

Summary of Energy Queensland Corporate Plan 2020 – 25 January 2019



Part of the Energy Queensland Group

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1. Purpose

The Corporate Plan (CP) outlines the goals of Energy Queensland in delivering long-term sustainable business outcomes through its continued focus on efficiency and effectiveness in the delivery of electricity services while operating within the framework of the National Electricity Market (NEM) and its Distribution Authorities (Energex and Ergon Energy) obligations. Energy Queensland will manage its operations within the Australian Energy Regulator (AER) Final Decision and facilitate the safe, secure, affordable and sustainable supply of electricity to Queensland communities and customers.

Energy Queensland's operating environment is highly dynamic, reflecting changing customer behaviour, increasing uptake of new and emerging technology and the availability of new products and services being delivered by new providers in the energy value chain. Technology is influencing the way customers use and source electricity with increasing utilisation of energy efficient appliances and the growing adoption of digital devices and self-generation. This means that customers now have more choice in managing their own energy needs and have an ongoing expectation of quality service at a competitive cost.

Energy Queensland's vision is that 'We energise Queensland communities'. This vision articulates the aspiration of Energy Queensland to be a leader in the provision of community and customer focused energy solutions. In bringing this vision to life, and by working more closely with communities and customers, Energy Queensland is re-invigorating long-standing community relationships and in doing so, effectively maintaining its position as the trusted local utility with an efficient and united customer-facing workforce.

Over the next five years, Energy Queensland will continue its focus on achieving stable and predictable energy prices, offering affordable and valued products and services to customers and sustainable returns for shareholders. This is consistent with the Queensland Government's priority to reduce upward pressure on electricity prices and improve overall business efficiency.

Figure 1 Our purpose



2. Corporate Overview

2.1 About us

Energy Queensland was formed on 30 June 2016 to effectively merge the State's Government owned electricity distribution networks, regional retail electricity business (Ergon Energy Queensland Pty Ltd) and to prepare for the demands of the future in transitioning the Queensland energy sector.

Energy Queensland plays a key role in providing secure, affordable and sustainable energy solutions across Queensland and is committed to delivering valued energy-related products and services for the communities in which we serve.

Powering communities from Tweed Heads to the Torres Strait, and from Brisbane to Birdsville, Energy Queensland through its comprehensive Ergon Energy and Energex networks support the provision of energy to approximately five million Queenslanders and have over 7,000 employees, who work and live in communities throughout Queensland. As a utility and provider of an essential service to Queensland, Energy Queensland plays a critical role in enabling economic and regional growth across Queensland communities. Energy Queensland's focus is on creating new opportunities and innovative solutions to increase value for our communities and customers. The figures below show Energy Queensland's service areas and scope of services cover.

Figure 2: Service areas – Ergon Energy Network and Energex

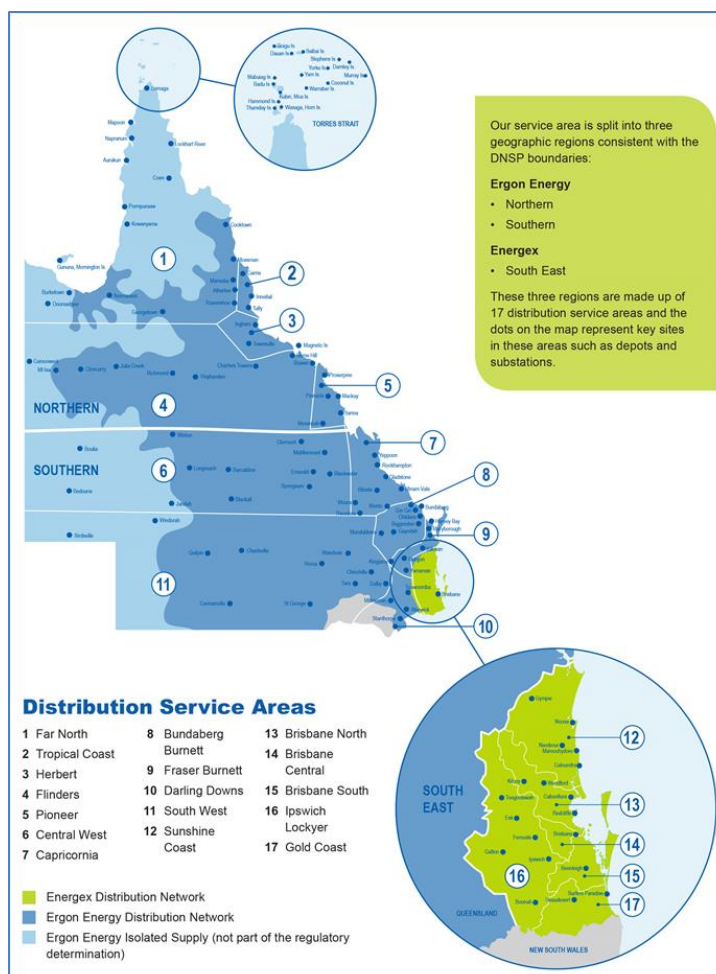


Figure 3: Scope of services – Energex

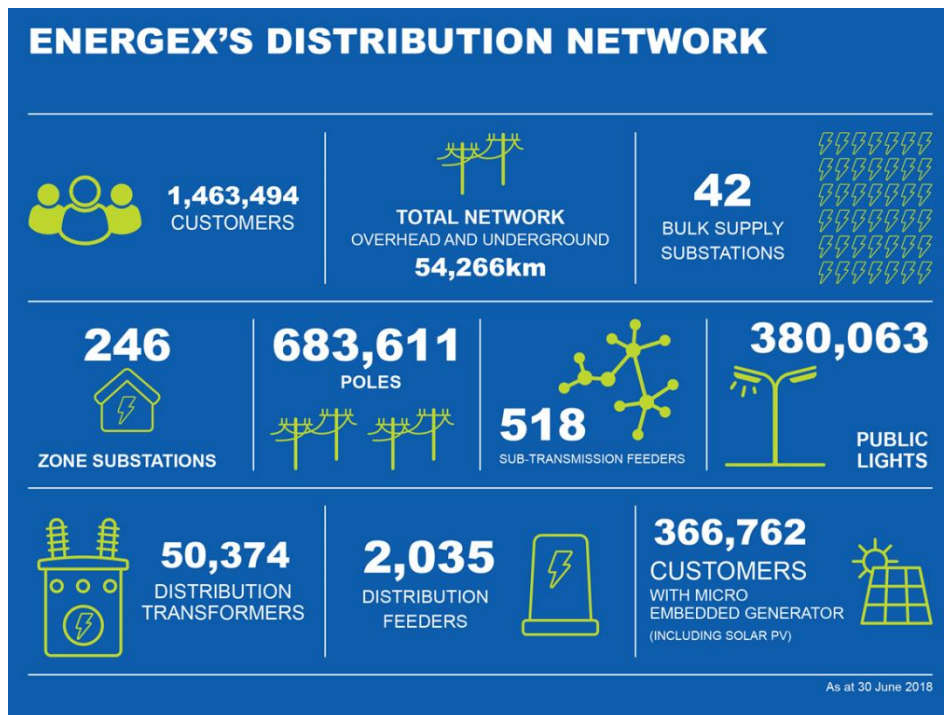
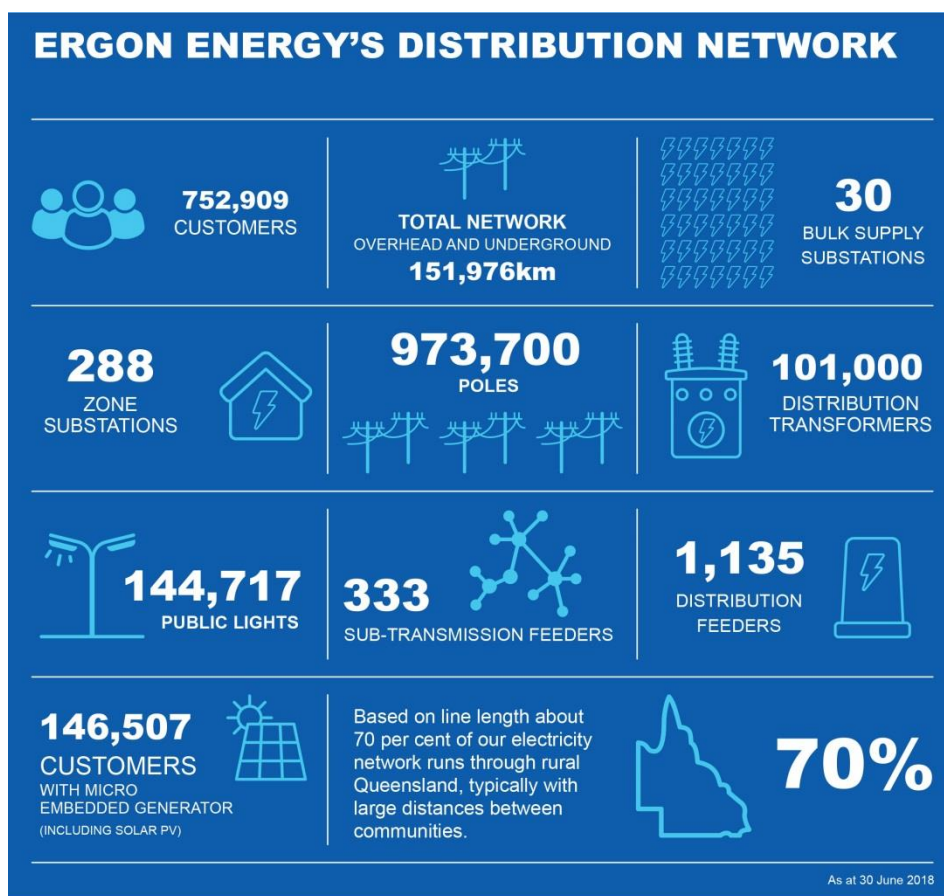


Figure 4: Scope of services – Ergon Energy



3. Industry Landscape

The Australian energy sector has never been more challenging. Technological innovation, the increasing uptake of renewables and customers who are increasingly empowered in their ability to respond in the face of rising prices, continue to drive significant industry disruption. New market entrants are emerging seeking to capitalise on these changes by offering customers innovative products and services.

Technology and demand are enabling alternative energy supply options creating a shift from traditional one-way power flow to multiple power sources and energy flows. This is driving energy generation choices, including distributed generation and storage. The increased level of residential rooftop solar photovoltaic (PV) throughout the Queensland electricity network has in turn reduced overall demand from base load generation. Customers are now routinely, and in ever increasing numbers, generating their own energy for their use.

Increasing levels of DER, without effective management and coordination, may potentially compromise reliability, quality of supply and system security. This will require new approaches to operate a network increasingly characterised by multi-directional power flows. Distributors have moved beyond the traditional engineering solution of building new or additional network as the default preferred solution in meeting these new challenges. Current market participants need to adapt and introduce new and more flexible solutions to ensure long term sustainability.

3.1 Our strategy

For Energy Queensland to achieve its vision of ***“We energise Queensland communities”***, we must deliver a value proposition supported by a deep understanding of customer needs.

The following strategy framework provides an overview of Energy Queensland’s vision, purpose and strategic objectives.

Figure 5 – EQL Strategy



Energy Queensland's strategic objectives place our communities and customers at the centre of all that we do. To achieve this, we must ensure that we are:

- operating efficiently to deliver long term sustainable improvements for customers and shareholders;
- embedding a culture of operational excellence as a High Reliability Organisation (HRO) with a specific focus on the safety and engagement of our people;
- leveraging the significant scale and strength of our distribution network infrastructure and our people to continually improve our processes, systems, capabilities and knowledge; and
- innovating to deliver differentiated and compelling offerings for our communities, customers, partners and shareholders.

4. 2018 - 2025 Key target areas

This section outlines how Energy Queensland will deliver against its strategic objectives and create value for its customers and communities over the next five years and beyond towards 2025.

Table 1: Strategic Initiatives by Strategic Objective

Strategic Objective	Strategic Goal	Strategic Initiative
COMMUNITY AND CUSTOMER - Be community and customer focused	<i>Maintain and deepen our communities' trust by delivering on our promises, keeping the lights on and delivering an exceptional customer experience every time</i>	<ul style="list-style-type: none"> • Deliver an improved, simplified and timely end to end customer connections process • Deliver networks tariffs that are simple, fair and equitable to provide customers with greater choice and control • Deliver an excellent customer experience and greater product choice to customers in regional and remote Queensland • Enable customers to maximise the value of their investment in new technologies
EFFICIENCY - Operate safely as an efficient and effective organisation	<i>Continue to build a strong safety culture across the business and empower and develop our people while delivering safe, reliable and efficient operations</i>	<ul style="list-style-type: none"> • Prepare efficient Regulatory Resets for the Energex and Ergon network businesses • Embed a culture of operational excellence as a High Reliability Organisation (HRO) with a specific focus on the safety and engagement of our people • Provide leadership in creating the right culture/s for the business to deliver transformational success • Deliver an optimised end-to-end Program of Work
GROWTH - Strengthen and grow from our core	<i>Leverage our portfolio business, strive for a culture of continuous improvement and work together to shape energy use and improve the utilisation of our assets</i>	<ul style="list-style-type: none"> • Identify initiatives to reduce Community Service Obligations (CSO) contributions • Collaborate with customers and industry partners to reduce peak demand and improve network utilisation • Identify opportunities to deliver an increased number of non-network projects when deemed more cost-effective • Explore alternative models for delivering demand response
INNOVATION - Create value through innovation	<i>Be bold and creative, willing to try new ways of working and to deliver new energy services that are tailored to the unique needs of our communities and customer</i>	<ul style="list-style-type: none"> • Expand digital platforms to support business efficiency • Implement enhanced data and analytics capability to create customer value • Enable process and systems transformation by embedding best practice asset management (ISO55001) • Achieve best practice in cyber security