

Statement of Expectations for Essential Energy

Date: 15/11/2022

Issued by: Treasurer, Minister for Energy, the Hon. Matt Kean MP
Minister for Finance, and Minister for Employee Relations, the Hon. Damien Tudehope MLC
Shareholding Ministers

Minister for Infrastructure, Minister for Cities, and Minister for Active Transport, the Hon. Rob Stokes MP
Portfolio Minister

The purpose of this statement is to provide guidance to ensure Essential Energy's strategic direction aligns with the Government's expectations. We seek to clarify the Government's key priorities relevant to the enterprise while it continues to manage its business in a commercial manner.

The objectives and functions of Essential Energy are described in the *State Owned Corporations Act 1989* and the *Electricity Supply Act 1995*. This statement does not replace any aspect of the relationship between, its Shareholding Ministers, and the Portfolio Minister as set out in applicable legislation.

Government expectations

Ensure the Government's investment of its capital is used efficiently

We expect Essential Energy to:

- Optimise business performance and deliver efficiencies to ensure it maximises sustainable returns to government without compromising service quality, safety or cost of living. The outcome of this should include a return to overall profitability as soon as possible;
- Proactively identify surplus or underutilised assets and land whose value could be realised and invested in NSW; and
- Pursue the establishment of a subsidiary or subsidiaries to create opportunities to earn commercial returns from unregulated activities.

Maintain high standards of public accountability and corporate governance

We expect Essential Energy to:

- Proactively communicate and engage with the Government to keep them informed of relevant matters of interest related to their accountabilities; and
- Maintain the highest standards of governance, probity and integrity in line with government policies and community expectations.

Deliver services safely

We expect Essential Energy to deliver its products and services safely and with respect to the safety and well-being of its employees, the community and the environment and focus on reducing safety incidents in the workplace.

Operate the business sustainably and support delivery of Net Zero policies

We expect Essential Energy to:

- Support delivery of the NSW Government's Electricity Infrastructure Roadmap including the management of new renewable generation connections, through both regulated and unregulated business activities;
- Facilitate the uptake of electric vehicles across regional NSW including the efficient evolution of its own fleet;
- Support the network integration and uptake of sustainability infrastructure by customers
- Help support NSW communities to benefit from the economic and employment opportunities created by decarbonisation; and
- Monitor and report annually its activities against agreed sustainability reporting and climate risk disclosure frameworks.

Support decentralisation and regional development

We expect Essential Energy to contribute to decentralisation, regional development and employment through:

- Provision of a reliable, efficient supply of electricity to support the economic development of regional NSW;
- Effective engagement with their communities on the priorities for energy transition, required investments in the network and affordable bill outcomes;
- Robust community resilience planning including investment in increased resilience of the electricity network; and
- Development and implementation of a plan to support decentralisation through flexible roles to encourage regional employment ensuring where practical key operational roles are based regionally to align with industry.

Ensure robust procurement and employment practices that support the economic and social outcomes of the state

We expect Essential Energy to:

- Support diversity in its suppliers by considering procuring from small and medium enterprises, Aboriginal businesses, regional businesses, disability employment organisations, and social enterprises;
- Assist small and medium enterprises to become more competitive by providing suitable feedback following unsuccessful tender bids;
- Ensure payments to all suppliers, but particularly small and medium enterprises, are made on time, and if appropriate, faster than the payment terms require;

- Support diversity of workforce participation so that employees feel valued, safe and respected in the workplace.
- Support training and development of apprenticeships; and
- Support the provision of energy services and competition in the regional NSW market through the establishment of an unregulated subsidiary.

SOC response

We expect the guidance in this Statement of Expectations will be reflected in Essential Energy's Statement of Corporate Intent for as long as this Statement of Expectations remains in effect.



The Hon. Matt Kean MP
Treasurer
Minister for Energy



The Hon. Damien Tudehope MLC
Minister for Finance
Minister for Employee Relations



The Hon. Rob Stokes MP
Minister for Infrastructure,
Minister for Cities
Minister for Active Transport