key aspects of business practices and investment decisions where appropriate.	BAU – Our Customer Advocacy Group was initiated some twenty years ago as a pro-active forum for collaboration, engagement and insight across our customer base.
10	Continue to simplify energy bills so that energy usage and costs are easy to comprehend and provide specially trained customer contact staff who can help customers to understand energy usage in the home or small business. This could extend to developing a specialist energy advisor role within the customer service centre.	BAU – Essential Energy's Customer Contact Centre is available 24 hours a day, seven days a week, to assist customers with enquiries, including explaining the network component of electricity bills.  BAU – Our website provides energy efficiency advice for residential and business customers.  We partnered with the Australian Energy Foundation to provide free energy audits of their homes or businesses – see Principle 4.
11	Work more closely with consumer groups to expand and develop community collaborations with customer groups that are less likely to actively engage through mainstream channels.	BAU – We participate in Energy & Water Ombudsman NSW 'Bring Your Bill' community days, which offer customers opportunities to raise bill concerns and discuss their individual circumstances with appropriate industry representatives face to face.
12	Pursue active personal engagement with all customers faced with potential disconnections and aspire to no disconnections, working with consumer groups to deliver on that outcome.	BAU – On behalf of retailers, we hand-deliver non-paying customers notices of intent to disconnect their power supply and encourage them to contact their retailer to arrange alternatives – see Principle 5.

\* Recommendations 1, 2, 3 and 13 do not apply to Essential Energy



## Appendix 5: Fulfilment of commitments made in 2019-20

Principle	Commitment	Outcome
<b>Principle 1:</b> <b>We will put customers at the centre of our business and the energy system</b>	<p>Our Customer Experience strategy and our Amplify Empowering Customers workstream will drive our focus on improving customer outcomes across our customer base, including residential, small and large business and industrial customers, and renewable energy developers, local councils, retailers and Accredited Service Providers.</p> <p>We will use artificial intelligence to monitor customer interactions with Essential Energy across multiple channels, including voice, social, SMS and web, then categorise and tag them as positive or negative. When introduced in Q4 FY21, this initiative will enable us to measure customer sentiment and more proactively deal with emerging issues and trends.</p>	<p>Incremental progress achieved and ongoing.</p> <p>Postponed to Q2 FY22 following a business decision to assess potential for achieving cost efficiencies through procurement and application of this technology across multiple initiatives.</p>
<b>Principle 2:</b> <b>We will improve energy affordability for customers</b>	<p>We will continue to work with the NSW Government and the AER to minimise natural disaster and other external cost impacts and maintain downward pressure on the network component of electricity pricing.</p> <p>Our whole-of business transformation plan, Amplify, aims to safely transform our business and deliver the efficiencies required to realise full value of the existing network, maximise value of being connected, deliver energy in new ways and maintain downward pressure on electricity prices for customers.</p>	<p>We are preparing a cost pass through application for some of these additional costs, and holding stakeholder roundtable discussions to obtain feedback on cost recovery through price increases.</p> <p>Cost efficiencies are on track and ongoing.</p>
<b>Principle 3:</b> <b>We will provide energy safely, sustainably and reliably</b>	<p>To address a gap highlighted by our customers, we will finalise mapping our environmental baseline and develop a dedicated environmental strategy to improve safety and sustainability outcomes across our operations.</p> <p>We will proactively advocate around policy initiatives that support electric vehicles.</p>	<p>New 2020-24 environmental strategy introduced.</p> <p>Participating in the national Electric Vehicle Council, engaging with electric vehicle (EV) charging providers to improve charging infrastructure connections, managing network constraints to accommodate EV charging demands, investigating EV tariff opportunities and working with regional councils on a regional charging infrastructure situation report.</p>
<b>Principle 4:</b> <b>We will improve the customer experience</b>	<p>We will continue to hold bi-annual Council engagement sessions and work together to assess potential for rolling out Smart Streetlighting.</p> <p>We will implement Stage 2 of our BetterConnect portal to establish an automated network connection process for ASPs, electrical contractors and other users.</p> <p>Our Amplify Right Work and Enable the Network of the Future workstream will enhance asset management modelling to improve customer service delivery.</p>	<p>Formal and informal Council engagement sessions are ongoing and we are working with Councils to upgrade streetlighting assets to energy efficient LED and 'smart' technologies.</p> <p>Progressively implementing BetterConnect Stage 2. Established an external customer reference group to collaborate on process improvement.</p> <p>We are progressively implementing enhanced asset management modelling and associated initiatives.</p>
<b>Principle 5:</b> <b>We will support customers facing vulnerable circumstances</b>	<p>We will apply learnings from our bushfire customer support program to other groups of customers in vulnerable circumstances.</p> <p>Our Customer Experience strategy and Amplify Empowering Customers workstream will help us listen to our customers and empower our employees to deliver an improved customer experience that is tailored and responsive to immediate and changing needs.</p> <p>We will promote our Customer Support Policy with customers and provide frontline employee awareness training to increase capability to identify and provide support to customers in vulnerable circumstances</p>	<p>Learnings have been applied to customers in vulnerable circumstances due to flood and COVID-19 impacts.</p> <p>Ongoing benefits achieved.</p> <p>Customer Support Policy promotion ongoing. Awareness training undertaken by front-line employees to enhance support delivery.</p>