

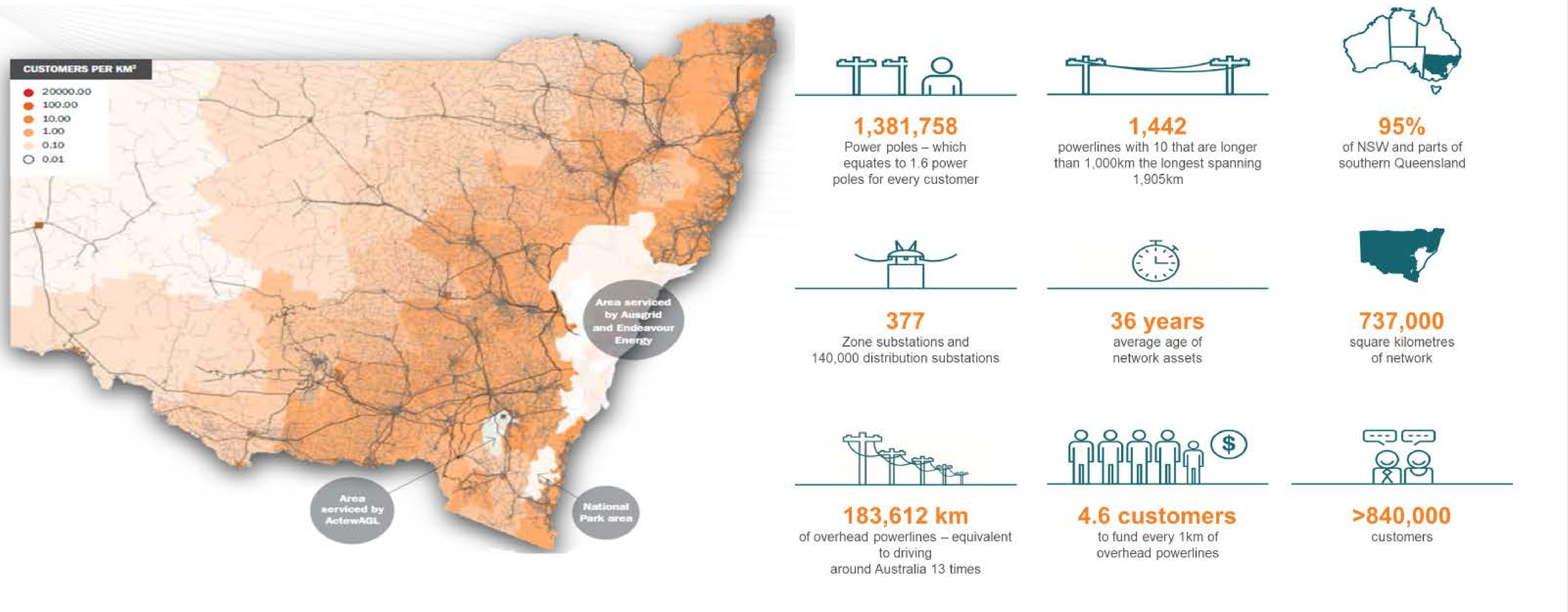
# Delivering On Our Vision

Chantelle Bramley

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# One of Australia's largest distribution networks



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# Our Vision, Purpose and Values

## Our Vision

### What we want to be

Empowering communities to share and use energy for a better tomorrow.

## Our Purpose

### What we stand for

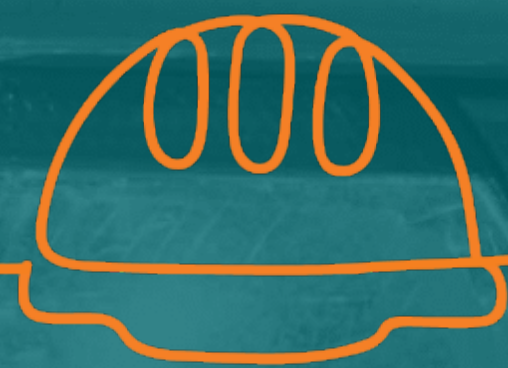
To enable energy solutions that improve life.

## Business Objectives

- 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
- Deliver a satisfactory Return on Capital Employed

## Our Values

### What we care about



Make safety  
your own



Be easy to do  
business with



Make every  
dollar count



Be courageous,  
shape the future

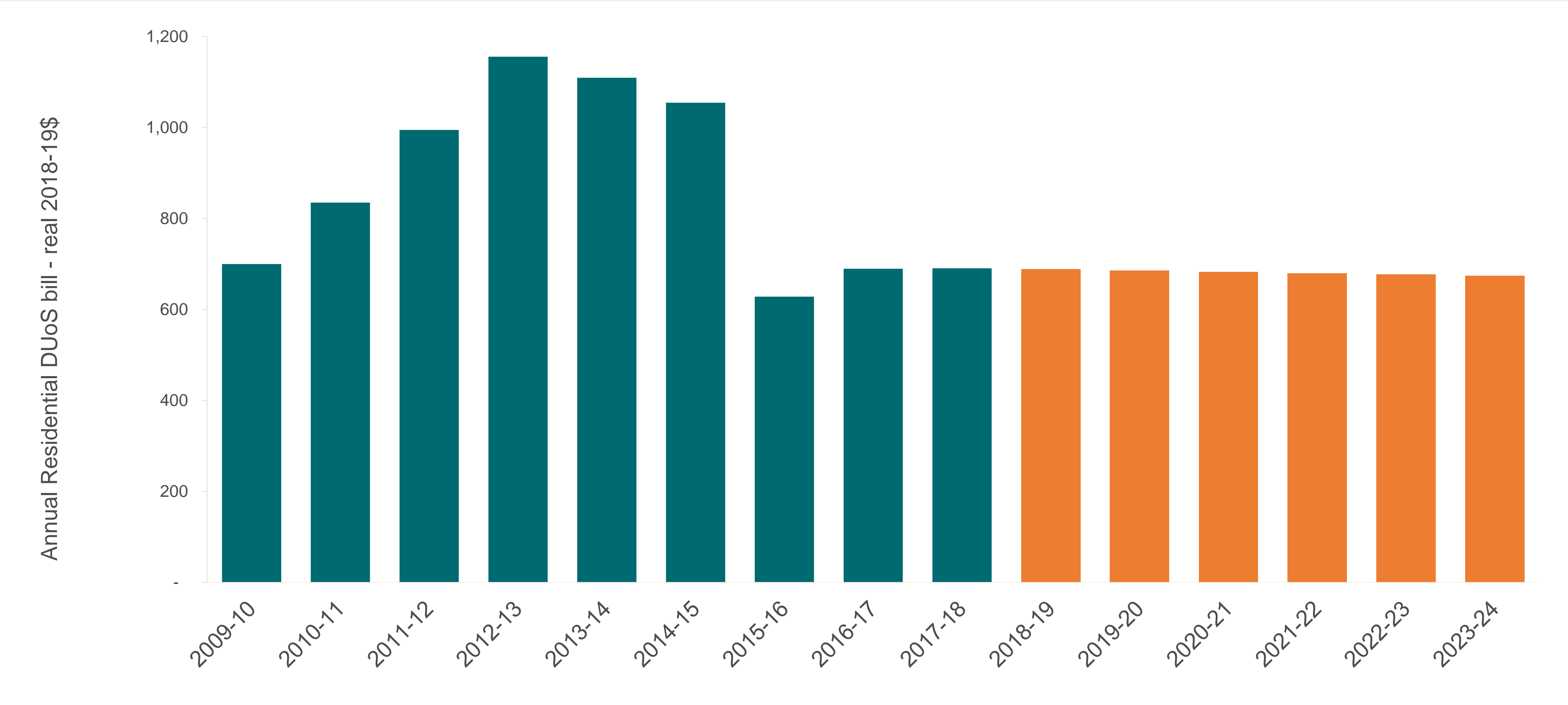


Be inclusive, supportive  
and honest

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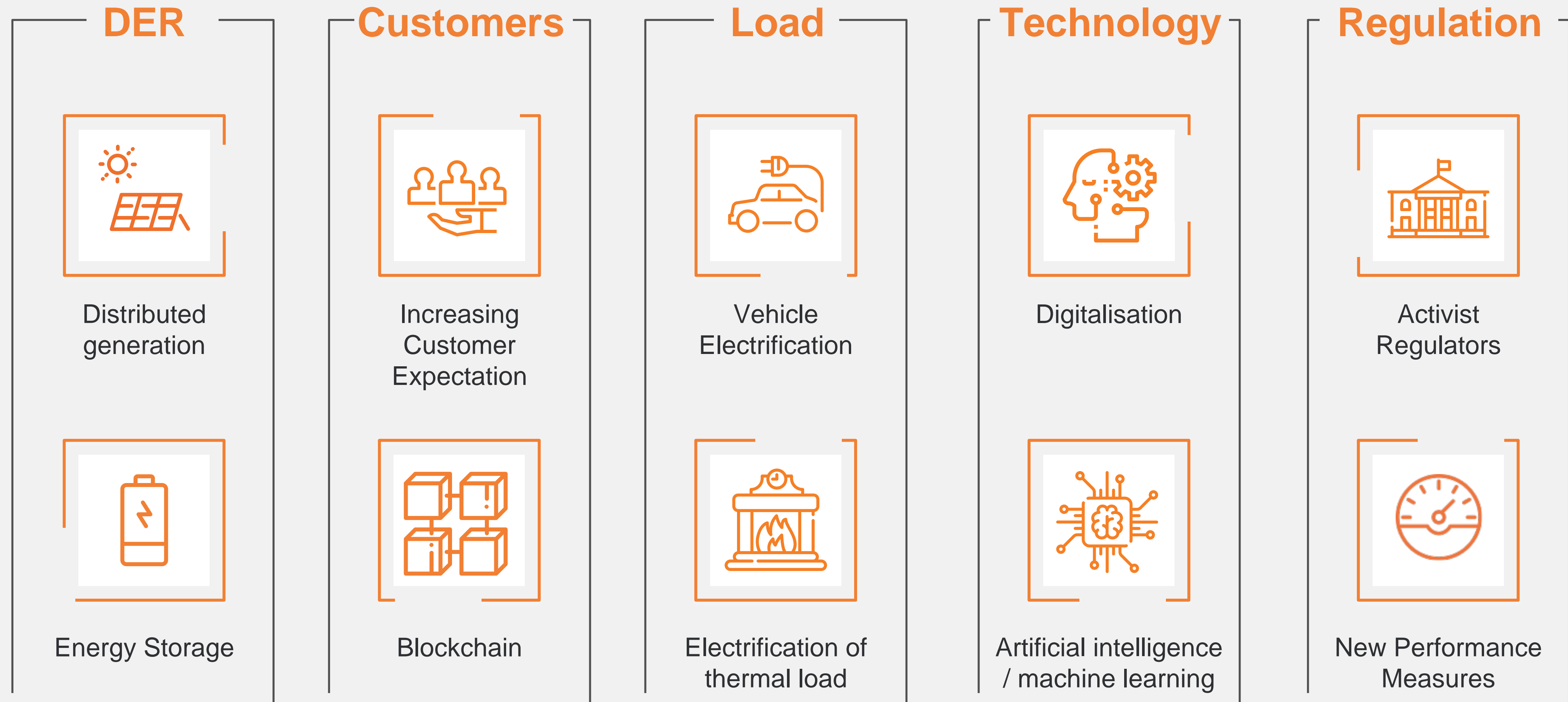


# Stabilised prices are not enough



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# Changing landscape demands a new approach



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# Empowering the Future – Our Strategy

1

**STRENGTHEN THE  
CORE BUSINESS**

Do what we do today,  
better

2

**REALISE THE FULL  
VALUE OF OUR  
NETWORK RESOURCES**

Do more with our  
existing assets and  
people

3

**MAXIMISE THE VALUE  
OF BEING CONNECTED  
TO THE GRID**

Make sure consumers  
connect to the grid,  
and stay connected

4

**DELIVER ENERGY  
TO CUSTOMERS  
IN NEW WAYS**

Reinvent the way  
we deliver energy

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# Investing to deliver ongoing benefit

Investing  
over **\$250m**  
in our  
people, the  
way we  
work and  
systems  
we use

Areas of benefit	Outcome	Potential Benefit
Capital works program	Do the right work to the right scope	Expected recurring totex benefit of ~\$84m by 2024
Field force productivity	Do the right work at the right time	
Maintenance and replacement	Integrated works planning	
Vegetation management	More targeted, cost effective program	
STPIS and fault response	Optimise incentive and improve fault response	
External spend with suppliers	Pay the right price for the right scope of work	
More efficient support services	Leaner support functions	
Technology and data	Leaner function, enabling E2E change	

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# Transformation plan

Transformation Work-streams	Nov	Dec	Jan	Feb	Mar	Apr
EDO Operation and reporting	Update framework		Maturation of agreed services			
Develop transformation program of work	Develop high level business case			Develop final business case		
Identify capability requirements	Develop future state capability set			Include in business case		
Develop new processes and ways of working	Undertake maturity assessment		Develop future state operating model			
Clean up and organise our data	Future data needs		Data cleansing			
Approach to technology	Finalise strategy		Application list		Alignment with business needs	
Choose the system provider				Prepare EOI		Prepare RFP
People and change management	Develop team		Business readiness			
Communications	Finalise strategy		Continuous engagement model			

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# AER's Draft Decision on our Regulatory Proposal for 2019-24

## Key points

- The AER's draft decision **accepts our forecast operating and capital expenditure proposal** (capex has been slightly reduced due to a modelling correction)
- Our proposed revenue of \$5.53B over the five year period has been lowered by 4.3% to **\$5.29B** given application of lower rate of return (in line with the draft 2018 Rate of Return guideline)
- **Capex** – All underlying programmes have been accepted and the AER noted the **strong links** between our strategic initiative investment and expected costs savings
- **Opex** – **Opex as proposed has been accepted.** The AER acknowledged the efficiencies being achieved from planned strategic initiatives and investment in new technology
- Bill impacts – limits **bill increases to below inflation.** The average annual electricity bill for residential and small business customers will be \$70 and \$314 higher, respectively by the end of the 2019-24 period (nominal).

“

**AER:** "This draft decision, which largely accepts Essential's revenue proposal, reflects not only the considerable efficiency gains it has achieved over the current period, but also the strategies and initiatives it now proposes to deliver further efficiencies in expenditure and improvements in productivity over 2019–24"

”

“

**AER:** "Perhaps the highest commendation of Essential's engagement are submissions from CCP10, ECA and the Energy Users Association of Australia (EUAA) that from a consumer perspective Essential's proposal for 2019–24 is capable (or close to capable) of acceptance."

”

“

**PIAC:** concluded that Essential's consumer engagement had been "the best of the three NSW DNSPs" and found that "Essential Energy responded to consumer concern about energy affordability by proposing to significantly reduce its capital and operating expenditure in the 2019-24 [regulatory control period]"

”

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# Questions

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