

# Stakeholder Engagement Framework

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> Providing a safe, reliable and affordable service for our customers

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# 1. INTRODUCTION

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Essential Energy has a solid history of customer, community and stakeholder engagement across a range of traditional and non-traditional mediums. Coupled with consistent positive customer satisfaction scores, the business is geared towards a customer centric operating model to support the delivery of the network asset management plan.

Engaging with customers and stakeholders as part of the formation of Essential Energy's regulatory submissions has proven key to thoroughly understanding the concerns of customers and stakeholders alike to ensure that as a State Owned Corporation we are proposing the delivery of a safe, reliable and affordable service that aligns to the needs of our consumers for the next regulatory control period.

As we prepare our plans for capital and operating expenditure, we have increased our depth and range of engagement to enable the business to incorporate the long term interest of consumers in line with operations of the business. This stakeholder engagement framework will be reviewed periodically and endorsed by Essential Energy's Executive Leadership Team to ensure its ongoing relevance to consumers and the operating environment of the business.

## Objectives of this framework

This framework formalises the engagement approach of Essential Energy to ensure effective and ongoing dialogue with our customers and stakeholders. It is designed to provide the most effective mechanisms for understanding the views, expectation of service standards and concerns of our customers and stakeholders as well as outlining the opportunities consumers have to influence the operations of the business.

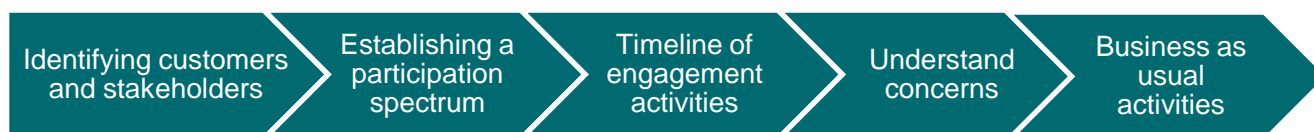
This framework will enable Essential Energy to achieve the following objectives:

- > Identify our consumers and collate baseline data on demographics and social preferences via segmentation and data analysis.
- > Deliver structured research programs to understand the key concerns and customers and stakeholders priorities for investment.
- > Establish and maintain relationships with key stakeholders groups that represent the concerns of consumers.
- > Identify key gaps in consumer education related to the electricity supply chain and programs of work to establish relevant educational tools for customers and stakeholders.
- > Provide relevant, effective and two-way communications channels that allow customers and stakeholders to provide feedback and receive information in timely and easy manner.
- > Report back to customers and stakeholders regarding outcomes and the reasons for those outcomes.

Achieving these objectives will ensure customers and stakeholders are able to provide ongoing feedback as part of Essential Energy's decision making process. Alongside this, these objectives ensure the business has ongoing access to relevant channels to deliver information and interact with customers and stakeholders in an effective way.

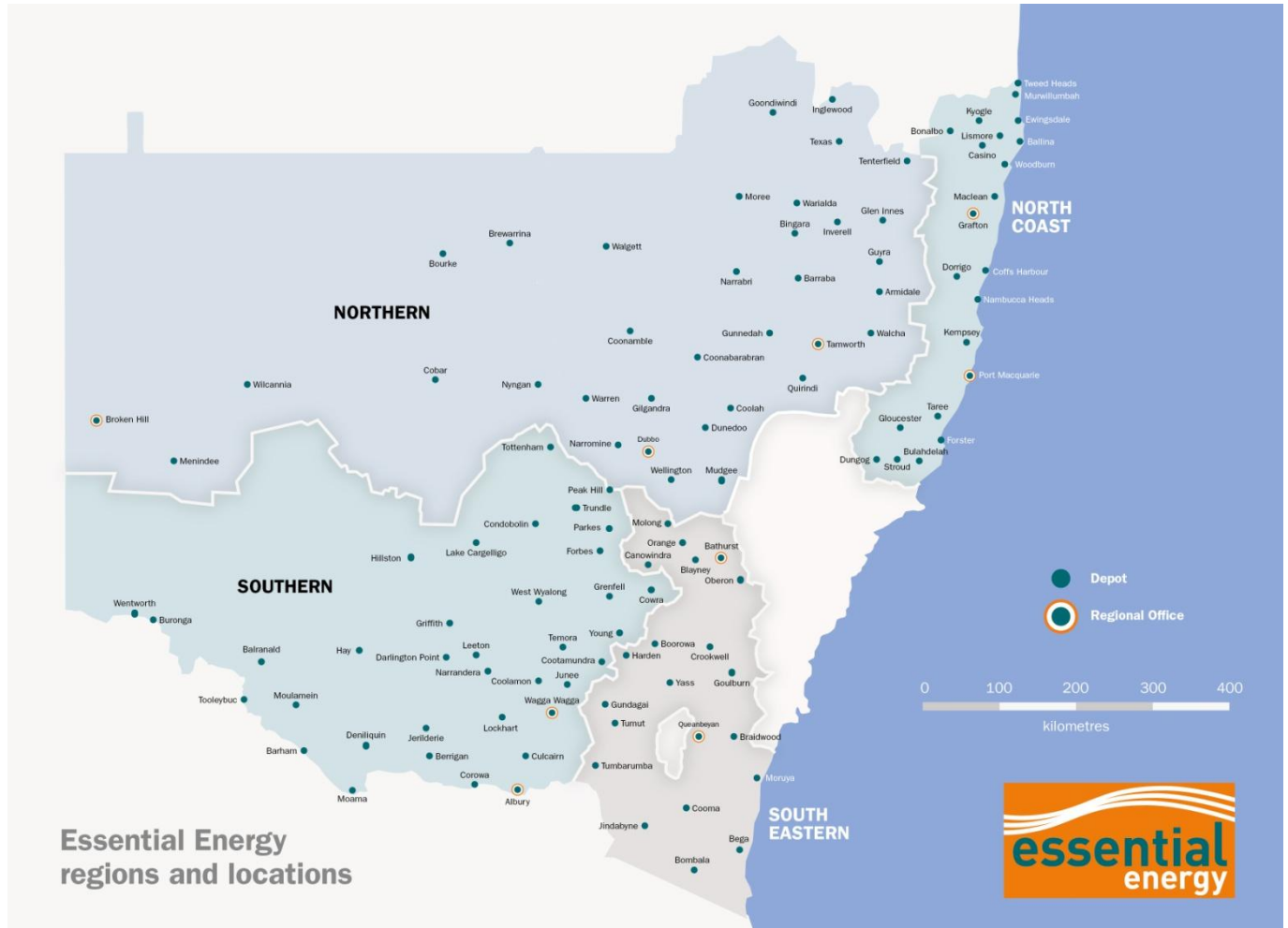
## A structured approach

This framework provides a structured approach to identifying, understanding and delivering stakeholder engagement activities that support the overarching objectives of both the business and this framework. The approach to this framework is outlined below:



## Our network

Essential Energy is responsible for building, operating and maintaining Australia's largest electricity network. Our distribution network serves approximately 844,000 customers and, geographically, covers 95 per cent of NSW, as shown below.



Essential Energy's infrastructure include approximately:

- > 200,000 kilometres of power lines and cables
- > 1.4 million power poles
- > 150,000 streetlights
- > 135,000 substations
- > 400 zone substations

## 2. OUR CUSTOMERS

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Identifying the customers and stakeholders within the Essential Energy footprint underpins all stakeholder engagement activities to ensure the business is enabled to engage across all sectors and geographical areas.

It is important to note that although stakeholder groups are considered to be representative of a collection of consumers with associated characteristics, the members of these groups are also customers in most instances and therefore generally represent their own views and feedback whilst communicating on behalf of the group they also represent.

We have 844,000 customers distributed across the Essential Energy network area. For every kilometre of powerline in the network, we have approximately 4.41 customers. This means we have a relatively small number of customers compared the asset base we manage to reach them.

### Customers by segment

Customers can also be considered in terms of their connection classification. Recognising this is also important when discussing concerns with customers and stakeholders to ensure relevance and appropriate choice of communication channel. In broad terms, the following connection classifications apply to Essential Energy's customer base:

- > Residential
- > Small to Medium Enterprises
- > Large low voltage
- > High voltage

Residential and Small to Medium Enterprises account for the majority of customers and have different network requirements to that of large low voltage and high voltage customers and should therefore be considered and engaged with in an appropriate manner. Similarly, it should also be noted that Essential Energy's vast network area includes regional cities, rural farmland as well as remote rural locations that are home to customers and stakeholders with varying concerns and requirements.

Essential Energy plans to undertake renewed segmentation analysis in August 2014 to understand trends in technology use and communication preferences in line with customers in our network area. This will help inform our approach to customer communications and ensuring messages and important information are delivered in the most effective way, based on the wants and needs of our customers.

### Stakeholder groups

Supporting consumers is a range of key stakeholder groups that support and communicate the interests of groups of like consumers. Engaging with stakeholder groups is key to ensuring the sentiments of impacted or vulnerable customers can be communicated effectively.

In line with this, it is also important to hear the concerns of industry or supply chain participants when formulating plans that represent the long term interests of customers and stakeholders.

With this in mind, the Essential Energy network area is relevant to a range of stakeholder groups:

- > Local Councils
- > Farming Groups and Associations
- > Community Welfare Organisations
- > State Government Departments
- > Regulators
- > Community Advisory Panels
- > Business Chambers
- > Large energy users
- > Retailers
- > Authorised service providers
- > Community associations

Identifying customers and stakeholders is the baseline for formulating an approach or framework to engage effectively across all customer and stakeholder groups.

### 3. PARTICIPATION SPECTRUM

Essential Energy has adopted the International Association for Public Participation Spectrum as a best practice tool for identifying an approach with specific goals and techniques that can be applied to all customer and stakeholder groups. Application of the spectrum also provides the opportunity for Essential Energy to explain to what extent customers can expect to be engaged on each level. The spectrum is outlined below:

	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
<b>Definition</b>	Provide the public with balanced and objective information to assist them in understanding the problems, alternatives, opportunities and solutions available.	Obtain feedback from customers and stakeholder groups regarding alternatives and decision making.	Work directly with the public through a process that is designed to ensure concerns and objectives are understood and considered.	Partner with the public throughout the decision making process to develop alternatives and deliver the preferred solution.	Place final decision-making in the hands of the public.
<b>What to expect</b>	We will provide you with information that is relevant and timely around the operational aspects of the network.	We will listen to your feedback and ask structured questions to understand issues and gaps in our planning process.	We will work with you to reflect your concerns and sentiments in our plans as well as how they have influenced the outcomes.	We will work directly with customer and stakeholder groups to understand problems, potential solutions and the risks and benefits of the alternatives to customers with regards to the preferred solution.	Empowering customers in a highly regulated environment such as electricity distribution is not possible for most facets of network management due to the lack of information they have available, the skills and expertise required, and the legislative-requirements around safety and licence conditions.
<b>Who we will engage</b>	All customers and stakeholders.	A representative portion of customers and stakeholders.	Lobby Groups Community and Welfare Organisations Accredited Service Providers Councils.	Customer Council Rural Advisory Group.	Not applicable.
<b>How we will deliver</b>	We will provide information through social media, on our website and traditional media channels.	We will conduct research programs to gather feedback from a variety of stakeholder groups through a number of mediums including social media to enhance feedback options.	We will hold forums and workshops as well as meet with stakeholder groups to understand concerns to address in our plans.	We will meet with our dedicated advisory groups on a regular basis to listen, understand and act on concerns.	We will operate an electricity distribution network that is safe, reliable and affordable for our customers.

## 4. TIMELINE OF ACTIVITIES

Essential Energy engaged with a broad cross section of customers and stakeholders in relation to the 2014-19 regulatory proposal process to ensure the concerns of consumers are acknowledged and addressed within the capital and operating plans of the business. The table below summarises the key phases in Essential Energy's Stakeholder Engagement Framework aligned with the regulatory proposal process.

Phase 1: Research	Phase 2: Consultation	Phase 3: Delivery of substantive proposal	Phase 4: Delivery of revised proposal
August 2012	August 2012 – May 2014	May 2014	Ongoing
<ul style="list-style-type: none"> <li>&gt; Customer and stakeholder surveys</li> <li>&gt; Customer focus groups</li> <li>&gt; Understanding the priorities of customers with regards to network investment</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Direct consultation and feedback session with stakeholder and lobby groups</li> <li>&gt; Social media channels established and actively moderated to gather customer feedback</li> <li>&gt; Customer Council and Rural Advisory Group consultation sessions</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Feedback integrated into substantive regulatory proposal and associated documents to support customer priorities in the planning process</li> <li>&gt; Deliver customer overview paper based on feedback received from stakeholder groups</li> <li>&gt; Publication of proposal on website with direct feedback option</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Customer willingness to pay research</li> <li>&gt; Targeted education programs based on customer needs and knowledge gaps</li> <li>&gt; Capital project consultation</li> <li>&gt; Ongoing and timely customer research</li> <li>&gt; Effective customer communications and notifications</li> <li>&gt; Online feedback and engagement channels</li> <li>&gt; Stakeholder and customer group consultation</li> <li>&gt; Development of our approach to customer and stakeholder engagement.</li> </ul>

Beyond the engagement activities structured to understand concerns and customer sentiment regarding our proposal, Essential Energy has a strong business as usual approach to engagement. These business as usual activities are outlined in the section, *Business as usual activities* and will be further strengthened with the renewed approach to customer service through the development of a customer commitment statement. This statement means that we will listen to and respect our customers, safely deliver on our promises and place customers at the centre of everything we do.

## 5. UNDERSTANDING CONCERNS

Understanding the concerns of our customers and stakeholders is the core reasoning for conducting engagement activities, that then allow the business to act and respond to concerns both on a business as usual basis and as part of the regulatory proposal process.

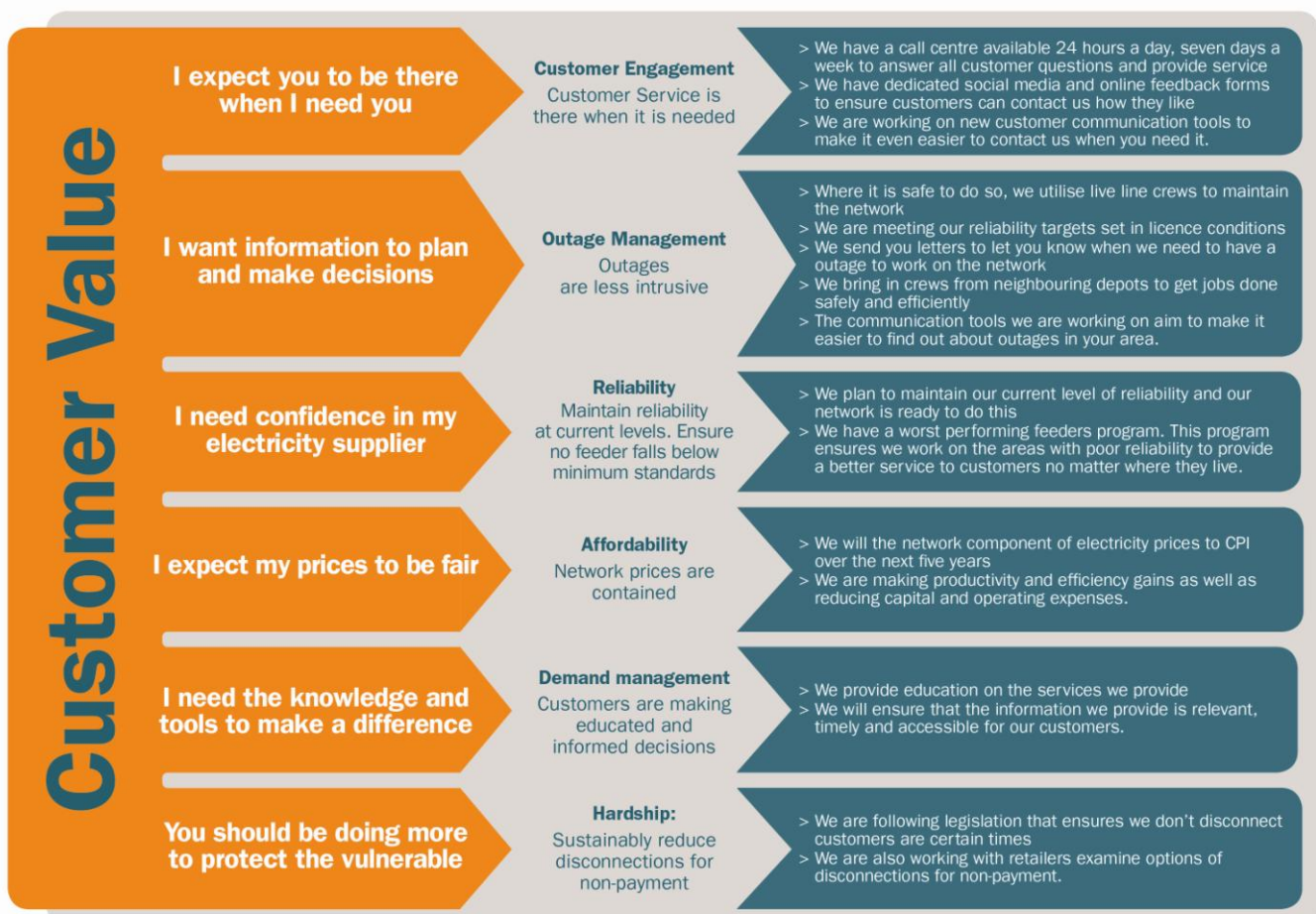
The following information provides a high level overview of the values and themes we have collected and translated in relation to the concerns of customers from two large platforms – customer research and social media.

### Customer values

In June 2012, Essential Energy conducted a major research program to explore customer’s knowledge, attitudes and behaviours around electricity consumption and investment decisions.

This qualitative research was complemented by a survey with a sample size of over 1000 Essential Energy network customers. Research findings identified six clear customer values. These values are the essence of what is important to our customers and the ways in which they would like Essential Energy to manage these issues as a network distribution business.

Although this piece of research is only one element to understanding the concerns of consumers through broader engagement activities, the customer values identified during this research are current and reflective of the broader Essential Energy customer base. These six values and the programs or response in place to address these values are outlined below:

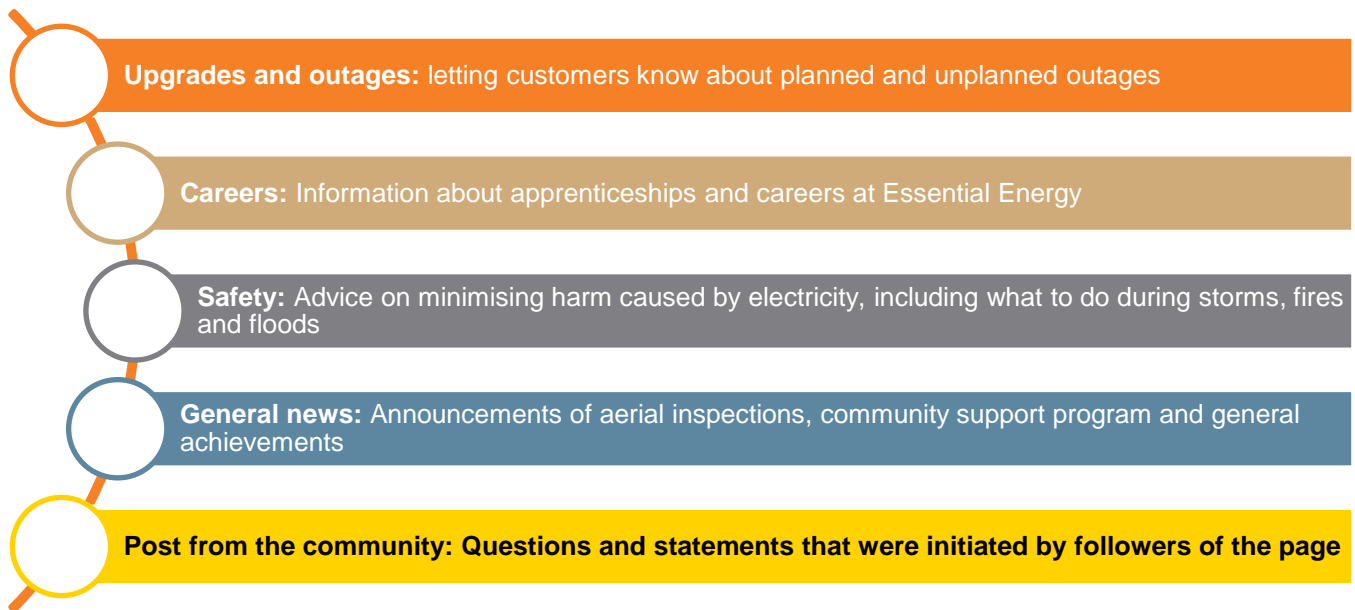




## Social themes

Social media provides a real time reflection of current issues and trends relating to operational and business issues. It also provides customers with a platform to give informal and quick feedback on an issue outside the traditional media channels. We monitor our social media channels on a daily basis and aim to provide customers with a high level of communicative customer service in this space, both proactively and reactively.

Reporting on Essential Energy's Facebook page from August 2012 through to January 2014 identified five major themes as discussion points in social media in order of popularity (by the business and users):



Reporting shows that users are most engaged with information about upgrades and outages. This includes real time information on unplanned supply interruptions and scheduled work in local areas.

This supports the findings our research program regarding customer communications and need to drive value through more real time communications, especially during times of unplanned supply interruptions.

## Choice modelling

Essential Energy undertook additional choice modelling research in December 2014. Choice modelling provided pricing options for differing service levels. Charges was presented against the number of blackouts which may occur, the timeliness of emergency response, our ability to prune trees to maintain safety standards and the likely impact on their streetscape; the impacts of inspecting our network from the air; and the time taken to repair defective streetlights. Consumers were then asked to select their most preferred option from these different choices.

This research supported previous research, social media analysis and stakeholder meetings with the following key outcomes:

- > **Network charges:** Overall, customers want cheaper prices. However, when aligned to reliability and restoration of supply after an outage, it is not the only factor.
- > **Unplanned blackouts:** Number and length of unplanned blackouts affected attractiveness of scenarios. When 8 blackouts in 5 years was presented it was far more acceptable than 15 over the same time, signifying a strong customer desire to maintain current standard of reliability. There is no desire to increase reliability at the cost of increased price to our customers.
- > **Vegetation management:** This element of the choice modelling research had little impact on scenario selection. However, from this we understand a need to further education customers and stakeholders on the importance of vegetation management in relation to bush fire risk mitigation and the part it plays in the maintenance cycle.

- > **Aerial inspection:** Customers showed interest and saw value in the aerial inspection process as part of their overall network charges. Aerial and LiDAR inspections are a very important part in the maintenance cycle, with flow on outcomes to reliability and public safety. Maintaining this service as part of our safe, reliable and affordable supply of electricity is important to our plans for the next regulatory control period.
- > **Service restoration times:** This was the most salient factor for customers. Customers made it very clear they have service restoration expectations that involve responding during business hours and ensuring outages rarely extend beyond 6 – 8 hours. Maintaining this approach to response to align to our customers interests is integral to ensuring the safe delivery of electricity.
- > **Streetlight repairs:** Customers expectation of the repair of streetlights within 30 days or up to 90 days was not significantly different. This finding will inform conversations with Essential Energy's Streetlighting Consultative Committee to develop appropriate service level agreements in line with price structures.

These results and key themes are support the findings from previous research and our long history of customer and stakeholder engagement with regards to customer expectations around the services they expect from an electricity network service provider with regards to a safe, reliable and affordable provider of electricity.

These themes are reflected in our business objectives and approach to managing capital and operating expenditure on the network.

## 6. BUSINESS AS USUAL ACTIVITIES

Essential Energy has a strong customer focus and dedication to engaging with customers and stakeholders on different levels of the participation spectrum on an ongoing or daily basis. The business aims to deliver engaging communications, educational and community programs that related to the overarching objectives of the business. These activities are outlined below:

Category	Actions	Timing
Dedicated stakeholder advisory groups	Essential Energy formed a dedicated Customer Council and Rural Advisory Group in 1998.  In 2014 the Streetlighting Consultative Committee was formed with councils and council representatives to provide a forum for understanding council requirements and informing service level agreements to deliver cost reflective pricing.	2-4 times per year
Safety programs	Programs include: <ul style="list-style-type: none"> <li>&gt; Harvest safety</li> <li>&gt; Storm safety</li> <li>&gt; Bushfire safety</li> <li>&gt; Flood safety</li> <li>&gt; Schools safety program</li> </ul>	Seasonally each year
Network programs	Communication and notifications to support: <ul style="list-style-type: none"> <li>&gt; Aerial inspection</li> <li>&gt; Asset inspection</li> <li>&gt; Vegetation management</li> <li>&gt; Streetlighting – how to report an outage</li> </ul>	Aligned to program cycles
Capital projects	Communications and notification: <ul style="list-style-type: none"> <li>&gt; Local network projects</li> <li>&gt; Large scale supply interruptions</li> <li>&gt; Large projects community consultation</li> </ul>	Ongoing
Supply interruption communications	<ul style="list-style-type: none"> <li>&gt; Letter writing to support planned supply interruptions</li> <li>&gt; Activation of channels during unplanned supply interruption – eg. social media</li> <li>&gt; Dedicated phone number - 13 20 80</li> </ul>	Ongoing
Regional Stakeholder Management	<ul style="list-style-type: none"> <li>&gt; Face to face meetings</li> <li>&gt; Newsletters</li> <li>&gt; Open door for all regional issues</li> </ul>	Ongoing
Community based programs	Delivery of ongoing support based programs: <ul style="list-style-type: none"> <li>&gt; Community support program</li> <li>&gt; Community halls program</li> <li>&gt; Strategic sponsorships</li> <li>&gt; Depot Challenge Cup</li> <li>&gt; Employee Giving Program</li> </ul>	Community Support – twice per year.  Ongoing
Customer research	<ul style="list-style-type: none"> <li>&gt; Customer satisfaction survey</li> <li>&gt; Ad hoc</li> </ul>	Quarterly Bi-Yearly As required
Applications to enable customer interaction	We have developed a number of online forms and portals to enable customer interaction as the user requires. Applications include: <ul style="list-style-type: none"> <li>&gt; Connections and Enquiries Portals</li> <li>&gt; Social Media Channels</li> <li>&gt; Contact Us Forms</li> <li>&gt; Online Claim Forms</li> <li>&gt; Council portal</li> <li>&gt; Accredited Service Provider Portal</li> </ul>	On-going

Examples of the business as usual activity are provided below for reference:

Web Version | Update preferences | Unsubscribe Forward

## Regional News

**essential energy**  
February 2014

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### From the Regional Manager, Southern

I would like to take this opportunity to officially wish you a happy new year.



To date, the 2013/14 financial year has been a time of substantial change for Essential Energy, but we continue our focus on providing a safe, reliable and sustainable essential service to our customers.



As a network service provider, our field crews were responsible for completing a substantial amount of upgrade and maintenance work in 2013.

## AERIAL INSPECTION

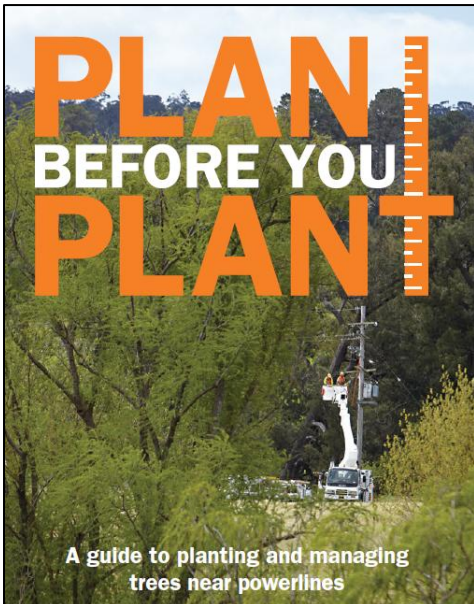
### > Low Level Survey

- > **What's happening?**  
We are conducting low level powerline inspections by a fixed wing aircraft.
- > **Why?**  
These inspections are carried out to ensure the ongoing reliability, security and sustainability of the network.
- > **Where?**  
**Jindabyne and surrounding areas.**
- > **When?**  
Commencing **mid April** through to **mid May 2014** during daylight hours (weather permitting).
- > **What do you need to do?**  
For more information and the latest aerial inspection schedule visit [essentialenergy.com.au/aerial](http://essentialenergy.com.au/aerial)  
Owners of sensitive livestock enterprises such as horse and cattle studs, ostrich and emu farms should advise Essential Energy on **13 20 80** prior to the inspection.

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# PLAN BEFORE YOU PLAN



**A guide to planting and managing trees near powerlines**

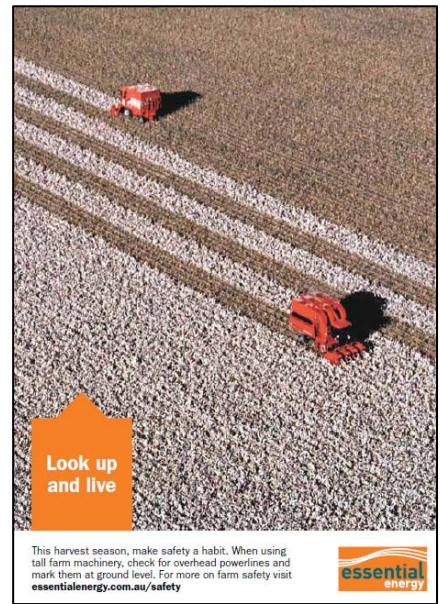
## Shine a light on safety

**Report broken or faulty streetlights:**

- Call 13 20 80
- Visit [essentialenergy.com.au/streetlight](http://essentialenergy.com.au/streetlight)



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**Look up and live**

This harvest season, make safety a habit. When using tall farm machinery, check for overhead powerlines and mark them at ground level. For more on farm safety visit [essentialenergy.com.au/safety](http://essentialenergy.com.au/safety)

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## Network upgrade Dorrigo Plateau

- > A significant electricity network project will take place along **Tyringham and Armidale Roads, Dorrigo** commencing late January 2014
- > Work will continue for six weeks to allow the replacement of poles and crossarms and powerline maintenance
- > While every effort will be made to minimise the impact of the work on customers, a number of planned interruptions will be required over the course of the upgrade and maintenance
- > Individual customers will receive advance notification from Essential Energy with the specific dates and times of the planned interruptions
- > We thank the community in advance for its patience while we deliver this important project
- > For more information contact Essential Energy's Supply Interruptions line on **13 20 80**

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# Be a SAFETY STAR

## ELECTRICITY SAFETY ACTIVITIES FOR KIDS



## Future programs

Whilst the business has structured engagement activities and business as usual programs in place, there is ongoing development underway to ensure the customer remains in the business vision in the long term. This includes building customer value that aligns to our business objectives of providing a service that is safe, reliable and affordable for our customers and the communities in which we operate. Future programs currently in development include:

- > understanding the customer lifecycle and preferred communications methods
- > enabling a broader range of real time communications channels during unplanned outages
- > utilising technology to deliver safety, planned supply interruption information and core network program updates.

## 7. LISTENING TO FEEDBACK

Essential Energy's focus on customer and stakeholder engagement is reflected in broader corporate objectives which were developed and implemented with customers at top of mind. Our objectives place the customer first and promote the long term interests of customers with respect to:

- > **SAFETY** – by continuously improving our safety performance for employees, contractors and the public;
- > **AFFORDABILITY** – by striving to contain average increases in our share of customers' electricity bills at or below CPI; and
- > **RELIABILITY** - by ensuring the on-going reliability, security and sustainability of the network.

Essential Energy has a number of feedback channels to allow customers to share their views and concerns regarding regulatory proposal documents and business as usual feedback regarding the day to day operations of the business.

Channel	Details
Phone	13 23 91 – General Enquiries 13 20 80 – Supply Interruptions
Website	<a href="http://www.essentialenergy.com.au/contactus">www.essentialenergy.com.au/contactus</a> <a href="http://www.essentialenergy.com.au/ourplans">www.essentialenergy.com.au/ourplans</a>
Email	<a href="mailto:ourplans@essentialenergy.com.au">ourplans@essentialenergy.com.au</a>
Post	PO Box 5730 Port Macquarie NSW 2444
Social Media	<a href="http://www.facebook.com/essentialenergy">www.facebook.com/essentialenergy</a> <a href="http://www.twitter.com/essentialenergy">www.twitter.com/essentialenergy</a> <a href="http://www.facebook.com/yourpoweryoursay">www.facebook.com/yourpoweryoursay</a>