

2022-23 Energy Charter disclosure statement accountability assessment



Our fifth annual disclosure statement was developed with input from subject matter experts across the business. Our performance against the Energy Charter Maturity Framework was informed and rated by our senior leaders.

Covering the period 1 July 2022 to 30 June 2023, this year's disclosure highlights how we've been bringing our corporate strategy to life in FY23 through key initiatives aimed at facilitating an efficient and fair energy transition – those that generate increased utilisation of our existing network, facilitate new generation connections and sustainably evolve our operations to achieve net zero emissions.

It also demonstrates how we're gaining better customer understanding through a new Customer Segment and Insights Data Model, which gives every employee the ability to interpret customer needs over time and directly informs investment decisions and service level improvements, and via Contact Centre post-interaction surveys, which are helping us target service training improvements and issues resolution.

Operationally, we've noted how 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.

We've also noted the first few of our early steps towards operational sustainability integration, while recognising that we have some way to go to achieve this.

Consultation processes

Our [Customer Advocacy Group](#) provides a CEO-led proactive, ongoing quarterly forum for consultation, engagement and insight across our customer base, on any matters relating to our operations. The group comprises members of regional organisations or are active members of their communities who reside within our distribution area and can provide feedback and advice on electricity network distribution topics relevant to the communities and organisations they represent.

This year, we've also established an Essential People's Panel of connected residential and small business customers who can provide another direct voice and perspective on customer impacts arising from Essential Energy's existing operations and any proposed initiatives or operational improvements.

Accountability assessment

Ongoing feedback mechanisms

We've obtained feedback from members of our Customer Advocacy Group and Essential People's Panel during their regular meetings. This collaborative and constructive guidance has helped balance our perspectives on issues and opportunities and informed our end-of-year Energy Charter disclosure reporting for this financial year.

The first meeting of our Essential People's Panel was held on 24 June 2023. While effectively at the end of the reporting period, it offered an opportunity to explain the Energy Charter and

measure members' baseline customer service perceptions. At this point (prior to reviewing our 2022-23 disclosure), the group felt that Essential Energy should concentrate on introducing initiatives and gathering evidence in relation to 'providing energy safely, sustainably and reliably' and that, within this Principle, the sustainably element required the greatest focus.

Disclosure review

We asked members of our Customer Advocacy Group and Essential People's Panel to formally review our disclosure.

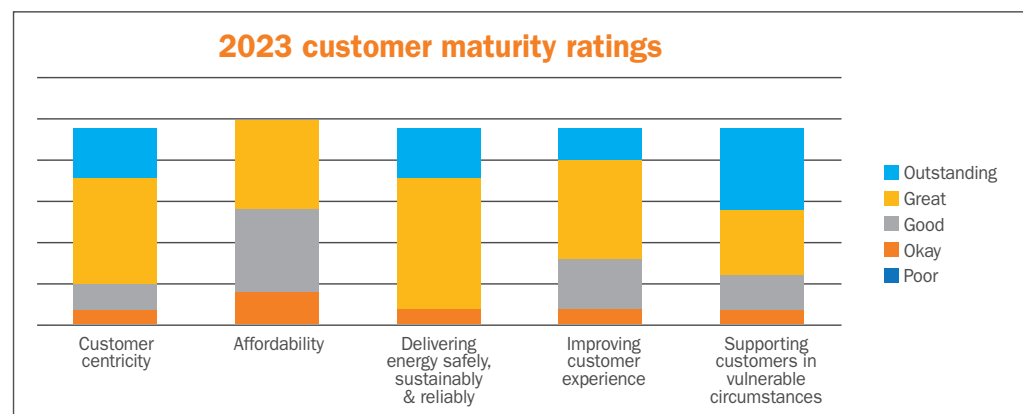
We offered each member opportunities to gauge our customer-centricity performance and maturity self-assessment, and help identify gaps and areas for future customer experience improvements. A short survey helped ensure that the views of customers they represent could be heard, understood and acted on. A Zoom session held on 24 October 2023 invited verbal comment.

Our customers and partners, other stakeholders and members of the general public were also encouraged to have their say via a public survey.

Submissions were open from Friday, 29 September to Tuesday, 31 October 2023.

Feedback summary

The feedback we received was generally positive.



Disclosure content

'It all reads well and is easy to understand.'

'The disclosure is impressive and honest about shortfalls and consistent with my involvement with the business.'

'The maturity level self-assessments appear appropriate. On customer-centricity and safety, Essential Energy is really not that far from exceeding.'

Performance ratings

Survey results placed Essential Energy's performance within the top three ratings when measured against the Energy Charter Principles. Providing energy safely and reliably and a customer-centric culture were noted as Essential Energy's greatest strengths.

'Essential Energy is doing a great job in regional areas in maintaining infrastructure and reducing risk – in particular, bushfire risk reduction activity.'

'Essential Energy seems to be actively trying to improve.'

'It's the culture, it's the people it's the Board and management and their commitment to a vibrant organisation.'

Respondents also agreed that Essential Energy:

- listens to customers and their voice is crucial to informing our business decisions
- is easy to do business with for customers and stakeholders
- is working collaboratively across the energy sector to improve outcomes for customers.

A number of respondents acknowledged the difficult energy industry operating environment:

'As a regulated distribution company, I think you're doing great, given the context. I don't think anyone can be outstanding because things are moving so quickly.'

'Given the current context that Essential Energy is operating within, I think you're doing outstanding. It's a really tough environment and without that context, I think you're selling yourself short.'

Areas for improvement:

Respondents noted that, while Essential Energy is providing energy safely and reliably, we should strengthen our future focus on affordability and sustainability to ensure an equitable transition to a decarbonised future.

'Pressure on customer's finances is very heavy in significant sectors of the population.'

'Energy has seen the biggest increase in costs of all the essential services and all players in the electricity delivery chain need to work on greater affordability.'

'Energy affordability is a contentious issue for domestic and small business customers. Whilst Essential Energy is not solely responsible for price setting, there remains a need for a whole of government commitment towards conversion to renewable energy through alternative solutions such as micro-grids and other community-based initiatives.'

'I think that a lot of increase in costs are from changes in the network to accommodate electric vehicles, solar and storage and two-way distribution, and the value won't actually be seen until a later reporting period.'

'I think the sustainability component is a critical area and requires a large amount of vision and planning. Being able to utilise solar and move to clean energy as effectively and efficiently for all, this needs the most work.'

The Energy Charter structure

Overall, industry collaboration through the Energy Charter accountability framework was seen as critical to supporting the energy transition.

'I can see real value in large companies such as Essential Energy continuing to focus on customers by building community capacity and social infrastructure through developing links, connections, providing education, and support development. Extreme weather events are becoming more frequent and individuals as well as companies need to plan to address these disasters. I think we can all play a part and contribute to a solution, but it needs to be focused and we need to have a common goal.'

Outcomes

Overall, our customers and stakeholders agreed that our Corporate Strategy – informed by ongoing customer research and data and industry trends assessment, and based on strategic pillars that are robust and forward looking – promotes a responsible and viable approach that is successfully supporting our transition to resilient and sustainable infrastructure and a business-wide customer-focused culture.

'Above all else, we need reliability. However, this needs to be delivered as safely and as sustainably as possible. Largely, this is done successfully.'

'I think you're right where you need to be and I don't think you can be anywhere else.'

In line with customer and stakeholder feedback on areas for improvement, sustainability and affordability will remain prime areas for strong future focus.

For further information, please contact:

Mike Cole

Head of Customer

E: mike.cole@essentialenergy.com.au

M: 0408 094 719