



Supporting
document 18.4

SA Power Networks 2019-2023 Strategic Plan

2020-2025
Regulatory Proposal
January 2019



SA Power Networks **2019-2023 Strategic Plan**

Our major initiatives and activities to achieve our vision



As part of ensuring a capable and energised workforce for the future we are implementing a Diversity and Inclusion Strategy to broaden our focus on gender diversity and to include diversity and inclusion.

Message from our CEO Rob Stobbe

We can all be proud of our history and take pride in our performance and the way we have continued to deliver safe, reliable and cost-effective energy services for the South Australian community. In doing so, we have consistently balanced the expectations of our customers, employees, community and owners.



Rob Stobbe
Chief Executive Officer

We rank as the most efficient electricity distributor on a state-by-state basis in the National Electricity Market and have the second lowest distribution charges in Australia. This is a great achievement given the huge geographic spread of our network and the fact we have the lowest number of customers per kilometre of line in the National Electricity Market (NEM). We have maintained underlying supply reliability and have invested prudently in the network with only a small incremental growth in the asset base. That has very real benefits for customers in terms of keeping a lid on our prices.

For employees, we provide varied work, excellent employment conditions, real career opportunities and we invest significantly in training and development.

We also have provided a return to our owners that has been commensurate with the risk and size of the investment they have made in funding the business and reinvesting year-on-year.

The industry is changing.

Our efforts to maintain this achievement are challenged by deep changes in the way electricity is generated and used by customers; changing community service expectations; rapidly-emerging and disruptive new technology; and innovative new entrants providing competitive energy services and solutions.

Government policy and regulatory oversight is also focussed on holding down electricity prices, improving customer choice and opening up more energy services to competition.

To remain a leader in this environment, we need to accelerate transformation of our business to remain viable, relevant and valued.

We need to change.

We anticipate a significant reduction in our approved revenue in 2020-2025 as a result of the Australian Energy Regulator's review of rate of return and tax allowances. In addition, our position as an industry leader in efficiency benchmarking is being challenged as network operators across Australia reduce their costs and improve their services.

We need to work hard to stay ahead of the pack and we need to continually drive improvement. We must intensify our efforts to find substantial cost savings, productivity improvements and additional revenue sources so we can hit the ground running in 2020.

We will continue investing in the capabilities of our people and the processes and technology we need to achieve in our core focus areas of: **safety, customers, network, cost and growth**. This will allow us to manage the network and provide the level of services that customers demand.

Executing the right strategy. Heading in the right direction.

In this plan you will notice some evolution in describing our values to ensure they align with our culture and objectives. You can expect to hear more about our values – **Achieve, Drive, Integrity and Community** – throughout 2019.

There may be challenging times ahead for us, but I don't think anyone can argue they won't be interesting! I believe we have the right plans in place and by working together we will secure our continued success.

Above all else, we must always work safe and go home safe, every day. No exceptions.



Rob Stobbe
Chief Executive Officer



SA Power Networks has a number of electric vehicles (EVs) and we expect to see more EV charging stations connected to the electricity distribution network in coming years as EV numbers grow.

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2019–2023 Strategic Plan

Every year, we review our strategic plan, analysing the external forces impacting the energy industry and the internal changes required to ensure our success. The analysis focuses on the most important operating environment challenges and opportunities that have the greatest potential to influence the business over the medium-term.

Our Future Operating Model provides an overview of what the future world looks like for our customers and our network and describes how our business will change over time to meet these challenges and opportunities.

Our Strategy

To be successful, we need to meet the needs of our stakeholders – customers, community, employees and owners.

As with any business, our ongoing success depends on meeting the needs of our customers. Whether it's our regulated customers' need for a safe, reliable and flexible network, or our unregulated customers' need for value-adding energy services.

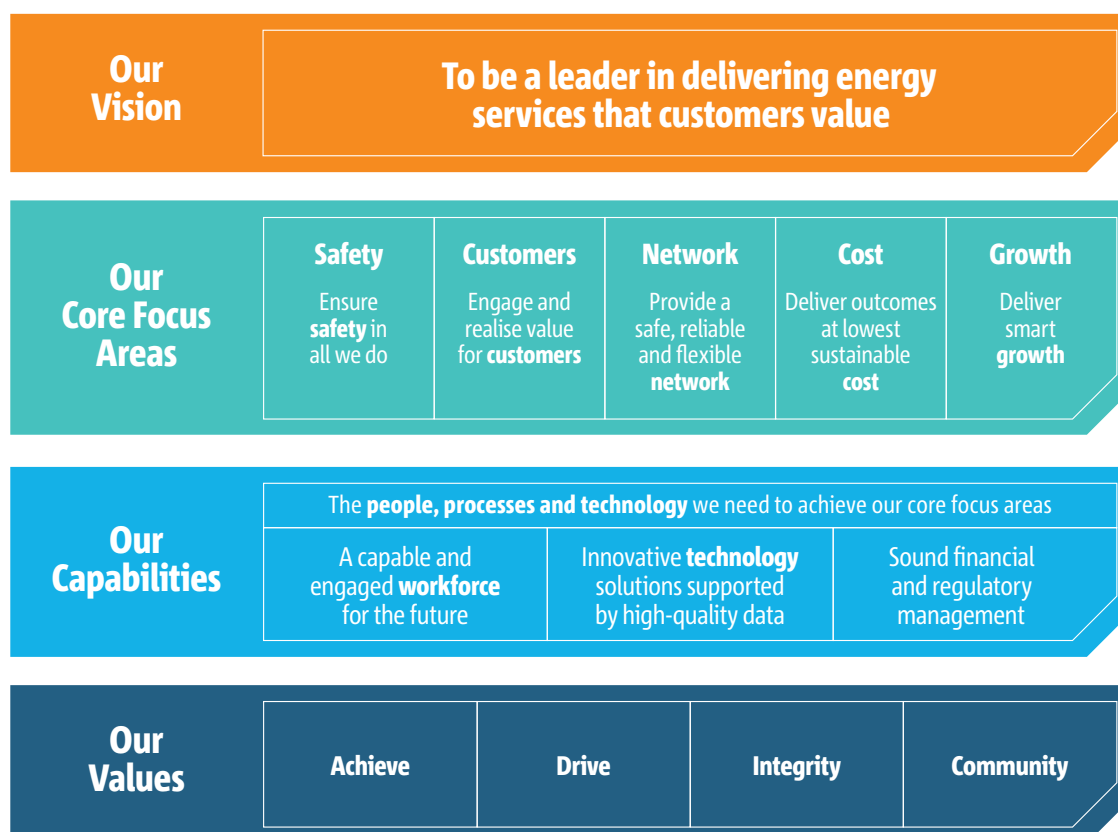
Having a capable and engaged workforce enables us to deliver on these customer expectations. And, by doing what we do safely and efficiently, we are able to generate returns and value for our owners.

This in turn enables reinvestment back into improving our business and provides further benefits for our customers, people, owners and the community.

This is the essence of our strategy – an engaged and skilled workforce, working safely and efficiently to meet the needs of our customers in order to deliver value for our owners.

Our Strategic Framework, and the supporting objectives, initiatives and values described in this Strategic Plan, provide further clarity and guidance to the organisation to successfully implement this strategy.

Our Strategic Framework



Section 1

Our Core Focus Areas

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Core Focus 1: Safety

Ensure safety in all we do

Our people

Safety is our top priority and while our safety record is one we are proud of, we recognise that we cannot be complacent. To ensure our people work safe, and go home safe, every day, we are increasing our focus on managing risks and transforming our safety leadership.

The same message delivered in the same way has the potential to cause people to switch off. We are investing in a new way of approaching safety that builds on our high standards, and personalising our safety message so people *switch on*. We are asking everyone to think about why safety matters to them and tapping into personal motivations to get a deeper understanding about the reasons people make the choices they do. This 'psychology of safety' perspective is helping people make better choices

by focusing on what's at stake and giving them the tools and context to make better decisions.

We're putting our leaders through a three-day intensive safety experience called the Safety Leadership Academy. Organisational psychologists, and local and international experts and instructors with experience at US Navy and Victoria Police, are helping shift how we think about safety. It's an industry first where we are introducing new and proven concepts, such as human factors

that guide mission-critical industries worldwide. A program will then be developed and cascaded to all employees.

We're also implementing an integrated Risk Management, EHS (Environment Health and Safety) and Sustainability Solution, Enablon®, that will improve and integrate how we capture accidents, incidents and near misses in our day to day work. We believe this new approach will ensure our continued safety performance in one of the most demanding operational settings in the world.

Our community

We are committed to providing a safe and reliable electricity supply for South Australians and an important part of this is ensuring the wellbeing of the public. Electricity can be dangerous and touching powerlines or even getting close to them, can be fatal or lead to serious injury.

We do everything we can to minimise risk through careful preparations.

Each year we undertake a planned program across the state to prepare for summer and the bushfire season, and in extreme bushfire risk situations, we may turn off power to protect lives and property.

For customers with a medical condition or who rely on life support equipment, a reliable power supply is vital. We maintain a register of customers using life support equipment to better enable us to provide notification of planned interruptions.

See some of the major initiatives we have planned to ensure the safety of the community and our network on page 12 and 13.



Our objectives

- 1.1 Keep our people, customers and the community safe and well.**
- 1.2 Improve the safety management capacity and capability of our leaders.**
- 1.3 Build on safety culture and systems.**

You can read more about how we are improving safety outcomes by increasing our focus on risk management in our [Safety Strategy 2020](#).

Major initiatives and activities to meet these objectives

	2019	2020 & 2021	2022 & 2023
Continue Community Safety Initiatives	See page 13	See page 13	See page 13
Continue implementation of Safety Strategy 2020	✓	✓	
Run SwitchOn Safety Leadership Academy – a three-day intensive live-in safety experience	✓		
Implement SwitchOn Safety Program for employees	✓	✓	
Run preventative health programs – Health Hub	✓	✓	✓
Embed our new Integrated Risk, Environment and Sustainability Solution – Enablon	✓		
Implement Fatal Risk ¹ reduction initiatives	✓	✓	
Implement Contractor Management System to improve contractor safety	✓		
Embed human factors analysis and just and fair culture	✓	✓	✓
Implement Switching Incidents reduction initiatives	✓	✓	✓
Implement Driving Incidents reduction initiatives	✓	✓	✓

1. A fatal risk incident is one with credible potential to cause death(s) where preventative/control measures were absent or potentially deficient.

Core Focus 2: Customers

Engage and realise value for customers

Our customers have more options than ever to meet their electricity needs.

Improved customer service across all industries, enabled by advances in information and communications technology, have raised customer expectations for accurate, timely, personalised information via a wide range of communication channels. Customer expectations and technology driven changes are transforming the way customers use electricity and they also want more control over how and when they use energy. Customers have

more options to invest in their own technologies to generate and store electricity. The network of the future will need to provide the platform for customers to access new energy products and services and have more choice in how they buy, use and trade their energy.

We are making significant changes to improve our customer service culture, get a better understanding of our customers and deliver information

and services through the channels they choose to use. We are working closely with customers to understand what they need from us and are simplifying our processes to make it easier for them and more efficient for us. We're also improving our back-end systems and improving the quality of our customer and asset data to better meet the expectations of our customers.

Our objectives

- 2.1 Simplify – Reduce red tape and make it easy for customers to do business with us.**
- 2.2 Personalise – Use quality data and technology to ensure our communications are personalised, timely and relevant.**
- 2.3 Connect – Understand our customers better so we can make better decisions about things that affect them.**

Major initiatives and activities to meet these objectives

	2019	2020 & 2021	2022 & 2023
Introduce digital forms to streamline processes	✓		
Provide energy advisory services	✓	✓	✓
Develop and implement Channel Shift Strategy to enhance our customer service channels, including Chatbots	✓	✓	✓
Complete Customer Relationship Management system (CRM) solution	✓	✓	
Complete Billing System solution	✓	✓	
Implement Customer Self-Service Portal	✓	✓	
Update Customer Service Framework	✓		

You can read more about how we are dedicating our energy to the things our customers value in our [Customer Strategy](#).



Putting our customers at the heart of the experience has been a key focus in building our new, customer-oriented website. The new site has been co-designed to prioritise their needs, featuring simplified content and a new look and feel for improved customer experience.

Chatbots

Digital transformation means our customers are more connected than ever and the way they want to interact with us and the service they expect is rapidly changing.

An increasing number of customers don't want to speak with someone on the phone. They expect to be able to engage with us and access information across many channels, including text, email and internet, on any device and at any time.

Digital interactions are generally faster and more convenient for customers and have the added benefit of improving our productivity and efficiency.

We've listened to customers about how they want to connect and we will soon be trialling 'Chatbots', an online computer program designed to simulate conversation.

Chatbots will soon be available on our website and Facebook and will have natural language capabilities so our customers have a conversational texting experience.

Chatbots will initially be programmed to respond to our five most commonly asked questions (50% of calls and over 80% of online queries):

1. When will my power be reconnected/disconnected?
2. Can I leave a key or the door unlocked so you can access my main switch?
3. When will my meter be read?
4. Who is my retailer?
5. Will this planned work affect my property and for how long?

If the channel proves popular, we will consider expanding the program to voice interaction, redirection to a live agent, transactions and advisory services.

Core Focus 3: Network

Provide a safe, reliable and flexible network

For our regulated business, our focus remains on delivering an essential service to the community – safely, reliably and at the lowest sustainable cost – while maintaining the flexibility to meet customers' future energy needs as our industry undertakes the dramatic transition to more distributed and renewable energy sources.

Safe

We actively monitor the safety of our network and seek to manage and minimise risks to our customers, employees, contractors and the wider community wherever possible. Fires in High Bushfire Risk Areas can be catastrophic and with extreme weather events becoming more prevalent, we need to place increasing emphasis on managing this risk. Sophisticated modelling, undertaken with CSIRO, will enable us to target bushfire risk mitigations to the areas where they can add most value. We are also introducing new approaches that further reduce risk posed by electric shock and wires down.

Reliable

Having the oldest fleet of network assets in the National Electricity Market is proving increasingly challenging as many of our assets near end of life. To effectively manage this challenge, we must build an increasingly comprehensive understanding of our network assets using, where possible, new technologies such as drones and advanced analytics.

This will enable more targeted investment that maximises value to our customers while ensuring that we maintain compliance and meet or exceed our targets for levels of service. Continued automation of the network will also play a role, improving reliability performance even as the network ages and extreme weather events become more frequent.

Flexible

It is no longer enough for us to just meet customers' current needs. The take-up of distributed energy resources in South Australia, and in particular solar photovoltaics, has been one of the highest in the world. Currently around one in four of our customers has rooftop PV systems, and take-up rates show no sign of slowing. In addition, Government incentives are likely to result in up to one in 10 customers purchasing batteries over the next two to three years, many of whom are likely to enrol them in Virtual Power Plants. Over the next five to 10 years, we also expect electric vehicle take-up to accelerate.

Our network was designed to accommodate simple, one-way flows of energy to largely passive loads and will require increasing flexibility to accommodate this new, active equipment. In the absence of action, these new grid applications will place our ability to maintain quality, reliability and security of supply to all customers at risk.

To enable the transition to this new energy future, we will need to enhance and extend our network models, and build new, electronic interfaces to customer equipment to ensure that their operation remains within network limits. This approach will avoid costly network upgrades while maximising the value that customers can obtain from their investments.

Virtual Power Plant Trials

Virtual Power Plants (VPPs), where individual household batteries are aggregated under central control, will play an important role in balancing supply and demand in future.

VPPs are able to operate as flexible and fast-acting generators and South Australia is at the forefront of Virtual Power Plants globally.

In addition to our 100-customer trial in Salisbury, a number of other VPPs have been announced in the media:

- AGL and Simply Energy are rolling out VPPs to 1,000 and 1,200 customers respectively.
- The SA Government / Tesla VPP project will reach 1,200 customers by mid-2019, and aims to scale to 50,000 homes and 250MW export capacity, making it the world's largest VPP.
- The SA Government's \$100 million home storage subsidy scheme is targeting uptake of a further 40,000 'VPP capable' batteries with an export capacity of 200MW.

From 2019 we will undertake trials with VPP operators in SA to develop a real-time interface to exchange data on available local network capacity, so that VPP operators can operate their systems safely within the operating envelope of the network – increasing asset utilisation and enabling greater market participation.



Our objectives

- 3.1 Focus on community safety as a key priority – particularly bushfire and electric shock risk.
- 3.2 Maintain the underlying reliability of the network.
- 3.3 Harden the network in storm prone areas.
- 3.4 Improve reliability for poorly served customers.
- 3.5 Evolve our understanding of assets, performance and risk to inform asset management decisions.
- 3.6 Establish new capabilities to transform our network and services to meet customers' new energy needs.
- 3.7 Seek to maximise outcomes from regulatory incentive schemes.

Major initiatives and activities to meet these objectives

	2019	2020 & 2021	2022 & 2023
Undertake targeted community safety programs	✓	✓	✓
Increase resilience to extreme weather events & improve reliability to worst served customers	✓	✓	✓
Implement ADMS Outage Management System	✓	✓	
Extend Network Automation	✓	✓	✓
Further develop asset management roadmap	✓		
Transition asset inspections to aerial platform (drones)			✓
Commence implementation of Distributed Energy transition roadmap	✓	✓	
Undertake Virtual Power Plant trial(s)	✓	✓	
Review broader opportunities to improve customer reliability performance and increase incentive scheme revenues	✓	✓	✓

You can read more about how we are maximising customer and business value through effective asset management in our [Network Strategy](#).

New ADMS Outage Management System

We attend around 75,000 outages a year and our Outage Management System (OMS) is critical to efficiently restoring supply, providing information to customers and capturing event information to meet regulatory reporting requirements.

Our current standalone OMS has proven ineffective in major storm conditions owing to the manual processes that must be utilised to transfer information between it and other operational systems. The Advanced Distribution Management System (ADMS) Outage Management System project will see us migrate to the OMS module of our recently deployed Schneider ADMS. As well as leveraging existing investment, it will:

- provide more specific outage information so we can be more targeted with our customer communications;
- offer new advanced tools to improve supply restoration performance and prioritisation when outage calls are at their peak; and
- increase visibility of planned and unplanned outages to assist with customer enquiries about faults, emergencies and Guaranteed Service Level (GSL) payments.

Core Focus 4: Cost

Deliver outcomes at the lowest sustainable cost

‘Lowest sustainable cost’ is about continually focusing on managing investment and budgets “as though they are our own”.

We all have a part to play in ensuring we are the most cost-efficient and productive we can be and taking pride in ensuring we do our part to keep a lid on electricity bills for customers. Operating at the lowest sustainable cost not only meets customer expectations, it also aligns with our owner interests. It is not just about lowest cost. It’s about being sustainably efficient, balancing short and long-term needs and being able to exercise sound judgement when making decisions.

Our objectives

- 4.1 Drive improvement through a strong focus on innovation.
- 4.2 Improve the efficiency of our capital project delivery.
- 4.3 Become more agile and resilient to respond to emerging challenges.
- 4.4 Improve process effectiveness and management.
- 4.5 Benchmark as an efficient cost leader.

Major initiatives and activities to meet these objectives

	2019	2020 & 2021	2022 & 2023
Support cost transformation efforts. Initiatives include:			
<ul style="list-style-type: none"> Assets & Works ‘Scheduling and Mobility’ – improve the value and capability of next generation scheduling and mobility tools to enhance work management practices. ‘Portfolio of Work’ to provide single visual representation and end-to-end governance of capital work program 	✓	✓	✓
<ul style="list-style-type: none"> Integrate asset information: standardise and integrate asset data across our asset systems (SAP & GIS) through our Material Integration project 	✓	✓	✓
<ul style="list-style-type: none"> Valuing and Visibility – Improve coordination and efficiency of undertaking work by making all work visible to everyone and enabling bundling 	✓	✓	✓
<ul style="list-style-type: none"> Workflow Excellence – Increase delivery of quality work by improving preparation, better allocation of hours, increasing schedule loading and schedule quality 	✓	✓	✓
<ul style="list-style-type: none"> Procurement savings – Strategic and operational savings delivered through enhanced Procurement 	✓	✓	✓
Ensure key performance indicators are clear on what does (and does not) reflect good performance	✓	✓	
Review processes that go across departments to ensure the best overall outcome, including corporate services for Enerven	✓		
Review policies, processes, systems and structures. Stop those that are unnecessary. For those that are required, simplify and standardise, then consider automation. Continue to improve controls while reducing bureaucracy	✓		
In evaluating new opportunities, ensure sufficient options are considered and that market pricing is appropriately tested	✓	✓	✓
Implement cost reduction initiatives	✓	✓	✓

Core Focus 5: Growth

Deliver smart growth

SA Power Networks

In our regulated business, there are opportunities to enhance revenues in areas such as partnering with telecommunications companies in facilitating a 5G cell rollout in the State and supporting customers with LED public lighting rollout strategies.

Major initiatives and activities to meet these objectives

	2019	2020 & 2021	2022 & 2023
Simplify and streamline distributed energy resource connection processes	✓		
Implement 5G strategy	✓	✓	✓
Develop and implement revenue enhancement initiatives such as public lighting/LED rollout for customers including local councils	✓	✓	✓

Our objectives

- 5.1** Maximise the unregulated revenue earning capacity of our infrastructure and intellectual property
- 5.2** Attract renewables and battery proponents to connect to the network by ensuring our connection processes are simple and streamlined.
- 5.3** Be the preferred partner of telecommunications companies for 5G rollout in South Australia.

Section 2

Our Capabilities

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Capability:

A capable and engaged workforce for the future

Our people are critical to our success. We need to ensure that they are engaged, supported and contributing in ways that are meaningful to them and aligned to our goals. Our focus is on developing people who will add value now, and into the future. There are exciting possibilities to make the working lives of our people more seamless and productive in an environment where they thrive.

Our leaders will play a critical role in leading our people through complex changes and challenges. We are all accountable for improved performance, delivering required outcomes at the lowest sustainable cost and being innovative and responsive, driven by a deeper understanding of our customers. We continue to invest in the development of our leadership

capability and provide our workforce with the range of new skills and capabilities to ensure we deliver on our strategy.

Our Employee Engagement score in 2016 placed us at 83%, which is 11% above our Industrial Sector benchmark. Our people are resilient, loyal and proud of the work we do and the contribution we all make to our business and the community.

Such high engagement is evidence of the quality of our leaders and our people which is critical to the organisation's ongoing high performance. We do, however, have room for improvement in organisational cohesion and organisational learning. We come together and work well under pressure, but need to look for new ways to improve our everyday cross-business collaboration.

Our objectives

- 6.1 Support our people through change.
- 6.2 Increase departmental collaboration to deliver "best for business" outcomes.
- 6.3 Build capabilities to support our regulated and unregulated businesses strategies.
- 6.4 Build a high performing culture of customer service excellence.

Major initiatives and activities to meet these objectives

	2019	2020 & 2021	2022 & 2023
Implement a future People Strategy	✓	✓	✓
Review operating model to ensure best alignment to strategy	✓		
Implement our Diversity and Inclusion Strategy to create a workplace that reflects the broader community	✓	✓	
Implement replacement Payroll System	✓		
Deliver a Leadership Accountability Dashboard	✓		
Update induction and onboarding process	✓		
Review our industrial relations arrangement practices in readiness for 2020 EB negotiations	✓	✓	
Implement three remaining Success Factors modules (Talent Management Phase 2)		✓	
Run business-wide engagement survey (2020)		✓	

You will be able to read more about how we are recognising and reinforcing the importance of human capability and culture in a **People Strategy** which is due to be finalised in early 2019.

Capability:

Innovative technology solutions supported by high-quality data

Today's IT is literally in the palm of our hands – it underpins almost everything we do. Digital transformation is the integration of digital technologies into all areas of the business, fundamentally changing the way we operate and deliver value to our customers. It is where artificial intelligence, robotics, virtual reality and other technologies enter the mainstream, becoming even more a part of our everyday lives.

Our Digital Strategy guides us through the steps we need to take to ensure we are embracing the opportunities that the digital world presents – both for projects that we already know about and those that will arise as technology develops – while providing security and stability. It looks at how we're equipping our people for the future while putting technology at the centre of how we do business for the benefit of our customers.

Our IT systems are fundamental to delivering energy services to our customers. They capture electricity usage data and are used for billing retailers and customers, enable new customer connections, assist with the management of our network assets, schedule people and resources to deliver energy services, and provide administrative functions across our entire group. They also improve the efficiency of capital expenditure and

energy service delivery as they allow us to collect information on and understand our millions of network assets and how the performance of the network asset affects our customers. This helps us to manage network reliability and risk while avoiding unnecessary network replacement, allowing us to efficiently respond to a rapidly changing environment and provide the level of services that customers demand.

Our objectives

- 7.1 Transform work practices and customer experiences through a focus on "Simplify-Standardise-Automate".**
- 7.2 Embed and enable new digital capabilities.**
- 7.3 Reshape the IT operating model for better business-wide collaboration.**
- 7.4 Evolve core IT to maintain secure services and enable our strategic direction at the lowest sustainable cost.**
- 7.5 Improve the data quality in our systems.**

Major initiatives and activities to meet these objectives

	2019	2020 & 2021	2022 & 2023
Field force mobility	✓	✓	✓
Enhance data analytics and data visualisation capability	✓	✓	✓
Upgrade SAP	✓	✓	✓
Continue Cyber Security Program	✓	✓	✓
Migrate systems to the Cloud	✓	✓	✓
Prototype use of wearables		✓	✓
Create Augmented Reality (AR) and Virtual Reality (VR) Platforms		✓	✓
Implement Big Data and Internet of Things (IoT) Platform		✓	✓
Consolidate Geographic Information System (GIS)		✓	✓

You can read more about how we are transforming work practices and customer experiences by simplifying, standardising and automating in our [Digital Strategy](#).

Capability:

Sound financial and regulatory management

The SA Power Networks Group has assets in excess of \$6 billion and total revenues of about \$1.4 billion per annum¹, with about 87% of revenues being governed by the Australian Energy Regulator (AER). The AER makes a regulatory determination every five years and sets allowable revenues to recover costs in providing regulated services to our customers.

Our revenues for the 2020-2025 regulatory period are likely to be significantly reduced compared with the current period as a result of expected changes to our allowed rates of return and tax allowances. If we are to deliver on our strategies and core focus areas for the regulated business, our efforts must be enabled by sound financial and regulatory planning and advice.

Our objectives

Financial

- 8.1 Maintain investor confidence and credit rating in line with expectations.
- 8.2 Deliver agreed returns to our owners.
- 8.3 Maintain trust, confidence and support among the Board, Audit & Risk Management and Compliance Committees in line with the Board-approved Risk Appetite Statement.

Regulatory

- 8.4 Produce a regulatory proposal for 2020-2025 that delivers an acceptable outcome for customers, the community and our owners.
- 8.5 Enhance our regulators' trust and confidence in us.
- 8.6 Implement tariff reform pricing structures that encourage efficient use of network.
- 8.7 Engage in policy and regulatory reviews to maximise customer and business value.
- 8.8 Maintain full compliance with all industry codes, guidelines and standards

Major initiatives and activities to meet these objectives

	2019	2020 & 2021	2022 & 2023
Deliver 2020-2025 Regulatory Proposal (Final decision due April 2020)	✓	✓	
Develop Tariff Structure Statement (TSS) 2020-2025 for Regulatory Proposal	✓		
Develop pricing proposals for customer-specific services subject to regulatory approval in 2020-2025	✓		
Foster group and industry alignment on potential energy market reforms and provide industry view on potential rule changes	✓	✓	✓
Cost efficiency and revenue enhancement activities	✓	✓	✓
Implement a revised Finance Business Partnering model and enhance our monthly operational and financial performance review with improved reporting	✓		
Deliver refinancing of approximately one quarter of debt portfolio at or below budget	✓		
Implement ring-fencing technology solution		✓	
Implement strong delivery governance framework for projects and enhance project reporting	✓	✓	
Maintain full compliance with all industry codes, guidelines and standards	✓	✓	✓

1. Includes unregulated and semi-regulated revenues and pass through of transmission charges.

Section 3

Delivering the Plan

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Our Core Focus Areas

To achieve our vision, we need to achieve in our five core focus areas:

Safety Ensure safety in all we do	Customers Engage and realise value for customers	Network Provide a safe, reliable and flexible network	Cost Deliver outcomes at lowest sustainable cost	Growth Deliver smart growth
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Strategic Alignment

Our Strategic Plan is a summary of our strategies and the major initiatives and planned activities over the next five years to achieve our vision. The key strategies that support our core focus areas and capabilities:

Our **Safety Strategy 2020** outlines how we will improve safety outcomes by increasing our focus on risk management.

Our **Customer Strategy** outlines how we will simplify, personalise and connect with our customers.

Our **Network Strategy** outlines how we will manage our network to release value and meet customers' future energy needs.

A **People Strategy**, to be finalised in 2019, will outline how we will enhance the capability and engagement of our workforce.

Our **Digital Strategy** outlines how we will simplify, standardise and automate to adapt and thrive in the digital world.

Our approach to **Regulatory and Financial Management** is how we optimise the balance between our owners' and our customers' objectives while ensuring sound risk management and governance.

Growth Strategy outlines how we will protect the core business, grow in current, adjacent and new markets and innovate for the future.

Our Future Operating Model provides an overview of what the future world looks like for our customers and our network and describes how our business will change over time to meet these challenges and opportunities.

We have many other operational and functional strategies and plans that support our key strategies to deliver on outcomes. Our Risk Appetite Statement details the Board's appetite and tolerance for risk to guide key decisions.

Our Performance Measures

At each Board meeting we provide a review of our performance compared to budget and our latest forecast for the calendar year.

We maintain a Key Performance Indicator (KPI) Framework which includes KPIs to enable us to track progress towards achieving our strategy and other key objectives. This framework enables us to:

Drive behaviour at all levels of the organisation and demonstrate how all employees contribute to objectives and business value;

Drive performance in a standard way and predict the impact of future decisions; and

Achieve greater clarity of which areas of the business should be focussed on, what is measured and who measures them.

Each year we prepare a Financial Plan and update the Strategic Plan. This ensures we remain agile and flexible, make the most of our available organisational resources, execute the right strategy and focus on the right things.

Our Values

Our organisational values are an integral part of us achieving our vision to be a leader in delivering energy services that customers value.

Our values drive our culture and form the foundation for relationships with our people, customers and stakeholders. After consulting with staff through workshops, we have consolidated our values and cultural signposts and have identified four values to guide the way we behave, think and make decisions.

Achieve: We develop our people and all bring our best every day to deliver team and business success.

Drive: We constantly drive for better ways to deliver value for customers and build a sustainable, more efficient and innovative business.

Integrity: We take responsibility for ensuring we do the right thing for our people, customers, owners and community.

Community: We care for and take pride in supporting the social and economic wellbeing of our community.



Strategic Plan Summary

Core Focus Areas

1 Ensure safety in all we do

- 1.1 Keep our people, customers and the community safe and well
- 1.2 Improve safety management capacity and capability of our leaders
- 1.3 Build on safety culture and systems

2 Engage and realise value for customers

- 2.1 Simplify – Reduce red tape and make it easy for customers to do business with us
- 2.2 Personalise – Use quality data and technology to ensure our communications are personalised, timely and relevant
- 2.3 Connect – Understand our customers better so we can make better decisions about things that affect them

3 Maintain a safe, reliable and flexible network

- 3.1 Focus on community safety as a key priority – particularly bushfire and electric shock risk
- 3.2 Maintain the underlying reliability of the network
- 3.3 Harden the network in storm prone areas
- 3.4 Improve reliability for poorly served customers
- 3.5 Evolve our understanding of assets, performance and risk to inform asset management decisions
- 3.6 Establish new capabilities to transform our network and services to meet customers' new energy needs
- 3.7 Seek to maximise outcomes from regulatory incentive schemes

4 Deliver outcomes at the lowest sustainable cost

- 4.1 Drive improvement through a strong focus on innovation
- 4.2 Improve the efficiency of our capital project delivery
- 4.3 Become more agile and resilient to respond to emerging challenges
- 4.4 Improve process effectiveness and management
- 4.5 Benchmark as an efficient cost leader

5 Deliver smart growth

- 5.1 Maximise the unregulated revenue earning capacity of our infrastructure and intellectual property
- 5.2 Attract renewables and battery proponents to connect to the network by ensuring our connection processes are simple and streamlined
- 5.3 Be the preferred partner of telecommunications companies for 5G rollout in SA

Capabilities

6 A capable and engaged workforce for the future

- 6.1 Support our people through change
- 6.2 Increase departmental collaboration to deliver "best for business" outcomes
- 6.3 Build capabilities to support our regulated strategies
- 6.4 Build a high performing culture of customer service excellence

7 Innovative technology solutions supported by high-quality data

- 7.1 Transform work practices and customer experiences through a focus on "Simplify-Standardise-Automate"
- 7.2 Embed and enable new digital capabilities
- 7.3 Reshape the IT operating model for better business-wide collaboration
- 7.4 Evolve core IT to maintain secure services and enable our strategic direction at the lowest sustainable cost
- 7.5 Improve data quality in our systems

8 Sound financial and regulatory management

Financial

- 8.1 Maintain investor confidence and credit rating in line with expectations
- 8.2 Deliver agreed returns to our owners
- 8.3 Maintain trust, confidence and support among the Board, Audit & Risk Management and Compliance Committees in line with the Board-approved Risk Appetite Statement

Regulatory

- 8.4 Produce a regulatory proposal for 2020-2025 that delivers an acceptable outcome for customers, the community and our owners
- 8.5 Enhance our regulators' trust and confidence in us
- 8.6 Implement tariff reform pricing structures that encourage efficient use of network
- 8.7 Engage in policy and regulatory reviews to maximise customer and business value
- 8.8 Maintain full compliance with all industry codes, guidelines and standards



