

# Media release

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## Essential Energy customers benefit from network reforms

Essential Energy customers are set to benefit from efficiency reforms and a targeted investment program, with the Australian Energy Regulator (AER) today announcing network charges for the next five years.

In its revenue determination for 2019-24, the AER today confirmed network charges would increase less than the rate of inflation for Essential Energy's 855,000 customers across regional, rural and remote NSW.

This means network charges would increase by around \$24 over the next five years, or \$1.20 per quarter for typical residential customers, significantly below the forecast rate of inflation. In real terms, by 2024 this will equate to a saving of approximately \$14 per quarter compared to existing network charges.

Essential Energy Chief Executive Officer John Cleland said the AER's 2019-24 determination reflected immense work across the organisation to sustainably reduce operating costs, while enhancing safety and improving customer service.

"In feedback from our customers, concerns around affordability were a common theme. We're on track to deliver close to a 40 per cent reduction in network charges over the 2014-19 regulatory period and today's AER announcement will ensure we are keeping prices in check over the next five years.

"While limiting network charge increases below inflation on one of the world's most geographically-dispersed electricity networks is a real achievement, the business needs to keep innovating to make further tangible improvements in safety and network performance.

"With our network expenditure at some of the lowest levels in 20 years, we'll complement good governance with investments in new technologies to ensure the transformation of our network maintains momentum."

Essential Energy's network covers more than 737,000 square kilometres across NSW, with 183,612km of powerline and 1.38 million poles. The network has 4.6 customers for each kilometre of powerline, about one-tenth of the customer density of metropolitan networks. Despite these demographic and geographic challenges, Essential Energy is budgeting for the lowest operating and capital expenditure in two decades.

Mr Cleland said Essential Energy was embracing technology and rethinking the operation and maintenance of its poles and wires business to improve reliability and lower costs for its customers.

"We're pursuing network innovations such as microgrids and other embedded generation solutions, digital pole inspection trials and drone technologies to improve our energy delivery, maintenance and efficiency. Our investments in the network will drive a 25 per cent increase in reliability for our customers prone to extended outages."

The AER's revenue determination is the culmination of a three-year process that has involved extensive engagement by Essential Energy with its customers. The AER acknowledged Essential Energy's commitment to the customer and highlighted the comprehensive work undertaken to understand customer priorities and meet their needs.

The new network charges take effect from 1 July 2019.

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**Media contact:** Nick Kaiser, PR and Media Specialist t: 0411 485 204

[Nick.kaiser@essentialenergy.com.au](mailto:Nick.kaiser@essentialenergy.com.au)

**FACT FILE:**

- **Essential Energy builds, operates and maintains one of Australia's largest electricity distribution networks, servicing regional, rural and remote NSW.**
- **Our footprint covers 95 percent of NSW, traversing 737,000 square kilometres of landmass with 183,612 km of powerline, 163,417 of those in designated bushfire zones.**
- **The network services more than 855,000 customers with approximately 4.6 customers to each kilometre of powerline, which is almost one-tenth the customer density compared with our counterparts in NSW.**
- **Essential Energy's footprint also includes 1.38 million power poles, equating to 1.6 power poles per customer.**