

A photograph of a man and a woman shaking hands. The man is on the left, wearing a light blue button-down shirt, dark jeans, and a baseball cap. The woman is on the right, wearing an orange high-visibility work shirt with reflective stripes and dark pants. They are standing outdoors, possibly near a vehicle. The background is blurred, showing some greenery and a building. The overall tone is professional and collaborative.

*empowering*  
**communities**

Empowering communities to share and use energy for a better tomorrow

---

## 2019-24 Revised Regulatory Proposal: Customer Overview

January 2019



Our Vision, Purpose & Values

# empowering you

## Our Vision

What we want to be

Empowering communities to share and use energy for a better tomorrow.

## Our Purpose

What we stand for

To enable energy solutions that improve life.

## Our Values

What we care about



Make safety  
your own



Be easy to do  
business with



Make every  
dollar count



Be courageous,  
shape the future



Be inclusive,  
supportive and honest

# A Message from Essential Energy's Chief Executive Officer



**This overview summarises Essential Energy's proposed five-year plan for operating and maintaining NSW's largest electricity distribution network from 2019 to 2024. It accompanies our Revised Regulatory Proposal prepared for the Australian Energy Regulator (AER) in response to its Draft Determination.**

**The plan has been informed by customers and stakeholders across the state, to make sure we prioritise what matters to you in delivering a safe, reliable and affordable electricity distribution service.**

**John Cleland** Chief Executive Officer

The Essential Energy network is funded through charges that form part of the electricity bills issued by your retailer. Each bill covers everything from electricity generation to transmission, distribution (Essential Energy's responsibility), retail and State and Federal Government charges.

Our distribution network charges (tariffs) make up around 37 per cent of the typical total bill, and our revenue is regulated by the AER.

Every five years, we submit a Regulatory Proposal (Proposal) to the AER, which lays out exactly what we plan to do and the funding we'll need to do it. We submitted our Proposal for the 2019–24 regulatory period to the AER in April 2018, after an extensive program of consultation with customers and stakeholders. The AER reviewed our Proposal and took on board customer and stakeholder feedback before issuing its Draft Determination on 1 November 2018.

The AER largely accepted the plans and funding requirement set out in our Proposal. The next step is for us to submit a Revised Regulatory Proposal (Revised Proposal) that addresses issues raised in the AER's Draft Determination and updates our revenue calculations for new data.

The AER will then assess our Revised Proposal and seek feedback from our customers and stakeholders before issuing its Final Determination in April 2019.

You told us that safety is imperative, you are satisfied with our current levels of power supply reliability, and that our services must remain affordable. To ensure we continue to reflect your needs in our Revised Proposal, we have undertaken more customer and stakeholder engagement in its development.

We appreciate the pressure that electricity bills currently place on NSW households and businesses. Our aim is to minimise the impact of the distribution part of your electricity bill. We'll achieve this by running our business more efficiently through investment in new technology and processes.

To achieve ongoing cost reductions, we'll make prudent, targeted investments in core IT systems and enabling technologies that will deliver ongoing efficiencies and meet current and future customer needs. They include stand-alone power systems and other cost-effective energy solutions for regional, rural and remote communities.

The AER's Draft Determination put forward small decreases in our annual revenue of 0.44 per cent below CPI for the 2019–24 regulatory period.

Our Revised Proposal – which is based on updated data – proposes larger annual revenue decreases of 0.90 per cent below CPI. By 2024, these reductions will deliver distribution network charges that are 43 per cent lower than their peak in 2012–13.

We believe this Revised Proposal balances network reliability and safety with innovation and community needs, while keeping our distribution charges to a minimum. With smart investment in emerging technologies, and new ways of doing business, we believe we can reduce Essential Energy's expenditure to some of the lowest levels in 20 years.

Our work in bringing customers on this journey has been recognised by Energy Consumers Australia and Energy Networks Australia when we received the 2018 Consumer Engagement Award. We want to continue listening to your views and suggestions and I'm keen to get your reaction to our Revised Proposal. I invite you to read the information in this publication then provide your feedback to either the AER or to us, using one of the communications channels on the final page.



**John Cleland**

Chief Executive Officer



# empowering customers



## Updated Fact Sheet: 2019-24 Revised Regulatory Proposal

The AER largely accepted our Proposal. The details below have been updated to reflect minor changes in our Revised Proposal

### OUR CUSTOMERS' PRIORITIES



Safety Leader



Affordability



Reliability



Good customer service & communication



Transparency/bill itemisation



Environmentally friendly/encouraging renewables



Innovative technologies

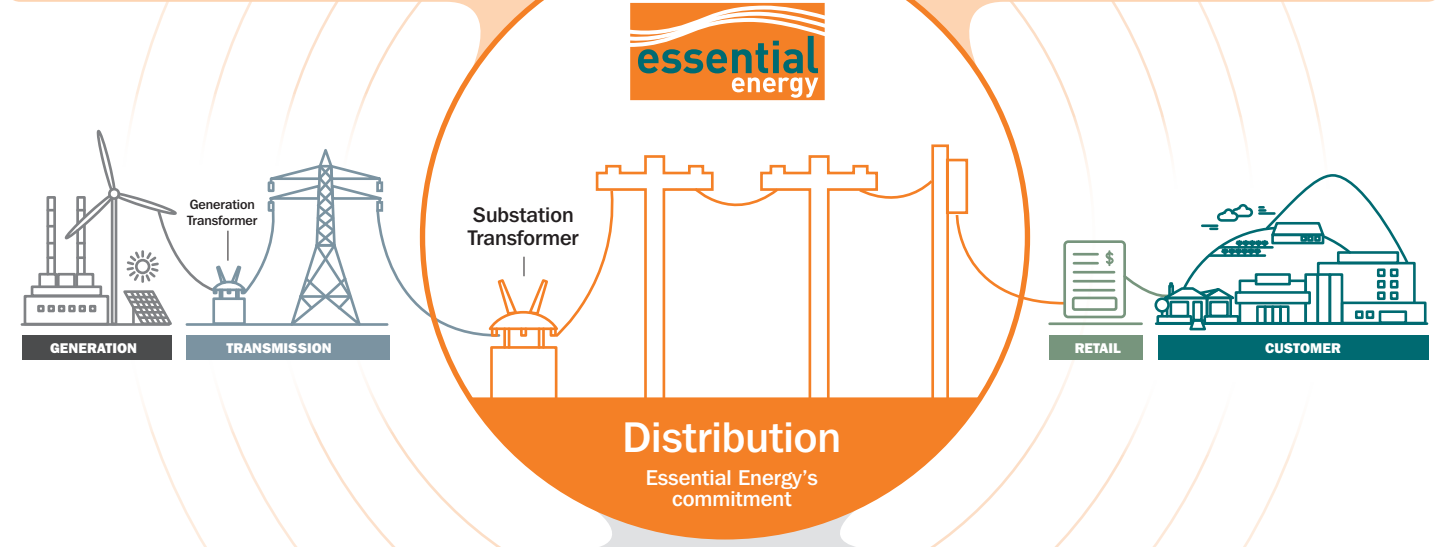
### Safety

- 140,000 storm resistant cross arms to reduce wires falling down
- Black Spot Program to reduce traffic accidents involving our network
- We actively manage the network to reduce bushfires and manage biosecurity and other hazards



### Reliability

- Restoring power to communities during rain, hail and shine
- Aim to continue 99.96% average power availability for our customers
- Aim to achieve an average 25% reduction in power outages for customers with the poorest reliability



### Affordability

			Today	By 2024
↓	\$8	Quarterly real distribution charges for a typical customer	\$172 <sup>1</sup>	\$164 <sup>2</sup>
↓	6%	Cost of maintaining our network (operating expenditure)	\$1.8b (2014 to 2019)	\$1.7b (2019 to 2024)
↓	19%	Cost of refurbishing and replacing old assets (capital expenditure)	\$2.6b (2014 to 2019)	\$2.1b (2019 to 2024)
↑	6%	Essential Energy Asset Base (value of our network)	\$8.1b (forecast FY19 closing balance)	\$8.6b
↓	9%	Revenue (funds needed to run our network)	\$5.3b (2014 to 2019)	\$4.9b (2019 to 2024)

## 0.90%

average decrease in revenue p.a. (before CPI) for 2019-24.

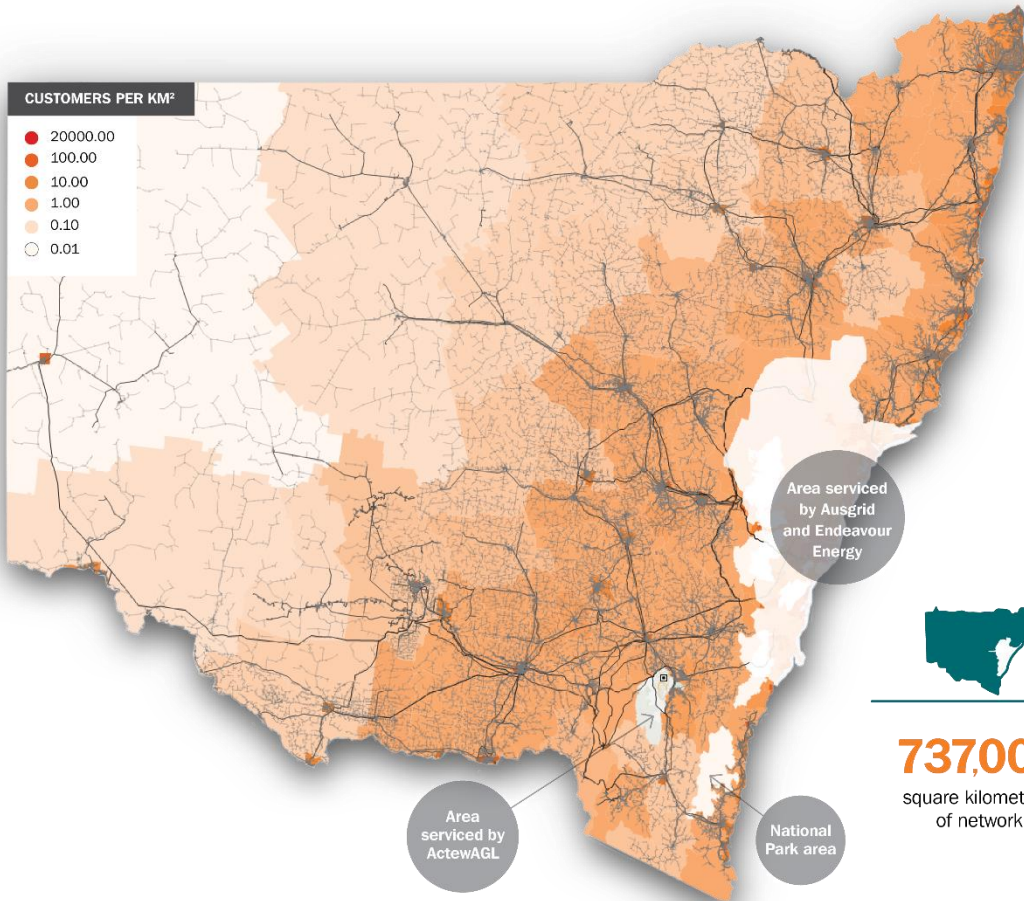
After the AER's assumed inflation rate, this equates to 1.50% average increase p.a.


Note: 1. typical residential customer (5MWh) quarterly distribution charges at 1 July 2018 2. typical residential customer (5MWh) quarterly distribution charges at 30 June 2024



# About Us


Essential Energy's core focus is ensuring the safe, affordable and reliable delivery of electricity to homes and businesses across our vast and diverse network in regional NSW, which is one of Australia's largest electricity networks. We build and maintain the poles and wires you see every day, including some sections of underground cables, and are responsible for restoring power after unplanned outages.





  
**1,381,758**  
 power poles – which equates to 1.6 power poles for every customer

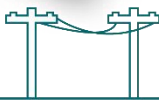
  
**>840,000**  
 customers


  
**737,000**  
 square kilometres of network

  
**95%**  
 of NSW & parts of southern Queensland


  
**377**  
 zone substations and 140,000 distribution substations


  
**183,612 km**  
 of overhead powerlines – equivalent to driving around Australia 13 times

  
**1,905 km**  
 length of our longest powerline – services 335 customers

  
**4.6 customers**  
 per km of powerline – the lowest customer density in the National Electricity Market

  
**36 years**  
 average age of network assets

  
**1m**  
 spans in designated bushfire zones

  
**15,409**  
 lightning strikes per year on the network

  
**Extreme variations**  
 in both weather and terrain

  
**40m kms**  
 travelled by our employees each year

  
**Vegetation management**  
 our largest operating expenditure

# About Us

**This Revised Proposal aligns with our Corporate Strategy, which provides a road-map for Essential Energy's future direction.**

## **Our Corporate Strategy is shaping our future focus**

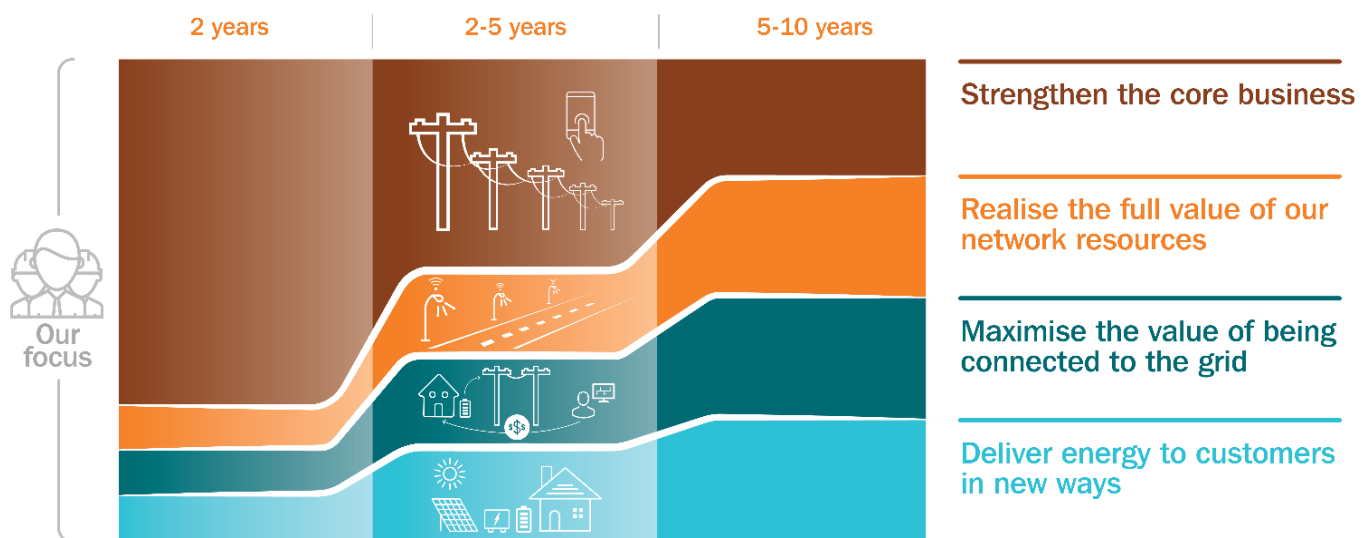
The Strategy prioritises the strategic initiatives detailed in our Proposal. It informs our activities and investment for the next 10 years and will ensure Essential Energy can continue to meet our customers' changing needs.

It is important that our business can adapt to the future energy market, whatever form it may take. As such, our Strategy does not dictate a particular future state. Instead, it provides a pathway to ensure we will always be ready for change and capable of providing the services our customers require.

To develop the Strategy, we identified the distribution network capabilities required to deliver the future services our customers may demand. This involved determining which areas of Essential Energy already support our goals, those needing further development, and new areas to consider. Business transformation emerged as the major priority.

We then designed a program of initiatives to fill the gaps between our current state and this future state, aligning them with four strategic objectives.

The resulting Strategy will drive all our strategic decisions over the next decade, ensuring we can deliver new business capabilities and positioning Essential Energy at the forefront of a rapidly changing industry.



# Funding a Safe and Reliable Network

## The revenue we need to meet customer expectations

The revenue requirement outlined in our Revised Proposal is \$4.9 billion for 2019–24. This will ensure our network is available, efficient and operating safely. By comparison, our AER-approved revenue for the current regulatory period is \$5.3 billion.

Our proposed revenue is made up of capital expenditure (including the cost of replacing old assets), operating expenditure (including the cost of maintaining assets), and the associated costs to fund these investments.

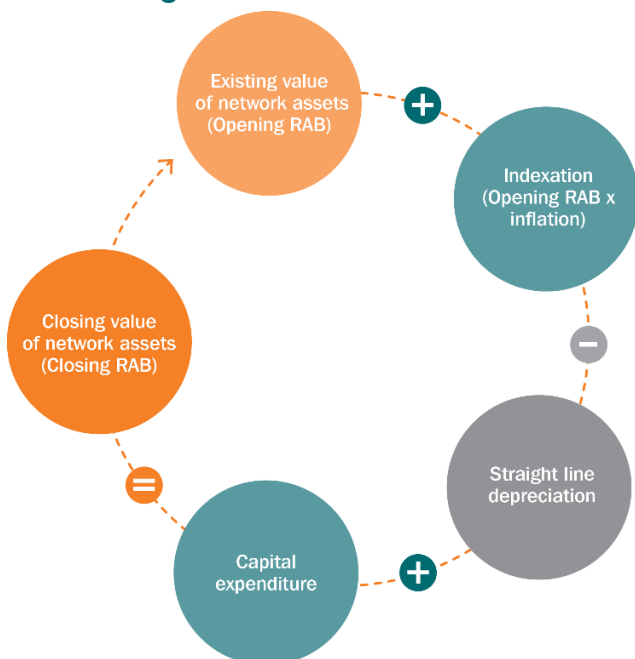
Essential Energy's cost of debt, shareholder returns and the financial benefits of investing in the network are also included in our proposed revenue allowance through a Rate of Return that is determined by the AER. Our proposed average Rate of Return is 5.72 per cent over the 2019–24 regulatory period.

## Managing our Regulated Asset Base growth

We will continue with efficiency improvements but must also meet the funding costs associated with past investments in the network. Given the average life of network assets often exceeds 30 years, these funding costs are paid over a similar period (i.e. the whole life of the assets).

To minimise the impact on customers' distribution network charges, we will deliver ongoing cost reductions primarily through prudent, targeted investment in enabling technologies. Combining this with a lower Rate of Return based on the final Rate of Return Guideline will help deliver average annual revenue decreases of 0.90 per cent before inflation over the 2019–24 regulatory period. This equates to average annual distribution network charge decreases of 0.92 per cent before inflation over the same period.

## How the regulated asset base is calculated



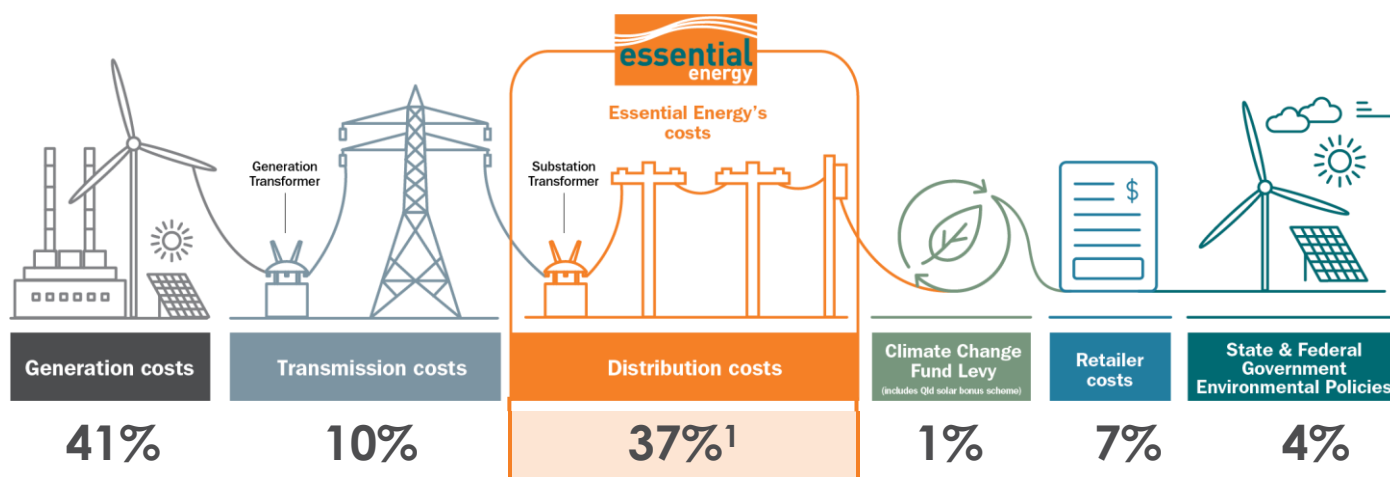
\* The tax allowance will be adjusted in the AER's Final Determination to reflect the outcomes of the AER's Review of the regulatory tax allowance

Numbers may not add up due to rounding

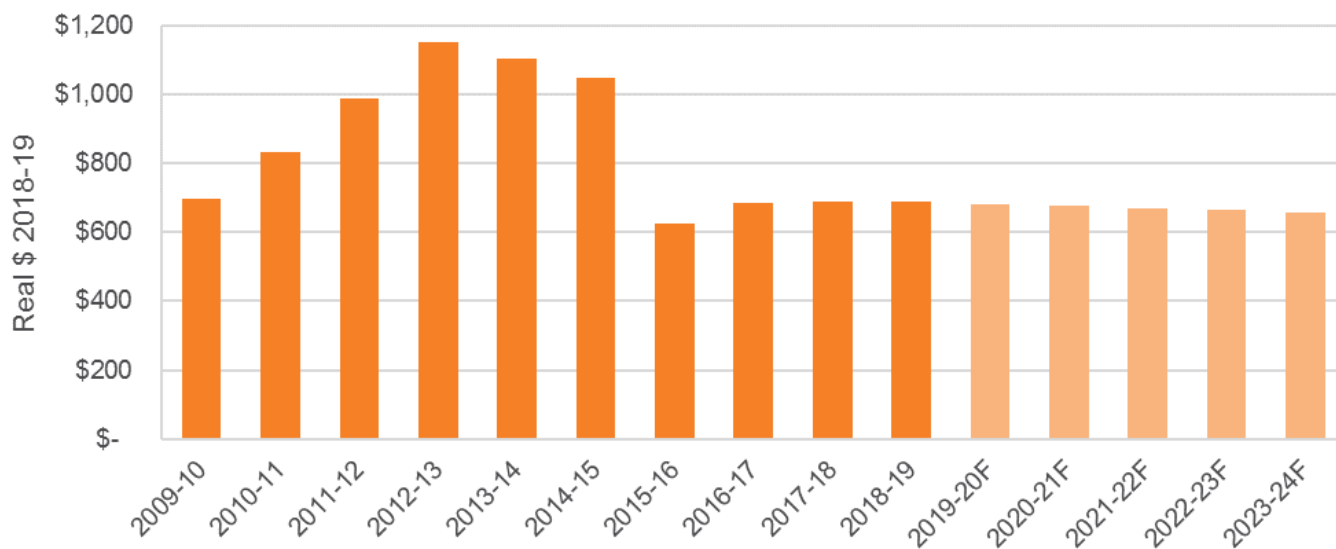
# Affordability

Our customers have told us they want us to reduce our distribution network charges without compromising safety or services. During the current regulatory period, Essential Energy began transforming into a more efficient business. Our Revised Proposal continues to balance safety, reliability and affordability by proposing revenue decreases of 0.90 per cent a year before inflation.

Most customers don't see our distribution network charges, which are paid by retailers, who build our costs into the total charge on your bill. Our costs comprise about 37 per cent of a typical residential electricity bill.



ANNUAL DISTRIBUTION NETWORK BILL FOR A TYPICAL RESIDENTIAL CUSTOMER USING 5MWH PER ANNUM<sup>2</sup>



**By 2023-24 our annual revenue decreases of 0.90% below CPI will deliver distribution network charges 43% lower than their peak in 2012-13.**





<sup>1</sup>Based on the 2017-18 forecast, Australian Energy Market Commission, 2017 Residential Electricity Price Trends, 18 December 2017 p. 100

<sup>2</sup> 5MWh represents a typical household with three to four occupants



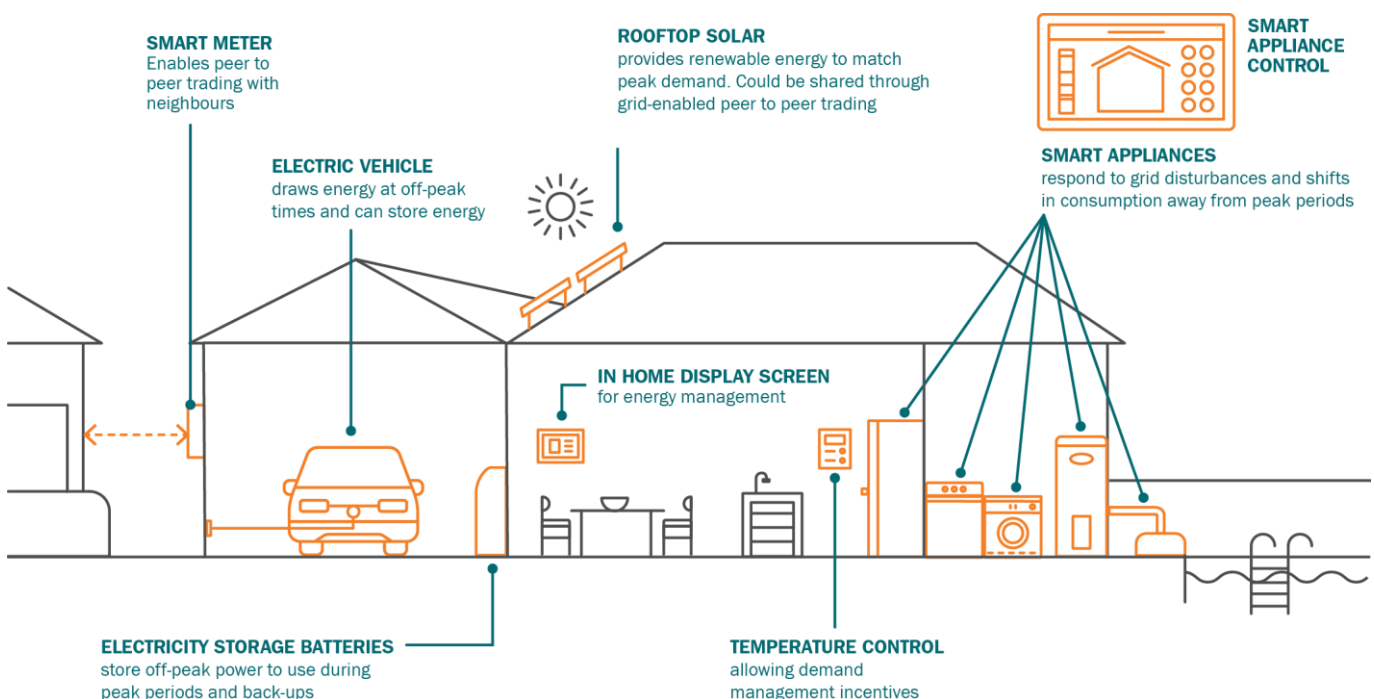
# Innovation

Our customers and stakeholders want us to invest in research and innovation. New and emerging technology solutions have the potential to deliver sustainable efficiency gains that enable us to minimise distribution network charges. As we reshape our business, we will place increasing importance on enabling the network of the future.

	<p><b>Technology and data</b></p>	<p>We will implement core business technology systems to streamline our operations and provide data to allow better decision-making.</p> <p>We plan to invest \$141 million during 2019–24 to deliver sustainable cost reductions for our customers.</p>
	<p><b>Remote sensing technologies</b></p>	<p>We plan to make greater use of remote sensing technologies such as Light Detection and Ranging (LiDAR). LiDAR allows us to develop and build a three-dimensional model of our network, applying much greater sophistication to risk identification and management.</p>
	<p><b>Stand-alone power systems and microgrids</b></p>	<p>We will trial new technologies to deliver energy in new ways and aim to improve efficiency and lower distribution network charges for all customers.</p>
	<p><b>Using new technologies to manage our network</b></p>	<p>We will leverage new technologies (such as drones) to help us inspect and maintain the network. Maintenance practices for our assets, which are spread across our vast network, may benefit from these developing technologies in the future.</p>

Essential Energy plans to be at the heart of an emerging energy market where generation and storage embedded across the network play a key role in the energy ecosystem. As the provider of the network ‘platform’ through which energy is exchanged, we also recognise the need to collaborate with multiple participants who will make equal contributions to this transformation.

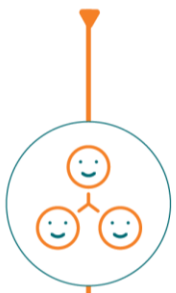
The diagram shows how new technology may change the way our customers use electricity in the future.



# Customer Engagement

Consultation is at the heart of how Essential Energy does business. Our activities encompass a broad range of customers and stakeholders with varying levels of awareness of, and interest in, the electricity system. The insights gained have shaped our Proposal and Revised Proposal.

## PLANNING JUN 2016 TO DEC 2016



**Listening and engagement sit at the centre of our business. We have been meeting with our Customer Advocacy Group for over 20 years**

Our dynamic Stakeholder Engagement Framework is embedded into strategic planning, reflects stakeholder consultation and empowers customers to inform business decisions and engagement approaches

We held stakeholder interviews with customer representative groups and met with Essential Energy's Customer Advocacy Group to consult on our Stakeholder Engagement Framework and early approach to the proposal

We engaged independent experts Woolcott Research and Engagement to facilitate customer and stakeholder engagement for the 2019-24 Regulatory Proposal

We designed a consultation program that recognised customer diversity and varying levels of interest and knowledge about our business

**1,590**  
Customer & Stakeholder interactions

## UNDERSTANDING OUR CUSTOMERS

A Discussion Paper provided background information about our business and an open invitation to seek opinions on proposed capital, operating and investment decisions

We held interviews, surveys and deliberative forums with customers and stakeholders to understand what matters to them most

Customers identified the key customer values that have fundamentally informed the development of this Regulatory Proposal

We launched Essential Engagement, an online forum for people to 'Have Your Say' on key initiatives in our Regulatory Proposal

Customer feedback was shared in the Woolcott Engagement Program Summary Report – Phase 1

### Phase 1: Consultation JAN TO JUN 17

- > Online survey: **752** residential customers and **250** small to medium businesses
- > 'YourSay': **34** residents and **4** businesses
- > **11** interviews with large customers and stakeholders
- > **7** deliberative customer forums with **513** attendees and internal and external observers
- > **1** Customer Advocacy Group meeting
- > **1** Vegetation Management Consultation Group meeting
- > **1** Streetlight Consultative Committee meeting

## DEEP DIVE



NOV 17

Using a range of engagement activities, deeper consultation was held on customer priorities and issues impacting the Regulatory Proposal

An Engagement Focus Paper was published and used as a tool to support customer consultation and discussion

Customer feedback was shared in the Woolcott Engagement Program Summary Report – Phase 2

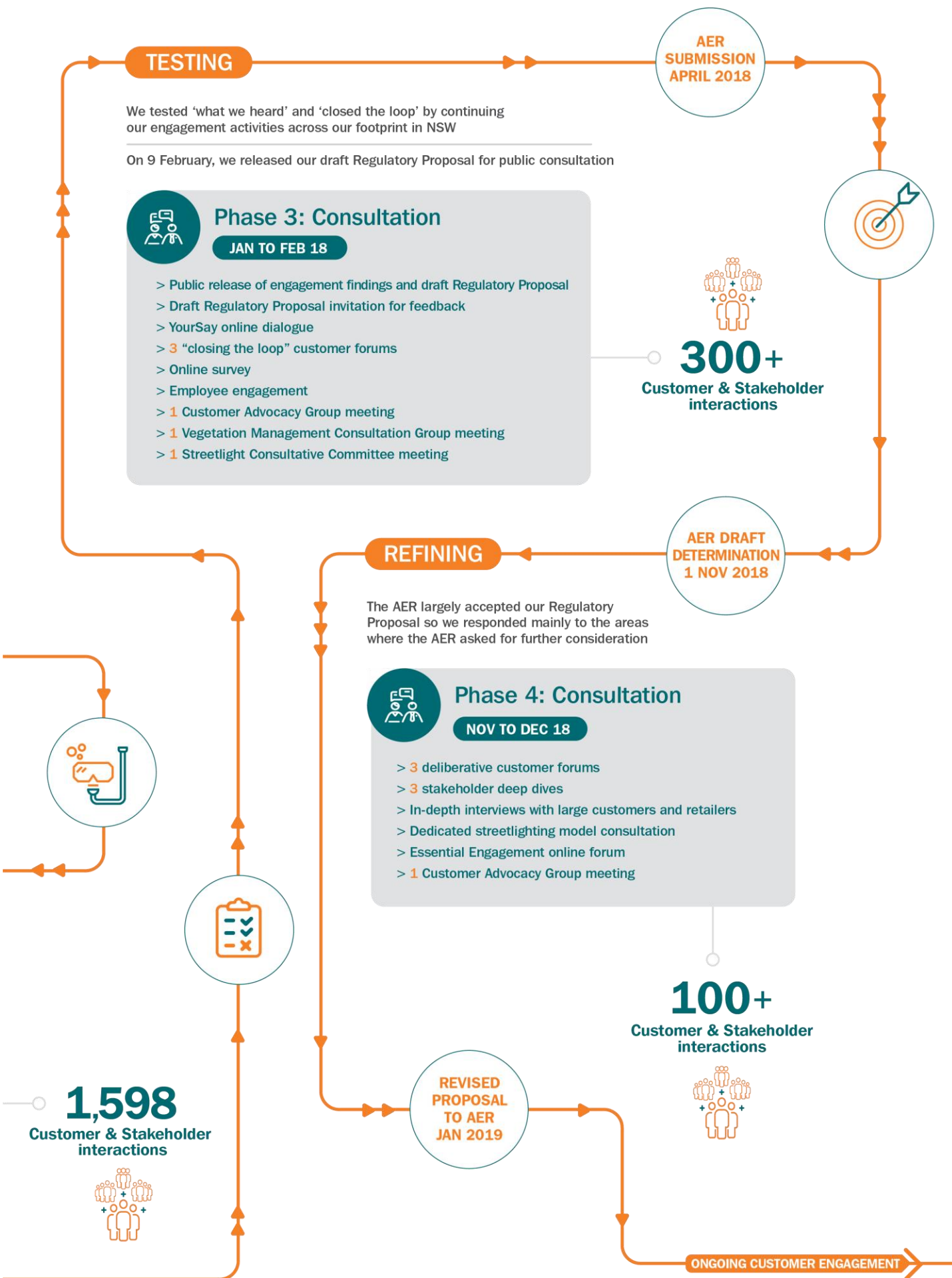
We refreshed:

**Our Vision... empowering communities to share and use energy for a better tomorrow**

**Our Purpose... to enable energy solutions that improve life**

### Phase 2: Consultation JUL TO SEP 17

- > Online survey: **754** residential customers and **250** small to medium businesses
- > 'YourSay': **11** residents
- > **16** interviews with large customers and stakeholders
- > **7** deliberative customer forums with **518** attendees with **54%** repeat participants and internal and external observers
- > **2** pricing workshops with **10** stakeholder groups
- > **2** Customer Advocacy Group meetings
- > **1** Streetlight Consultative Committee meeting
- > **4** retailer meetings
- > **1** LED streetlighting meeting with local councils



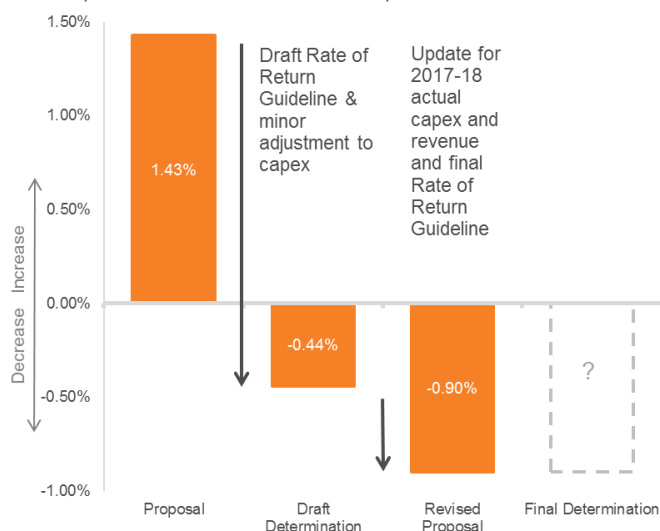


# Changes in Our Revised Proposal

When developing our Proposal and Revised Proposal, we consulted with diverse groups of customers and stakeholders through surveys, interviews, deliberative customer forums and group meetings. We used the outcomes to help shape our Revised Proposal, which also incorporates feedback from the AER's Draft Determination. The AER largely accepted our Proposal, with a few exceptions.

## Decreases to annual distribution network charges

Our Revised Proposal will deliver real average annual revenue decreases of 0.90 per cent across the 2019–24 period and average real distribution network charge decreases to our Standard Control Services customers of 0.92 per cent across the same period.



## Revisions to our Classification of Services table

We are proposing minor additions to the Classification of Services table to improve customer outcomes in regional, rural and remote locations.

## Revisions to Alternative Control Services

We have accepted the AER's Draft Determination on our Type 5 & 6 metering prices, but we are proposing changes to Public Lighting prices following dedicated stakeholder consultation on our model.

We largely accept the AER's Draft Determination regarding Ancillary Network Services but are proposing minor changes to ensure recovery of our efficient costs.

## Revisions to our Tariff Structure Statement (TSS)

We have addressed AER and other stakeholder feedback on our Proposal in our Revised TSS. The accompanying Tariff Structure Explanatory Statement (TSES) includes our reasons for deciding to either amend or not amend our TSS in response to this feedback. The highlights are:

- > maintaining our proposal to allow existing Residential and Small Business customers to opt-out to a flat rate distribution network charge;
- > altering our position on assigning different default distribution network charges to different types of Residential and Small Business customers;
- > altering our demand charging window for Residential and Small Business customers from 7am to 10pm on weekdays (both shoulder and peak period) to operate only in the weekday peak period (5pm to 8pm); and
- > altering our distribution network charge calculations to exclude the replacement of assets not associated with incremental demand.

# Responding to Feedback

## Our customers' top priorities






### Safety is essential for doing business

<b>Affordability</b>	<b>Encourage renewables</b>
<b>Reliability</b>	<b>Bill itemisation</b>
<b>Good customer service and communication</b>	<b>Innovative technologies</b>


Our customers' priorities	Phase 1 and Phase 2 What we heard from customers	Phase 3 Outcomes	Phase 4 Refining
<b>Safety</b> 	<ul style="list-style-type: none"> <li>&gt; Safety is fundamental to everything we do</li> <li>&gt; Poles in high-traffic accident locations should be moved (Black Spot Program)</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Keeping safety as our number one priority</li> <li>&gt; Replacing old cross-arms with new storm-resistant technology to reduce fallen wires</li> <li>&gt; Implementing Black Spot Program that will move poles in specific areas to reduce traffic accidents</li> <li>&gt; Continuing our safety education programs</li> </ul>	<ul style="list-style-type: none"> <li>&gt; No changes proposed, AER Draft Determination supported by customers and stakeholders</li> </ul>
<b>Affordability</b> 	<ul style="list-style-type: none"> <li>&gt; Our distribution costs are good value for money at around 37% of a typical residential bill</li> <li>&gt; Affordability is important but needs to be balanced with efficient services</li> <li>&gt; Equity and fairness are important, with concerns about vulnerable and remote customers</li> <li>&gt; Inappropriate vegetation should be removed and selectively replanted</li> <li>&gt; Safely stacking cut vegetation is not supported</li> <li>&gt; To reduce costs, it is acceptable if streetlight repairs take an average of seven days instead of four days</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Applying the AER's 2013 Rate of Return Guideline in our Proposal</li> <li>&gt; Investing in technology that will improve efficiency and lower operating and capital spend</li> <li>&gt; Seeking partnerships to help support vulnerable customers</li> <li>&gt; Proposing specific vegetation removal where appropriate and selective replanting to reduce bills</li> <li>&gt; Completing streetlight repairs in an average of seven days instead of four days to improve scheduling efficiency</li> <li>&gt; Greater use of LED technology in our Public Lighting Services to lower costs</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Apply the AER's 2018 final Rate of Return Guideline in our Revised Proposal</li> </ul>

# Responding to Feedback

Our customers' priorities	Phase 1 and Phase 2 What we heard from customers	Phase 3 Outcomes	Phase 4 Refining
<p><b>Reliability</b></p> 	<ul style="list-style-type: none"> <li>&gt; 90% of customers feel our network service is reliable</li> <li>&gt; Limited support for planned outages starting earlier or finishing later</li> <li>&gt; Equity and fairness are important, with concerns about customers with low reliability</li> <li>&gt; Little understanding of Service Target Performance Incentive Scheme (STPIS) or support for increasing our STPIS revenue</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Using evidence-based prudent asset planning to ensure we meet long-term customer needs</li> <li>&gt; Proposing to improve reliability by an average of 25% in our worst-performing areas</li> <li>&gt; Trialling alternate start and finish times for planned outages</li> <li>&gt; Increasing our STPIS revenue at risk from 2.5% to 5.0% to strengthen the accountability and incentives applied to our business</li> </ul>	<ul style="list-style-type: none"> <li>&gt; No changes proposed, AER Draft Determination supported by customers and stakeholders</li> </ul>
<p><b>Pricing</b></p> 	<ul style="list-style-type: none"> <li>&gt; Changing the time at which electricity is used impacts quality of life and incentives are needed to support change</li> <li>&gt; Progression to cost-reflective charges should be slow and careful, with predictable and stable bills</li> <li>&gt; Locational pricing, seasonal pricing and fixed charge increases are not popular</li> <li>&gt; Pricing option choices are required</li> <li>&gt; A distribution network charge that encourages off-peak charging for electric vehicles is supported</li> <li>&gt; Investing in researching microgrids as an option is supported</li> <li>&gt; There is no need to change the charging windows for Time of Use pricing</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Making off-peak charging available and piloting related services</li> <li>&gt; Limiting fixed charges increases to \$5 p.a. and offsetting these changes in variable charges to slow progression towards cost-reflective prices</li> <li>&gt; Removing locational and seasonal pricing</li> <li>&gt; Updating network charging plans, with an opt-out option for Residents and Small Businesses</li> <li>&gt; Introducing default demand-based assignment for customers installing new innovative technologies to encourage efficient use</li> <li>&gt; Piloting microgrids, with pricing trials and policy propositions</li> <li>&gt; Enhancing education about our distribution network charges</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Maintain ability for Residential and Small Business customers to opt-out to a flat distribution network charge</li> <li>&gt; Alter our position on assigning different default distribution network charges to different types of Residential and Small Business customers</li> <li>&gt; Alter the demand charging window for Residential and Small Business customers to operate only in the peak period</li> <li>&gt; Cost calculations adjusted in line with AER recommendation</li> </ul>
<p><b>Customer service and communication</b></p> 	<ul style="list-style-type: none"> <li>&gt; Greater transparency around energy use and bills is desirable</li> <li>&gt; Aware of Essential Energy but not what we do e.g. who to report a fault to</li> <li>&gt; More customer engagement and education is necessary</li> <li>&gt; There needs to be more investment in customer service, timely outage notifications and meter data availability</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Enhancing communications and engagement programs</li> <li>&gt; Investing in resources to improve awareness and customer understanding of Essential Energy's role in delivering electricity</li> <li>&gt; Continuing to be involved in and supporting the local community</li> <li>&gt; Collaborating with land owners to improve vegetation management</li> <li>&gt; Keeping our outage notification schedule and system, and improving availability of interval meter data</li> </ul>	<ul style="list-style-type: none"> <li>&gt; No changes proposed, AER Draft Determination supported by customers and stakeholders</li> </ul>



# Responding to Feedback

Our customers' priorities	Phase 1 and Phase 2 What we heard from customers	Phase 3 Outcomes	Phase 4 Refining
<p data-bbox="121 409 308 465"><b>Innovation and renewables</b></p> 	<ul style="list-style-type: none"> <li data-bbox="339 409 732 555">&gt; There is support for new energy technologies and investing in research and development that reduces network expenditure</li> <li data-bbox="339 562 732 685">&gt; It is OK to change the generation source if reliability and price remain stable</li> <li data-bbox="339 692 732 779">&gt; New technology advantages should be available to all</li> </ul>	<ul style="list-style-type: none"> <li data-bbox="743 409 1195 465">&gt; Spending on research and development</li> <li data-bbox="743 472 1195 618">&gt; Trialling new technologies, including microgrids and small-scale renewables, that will improve efficiency and lower network expenses</li> </ul>	<ul style="list-style-type: none"> <li data-bbox="1206 409 1487 757">&gt; Support for Stand Alone Power Systems as a solution, particularly in remote locations as it would likely improve reliability for those customers and provide cheaper bills</li> <li data-bbox="1206 763 1487 1021">&gt; Would need to address concerns as to who pays for the system and who maintains it. Consider and assess the risk to the customers of these systems</li> </ul>



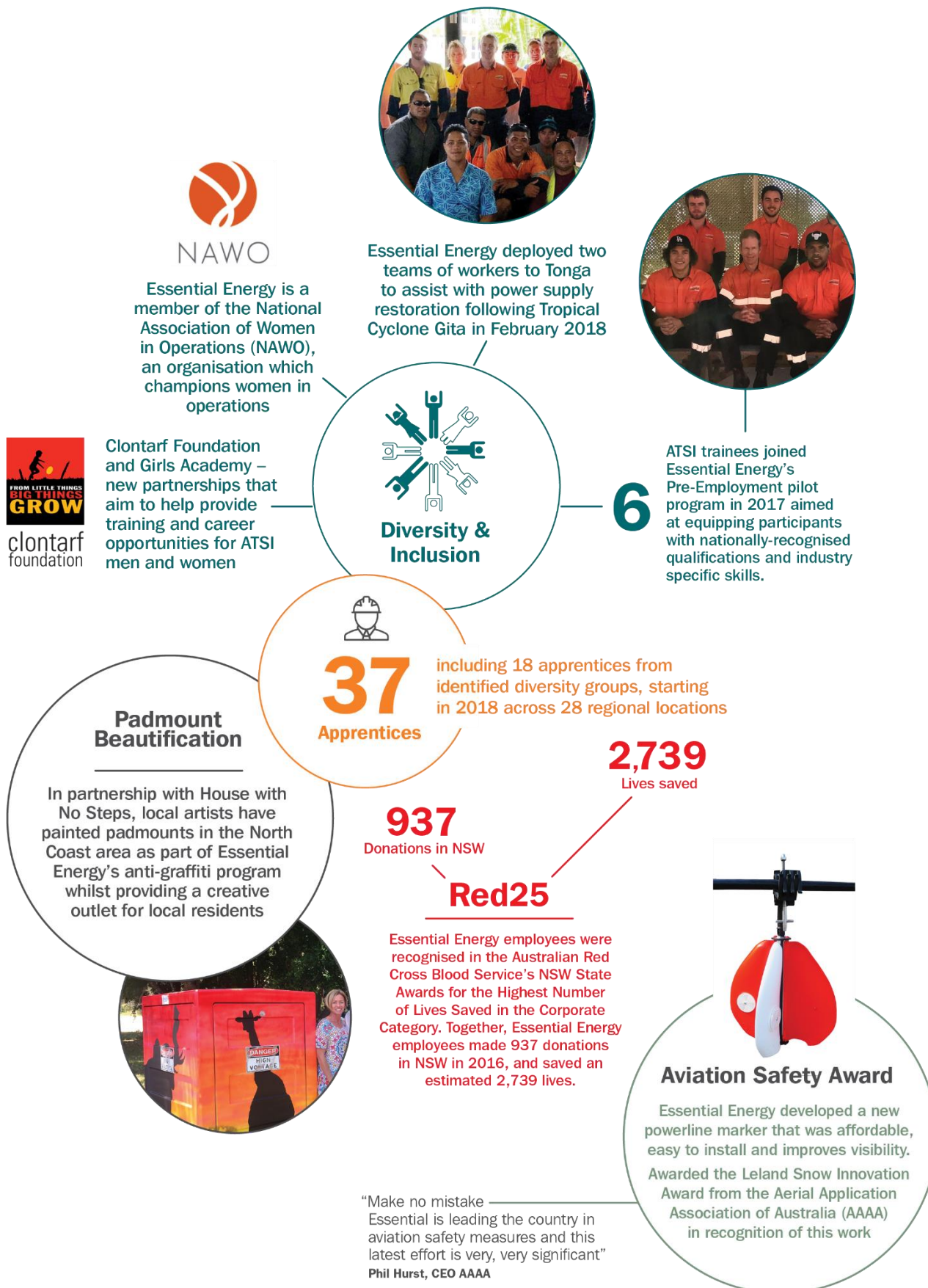
# Investing in Our Communities

Essential Energy contributes to the communities we serve in a number of ways. During the 2019–2024 regulatory period, we plan to grow and build on our existing relationships and extend the reach of our support across regional and rural NSW.









# Investing in Our Communities





# Key Risks and Benefits for Consumers

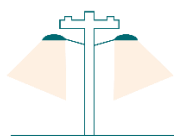
In summary, our Revised Proposal provides the following potential risks and benefits for our customers.

Topic	Risks	Benefits
<b>Safety</b> 	<ul style="list-style-type: none"> <li>&gt; We balance investment with safety and risk, but it would be impossible to eliminate all risks.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Our proposed expenditure plans will continue to provide a safe electricity network.</li> </ul>
<b>Affordability</b> 	<ul style="list-style-type: none"> <li>&gt; Whilst we are transitioning to cost-reflective prices, our network charges still contain an element of cross-subsidisation between customers.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Proposed real revenue decreases of 0.90% per annum and average real distribution network charge decreases of 0.92%.</li> <li>&gt; We will build on the work of our previous TSS and continue our slow and steady move to more cost-reflective prices.</li> </ul>
<b>Reliability</b> 	<ul style="list-style-type: none"> <li>&gt; Balancing service levels with efficient expenditure means customers will still be impacted by outages.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; We will aim to increase average network reliability in the poorer-performing areas of our network while maintaining reliability elsewhere.</li> </ul>
<b>Innovation</b> 	<ul style="list-style-type: none"> <li>&gt; Not all customers will be able to access new technologies to realise savings.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Alternatives to traditional network investment can deliver more cost-effective solutions, reducing electricity bills for many customers.</li> </ul>

# Other Services

## Alternative Control Services

Alternative Control Services are where a specific customer pays for a service each time we provide it (user pays). The AER regulates these services and caps the prices we can charge. For the 2019–2024 regulatory period, we have grouped them into three classifications.



### Public Lighting Services

- > Over 150,000 streetlights managed on behalf of Local Councils.
- > We have carried out a dedicated stakeholder engagement program with Public Lighting stakeholders to revise our model and associated prices.
- > Charges will be component-based, providing greater pricing transparency for customers.



### Type 5 and Type 6 basic metering services

- > We will maintain the existing basic accumulation meters (Type 5 and Type 6) until they are replaced.
- > Charges will be cost-reflective, fair and simple to administer. For more information, see <https://www.essentialenergy.com.au/at-home/power-of-choice>



### Ancillary Network Services

- > Non-routine user pays services we provide on an as-needs basis that are closely related to common distribution services e.g. move-in move-out meter reading and new customer connections.
- > We have developed new prices for several Ancillary Network Services that were previously unregulated but have been re-classified by the AER as regulated services for 2019-24.

## Have your say

We invite you to provide your feedback, either to the AER through [aer.gov.au](http://aer.gov.au) or directly to us.

**Website:** [www.essentialenergy.com.au/yoursay](http://www.essentialenergy.com.au/yoursay)

**Email:** [yoursay@essentialenergy.com.au](mailto:yoursay@essentialenergy.com.au)

**Post:** Head of Stakeholder Engagement, Essential Energy,  
PO Box 5730, Port Macquarie NSW 2444

**Phone:** 13 23 91

**Social media:**  [Facebook](#)  [YouTube](#)  [Twitter](#)  [LinkedIn](#)

### Sharing your views. Our customer engagement is always on, with many platforms



Essential Engagement



Email



Twitter



Facebook



Phone



Face to face



SMS



Website



Letters

