

## Essential Energy – Claim of Confidentiality

### Attachment A – Confidentiality template

Title, page and paragraph number of document containing confidential information.	Description of the confidential information.	Topic the confidential information relates to (e.g. capex, opex, WACC etc.)	Identify the recognised confidentiality category that the information falls within.	Provide a brief explanation of why the information falls into the selected category.  If information falls within 'other' please provide further details on why the information should be treated as confidential.	Specify reasons supporting how and why detriment may be caused from disclosing the identified information.	Provide any reasons supporting why the identified detriment is not outweighed by the public benefit (especially public benefits such as the effect on the long term interests of consumers).
Attachment 1.1 COO affidavit  Appendix 2 pages 1-4	Curriculum Vitae for Gary Humphreys	Operating and capital expenditure	Personal information	There is personal information about an individual	Personal information may be made available to the public against the wishes of the person	The personal information about an individual does not benefit the long term interests of customers
Attachment 1.1 COO affidavit  Appendix 20 pages 1-14	Strategic Market Testing	Outsourcing	Market intelligence	Disclosure of Essential Energy's process and timeline for strategic market outsourcing will provide a competitive advantage to suppliers, and provide Unions with information to disrupt this process.	A competitive advantage in favour of suppliers would negatively impact the ability to obtain the most competitive costs to supply through a future public tendering process. Union disruption would delay the realisation of savings.	Obtaining the most competitive rates of supply from the market in as short a timeframe as possible will generate savings that will be passed onto consumers in the form of lower tariffs. Further, any competitive advantage in favour of suppliers would not be in the long term interest of customers.
Attachment 1.1 COO affidavit  Appendix 21, pages 1-9	Draft Market Testing Procedure	Outsourcing	Market intelligence	Disclosure of Essential Energy's internal procedures for strategic market outsourcing will provide a competitive advantage to suppliers, and provide Unions with information to disrupt this process.	A competitive advantage in favour of suppliers would negatively impact the ability to obtain the most competitive costs to supply through a future public tendering process. Union disruption would delay the realisation of savings.	Obtaining the most competitive rates of supply from the market in as short a timeframe as possible will generate savings that will be passed onto consumers in the form of lower tariffs. Further, any competitive advantage in favour of suppliers would not be in the long term interest of customers.
Attachment 1.1 COO affidavit  Appendix 22 pages 1-88	Preliminary Strategic Outsourcing Assessment	Outsourcing	Strategic information	Disclosure of Essential Energy's strategy and detailed plans for strategic market outsourcing (including a ranking of opportunities) will provide a competitive advantage to suppliers, and provide Unions with information to disrupt this process. The document contains details of confidential meetings with third parties.	A competitive advantage in favour of suppliers would negatively impact the ability to obtain the most competitive costs to supply through a future public tendering process. Union disruption would delay the realisation of savings.	Obtaining the most competitive rates of supply from the market in as short a timeframe as possible will generate savings that will be passed onto consumers in the form of lower tariffs. Further, any competitive advantage in favour of suppliers would not be in the long term interest of customers.

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<p>Attachment 1.3 Insurance Advice Report:</p> <p>Page 4 Paragraph 7 Page 5 Paragraph 1 Page 5 Paragraph 2, 3 Page 8 Aon Client map Page 9 Point 6 Page 9 Point 9 Page 11 Paragraph 2, 3, 4 Page 16 Paragraph 2 Page 17 Paragraph 2, 3, 4 Page 18 entire Page 19 Point 1 Page 21 Paragraph 2, 5, 6, 7, 10, 11, 12 Page 22 Paragraph 1, 2, 3, 4</p>	<p>Details of General Liability insurance program including premiums, nature of coverage and insurers participating on the program.</p>	<p>Opex</p>	<p>Market Sensitive cost inputs</p>	<p>Insurance premiums, nature of coverage and capacity are market sensitive. The global market is highly competitive. In particular Essential Energy receives coverage under the program not generally available to other market participants (non-aggregated limits for bushfire). Also NSW's insurance market negotiation position to negotiate a fair and competitive premium would be adversely impacted.</p>	<p>If other NSPs became aware of our 'preferred' coverage and raised the issue with insurers there is a real risk that the nature of the cover could be withdrawn by insurers on the program. Insurers could use premium and nature of coverage information to their advantage and jeopardise NSW's appropriate negotiating advantage to negotiate competitive insurance renewal premiums.</p>	<p>There is no perceived public benefit to the release of this information. Release could result in higher insurance premiums and less coverage (increased opex) which adds to the price of electricity.</p>
<p>Attachment 1.7 S&amp;P – Essential Energy Stand-alone credit profile</p> <p>Entire document</p>	<p>Confidential credit assessment by Standard &amp; Poor's</p>	<p>Overall Revenue, capex, opex and WACC</p>	<p>Market sensitive credit assessment</p>	<p>Standard &amp; Poor's stand-alone credit assessments are always confidential, due to the market sensitivity of S&amp;P's opinions regarding businesses' creditworthiness.</p>	<p>Standard &amp; Poor's confidential credit assessment are likely to materially impact Essential Energy's actual debt costs and equity valuation.</p>	<p>The potential detriments that could be caused by publishing the information in the Standard &amp; Poor's confidential credit assessment outweigh any potential benefit. These potential detriments would extend across both Essential Energy and Standard &amp; Poor's as a rating agency.</p> <p>Any detriments to Essential Energy's actual debt costs and equity valuation would not be in the best interest of customers.</p>

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Attachment 1.8 UBS – Section on implied credit ratings  Pages, 10-11 and 13-15	Analysis of implications of Standard & Poor’s Confidential credit assessment for Essential Energy	Overall Revenue, capex, opex and WACC	Market sensitive information regarding credit assessments and Strategic Information	UBS assessment of the impact of Standard & Poor’s confidential credit assessment on market pricing of <<DNSP>>’s debt could impact the terms on which it negotiates debt contract terms and pricing.  In addition to this, all Standard & Poor’s stand-alone credit assessments are required to be kept confidential due to the market sensitivity of S&P’s opinions regarding businesses’ creditworthiness.	UBS’ analysis of the implications of Standard & Poor’s confidential credit assessment could materially worsen Essential Energy’s actual debt costs and equity valuation.	There is no benefit obtained by customers from the information in UBS report regarding Standard & Poor’s confidential credit assessment. It will help inform the AER about the financial detriment that could be caused from its draft decision revenue allowances and would inform its final decision accordingly. However, if it was released prior to a final decision, there could be unwarranted detriment to Essential Energy’s actual financial sustainability, which would not be in the best interest of customers.
Attachment 7.5 – NSW DNSP Labour Analysis  All pages Entire document	The document provides a detailed response to information contained in the Deloitte Report dated 17 November 2014 (‘NSW Distribution Network Service Providers Labour Analysis’). The Deloitte Report is a confidential document which has not been subject to public release.	Opex – labour cost analysis	Market sensitive cost inputs (internal labour costs) and strategic information	The information provided to Deloitte’s by NSW DNSPs to compile their Report was recognised as being commercially sensitive. The information used in this document is also commercially sensitive and if made public would be detrimental to NSW DNSPs in their current enterprise agreement (EA) negotiations, given it contains a detailed analysis of wage rates and employment conditions across the industry. Often this information comes directly from other DNSPs to ensure its accuracy.	The document provides a detailed comparison of employment conditions and expresses a view on the competitiveness of labour arrangements. If disclosed, NSW DNSPs would be unable to defend union claims during EA negotiations where this is contrary to the views expressed in the document. This leaves management vulnerable in negotiating a position which is contrary to the views expressed in the document.	The Deloitte Report is a confidential document. The reply should also be confidential. There is little public benefit in releasing the information contained in the report, particularly in terms of an analysis of specific employment conditions and rates of pay. If made available, the detriment to NSW DNSPs would be greater than any marginal benefit of public release.

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<p>Attachment 7.6 – Productivity</p> <p>Page 4 paragraph 4 Page 5 table 2-1 row 1, 2 and 4 Page 9 paragraph 4 Page 13-14 section 4.4.3</p>	<p>The document provides a detailed response to information contained in the Deloitte Report dated 17 November 2014 ('NSW Distribution Network Service Providers Labour Analysis'). The Deloitte Report is a confidential document which has not been subject to public release.</p>	<p>References to findings in Deloitte report and outsourcing arrangements</p>	<p>Market sensitive inputs and strategic information</p>	<p>The information provided to Deloitte's by NSW DNSPs to compile their Report was recognised as being commercially sensitive.</p> <p>The information used in this document may be detrimental to Essential Energy in their current enterprise agreement (EA) negotiations.</p>	<p>Essential Energy is removing specific references to the content of the Deloitte report.</p> <p>Essential Energy is entering enterprise agreement (EA) negotiations. Information pertaining to outsourcing is likely to be sensitive in the context of these negotiations</p>	<p>The Deloitte Report is a confidential document. Essential is redacting information that specifically addresses findings in that report as it was deemed confidential.</p> <p>The information used in this document may be detrimental to Essential Energy in their current enterprise agreement (EA) negotiations.</p>
<p>Attachment 7.7 Labour unit cost - review of Deloitte report</p> <p>All pages Entire document</p>	<p>Calculation of labour cost by employee category and comparison to other DNSPs</p>	<p>Opex and capex (labour costs)</p>	<p>Market sensitive cost inputs</p>	<p>The report relates to directly to labour costs.</p>	<p>Release of a report commissioned by the business on labour costs would disrupt current and future negotiations.</p>	<p>The release of this information would result in a disruption in current and future negotiations, directly increasing labour costs to the long run detriment of consumers. The sensitivity of this information was recognised in the AER's decision to make the Deloitte report confidential.</p>
<p>Attachment 7.8 Comparison and Analysis of Enterprise Bargaining Agreements for Distribution Networks</p> <p>All pages Entire document</p>	<p>Information and analysis on the elements of EBA for NSW businesses</p>	<p>Opex and capex (labour costs)</p>	<p>Market sensitive cost inputs</p>	<p>The report relates to enterprise bargaining agreements which relate to the cost of labour.</p>	<p>Release of a report commissioned by the business on the merits of EBA provisions would disrupt current and future negotiations.</p>	<p>The release of this information would result in a disruption in current and future negotiations, directly increasing labour costs to the long run detriment of consumers. The sensitivity of this information was recognised in the AER's decision to make the Deloitte report confidential.</p>

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<p>Attachment 8.8 Statement of Justin De Lorenzo Group Chief Financial Officer, Networks NSW</p> <p>Annexure 1 to statement of Justin De Lorenzo</p> <p>Part 2 of Annexure 4 to statement of Justin De Lorenzo</p> <p>All pages of the above documents</p>	<p>Details of confidential credit rating and credit rating rationale and details of debt management strategy and debt management policies. Confidential financial information. Personal information about the Statement Author.</p>	<p>Rate of Return - Cost of Debt</p>	<p>Market Sensitive cost inputs. Personal information</p>	<p>The document contains market sensitive information about the debt management strategy including, the timing and amount of debt maturities, interest rate forecasts and confidential financial information. The Statement also contains confidential stand alone credit rating information for the business. The statement also includes personal information about the provider of the statement.</p>	<p>Information about the timing and amount of debt placement is market sensitive for large debt financings of the type contemplated by the Networks NSW businesses. Information about debt management strategies could impact the approach debt markets take to the cost of debt refinancing and new debt draw downs. The credit rating outcome and credit rating rationale information including confidential financial information about the Networks NSW businesses is subject to strict confidentiality requirements agreed with the rating agency Moody's. Information about the Networks NSW Businesses mark to market position on debt which is not disclosed in public annual report documents. This information could be misinterpreted by the market, potential investors and ratings agencies. Attached CV about the author discloses details about the author that the author does not want to be in the public domain.</p>	<p>There is no perceived public benefit to the release of this information.</p>

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Attachment 6.15 – Attachment 2 to the witness statement of John Hardwick  Entire document	Personal Information	Witness qualifications and experience	Personal Information	Personal Information contained within the document	Disclosure of personal information	There is no perceived public benefit to the release of this information

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### Attachment B – Proportion of confidential material

Submission Title	Number of pages of submission that include information subject to a claim of confidentiality	Number of pages of submission that do not include information subject to a claim of confidentiality	Total number of pages of submission	Percentage of pages of submission that include information subject to a claim of confidentiality	Percentage of pages of submission that do not include information subject to a claim of confidentiality
Revised proposal – main document	0	273	273	0%	100%
Attachments to Revised Proposal	424	4316	4740	8.9%	91.1%
Supporting documents to revised proposal	0	4894	4894	0%	100%
<b>Grand total – Revised proposal</b>	<b>424</b>	<b>9483</b>	<b>9907</b>	<b>4.3%</b>	<b>95.7%</b>