



Energy Charter Disclosures 2019



Customer outcomes



keeping our prices low



providing safe and reliable energy supply



bringing new gas supplies on line



developing strategies and exploring innovations to enable the energy transition



improving transparency and access to information to guide decision making
improving customer service



improving customer service



considering customers facing vulnerable circumstances and starting to provide some support

Key Drivers



industry-leading consumer engagement



fostering a customer focused culture



investing in innovation and infrastructure solutions



engaging in Energy Charter and Better Together initiatives



restructuring our business drive greater accountability to customers

Room for improvement



developing targeted approach to emissions reduction



improving customer experience during outages



driving cultural change more quickly in our business and the sector



enhancing cross sector collaboration

Message from the Board

We are pleased that the Energy Charter has identified a strong role for Boards in delivering customer outcomes. We want to assure the public and energy sector stakeholders that we are committed to this journey.

In recent years, the Board has been directly involved in customer engagement activities. Through these processes, we have learnt how our customers desire an energy system that works better for them.

On behalf of the Board, I am pleased to be presenting these Energy Charter Disclosures for community and stakeholder consultation. All of your views will be carefully considered, and I look forward to hearing from, and engaging with you to deliver better customer outcomes.



Jiang Longhua
Chair of the Board
SGSPAA



Message from our Managing Director, Frank Tudor

We are delighted to be part of the Energy Charter process. It provides us with the opportunity to challenge our business and helps us sharpen our focus, and that of the broader sector on customer outcomes. It helps reinforce the obligations—not only that we have to our shareholders—but also to Australian families and businesses.

We began our customer focus journey several years ago, and we recognise we still have a long way to go. While our end-customer engagement activities have been recognised as market-leading, we have clear room for improvement in some areas; including customer communications and doing more to enable the clean energy transition that our customers expect.

I am encouraged by the collaborative spirit shown through the Energy Charter Better Together Initiatives that will be instrumental in delivering customer outcomes and driving cultural change in the industry.

The preparation of these Disclosures has been a learning process for our business. It has highlighted gaps, and fostered new conversations that are helping drive us towards better customer outcomes.

We look forward to your feedback, and are committed to living up to the vision of the Energy Charter: Together, deliver energy for a better Australia.



Frank Tudor
Managing Director



Message from JGN and JEN Customer Councils

As members of the Customer Councils, we engage with the business to act as customer advocates, representing customer interests. We include community organisations that represent all households—in particular those facing disadvantage or vulnerable circumstances, large customers, industry representative bodies and energy focused non-profits.

We are pleased that SGSPAA has signed up to the Energy Charter. We are also pleased to have been engaged, and to have provided guidance in the preparation of these Disclosures.

We look forward to continuing to engage with the JGN and JEN teams to improve customer outcomes.

JGN and JEN Customer Councils

Note:

1/ For a list of our JGN and JEN Customer Council members, please refer to our [Your Grid](#) and [Your Network](#) websites.

2/ Energy Users' Association of Australia (EUAA) is a member of our JEN and JGN Customer Councils. Due to conflict of interest requirements associated with EUAA's CEO Andrew Richards being appointed to the Energy Charter Independent Accountability Panel, he has not reviewed or taken part in any discussions regarding our Disclosures.

3/ Energy Consumers Australia (ECA), which is a member of the JEN and JGN Customer Councils, and also host of the Energy Charter Accountability Panel, did not participate in discussions about the detailed Disclosures.

Who we are

SGSP (Australia) Assets Pty Ltd (SGSPAA) is a subsidiary of State Grid International Development Australia Investment Company Limited and Singapore Power International Pte Ltd. SGSPAA owns or has an interest in a portfolio of energy infrastructure assets and related businesses, operated under three brands: Jemena, Ovida and Zinfra.



Jemena is an \$11.5 billion company that owns and manages some of Australia's most significant gas and electricity assets. These include:

- the Jemena Gas Network (JGN) servicing 1.4 million customers around New South Wales (NSW)
- the Jemena Electricity Network (JEN) delivering electricity to over 350,000 homes and businesses in north-west Melbourne.
- the Eastern Gas Pipeline (EGP) which delivers gas from Victoria's Gippsland basin to the Australian Capital Territory (ACT), Sydney and regional NSW
- the Darling Downs Pipeline Network in south-east Queensland supplying Darling Downs Power Station and APLNG's export pipeline.
- the Queensland Gas Pipeline (QGP) which supplies Gladstone and Rockhampton
- the Northern Gas Pipeline (NGP) links Tennant Creek in the Northern Territory (NT) and Mount Isa in Queensland

Ovida, a relatively new and still small part of our operations, seeks opportunities in the 'behind the meter' and distributed energy segment of the electricity market and electricity transmission and connections for large load users and renewable energy generators. Due to Ovida's relative size, the bulk of the report will focus on the Jemena customers and markets.

Zinfra provides engineering, design and construction as well as field based maintenance and operational services across gas and electricity assets. As a contracting business, Zinfra is excluded from the scope of the Energy Charter, and these Disclosures.

Who our customers are

While we have over 1.7 million households and businesses that rely on our direct services, we are conscious that many other energy consumers and stakeholders throughout Australia rely on us for important outcomes too. Through our customer engagement activities, and further demonstrated by our involvement in the Energy Charter, we recognise that different customers and stakeholders have different needs and abilities to engage, which can also change over time. We are committed to industry leading customer engagement to inform how we best deliver outcomes that align with their key priorities.

Our approach to the Disclosures

These Disclosures aim to evidence how we delivered customer outcomes as defined under the Energy Charter from 1 January 2019 to 30 June 2019, and how we intend to deliver them over the next reporting period, from 1 July 2019 to 30 June 2020. We have tried to tell stories that communicate how we approach each Principle in Action, and how we deliver outcomes that flow out from our approach.

In some cases this was easy, where strong understanding already exists within our business. For example, our people are well aware of our end-customer engagement activities, how important they are to our business, and how they help us deliver better customer outcomes.

In other cases, this process exposed areas where we needed to go away and improve our thinking. Some areas that require further thinking include our approach to diversity, and the role we play in managing our environmental impact. We are excited about the prospect of working on these areas individually within our business, and also collaboratively across the sector in the coming years.

We have consulted widely in the preparation of these Disclosures, both inside and outside our business. We developed our Disclosures seeking input from our leadership team and Charter Champions within our own business, our JEN and JGN Customer Councils, and from the various entities associated with the Energy Charter—including the Industry Working Group; the Metrics, Measures, and Maturity Working Group; the End-User Consultative Group and the Energy Charter Director. This process culminated in our Disclosures going to our Board .

We would welcome any comments you may have on our Disclosures, either directly to us at EnergyCharter@jemena.com.au , and EnergyCharter@ovida.com.au, or to the Accountability Panel through their website at <https://theenergycharterpanel.com.au/>.

Our performance against the Principles and Principles in Action

Principle in action 1.1 Have a Board that actively oversees the business' culture so as to be aligned with Energy Charter Principles.

1.1A Our Board actively oversees our culture, aligned with Energy Charter Principles

Our Board is engaged in driving a customer-focused delivery culture within the organisation.

Examples of our Board's engagement include:

- Adopting corporate values since 2013, which include 'Customer Focus' (see [1.1B](#)).
- Overseeing governance structures, key performance indicators (KPIs) (see [1.2C](#)), and remuneration policies (see [1.2B](#)) to drive a business culture focused on measurable improvements in the customer experience.
- Directly engaging in customer engagement activities (see [1.4B](#)), including attending sessions with end-customers, and having our Chairman personally receiving recommendations from both JEN and JGN engagement activities.
- Committing to the Energy Charter, and enabling the business to dedicate resources to implementation (see [1.5A](#))
- Encouraging the open sharing of customer experiences by discussing both positive customer interactions and those that present an opportunity for improvement, and by having guest speakers providing customer perspectives. This year our Board hosted CEO of Energy Consumers Australia, Rosemary Sinclair for a discussion on customer focus.
- Supporting changes to our operating model that more clearly align accountability for customer outcomes with key management personnel (see [1.2A](#)).
- Holding Customer Values Moments at each quarterly meeting of our Risk, Health, Safety and Environment Committee.

Future actions/continuous improvement

Our Board continues to support best-practice governance and reporting mechanisms to monitor delivery of our plans to provide energy safely, sustainably and reliably to our customers and improve overall customer experience. The recent public scrutiny of corporate governance practices—including the Financial Services Royal Commission—reinforces the Board's and management's commitments to transparency and accountability.

1.1B We have adopted Customer Focus as a Corporate Value and strive to consider our customers in everything we do

Our approach to Customer Focus involves striving to consider our customers in everything we do, know our customers, seeking opportunities to engage with them and evaluating decisions in terms of the impact on our customers.

We have been on a journey to improve our customer focus. Some milestones along the way include:

- Established Customer Councils in 2011 (see [1.4A](#)).
- Developed a Customer and Market engagement strategy in 2012 informed by customer surveys and engagement with key stakeholders.
- Adopted Customer Focus as a Corporate Value in 2013.
- Created Customer and Markets functional group in 2016 to bring together commercial, policy and regulation and improve strategic service delivery for customers.
- Began measuring brand-level customer satisfaction (CSAT) and Net Promoter Score (NPS) in 2015 (see [1.4A](#)).
- Added Customer Service to the Customer and Markets Functional Group in 2018 to drive strategic improvements.
- Separated Customer outcomes as a top-level category of our Corporate KPIs and increased their weighting in 2018 (see [1.2C](#)).
- Undertook an organisational model change in 2019 to better align accountability of key management personnel to customer outcomes in each market (see [1.2A](#))

We recognise we have further to go in our Customer Focus journey, but have begun to see external validation of our approach in some parts of our business. Notably, our customer engagement activities have been recognised as industry leading, and as operating in the Collaborate part of the [IAP2 Spectrum of Public Participation](#) (See [1.4B](#)).

Future actions/continuous improvement

We will continue to strive to improve our Customer Focus. Strategies for each of our Markets are now being developed with a focus on improving customer outcomes and will be launched later this year.

Principle in action 1.2 Have management operationally accountable for embedding a 'customer at the centre' culture.

1.2A Our operating model clearly aligns the accountability of key management personnel to customer outcomes

Our Board approved a major organisational model change this year that will improve alignment between accountability and customer outcomes. The new operating model has Executive General Managers responsible for each customer market—electricity distribution, gas distribution, electricity markets, gas markets—and the associated outcomes.

We have moved to this structure from a functionally-aligned structure, where senior leaders were responsible for a single function across a number of our markets. This structure allowed experience and good practice to be shared across markets on functions like asset management or customer service, but the numerous hand-off points within each market diluted accountability.

Future actions/continuous improvement

With our new organisational model effective on 1 July 2019, we expect improved accountability and cultural focus on the customer, flowing through customer outcomes in the coming year.

1.2B Our management's compensation is linked to corporate KPIs, which include customer outcomes

We align our management's compensation with our corporate KPIs to ensure that customer outcomes—among other strategic targets—remain a focus for all levels of the business at all times. Customer outcome targets are a key and rising component of our corporate KPIs (see [1.2C](#)) and are communicated to all employees regularly, with action plans developed to resolve any issues.

All permanent Jemena and Ovida employees on individual contracts (those not employed under enterprise bargaining agreements) have a variable performance bonus paid in April each year based on the previous year's performance, but only if we achieve our corporate KPIs.

Future actions/continuous improvement

With the change in our employee incentive formula, we expect improved customer focus in the coming financial year at all levels of the business.

1.2C Customer metrics are a key component of our corporate key performance indicators

We monitor and assess business performance through a Balanced Scorecard of Corporate KPIs, set jointly by management and shareholders.

The Corporate KPIs comprise metrics aligned to our strategy, including measures of performance against customer outcomes, operational performance, financial performance, and our people.

Rising focus on customer outcomes in Corporate KPIs

Until 2017, Customer KPIs focused on ensuring reliability of supply and reducing customer complaints. In 2018, as part of an increased focus on customer outcomes we introduced a new range of customer service measures aimed at giving a more accurate picture of the customer experience, through connections, call centre experience, planned outages and fault repairs. These customer KPIs are an important element of our overall performance metrics and management.

Future actions/continuous improvement

A review is currently underway to determine the customer index for 2020 to ensure that we are focusing on the outcomes that matter most to the customers.

Principle in action 1.3 Ensure their work force is engaged and incentives are aligned to drive positive customer outcomes

1.3A We measure our employee engagement and customer focus, and are working to improve it

We measure employee engagement through a broad annual survey, combined with targeted pulse surveys throughout the year. People Leaders and HR then work with teams to review and communicate the results, build on what is working well, understand the areas of concern and develop action plans for addressing them.

Over the last few years, our employee engagement has been strong, averaging above 70%. However, not unexpectedly, the recent corporate restructure (see [1.2A](#)), which included a reduction in headcount, significantly impacted engagement, with our overall engagement score down 12 points to 60 in late-2018. To mitigate some of the impact of the challenging circumstances, investment in change management has been significantly ramped up and the HR team is working closely with their leadership teams to ease the areas of greatest concern.

Prior to 2018, the annual engagement survey contained questions designed to assess the extent to which employees felt our focus on the customer is a genuine part of the organisational culture. Employees' self-assessment of their customer focus was consistently strong, however we questioned the degree to which self-assessment was a valid measure of the business's culture as a whole and ultimately, the questions were removed. An alternative methodology to assess customer focus in a more robust way is currently under development.

Future actions/continuous improvement

We expect to see improved engagement in the coming year as our new structure is embedded, and will continue to seek to develop better ways to measure our customer focus.

1.3B Our employee compensation is linked to Corporate KPIs, which include customer outcomes

All permanent Jemena and Ovida employees on individual contracts (not employed under enterprise bargaining agreements) have a portion of compensation linked to customer outcomes (see [1.2A](#)).

We have offered recognition awards for employees displaying superior performance at demonstrating the Corporate Values, which include Customer Focus. Awards have been provided annually at the local, business unit and organisation-wide level. Jemena and Ovida's Values Awards program was paused in 2019, but is expected to be relaunched in 2020.

Future actions/continuous improvement

We will monitor how changes made to incentive payments impact on customer outcomes (see [1.2A](#)).

Principle in action 1.4 Have robust processes to determine customer and community needs and be accountable on how feedback has been considered and incorporated into decision making.

1.4A We have a set of robust processes to determine and incorporate community needs into our decision-making

We seek to live up to our Corporate Value of Customer Focus (see [1.1B](#)) by developing and refining a range of processes to incorporate customer and community needs into our decision-making and our product design (see [4.3A](#)).

Customer Councils

Our Customer Councils consist of a range of consumer advocates, industry representatives and customers, who meet regularly to provide input into the business strategy of our JEN and JGN. The Councils are a trusted source of advice for customer initiatives and were instrumental in shaping our Price Reset engagement plans, our price paths, and the design of our community partnerships. We engaged our Customer Councils to provide guidance on our approach to the preparation of these Disclosures, and to report back on how we responded to that guidance in our final draft. Further details on our Customer Councils are available on our [Your Grid](#) and [Your Network](#) websites.

Customer surveys

To drive continuous improvement we measure customer satisfaction (CSAT) and the Net Promoter Score (NPS) of our distribution networks at the brand level, and we began conducting CSAT surveys of all new connections (JEN and JGN) and abolishments (JGN) in 2018. We also undertake qualitative research, including customer interviews to better understand drivers of customer experience.

Some CSAT measures are incorporated into our Corporate KPIs and linked to employee bonuses (See [1.2B](#)), but we

are looking for ways to make these metrics more meaningful, including by developing plans to expand CSAT monitoring to planned and unplanned outages.

Through our involvement with the Energy Networks Australia we regularly review and compare the way we measure our customer processes, and look to share best practice across networks.

Consumer engagement

We believe we lead the industry in developing models to meaningfully engage individual consumers into the work we do (see [1.4B](#)).

Other stakeholder surveys

We seek the views and experiences of a broad mix of stakeholders on an annual basis through our reputation research and benchmarking work. This work focuses on our relationships with businesses, regulators, residential end-users, consumer advocates, retailers, and other important stakeholders. Following our reputation survey in 2018, we implemented five Reputation Action Plans across our key customer-facing business units to enhance customer communications and issues management.

Customer complaints and dispute resolution procedures

Customer complaints and the dispute processes that sometimes arise from them, are an important form of customer feedback that flows through into our decision-making. We are working to reduce disputes, and improve resolution procedures in our distribution networks (see [4.4A](#)). In our pipelines business, we have dispute resolution processes in place, but we strive to manage our customer relationships to resolve differences before they are needed (see [4.4B](#)).

Future actions/continuous improvement

We will look to continuously improve our customer engagement and our community. In particular, we plan to begin conducting surveys of CSAT of some aspects of our planned and unplanned outages and disruptions on our distribution networks this year.

1.4B We are leading the industry in developing models to meaningfully engage individual consumers into the work we do

Some of the most important input that end-customers provide to us happens through our regulatory processes, that occur every five years which set service standards and revenue and price caps for our JEN and JGN distribution networks. The engagement activities we undertook in 2014 as part of our 2016-2020 and 2015-2019 price resets were in line with industry practice consistent with 'Inform' and 'Consult' on the IAP2 spectrum of engagement. In our preparations for the upcoming periods' price reset processes for the 2020-2025 period, our Board endorsed authentic consumer engagement as central to our approach, with a view to moving to 'Involve' and 'Collaborate' on the IAP2 Spectrum, to let our customers shape our proposals, build trust and help mature our customer centric culture.

We have just completed two processes in our JEN and JGN networks, each consultation program was designed to reflect the different scale and breadth of these networks. Details of each process are provided in the graphics on the next page.

For each process, we began two years ahead of the submission date, seeking out independent advice, including customers in helping to design our programs so that they were inclusive of all customer groups and impacted stakeholders. The program was heavily supported by our leadership team and half of our board members attended sessions in person.

Feedback has been positive, from the end-customers engaged in the processes, but also from industry participants. Craig Memery from the Public Interest Advocacy Centre [described](#) our engagement processes as 'Open, informed and sometimes tough conversations: sector-leading engagement in an increasingly competitive field.' Energy Consumers Australia (ECA) [described](#) our JGN process as 'leading the way' amongst our peers. We were also delighted to [win the Consumer Engagement Award](#) at the 2019 Energy Networks Australia and ECA awards as a joint award for our JEN and JGN engagement.

In their [Progress Report on Consumer Engagement by the Victorian Electricity Distribution Businesses for the 2021-2025 Regulatory Reset](#), the Consumer Challenge Panel (CCP), established to advise the AER on the effectiveness of engagement activities, described our approach as "[being] at the forefront of both development and application of consumer engagement approaches". They further noted that we engaged customers at the 'Collaborate'

participation level on the IAP2 spectrum of engagement, and that this was a “significant” and “commendable” achievement.

Our Jemena annual Values Award (see 1.3B) was awarded to the customer engagement lead of these activities for the 2020-2025 Price Reviews, highlighting the importance of these processes, and the esteem within which they are held in our business.

We have incorporated this feedback into our decision-making in a range of ways, including:

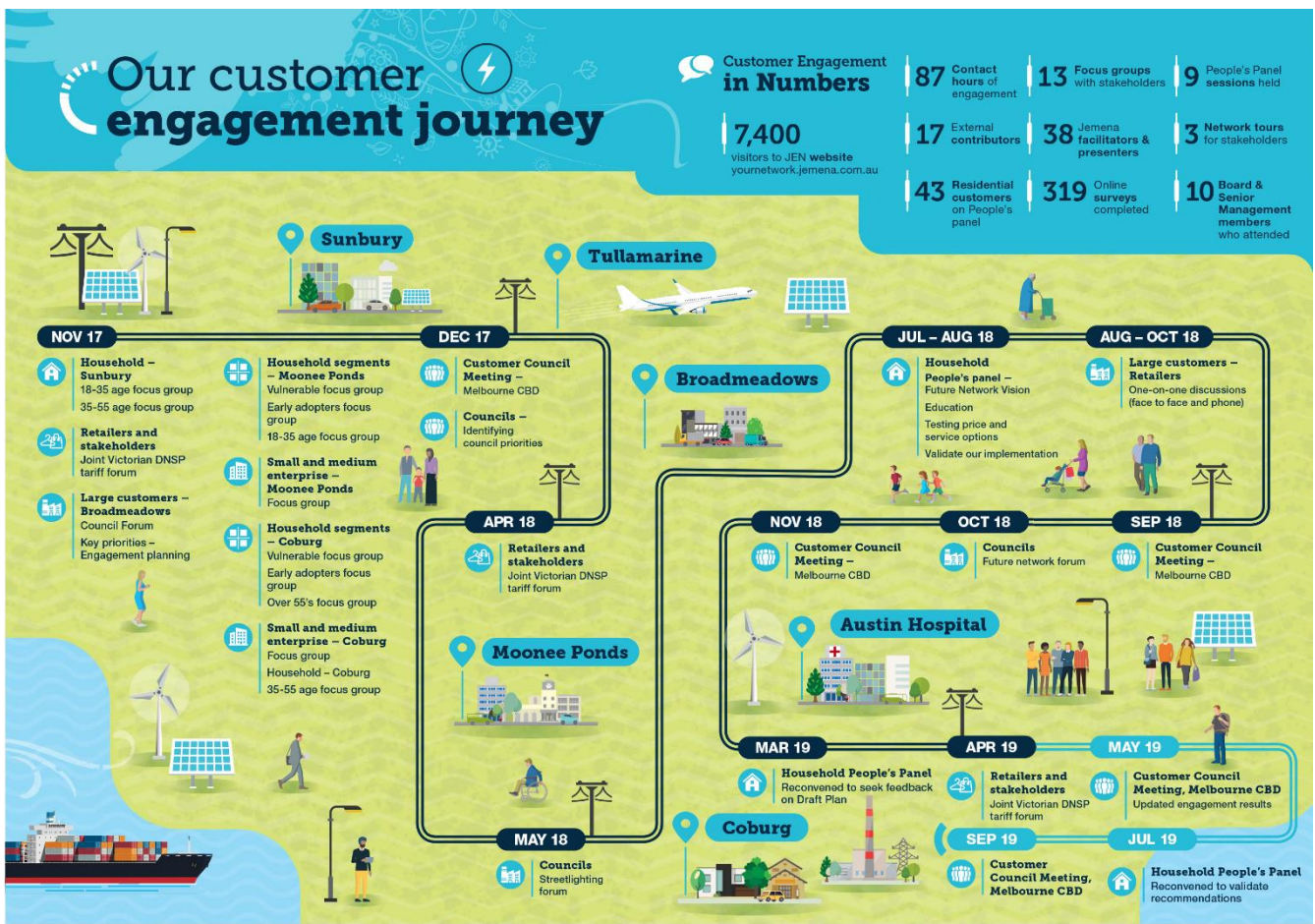
- Developing strategies and exploring innovations to enable the energy transition (see 3.3A).
- Maintaining our current levels of reliability, and focusing on improving the customers’ experience of that reliability (see 3.6A).
- Incorporating feedback into our product design (see 4.3A).
- Investing in energy literacy programs (see 5.4A).
- Developing a tariff structure and price path for our JGN tariffs that provides price reductions (see 2.3A), promotes inter-regional and inter-generational equity (see 4.1A), and work for customers facing vulnerability (see 5.2A).
- Advocating for network tariff reform considering customers facing vulnerability (see 2.5A).
- Working to enable the move to a smarter, and more distributed electricity system (see 3.5B).

Supporting documents that further evidence our performance include [Capire’s report](#) on our engagement in JEN, and [RPS’s report](#) on our engagement in JGN.

Future actions/continuous improvement

We are now committed to continuing to use these processes on an ongoing basis, rather than something we do only every five years for regulatory price resets. We plan to engage these forums periodically on issues of strategic importance to the business.





Principle in action 1.5 Demonstrated a culture of innovation and collaboration for positive customer outcomes, including through the sharing of insights with government, research institutions and across the supply chain, as well as joint advocacy on regulatory, policy and operational issues.

1.5A We are leading innovative trials and fostering collaborative approaches that are focused on delivering positive customer outcomes across the energy sector

We have been making sustained efforts at building knowledge and capability to collaborate and innovate in recent years. We have done this by pursuing a range of innovation trials, involving a diversity of energy sources and technologies, collaborating and sharing information throughout the sector, including with policy makers and a wide range of key stakeholders.

Innovation activities

We have developed a pipeline of innovation opportunities focused on delivering customer outcomes. Some of these that are under implementation include:

- Delivering industry-leading consumer engagement activities (see [1.4B](#)).
- Commencing the Western Sydney Green Gas Project in 2018 to better understand and demonstrate the role that hydrogen can play delivering a lower carbon future for gas distribution and transportation (see [3.5A](#)).
- Conducting the first Power Changers residential demand response trial in summer 2017-2018 (see [2.4A](#)).
- Delivering *Power Changers: Community Connections*, a community energy literacy program including public information sessions and tailored home energy visits in JEN (see [5.4A](#)).
- Commencing the Solar Friendly Neighbourhoods trial in 2019 to better understand and demonstrate the role of novel technologies in increasing the safe and cost-effective integration of higher-levels distributed energy resources into electricity networks (see [3.5B](#)).

Each of these flows through into improved customer outcomes in different ways from better integrating customer views into decision-making, to allowing them to take more control over their energy use and generation, to supporting the energy transition (see [3.3A](#)).

Showing sector leadership through the Energy Charter

Our Energy Charter engagement is an example of how we are approaching the delivery of positive customer outcomes in a committed, collaborative and innovative way—we have taken on leadership roles in the Industry Working Group, Reporting working group and Better Together initiatives. We also have developed strong internal support for the Energy Charter, with Charter Champions throughout the business engaged and directly contributing to the development of our Disclosures.

Our roles in various Better Together initiatives include:

- Leading the 24/7 connections collaboration with Energy Australia, supported by Origin Energy. We aim to provide customers with the option to connect their electricity outside of business hours; including remedying failed connections. We estimate 20,000 Victorian customers were without electricity supply when moving into a residence in the past 12 months.
- Leading an electricity and gas outage-related collaboration with Essential Energy, Endeavour Energy and Energy Australia, to improve customer experience during outages through better communications. While customers tell us that our levels of reliability are adequate (see [3.6A](#)), we have clear room for improvement in how we communicate to drive customer experience improvements (see [4.2A](#)).
- Actively contributing via working groups for Better Customer Engagement and Customer led Network Pricing Reform.

Future actions/continuous improvement

Activities that demonstrate our commitment to innovation in the near future include:

- Power Changers 2.0, which will be undertaken in the 2019/20 summer and build from the learnings of the first trial to improve cost-effectiveness, customer engagement and demand management outcomes (see [3.5B](#)).
- Implementing the Solar Friendly Neighbourhoods project (see [3.5B](#)).
- We will commission NSW's first hydrogen electrolyser to convert renewable energy into green gas for cooking, heating and hot water in homes and business under our Western Sydney Green Gas Project (see [3.5A](#)).

Principle in action 2.1 Ensure that investment, commercial and operational decisions are cost efficient, and explain how customers benefit from these decisions.

2.1A We are continually refining our approach to minimise total costs of operation, while maintaining reliability

To ensure that our investment, commercial and operational decisions are cost efficient, we use an investment framework that benefits customers by:

- Evaluating financial investments in order to deliver an expected return on investment that is acceptable to shareholders and delivers net customer benefits
- Accounting for long-term trends in customer demand and customer needs, growth in competing alternatives, and risk in future industry scenarios
- Providing an investment evaluation approach that is able to reflect recent changes in business strategies, including budget and performance targets.

JGN

To effectively manage our gas assets and meet customer expectations, we continually adapt to the changing environment.

An example of this is the Sydney primary main integrity management project. In recent years, we have seen and planned for growth in the north-east but peak customer usage patterns have changed, meaning we could delay our capacity improvement plans. Meanwhile, the ongoing assessment of our high pressure pipelines in this area identified integrity and safety concerns which required action. We assessed the cost and benefits of safety, reliability and affordability, and found a solution to downgrade the high pipeline pressure by installing additional capacity elsewhere in the network.

JEN

For the electricity network, our approach is to optimise investment in the network, while balancing internal and external drivers.

An example of this is at a zone substation where our condition monitoring of the three 60 year old transformers determined that they were approaching the end of life and required replacement. To replace the three transformers would require an investment of more than \$1.5M each, and historically, when faced with a similar scenario, our approach would be to replace each of the transformers. Now, our approach of balancing investment, operational requirements, customer expectations and regulatory requirements has resulted in two of the transformers being replaced and one of the transformers remaining in service as a 'hot spare', that is, not supplying customers, but available to be switched into service, should it be required. This optimised investment decision has been achieved while maintaining reliability and levels of service for our customers.

Pipelines

By using data driven equipment lifecycle modelling, we have been able to design new gas processing and compression facilities with less redundancy while still meeting the reliability requirements.

This has been demonstrated with the compression configuration on Queensland Gas Pipeline (QGP). The two compression stations on the QGP were designed to have a single gas compressor unit, with no spare 'redundant' units as backup, in accordance with our standard configurations (Longford Compressor station). Through data-driven failure analysis and modelling, the engineering and operations teams have been able to achieve satisfactory levels of reliability with the single units. We have passed on over \$65 million in capital savings from this design in the form of lower tariffs on the QGP.

Future actions/continuous improvement

We will continue to work to refine our approach to minimise total costs of operation, while maintaining reliability

Principle in action 2.2 Offer customers energy deals that best meet their needs, supported by effective tools and incentives for customers to manage their energy use and cost.

2.2A We offer a limited, and highly-regulated set of tariffs in our distribution networks but are actively trying to do more to make tariffs work better for customers

In our distribution networks we have a relatively limited tariff offering, and—in line with the expectations of regulators—little discretion outside regulatory rules to offer differential prices based on demographics. Furthermore, as we do not have a direct customer billing relationship, we have limited information on customer circumstances, or their energy deal.

Yet, despite these constraints, we do try to structure our tariffs in ways that work for customers and broader society. Some examples include:

- In both JEN and JGN we have fixed and variable components to our tariff that mean that heavier users pay for more of the network than those with low consumption.
- In JGN, we structure our tariffs so that only city users pay for the Sydney trunk that only they benefit from and designed our JGN tariff structure to work for customers facing vulnerability (see [5.2A](#)).
- JEN offers residential customers a choice of three different types of tariffs—a single rate tariff, a time of use tariff and a demand tariff. Customers currently have the ability to choose any tariff and subsequently revert to a different tariff.
- We have been active in advocating for electricity network tariff reform that could enhance equity of outcomes, and lower overall costs (see [2.5A](#), [4.1A](#)) with a particular focus on customers facing vulnerability (see [5.2A](#)).

Future actions/continuous improvement

We will continue to work collaboratively with stakeholders to design, and advocate for, and—where possible—implement tariffs that work for our customers and broader society; in particular through our work on electricity network tariff reform (see [2.5A](#)).

Principle in action 2.3 Work cooperatively across the supply chain and with other stakeholders to improve affordability over the short and long term.

2.3A We are doing our part to decrease energy network charges in our distribution networks, while meeting customer service expectations

The main contribution we make to customer affordability in our gas and electricity distribution networks is by managing our cost to serve customers and the distribution tariffs through regulatory processes.

Both JGN and JEN revenues are approved in five-year cycles by the AER and, in the build-up to each new term, we submit a proposal to them that outlines our plans for the next regulatory period and how we expect to recover our costs. We have recently submitted our [JGN 2020-25 plan](#), and are in the final stages of preparing our JEN 2021-25 plan (our draft is [here](#)).

For both proposals we have undertaken extensive consumer engagement (see [1.4B](#)). Through this engagement, we have heard that affordability is a key customer concern. We have therefore approached our proposals through this affordability lens, with JGN proposing an \$244 reduction in a typical residential customer distribution bills for the five year period. JEN's draft plan includes a \$90 reduction for a typical customer over the five years. We are seeking to deliver price reductions, this while maintaining reliability in line with customer expectations (see [3.6A](#)).

Outside of our tariffs, a key way we allow users to manage affordability is by providing data products that allow them to manage their usage (see [4.2B](#)).

Future actions/continuous improvement

JGN

As gas is a fuel of choice for many customers, connecting new customers improves affordability. The more customers that connect, the more thinly our fixed costs are spread across all customers. We will continue to adopt strategies, such as incentivising developers in high rise to choose gas to maintain and increase customers connecting to our network (see [2.4B](#)).

JEN

To improve long term affordability we need to consider prices that encourage efficient network utilisation and therefore support long term efficient network investment. To support this, we will continue actively advocating for network tariff reform (see [2.5A](#)).

2.3B We provide gas transportation services at stable and predictable prices

The Australian east coast gas market has undergone significant changes in recent years with gas prices increasing from historical levels of \$3-4 per gigajoule to as high as \$20 per gigajoule for some contract offers in 2017, before moderating to \$8-11 per gigajoule for much of 2019. The uncertainty and apparent 'new normal' prices are putting significant pressure on large gas users.

Throughout all of the uncertainty in the wholesale market, our standard gas transportation tariffs have only increased by CPI or less. All of our pricing and standard contracts are available on our [website](#). The latest [Gas Price Trends Review Report](#) from the Department of Energy shows that east coast transportation prices have remained largely unchanged in real terms for over a decade, and have declined as a proportion of the total delivered cost.

While the continued stability of our transportation tariffs is important, our share of end-user prices remains relatively low. We believe that we can add the most value to the market by making investments in new infrastructure to bring new gas supplies into the Australian domestic market (see [2.3C](#)).

Future actions/continuous improvement

We will continue to provide gas transportation services at stable and predictable prices following the methodologies set out on our website.

2.3C We are expanding our gas market service offering, bringing new gas supplies to the Australian domestic market

We are investing in gas infrastructure, bringing new gas to the east coast gas market to meet the supply shortfall and to assist in bringing delivered gas prices down. This has flow on benefits to electricity, lowering prices and emissions, and increasing the resilience of the grid (see [3.3A](#)).

We have used our experience in developing and operating mid-stream infrastructure to assist smaller gas producers to bring gas to market. Our streamlined processes and capital efficiencies have improved the viability of marginal gas projects in Queensland by reducing the cost to the customer. This has allowed upstream developers to focus their attention and capital resources on exploring for gas.

Our Northern Gas Pipeline (NGP), which began operations in January 2019 demonstrates a radical investment approach for pipeline companies. We invested in a pipeline that was only one-third contracted, assuming the market risk in support of our vision to assist in the development of a significant gas industry in the NT, and bring gas to the east coast. Our innovative rolled-in tariff mechanism—as set out in our [Access Principles](#)—also encourages gas development by passing on benefits of scale to all customers if the pipeline is expanded.

Our NGP is the first step in our Northern Growth Strategy, which would see the development of the Tennant Creek Gas Pipeline (Beetaloo – Tennant Creek), Longreach Gas Pipeline (Mt Isa – Longreach), and the Galilee Gas Pipeline (Longreach to Wallumbilla), and an expansion of the Northern Gas Pipeline (Tennant Creek – Mt Isa). The full extension and expansion would require an estimated \$5-6 billion investment and create up to 4,000 jobs across Northern Australia.

Future actions/continuous improvement

We will continue to look for opportunities to invest to bring new gas supplies into the Australian domestic market and provide customers with flexibility.

Principle in action 2.4 Innovate to deliver competitive energy solutions for business and residential customers.

2.4A We are seeking to enable innovative approaches to facilitate the transition to more competitive energy solutions in electricity distribution

We continually refine our approach to minimise total costs of operation through our investment framework in general (see [2.1A](#)), but innovation is key to how we drive competitiveness across our business.

In electricity distribution, new technologies are allowing both network, and non-network solutions. We are looking to adapt to the changing technologies to see how they can complement or replace network solutions to deliver lower cost service.

Some of our projects that demonstrate this approach include:

- Our Power Changers demand response trial (see [3.5B](#)).
- Our Solar Friendly Neighbourhoods ARENA-funded trial (see [3.5B](#)).
- Providing more data to users to support energy decision-making (see [4.2B](#)).

Future actions/continuous improvement

In the coming year, innovative activities we will pursue in JEN will include implementing trials, including the next phases of our Solar Friendly Neighbourhoods and our Power Changers demand response trials (see [3.5B](#)), and continuing to revise and progress our pipeline of innovation opportunities.

2.4B We help keep gas affordable and competitive

Gas and gas infrastructure play a critical role in delivering energy to Australian consumers in households and industry. It does this both as a competitor—gas is a fuel of choice for many applications—but also as a complement to the electricity system—supporting flexible gas generation that supports the increase in renewable generation, and avoiding the need for network augmentation associated with electrification of gas demand (see [3.3A](#)).

We play an active role in keeping gas affordable and competitive by:

- Decreasing energy network charges in JGN (see [2.3A](#))
- Actively working to bring low- and zero-carbon gas products to our customers (see [3.5A](#))
- Providing gas transportation services at stable and predictable prices (see [2.3B](#))
- Bringing new gas supplies into the Australian domestic market (see [2.3C](#))

Future actions/continuous improvement

We will continue to innovate to bring affordable, flexible and lower carbon energy solutions to market through our gas infrastructure.

Principle in action 2.5 Advocate on behalf of customers to improve energy affordability through engagement in regulatory and policy processes.

2.5A We are working to enable the adoption of more cost-reflective electricity network pricing

We have been working with a wide range of stakeholders to foster the industry discussion on the need for electricity network pricing that will allow our energy system to better adapt to the coming changes.

As we operate under an annual 'revenue cap', any changes to tariff structure would be revenue neutral for us, but much literature and industry analysis undertaken has shown that there are long term benefits of implementing cost reflective tariffs, in the form of lower future average customer bills. This is particularly critical to get right with the predicted growth of distributed energy resources, including electric vehicles, home batteries, and rooftop solar. In spite of the long-term benefits, any movement from the status quo would cause some to be better off, or worse off, depending on how and when individual customers use electricity. At present, 94% of our residential customers are on a single rate tariff, 6% are on a time of use tariff, and 0% (rounded, representing five actual customers) are on a demand tariff.

We have worked with the other Victorian distributors, customers and stakeholders (including the Victorian Government) to find a solution that strikes the best balance between short term customer impacts and long term benefits. A focus of this work has been potential impacts on customers facing vulnerability (see [5.2A](#)), a study recounting the findings of this work will be made public next year.

Over the course of our work on network tariff reform in recent years, the Victorian distributors have produced a range of research and reports, including a consultation reports into our Victorian Electricity Future Forums into Household Network Pricing covering [pricing principles](#) in 2017, [pricing design](#) in 2018, and [pricing and transition proposals](#) in 2019.

Future actions/continuous improvement

We will continue to participate in stakeholder discussions to progress the public conversation around the need for tariff reform. In the coming year we will:

- Provide our tariff structure statement, with our proposed approach to tariff reform in 2020.
- Work with other Victorian distributors to ensure that our approaches on small customers are aligned to meet stakeholders desire for simplicity.
- Collaborate with other Energy Charter signatories, customer advocates, ARENA, and other stakeholders through the network tariff reform Better Together Initiative (see [1.5A](#)).

Principle in action 3.1 Maintain the highest standards of safety for its people, the community and the environment.

3.1A We work to promote safety for our people and our community in everything we do

We aim to embed a world-leading Health and Safety culture, and to promote the health and safety of our people and the community.

We drive this through our Workplace Health and Safety strategy; a living process that adapts as our business changes along with the risk profile to ensure relevance of initiatives and work undertaken.

Health and Safety performance is not something that can be solved and we have a risk based approach to ensure we continue to understand the context of our business as it changes over time and continue to tackle the threats and opportunities that may impact the health and safety of our people.

We target top quartile industry performance in three complementary targets:

- We want to shift our safety culture from 'Calculative' to 'Proactive' in the Hudson Risk Maturity model. As at July 2019, all business units sit between these points, meaning further work is needed to build capability to maintain a Proactive safety culture.
- We want to reduce our risk rating from Extreme to High as defined by our risk consequence model. We achieved the targeted reduction in 2016, and will continue to monitor it.
- We want to achieve a sustainable reduction in total recordable injury frequency rate (TRIFR). Our Group TRIFR sits relatively stable at 3.4.

The delivery of the Health and Safety Strategy is monitored and reported on monthly. Governance of the strategy is managed through the Board's Risk, Health, Safety and Environment Committee, which provides specific safety

oversight. Health and safety outcomes contribute to our KPIs (see [1.2C](#)) and flow through to management and employee compensation (see [1.2B](#)).

In late 2017 Jemena was recognised internationally for its care for our people and our approach by being awarded the prestigious Global Healthy Workplace Award 2017

Future actions/continuous improvement

We are currently refreshing our five year Health and Safety Strategy for 2020-2025 and will to ensure we fully understand the current context and are adopting contemporary practices to tackle sustainable performance improvements. We will also host the 2019 Global Healthy Workplace award panel.

3.1B We respect the natural and built environments within which we operate and endeavour to minimise the impact we make

In delivering energy to our customers we acknowledge that there will be impacts on the environment. To reduce the impacts of our operations we are committed to ensuring we meet all environmental legislative requirements.

Our policies

We maintain an Environmental Management System which is integrated with our Health and Safety System (HSEMS). This system seeks to continuously improve the way in which we manage our environmental impacts. Key to this system is our HSE Policy which outlines our risk-based philosophy and commitment to improvement. A current improvement focus is to raise the profile of environmental risks in the field such that they are considered as important as our safety risks.

Carbon emissions

Through our customer engagement activities in our distribution networks (see [1.4A](#)), our customers have told us they expect us to advocate for improved environmental outcomes. This includes supporting the reduction of greenhouse gas emissions.

We report our Scope 1 and 2 emissions under the National Greenhouse and Energy Reporting Act (NGER). Our emissions have been relatively stable over time, declining slightly from 803,305 tCO₂e in 2008-09 when we began measuring our emissions, to 746,803 tCO₂e in 2017-2018. We are currently working on our 2018-2019 report but expect it will show an increase in emissions in the 2018/19 report by approximately 150,000 tCO₂e due to the start of operations of the Northern Gas Pipeline (NGP) and a full year of operations of our Darling Downs Pipeline.

We are subject to the federal Safeguard Mechanism for three of our assets; JGN, Eastern Gas Pipeline (EGP) and the NGP. To date, JGN and EGP have remained below their allocated baseline. A baseline it yet to be set for NGP as it is its first year of operation. While emissions have remained within the allowable threshold additional reduction targets have not been set.

Remediation sites

As part of its acquisition of assets of the Australian Gas Light Company in 2006 we became the owner of a number of legacy gasworks sites and associated contamination. Four of the legacy sites have been identified as high priority, and a dedicated Project Team is in place to deliver the Board-approved strategies. Remediation is expected to be complete at one site by the end of 2019, a further two sites will have commenced remediation in 2019 for completion in 2020 and the final site will commence in 2020 for completion in 2021.

For each of our remediation sites we maintain a public website to update stakeholders on project progress.

Policy advocacy

We have advocated for national policies to achieve socially desirable environmental outcomes. As an example of this we have supported various attempts to implement policies to reduce Australia's greenhouse emissions consistent with Australia's international decarbonisation targets and the Paris outcomes. Last year we also signed a joint statement in support of the National Energy Guarantee, and continue to support bipartisan policy in this domain.

Future actions/continuous improvement

In the coming 12 months, we intend to develop a Sustainability Strategy to raise the profile of environmental issues within the business and set out plans to improve in certain key areas. The Strategy will be based on material aspects to the business and its stakeholders. This will include consideration of how we can reduce our own emissions.

3.2A We seek to meet community expectations by working to improve diversity

We see difference as an opportunity to drive innovation and realise our strategic priorities and we believe that diversity and inclusion need to be woven into the way things are done.

Some of the ways we are seeking to embrace diversity include:

- We have a specific budget set aside within the annual salary review to top up the salaries of females that the remuneration team have identified as being paid less than their male counterparts in like roles, but execution of this budget has been below expectations.
- Implementation of flexible work practices including flexible hours, job sharing, telecommuting, compressed work week and purchased leave. 3.7% of our employees take these practices up.
- Installation of unisex and disabled facilities in all key office large locations
- Parental leave provisions for primary and secondary parents, including for adoptive, and same-sex parents
- Use of non-binary salutations in employee documentation.

We have focused on reducing gender bias in the workplace, including recruitment and promotion. From 2018-2019:

- The proportion of females in our organisation has increased from 25.5% to 29.1%
- The representation of females in our senior management has continued to increase from 24.5% in 2017, 27.9% in 2018 to 33.0% in 2019
- Proportionately, slightly more females are entering non-traditional occupations with an increase of females in Technician roles from 6.7% to 9.0%
- Our rate of promotion of females increased from 25.0% to 34.6%
- Our retention rate of females has increased with less females leaving the organisation at all levels down from 43.6% to 29.3%

We have identified the gender pay gap as an area in which we need to improve. In 2019 our raw wage gap (the difference between the average male and female salary) was 14.5%, an increase from 12.5% in 2018. We also conducted an analysis of positioning within the remuneration ranges between men and women and in 2019 and found a male-female average gap of 4%.

We are looking at opportunities to further recognise Aboriginal and Torres Strait Islander people as part of a Diversity and Inclusion plan being prepared for 2019-2020.

Future actions/continuous improvement

We now seek to extend these foundations and develop the culture and behaviours to necessary to ensure an inclusive workplace.

We will develop and implement a revised Diversity and Inclusion plan. This will involve a series of initiatives aimed to improve inclusivity. We will use the framework provided by the Workplace Gender Equality Agency and aspire to be recognised as an Employer of Choice.

3.2B We are working to improve local community outcomes through our procurement processes and community partnerships

We striving to improve local community outcomes through our operations, in particular through our procurement policies and our community partnerships programs.

General procurement

Our procurement team commenced its sustainability program in early 2018, designed to ensure that the goods and services we procure, have the lowest negative and the most positive social, environmental and economic impacts. This year we have focused on modern slavery. While Australia has a low presence and strong stance against slavery, we are reviewing our supply-chain due to its complexity to understand the practices of suppliers.

We have teamed up with the Smith Family to support the [Cadetship to Career](#) program. As part of the program a procurement cadet has been placed and will be supported throughout the period of their tertiary studies. The cadet completed a three-month work program over the summer break and continued on a part-time basis.

We were early to sign and adopt the Business Council of Australia's Supplier Payment Code. We recognise the community impact created by small suppliers having extended payment terms, so have implemented standard 30 day payment terms and track payment performance.

Procurement on major projects

During the procurement process to select major contractors on the Atlas and Northern Gas Pipeline (NGP) projects we delivered Local Content Plans. These plans ask contractors to identify work packages that could be filled by local suppliers or by local employees, and sets an expectation for this to occur.

For our NGP project, we broke large packages of works into smaller contracts allowing local businesses more opportunities to contract. Of the 1,100 jobs we created on the project, 816 were filled by people in the NT and Queensland, 390 of which were created in regional areas. We also spent more than \$153 million in the NT and Queensland.

We brokered contracts for civil works between local Indigenous people and our major construction contractors, so that Indigenous people had a say over who worked on their land. We had human resources dedicated to monitoring and delivering Indigenous jobs, contracts, and training. Through this, we delivered 250 indigenous jobs, and provided contracts worth over \$18 million to indigenous businesses and organisations in the NT and Queensland. We also provided training courses to 70 Indigenous people to prepare them for apprenticeships.

Community partnerships

We partner with a range of not-for-profit and community organisations to engage with our customers and make a difference in the communities we serve. Some examples of this work include:

- Providing to support organisations, including the Victoria State Emergency Service, NSW Rural Fire Service and RACQ Rescue Service to deliver community safety, education and other positive social benefits.
- Delivering our Power Changers—Community Connections program in partnership with Uniting, to provide energy education and cost saving tips (see [5.4A](#)).
- Separate from our major projects, we partner with training organisations on work readiness programs for indigenous people living in regional and remote areas of the NT.

This year we developed a strategy aimed at raising our level of maturity in community partnerships.

Future actions/continuous improvement

We will continue to strive to improve community outcomes through our operations. In particular we are focused on:

- Expanding the policies we developed for the NGP project to future large projects to ensure local businesses and employees are used where possible
- Implementing our new Community Strategy aimed at transitioning from a philanthropic to a community investment approach, better aligning our partnerships program with the communities in which we operate.
- In the coming year we will invest \$100,000 in training and development in regional areas of the NT through the Karen Sheldon Foundation.

Principle in action 3.3 Develop business strategy and manage operations to respond to the shift to a cleaner energy system that is already underway.

3.3A We are developing strategies and exploring innovations to enable the energy transition

Through our customer engagement activities (see [1.4A](#)), our Customers have told us they want us to look to the future and play a role in enabling the energy transition, while keeping our focus on their primary concern of cost. We are trying to rise to this challenge in each of our markets and our business as a whole.

Internal policies

We acknowledge the need for Australia to meet its emissions reductions obligations to meet the Paris Agreement's long-term goal to keep the increase in global average temperature to well below 2°C above pre-industrial levels; and to pursue efforts to limit the increase to 1.5°C. We also acknowledge the role that the energy sector will have in delivering this. We have advocated for, and continue to support bipartisan policies that would enable Australia to deliver on its decarbonisation obligations (see [3.1B](#)).

Our own Scope 1 and 2 carbon emissions have been stable since 2008-09 when we began measuring them, but we have yet to set our own reduction targets (see [3.1B](#)).

Cross-industry collaborations

Our focus in recent years has been on contributing to industry strategies that facilitate the energy transition and being active in organisations that advocate for policy development to meet customer needs (see [3.3A](#)).

Delivering gas to improve affordability while supporting the energy transition

Australian electricity is largely coal-based, with renewables growing fast off a low base. High gas prices and the lack of policy to decrease the carbon intensity of electricity generation have meant that—even with the growth in renewables—carbon intensity of Australia’s electricity has declined relatively slowly in recent years compared to other developed nations.

Our pipelines, and mid-stream gas investments are bringing new gas supplies into the Australian domestic market (see [2.3C](#)) delivering fuel to gas generators, the commercial and industrial sectors, and households. Gas fired generation is relatively low carbon compared with other fossil fuels, and partners well with intermittent renewables to secure the grid while renewables increase their penetration in Australia’s generation mix. Gas delivered through our infrastructure already plays a role in reducing Australia’s carbon emissions as gas has a lower emissions factor than Australia’s mainly coal-fired electricity supply.

Enabling a lower carbon future for gas infrastructure

We strongly believe that gas and gas infrastructure can enable the least-cost decarbonisation of Australia’s economy. This belief is informed by research from [Australia](#), and [internationally](#) that suggest that utilising existing gas infrastructure and decarbonising gas supply through bio-methane and/or hydrogen would be cheaper than augmenting the electricity network to handle the existing gas load.

While the increased penetration of renewables in electricity generation is well understood, we are actively working to enable the lower-carbon future for gas and gas infrastructure. We have a vision to play a leading role in creating a pathway for a renewable energy future in JGN. Some of the ways we do this include:

- Engaging in collaborative initiatives such as the delivery of Gas Vision 2050 (see [3.3A](#))
- Actively working to bring low- and zero-carbon gas products to our customers (see [3.5A](#))
- Ensuring gas distribution infrastructure remains in the market to play its role in enabling least-cost decarbonisation of Australia’s energy system (see [2.4B](#)).

Enabling the transition to a smarter grid

In our distribution networks, the primary role we play in facilitating the shift to a cleaner energy system is through enabling customers to better understand and exert control over their energy usage. We recognise the changes that our business will need to undergo in the coming years to achieve this. We have sought to achieve this is by:

- In accordance with the National Electricity Roles, publishing our Distribution Annual Planning Report, which details forecast network constraints over the next five to 10 years, together with our plans for addressing those constraints. Alongside these, we publish a network limitation report/datafile. All are available on our [website](#).
- Uploading our network constraint information to the [Australian Renewable Energy Mapping Infrastructure](#) website, which was an ENA initiative for all networks to publish a geographical visualisation of emerging network constraints and summarises planned network augmentation activities.
- Providing more data to users to support energy decision-making in JEN and JGN (see [4.2B](#)).
- Working to improve the grid connection process for DER in a way that is simple, automated, streamlined, and fair, in particular through our Solar Friendly Neighbourhoods Project partnering with ARENA (see [3.5B](#)).
- Delivering our demand response trial Power Changers over summer 2017-2018 (see [3.5B](#)).
- Developing an electric vehicle strategy focused on reducing barriers for charging infrastructure to connect to JEN.
- Being engaged in an industry forum contributing to the revision of the National Construction Code to set standards that will ensure that vehicle charging in residential and commercial buildings works for consumers, the property industry, equipment manufacturers, and energy distribution businesses.

Future actions/continuous improvement

We will continue to develop strategies and innovate to enable the shift to a cleaner energy system. Some actions will include:

- Implementing trials, including Western Sydney Green Gas Project (see [3.5A](#)), Solar Friendly Neighbourhoods project (see [3.5B](#)), the next phase of our Power Changers demand response trial (see [3.5B](#)), and continuing to revise and progress our pipeline of innovation opportunities.
- Working with stakeholders to improve our Distribution Annual Planning Report and constraints maps, to make it easier for customers to understand our constraints and propose non-network alternatives (e.g.

demand management) as part of our work to enable the move to a smarter, and more distributed electricity system (see [3.5B](#)).

- Implementing our electric vehicle strategy and looking for further ways to collaborate with the electric vehicle industry.

Principle in action 3.4 Work with government, other energy businesses, the community and industry bodies to develop a planned transition to a cleaner energy system.

3.4A We are strongly invested in working strategically with a range of stakeholders to enable a planned transition to a cleaner energy system

We are strongly invested in collaborating to enable the energy transition. Ways that we do this include:

- Actively contributing to plans to understand and communicate the energy transition including [Electricity Network Transformation Roadmap](#) and [Gas Vision 2050](#) which engaged widely to develop and present roadmaps to support a planned transition to a cleaner energy system.
- Advocating to government, directly and via our key industry associations, for a nationally coordinated approach to climate and energy policies that will deliver on international emissions reduction commitments
- Joining leading industry and research associations that support Australia’s energy transition including: Energy Networks Australia, Business Council of Australia, Energy Charter, Australian Pipelines and Gas Association, Clean Energy Council, Future Fuels CRC, Ai Group, Energy Users Association of Australia, Hydrogen Mobility Australia, Electric Vehicle Council of Australia, Infrastructure Partnerships Australia, Bioenergy Australia, Grattan Institute, and CEDA.
- Collaborating to deliver innovative trials that can contribute to enabling the clean energy transition, in particular through our Western Sydney Green Gas Project (see [3.5A](#)) and Creating Solar Friendly Neighbourhoods Projects (see [3.5B](#)).

Future actions/continuous improvement

We will continue to collaborate across the sector to enable the energy system. Ways we will do this in the coming year include:

- Collaborating with customers, retailers, producers, regulators, and other relevant stakeholders to deliver lower- and zero-carbon gas products (see [3.5A](#)).
- Implementing our Western Sydney Green Gas Project (see [3.5A](#)) and Creating Solar Friendly Neighbourhoods Projects (see [3.5B](#))

Principle in action 3.5 Facilitate new services and technologies that support sustainable energy solutions that meet the changing needs of the market.

3.5A We are actively working to deliver lower carbon gas products to meet different customer needs

Some customers are telling us that they want to lower their carbon footprint and want to understand how they may be able to change their energy consumption patterns to achieve this. Collaboration will be key to our approach with customers, retailers, producers, regulators, and other relevant stakeholders all needing to be brought together to explore possibilities, deliver trials and create new markets that can deliver them low, or even zero-carbon gas products. We have a pipeline of several such projects at the moment.

Western Sydney Green Gas Project

We have committed to the Western Sydney Green Gas Project which involves designing and constructing a Power-to-Gas facility that will source renewable electricity and convert it into hydrogen via electrolysis, supported by the Australian Renewable Energy Agency (ARENA). A portion of the hydrogen produced will be injected into the gas network, providing enough energy to meet the cooking, heating and hot-water requirements of approximately 250 homes. The final portion of the hydrogen will be stored in an underground buffer store via a gas engine generator, for electricity generation back to the grid.

The project aims to support the long-term decarbonisation of Australia’s energy market by demonstrating hydrogen, produced from excess intermittent renewable energy sources, can be both stored in the gas distribution network and used as a clean fuel for hydrogen fuel-cell vehicles.

The demonstration project will explore how this approach could be adopted more broadly across NSW and lay the foundations for a future renewable energy gas grid.

The project will be one of the first trials to inject hydrogen into the gas distribution network in Australia and will focus on addressing the technical, regulatory, environmental, economic, and social barriers to the production and use of hydrogen in gas distribution and transmission networks.

Future actions/continuous improvement

We will continue to deliver the Western Sydney Green Gas Project, and will continue to actively explore the viability of distributing other renewable and carbon neutral gases such as biomethane through our network.

3.5B We are working to enable the move to a smarter, and more distributed electricity system

We recognise the shift to a smarter, and more distributed energy system, and our role to enable customers' choice to change how they interact with it. Major ways we do this in JEN include:

- By facilitating access for distributed energy resources (DER) in a way that is simple, streamlined, automated and fair, and
- By working to understand how demand response will fit into the future of the energy system, in particular through our own demand response trials.

Connecting DER in JEN

At present, residential customers in the JEN network with a single-phase connection to the grid can connect up to 10kW of solar. We are working on advanced data analytics using smart meter data that will allow much faster assessment of network implications for new connections, including solar PV and battery installations.

JEN has a compliance obligation to deliver the DER Register by 1st December 2019. As part of this project delivery we are reviewing our processes that surround the DER connection process and will simplify and automate as many steps as possible. Automation is not within the compliance obligation however JEN is taking this opportunity to improve the customer experience so that customers can connect their DER to the JEN network as efficiently and safely as possible.

Power Changers—residential demand response trial

In summer 2017-2018 we ran a residential behavioural demand response trial to reduce power use during peak times. We signed up more than 600 customers in our network, reducing average peak electricity consumption on hot days by up to 35% among participating customers. The project won [Best Customer Innovation](#) at the 2019 Digital Utility Awards and was runner-up in Energy Network Australia's 2018 [Innovation Award](#). Our [Power Changers trial evaluation report](#) is available on the Victorian Department of Environment, Land, Water and Planning website.

Solar Friendly Neighbourhoods

In early 2019 we launched our Solar Friendly Neighbourhoods trial in partnership with ARENA, that attempts to optimise the contribution of solar PV to meeting the energy needs of our customers in JEN, whilst maintaining grid reliability. The trial will target 106 customers in Greenvale in JEN.

The two year trial will roll-out three technologies and intelligent control systems that will increase the DER hosting capacity of networks, this includes:

- A dynamic phase switching of customer loads on low voltage feeders to help mitigate the localised voltage surge caused by increasing solar
- A dynamic power compensation to adjust the output voltage and mitigate the load unbalance challenge at the source distribution transformer
- Battery energy storage with Virtual Synchronous Generator capability to mitigate power quality and stability challenges caused by very high penetration of solar.

Future actions/continuous improvement

We will continue to work to enable the move to a smarter, and more distributed electricity system. Ways that we will do this in the coming year will include:

- Continuing to work to enable the smooth integration of DER into our network.
- Delivering the next phase of our Power Changers demand response trial focusing on enabling demand response by commercial and industrial users in our network.
- Delivering the next phase of our Solar Friendly Neighbourhoods trial.

3.5C Ovida is delivering new and innovative sustainable energy solution to meet customer needs

Ovida is the part of our business that invests in private electricity infrastructure and renewable energy assets. The Ovida business is separated, and branded differently from the Jemena and Zinfra business due to ring-fencing requirements.

Through Ovida we provide energy solutions that we design, build, finance and manage on behalf of Australian businesses. The products we currently offer include:

- Rooftop solar power purchase agreements (PPAs), where we build, own and operate energy infrastructure for commercial and industrial customers, which give them the benefits of DER at an agreed rate over the life of the assets, freeing their attention and capital to be focused on their core business.
- Grid connection assets, where we build, own and operate the dedicated connection assets to support connection to the grid for generation projects and large energy users.

We are working to develop products for tenants of residential and commercial buildings, who have historically been unable to access Distributed Energy Resources (DER), such as Solar and Battery storage, and the benefits they provide. To deliver this, we are working in partnership with the Victorian Government to deliver the Community Energy Hubs Microgrid Project to work with multi-tenanted buildings, like apartment buildings and small commercial centres. This will provide a no up-front cost Solar and battery storage system, with energy distribution technology to each participant's premises, behind their grid meter. Previously people living in multi-tenanted buildings, including renters, didn't have the opportunity to access the benefits of cheaper, sustainable solar power.

We have partnered with the Australian Energy Foundation, Allume Energy and RMIT on the Solar Partnering Around Regional Communities (SPARC) project which seeks to deliver 7.5MW of solar PV and 1.5MWh of battery storage across 75 local businesses in the Latrobe Valley region in Victoria. We will install and maintain the solar system and cover all upfront costs while the owners/tenants only pay for the energy they consume through their energy retailer. This project will establish Victoria's largest concentration of on-grid microgrids, establishing the Latrobe Valley region as a centre of excellence for microgrid technology. We have recently set up an office in the region and have team members on the ground working closely with local business owners. Ovida received \$3 million from the Victorian Government grant under the Latrobe Valley Microgrid Program to deliver this project.

Future actions/continuous improvement

We will continue to deliver new sustainable energy services to meet customer needs through Ovida through rooftop solar PPAs and grid connection assets. We will also work to reach our target of 75 microgrids in the Latrobe Valley under our SPARC project.

Principle in action 3.6 Implement solutions across the supply chain: that support energy connection, service and reliability that meets customers' needs to resolve service issues that impact customers and the community.

3.6A We keep our distribution network reliability levels in line with customer expectations, while working to improve customer experience

We seek to maintain network reliability at a level that our customers tell us is appropriate, while managing costs, and striving to improve customers' experience during outages.

Our JGN and JEN customers have told us through extensive engagement (see [1.4B](#)) that they consider our current levels of reliability to be in line with their expectations. They do not want to incur the additional cost of substantially improving reliability, and they do not want reliability to worsen even if it would result in customer savings.

Customers expect us to continue to explore innovative ways of improving reliability without increasing costs. Through finding better ways of working, we have managed to maintain and (in JEN) improve reliability, while driving costs down in both JGN and JEN (See [2.3A](#)).

Our customers have identified room for improvement in how we communicate our planned and unplanned outages. Both of our distribution networks have considerable scope to improve SMS and other digital notifications of outages (see [4.2A](#)). To address this, we are leading an electricity and gas outage-related Better Together Initiative through the Energy Charter. This initiative is a collaboration with Essential Energy, Endeavour Energy and Energy Australia, to improve customer experience during outages through better communications (see [1.5A](#)). We will focus on

improving customer contact information, sharing outage notification maps with retailers and exploring visual communication methods to increase effectiveness and accessibility.

We launched web-based leak and fault reporting tools in both JGN and JEN this year. Our gas tool is seeing approximately 15 reports a week, with 86% of these reports being gas leaks that have been prevalent for days. Our electricity tool is seeing around 3 reports per week. We have received positive feedback on the tool from users and are planning to extend the functionality to other customer touchpoints. We believe this means customers are reporting problems they would not otherwise and will flow through into improved reliability in the coming year.

JGN

Over the last decade, we had our highest customer hours off service (CHOS) in FY13-14 with 176,341 (8 minutes/customer/year). We had our highest CHOS since then in FY-17-18 at 27,386 (1 minute/customer/year). The wide variance in CHOS is largely driven by major outages, such as bushfires, floods or incidents where a third party compromises our network through excavation. JGN continues to work with the construction industry to raise awareness and reduce the frequency of damage to our networks.

JEN

Over the past 10 years reliability has steadily improved. In 2009, our customers experienced on average 1.3 outages per year for a total of 75 minutes without power, in 2019 they experience 0.9 outages per year for 50 minutes without power.

An example of how we have improved reliability while reducing costs comes from how we use our smart meter network. Data from customer meters and other sensors on the network provides our control room with outage information often before customers have placed a call into our faults and emergencies call centre, which has sped up our fault response times. We are also using this data to identify assets at risk of failing, so we can replace them before they result in an outage.

This year we paid \$50,000 in [penalties](#) to the Essential Services Commission in Victoria, as a result of failing to give Greenvale residents adequate notification of a planned power outage in October 2018. We are committed to improving communications and customer experience of outages through our leadership of the Better Together Initiative mentioned above.

Future actions/continuous improvement

We will continue to maintain our levels of reliability at a level that our customers tell us is appropriate, while managing costs, and striving to improve customers' experience during outages; in particular by improving communications (see [4.2A](#)) through our Better Together Initiative (see [1.5A](#)).

3.6B We are working to improve the grid connection process in a way that is simple, automated, streamlined, and fair

We aim to provide a grid connection process that is simple, automated, streamlined, and fair.

In 2018-2019 we commenced work to improve our customer's grid and network connection process by leveraging technology to digitise the process and simplifying how our customers interact with us.

Through a benchmarking process with our national and international peers—for both electricity and gas—and feedback from our customers we developed a plan to deliver improvements for our customers to be delivered in the coming year.

Future actions/continuous improvement

This year, we intend to deliver three improvements to our customers as follows:

- Automation of quote generation so that a customer with a basic connection request can be supplied with an immediate offer. This reduces the wait time for the customer to connect to the network, provides first time resolution for our customers and minimises the costs to our customers. It will also ensure that the customer is connected when they want.
- Expansion of self-service allowing our customers to control more of the application process, reduction in complex interfacing with different departments and reducing wait times.
- Integrating existing technology to provide our customers with an indicative cost estimate based on address and estimate of supply. An indicative cost estimate can be prepared automatically and will not require manual intervention, allowing customers to understand the scale of delivery cost in a reasonable format.

Principle in action 4.1 Enable customers to get fair outcomes regardless of their ability or desire to participate in the energy market.

4.1A We are trying to do more to deliver a more equitable energy system

Our approach to equity historically has been to provide general-purpose products and services at relatively standard tariffs, upon which other stakeholders—retailers, governments, community services providers—can deliver products and services that meet diverse customer needs. Businesses like ours—and our regulators—have not historically seen an active role for us in redressing structural inequalities of outcome that result from the way the energy market operates.

We apply generally-accepted principles such as user-pays, and intergenerational equity in our plans to service customers and the way they are priced. We continue to look for ways that we could play a bigger role in promoting equity of outcome.

Ways we have sought to redress inequality of customer outcomes include:

- Engaging customers through consumer engagement activities (see [1.4B](#)) from a range of backgrounds, income levels, social groups, and locations throughout our networks in both residential and business customer segments. Through these processes, participants have told us that they believe our plans reflect their preferences and decisions.
- Designing tariffs, within the guidelines set by our regulators, in a way that promotes equity (see [2.2A](#)).
- Despite our efforts to design tariffs that work for as many customers as possible, we acknowledge that customers that are unable or not interested in participating could well find themselves on a network tariff, or engaging in consumption behaviours that result in them paying more than they otherwise could. We have begun to explore our role in redressing this by investing in energy literacy programs (see below and [5.4A](#)) and by advocating for network tariff reform (see [2.5A](#)).
- Advocating for tariff paths that promote inter-generational equity. Through our consumer engagement activities (see [1.4B](#)) we sought—and were granted—support from our customers to accelerate the recovery of new investments in light of the uncertainty around the long-term future of the gas network (see [2.4B](#)).
- Publishing and promoting our annual price changes—including recent price decreases (see [2.3A](#))—to promote awareness and to encourage customers to seek the best deal from energy retailers.
- Providing common levels of service to customers throughout our distribution networks.
- Having employees trained to provide a dedicated service to our life-support customers to keep them informed of outages, and provide assistance where needed (see [5.3A](#)).
- Funding a community energy literacy program including public information sessions and tailored home energy visits in JEN (see [5.4A](#)).
- Advocating for policy changes to improve outcomes for customers facing vulnerability, including through our 2015 JEN price proposal where we proposed a range of programs to serve them (see [5.2A](#)).

Future actions/continuous improvement

We intend to work to enhance the equity of outcomes for customers in the near future by:

- Expanding our community energy literacy program to support customers across both JEN and JGN (see [5.4A](#)).
- Recognising that most, but not all customers facing vulnerability on average would be better off with all customers on cost reflective tariffs, we are seeking to progress network tariff reform in a way that limits impacts on customers facing vulnerability through a range of forums, including through a Better Together Initiative (see [1.5A](#), [2.5A](#)).

Principle in action 4.2 Empower customers by:
Making sure all communication is clear, in plain terms, accessible and understandable;
Providing insightful and useful information and accessible tools; and
Streamlining access to, and portability of, customer energy data.

4.2A We endeavour to communicate to customers in a language they understand, and on platforms they use

We endeavour to provide our customers with information that is relevant, accessible, easy to understand and in a format that meets their needs.

Social media

Traditionally, we used social media to share important information with our customers, while referring customer enquiries to our call centre or website. Recognising that our customers often use social media as an initial customer service point, in Summer 2018/2019 we trialled and then implemented a 24/7 Monitoring and Response program across our Facebook and Twitter channels. This change means that customers are now able to receive real-time information and communicate with us on important matters – such as outages.

Website

In 2018 we overhauled our corporate website with a view to enhancing our customer's online experience. We restructured our website to more clearly reflect our customer's journeys online. At the same time, we also simplified language, adopted tools to allow our customers to self-identify what service or support they required, and reviewed page design. This year we launched [gas leak and poles and wires faulty reporting tools](#) that assists customer to easily report network faults via our website (see [3.6A](#)).

For non-English speakers we advertise the phone number of the federal government's Translating and Interpreting Service on the home page of our desktop site. At this point, we do not provide a widget to translate our site, and rely on non-English speaking users using their own tools to provide this service.

SMS notifications

While customers tell us that our levels of reliability are adequate (see [3.6A](#)), our recent CSAT surveys have shown that customer experience of outages is significantly improved if the customer receives updates about the outage via SMS. This is not something we have done well historically.

As at June 2019, We only had around 10,000 validated phone numbers out of our 350,000 connections in JEN and have only just begun to scope this project JGN so do not have a validated database. Recognising this had to change, we have begun work on a project to increase our reach by validating existing data sources, and by working more effectively with retailers through an Energy Charter Better Together Initiative (see [1.5A](#)). We expect to see considerable improvements this year.

CALD engagement in JEN and JGN

We know customers from Culturally and Linguistically Diverse (CALD) backgrounds face barriers which can stop them from accessing the energy services and support they need. We have begun to engage with these communities in their own language, but recognise the need to do more. Examples of our engagement with CALD communities this year included:

- Seeking input from CALD communities by providing Arabic-language sessions as part of our consumer engagement activities (see [1.4B](#)).
- Delivering energy literacy and training to people from Arabic- and Vietnamese-speaking backgrounds living in hard-to-reach communities through our *Power Changers – Community Connections* program in partnership with Uniting (see [5.4A](#)).

Future actions/continuous improvement

To continue to provide our customers with information that is relevant, accessible, easy to understand and in a format that meets their needs. This year, we plan to:

- Dramatically increase our database of our customers' mobile phone numbers to SMS notifications of outages through an Energy Charter Better Together Initiative (see [1.5A](#))
- Expanding our *Power Changers – Community Connections* program in 2019, drawing on our experience to better target communities across Victoria and NSW (see [5.4A](#)).

4.2B We are providing more data to our distribution network users to support decision-making

We are committed to providing customers with information and insights into their energy use to help them better understand their consumption habits and select the best retail plan.

JGN

We have begun to provide a range of tools to help our customers better understand their gas consumption in the past year. In particular:

- We launched a new product called Gas Customer Insights for our commercial and industrial customers in 2019 following requests from some of our large users that provides daily energy usage directly to these

customers. We offered this product to all of our large users, and around 10% have signed up for a free trial with 20% of those purchasing an annual subscription.

- We began a trial that involves fitting around 1,000 households with data logging technology that will capture gas usage information at 15 minute intervals to help us better understand how customers use gas. This will be used to improve equipment selection for future product offerings that will allow customers to access and utilise their gas consumption data to inform their energy decision making.

JEN

Almost all of our customers in JEN have smart meters and we provide an online platform for them to access their consumption data. Our [Electricity Outlook Portal](#) is available through our website for customers to:

- Access their smart meter data on when and how much electricity they use every day
- See an estimate of how much their electricity is costing them
- Compare electricity retailer plans to see if they have the best deal
- Register to be notified by SMS if there is a power outage that impacts them

The Portal has been available since the smart meter rollout in 2016, yet only 20,000 of our 350,000 (5.7%) customers have registered to use this service. Customer feedback has suggested this is because the portal is not customer friendly and does not do enough to provide customers with insights, and many customers are not aware that this service is available. We are currently developing a plan to respond to this feedback.

Future actions/continuous improvement

Our plans for 2019-2020 in JGN include:

- Making improvements to our Gas Customer Insights product for our commercial and industrial customers to provide monthly summaries and hourly reads, and growing the user base.
- Creating a metering working group to establish a vision for technologies and processes that will help customers understand their energy usage in the future.

Our plans for 2019-2020 in JEN include:

- Improve user experience of our Portal and information and insights available.
- Finalise a digital roadmap that will outline the delivery plan to provide customers with improved tools and insights to manage their energy use.

4.2C We make pipelines data transparent and user friendly

As part of the information disclosure requirements under the recent gas market reforms, we make public information including details of our assets, the services we offer, terms on which they are provided and financial statements. This information is easy to find and navigate on our website.

The Australian Competition and Consumer Commission have stated that they believe that some pipeline businesses are not complying with the spirit of the information disclosure reforms, and this view informs the need for the upcoming gas pipeline Regulation Impact Statement by the Council of Australian Governments Energy Council. We have worked to comply with the letter and the spirit of the recent reforms in providing useful, detailed information for customers. An example of this is the detailed Basis of Preparation documents providing a clear and detailed explanation of how we have prepared our financial reports; these documents run up to 80 pages per pipeline.

Future actions/continuous improvement

We will continue to strive to make pipelines data transparent and user friendly.

Principle in action 4.3 Ensure that innovation and design in products and services, as well as communication platforms and tools, are driven by customers' needs and preferences.

4.3A Customer needs and desires are key drivers of our product design process

We have a set of robust processes to determine and incorporate community needs into our decision-making (see [1.4A](#)), including our consumer engagement (see [1.4B](#)), and we incorporate those customer views into our product design. Some examples include:

- We developed our Gas Customer Insights product that provides daily gas data to large gas customers in response to their requests (see [4.2B](#)).
- Our CSAT and qualitative research indicated that customer experience of our connection process in JEN and JGN was poor, so this year we began streamlining the Customer Portal, and digitising certain steps so that

customers can request connections and other services, and be updated on the status of their request. We are also building a system to provide with automated quotes, which should be possible for the vast majority of connection requests (see [3.6B](#)).

- Surveys of CSAT of outages in both JEN and JGN revealed that satisfaction was significantly improved if customers received updates via SMS, leading to a project to dramatically improve our database of contact details (see [4.2A](#)).
- Customer Feedback on our JEN Electricity Outlook Portal has indicated it is not customer friendly, and most customers are not aware of it. We are currently developing a plan to respond to this feedback (see [4.2B](#)).

Open access gas processing and compression

We have a unique business model for open access gas processing and compression infrastructure.

The upstream gas industry has been calling for a capable operator to step into this space, and the open access model should drive greater capital efficiency in the development of this type of infrastructure and ultimately better outcomes for customers.

Importantly, it means that gas upstream developers can focus their attention and resources on exploring for gas, meaning these projects need not incur significant upfront infrastructure costs.

Historically, gas projects typically build their own dedicated gas processing and compression facilities. This is the type of inefficiency that resulted in three LNG projects developed side by side in Queensland, each with its own gas transmission network, jetty and liquefaction facilities on Curtis Island. And ultimately, it is gas customers who end up paying for these capital inefficiencies via higher gas prices.

In our Atlas project, we have partnered with Senex to provide cost-effective processing and transport, and in the design phase identified other potential users of the facility in the region. We are now building the facility such that the infrastructure is readily expandable, creating an innovative and cost effective solution for potential new customers.

Future actions/continuous improvement

We will continue to strive to design and develop products and services to meet customer needs and preferences.

Ways that we intend to do this in the coming year include:

- Actively working to deliver lower carbon gas products to meet different customer needs (see [3.5A](#)).
- Implementing improvements to our gas leak reporting tool in line with customer feedback, and applying the learning to other customer touchpoints (see [3.6A](#)).
- Investing in delivering data to users to support energy decision-making (see [4.2B](#)).
- Continuing our conversations with customers in a way that enables us to better design gas transportation services that are fit for purpose and meet the needs of Commercial and Industrial, generators, and retail customers.

Principle in action 4.4 Have effective and accessible dispute resolution processes, co-ordinated across the supply chain, to resolve customer issues and implement process improvements in response.

4.4A We are working to reduce disputes, and improve resolution procedures in our distribution networks

We seek to provide our customers with a smooth customer journey and dispute resolution process through a continuous improvement approach. We have range of customer journey-related KPIs including the number of ombudsman complaints, resolution times for customer claims, percentage of first-time resolution of enquiries received, and so on. These KPIs flow through to our Corporate KPIs (see [1.2C](#)) and employee remuneration (see [1.2B](#), [1.3B](#)).

JGN

In mid-2017 our gas business recorded our highest number of Ombudsman cases, and media and ministerial complaints about delayed gas connection services. We met with the Ombudsman and industry bodies, and spoke to a series of customer segments to understand the root cause. The changes made, based on these discussions, included:

- Reducing the average number of days to complete a connection from 94 days to 85
- Changing the connection process by providing better information to customers in the portal
- Communicating with customers and builders earlier and more frequently about site-readiness.

We began measuring customers' and builders' satisfaction with their new connection experience via SMS in H2 2018, since then our CSAT score has increased from 7.1 in Q2 2018 to 8.3 in Q2 2019.

JEN

After an increase in complaints from our electricity customers in 2017 and 2018, we reviewed the customer application process and the complaints data to better understand customer concerns. This analysis allowed our team to take action to improve customer service, actions included:

- Holding an industry night with electricians and industry bodies to improve the end-to-end supply chain
- Working with the retail participants to reduce the paper work rejection rate from 37% in November 2017 to 10.9% in July 2019
- refresher training on the process for our customer facing teams
- informing customers earlier on the status of their connection and keeping them up-to-date during the connection process.

We believe these actions contributed to a 50% reduction in our H1 Ombudsman complaints from 64 in 2018 to 32 in 2019 and an increase in our CSAT score from 6.4 in 2018, to 7.1 in Q2 2019.

Future actions/continuous improvement

We will continue to apply our continuous improvement approach to provide our customers with a smooth customer journey and clear dispute resolution process when problems occur.

4.4B In our pipelines business, we have dispute resolution processes in place, but we strive to manage our customer relationships to resolve differences before they are needed

We are focused on working with our customers to meet their needs and to provide them with reliable gas transmission and related services, responding as quickly as possible to customer concerns to resolve them in accordance with commercial terms.

We seek our customers feedback on our performance through periodic surveys. If we have a dispute, we have a range of formal and informal processes that we apply. These processes include: escalation to senior managers; formal contractual dispute resolution mechanisms including mediation, expert determination and arbitration; and prescribed dispute resolution processes.

We have not been party to any formal dispute resolution procedure in our gas transmission services for many years, including under the gas market reforms.

Future actions/continuous improvement

We will continue to seek feedback from our customers to proactively address any concerns that they may have, and work hard to avoid disputes.

Principle in action 5.1 Have processes to enable early identification of and engagement with customers at risk of vulnerability, coupled with intervention measures that can prevent customers falling into hardship.

5.1A We are beginning to understand our role in identifying and engaging with customers at risk of vulnerability

Our customers have consistently told us through our engagement activities (see [1.4A](#)) that they expect us to do more to serve and advocate for customers facing vulnerability, and we are trying to rise to that challenge.

Distribution and transmission businesses have not traditionally had very mature frameworks through which to identify and engage with customers at risk of vulnerability other than with life support customers, for whom we have regulatory obligations. We are beginning to understand how we can best serve customers facing vulnerability so that we can respond proactively, rather than simply complying with minimum regulatory obligations.

This year we prioritised delivery of improvements in life support customers' experience of planned and unplanned outages. We worked collaboratively with retailers and customers directly to ensure contact details were accurate for life support customers by cross-checking system data and validating inconsistencies. We have employees trained to provide a dedicated service to these customers, which involves managing a registration process and proactive contact via telephone during planned and unplanned outages to provide assistance where needed.

A welcome pack informing life support customers of what to do in a planned or unplanned outage was refreshed and made available to these customers once they notify retailers of their life support status. Having up-to-date

contact details ensures these customers are informed of planned outages with adequate time to put in place a backup plan.

Beyond life support customers, other ways we have sought to better understand and respond to customers at risk of vulnerability include:

- Delivering Power Changers—Community Connections, a community energy literacy program aimed at empowering vulnerable and hard-to-reach community members (see [5.4A](#)).
- Proposing measures to serve customers facing vulnerability in our 2015 price reset (see [5.2A](#)).

Future actions/continuous improvement

We are working towards specific action to better serve life support customers and those from disadvantaged communities. In particular we intend to:

- Investigate developing a product for our life support customers to better protect their access to energy during planned outages in the future.
- Scale up our Power Changers Community Connections program (see [5.4A](#)).

Principle in action 5.2 Provide products and services that are tailored to customers facing vulnerable circumstances and support them to get back on track.

5.2A We are seeking more ways to provide products and services to customers facing vulnerable circumstances

Due to our place in the supply chain, we have traditionally had limited ability to offer tailored products to our customers (see [2.2A](#)). In the first instance, our approach to serving vulnerable customers comes from our approach to equity more broadly, where we offer general-purpose products and services at standard tariffs, upon which other stakeholders—retailers, governments, community services providers—can deliver products and services that meet diverse customer needs (see [4.1A](#)). That said, we do consider customers facing vulnerability when developing our products, services and pricing strategies and actively look for opportunities to improve outcomes.

Some examples of our engagement include:

- JGN’s approach for 2019-20 prices was to provide a below-average price change to the fixed charge. This strategy means that more of our allowed revenue is recovered from our usage charges rather than fixed charges, which provides customers more control over their bills. So, while this is not a customised tariff for customers facing vulnerability, we believe the tariff should work well for them.
- In collaboration with other electricity distributors, we commissioned a study into how network tariff reform (see [2.5A](#)) would impact customers facing vulnerability. This gave us insight that while individual customers facing vulnerability may be better or worse off, as a whole, customers facing vulnerability are typically worse off under the status quo. This insight is a key driver behind our continued engagement in advocacy for tariff reform, and the design of solutions for which we will advocate. This study will be made public later this year.
- We have been offering home energy audits and energy saving tips through a partnership with Uniting, and engaging in forums designed to make them accessible to customers facing vulnerability (see [5.4A](#)).

An example from further back in the past illustrates our commitment to seeking to understand our role in serving vulnerable customers in collaboration with our regulator. In our 2016-20 Electricity Distribution Price Review Regulatory Proposal ([Attachment 8-6](#)) submitted in 2015, which proposed an initiative costing \$1.01 million over 5 years to be included as a part of our regulated expenditure for customers facing vulnerable circumstances. The initiative included an in-home-display trial, a no-interest loan scheme, improved communications for culturally and linguistically diverse customers, and a range of community partnerships to improve energy literacy. This expenditure was supported by our customer engagement at the time—noting that the costs were proposed to be spread across all customers on our network—however, it was not approved by the AER.

Future actions/continuous improvement

In the coming year, we will continue to seek ways to better serve customers facing vulnerability in line with the expectations of society and our regulators. Some of our activities will include:

- We will continue to work to progress network tariff reform in a way that limits impacts on customers facing vulnerability (see [2.5A](#)).
- We will scale up our Power Changers Community Connections program (see [5.4A](#)).

Principle in action 5.3 Provide flexible solutions that are easy to access and are provided by specially trained frontline staff with expertise in supporting those customers who face additional barriers to engaging with the energy market.

5.3A We are seeking more ways to engage with customers facing vulnerability through our frontline employees

Our focus on delivering solutions targeted at customers who face additional barriers to engaging with the energy market has historically been limited to serving life support customers, but we are seeking to better understand and respond to the needs of customers facing vulnerability (see [5.1A](#)).

Future actions/continuous improvement

We will be considering other forms of customer vulnerability that may need specialised training requirements in the future.

Principle in action 5.4 Take a collaborative approach, partnering across the energy supply chain, and with government and community service organisations to implement innovative solutions that improve outcomes (affordability or experience) for customers facing vulnerable circumstances.

5.4A We are looking for more ways to partner to deliver outcomes for customers facing vulnerability

Through ongoing conversations with our community service organisations as well our consumer engagement activities (see [1.4B](#)), we understand that energy bills are a source of stress for many Australian households, and that the energy industry is considered complex and confusing—in particular for those facing vulnerability. Ways we have sought to address this include:

- Advocating for electricity network tariff reform informed by our research into potential impacts on customers facing vulnerability (see [2.5A](#)).
- Proposing measures to serve customers facing vulnerability in our 2015 price reset (see [5.2A](#)).
- Focusing on education and social benefits through our community programs strategy for the next three years; to help empower our customers to better understand, influence and make informed choices about the energy that they use (see below).

Power Changers—Community Connections program

In late 2018, we engaged Uniting to help co-design and deliver a new community energy literacy program for our Victorian customers, aimed at empowering customers facing vulnerability and hard-to-reach community members to better understand and manage their electricity use and bills.

Held from December 2018 to March 2019, the first program round delivered eight information sessions at local community centres and shopping centres across Melbourne’s northern suburbs; including one held entirely in Arabic. Information shared included energy saving tips, advice on understanding bills and applying for concessions, rebates and relief grants.

These sessions were further supported by 50 home energy visits, delivering tailored advice to customers in our network. In total, over 150 people received advice or support through the program. This program was delivered at a cost of \$35,000.

Future actions/continuous improvement

We intend to improve outcomes for customers facing vulnerability in the coming year by:

- Expanding our Power Changers—Community Connections program to support customers across both the JEN and JGN networks at a cost of around \$100,000 over the 2019/2020 fiscal year.
- Continuing to advocate for electricity network tariff reform that works for customers facing vulnerability (see [2.5A](#)).