SHARING OUR FUTURE INVESTMENT PLANS WITH YOU
April 2014
Our commitment to developing customer-driven investment plans.

Ergon Energy is an electricity distributor. Our service supports the lifestyles and prosperity of regional Queensland.

We are working hard to ensure our investment priorities are aligned with the long-term interests of our customers and the community.

A summary of the insights gained from our engagement to date around what our customers value – your voice being heard.

We’re refreshing our service commitments. These commitments are guiding our future investment plans.

We’re now seeking further feedback. Big or small, if you have a view, let us know what you think.

To ensure we manage the distribution network efficiently, Ergon Energy is regulated by a national regulator, the Australian Energy Regulator (AER). It is the AER’s role to set the amount of money we’re allowed to collect for the use of the network. These network charges make up approximately half of the retail ‘price’ of electricity.

To assist the AER in determining an appropriate revenue allowance for 2015 to 2020, we will provide them with our future investment proposals for consideration in October 2014. We are currently engaging with our customers to help inform these plans, so that we can be confident we are delivering the best outcome for regional Queensland into the future.
Firstly, thank you for taking the time to consider the direction Ergon Energy is taking as we prepare our investment plans for 2015 to 2020.

I believe it is absolutely vital we understand the views and concerns of our customers and stakeholders across regional Queensland as we move to finalise our investment proposals for the next regulatory control period.

To ensure we get these plans right, we’ve been undertaking an extensive customer and stakeholder engagement program. Ever since the launch of this program (at a stakeholder event I hosted in Townsville in July 2013), I have been listening intently to the concerns of our customers and other stakeholders.

“\textit{We’re targeting to reduce what we charge for the use of our network in 2015/16, and keep increases overall in network charges under inflation for the next five years.}”

My goal has been to constantly recheck and refine Ergon Energy’s strategic direction, so that we make the right decisions now to meet the needs of regional Queensland well into the future. This process is core to the efforts we are making to share our investment plans with you now.

Ergon Energy’s Board and my management team are acutely aware the rising price of electricity is a concern for our customers. I can assure you that addressing this issue is at the core of our strategic plan, and our investment proposals.

We are committed to positively affecting the price our customers pay for electricity – whether this is achieved by driving greater efficiencies into our operations or by improving the management of electricity demand, and using the $11.5 billion network we already own smarter.

We are also working hard to ensure we play our role in supporting the most economic energy solutions into the future. This is about maintaining our relevance, as a platform that enables the best market outcomes for our customers.

At the same time, we know that we have to be able to continue meeting our customers’ core expectations for a safe and reliable electricity supply. It’s about finding the right balance – and to do this, we need to understand what our customers and communities truly value.

Have we got it right? What level of reliability gives you peace of mind? What choices and control will you want around your electricity supply as we move into the future? And how can we best deliver this while bringing our part of the bill down?

To find the way forward, I will continue to place a priority on listening to our customers, working through our plans with our stakeholders, and liaising closely with our critical industry partners.

I look forward to your feedback.

Thank you again for your support in this process.

\textit{Ian McLeod}

Chief Executive
**OUR ROLE**

Ergon Energy supplies safe and reliable electricity to regional Queensland. Our network spans more than one million square kilometres to provide electricity to a population of 1.5 million people. With assets worth $11.5 billion, and the expertise of more than 4,500 people, we service communities from the state’s expanding coastal population centres to the most remote parts of outback regional Queensland and the Torres Strait.

**Our network**

More than 70% of our 160,000 kilometres of ‘poles and wires’ are located in rural Queensland.

While we connect over 710,000 homes and businesses, due to the expanse of our service area, our network is largely radial in design with one of the lowest customer densities in Australia.

Much of our rural network (approximately 65,000 kilometres of line) uses the limited capability electricity distribution technology known as SWER (Single Wire Earth Return).

**Our corporate structure**

Ergon Energy Corporation Limited is responsible for our distribution business. Our subsidiary, Ergon Energy Queensland Pty Ltd, is our electricity retailer.

As both a distributor and a retailer, we remain close to our customers. This puts us in a strong position as a distributor when planning future investments, and considering the outcomes we believe our customers want us to deliver on.

Ergon Energy is a Queensland Government-owned corporation.

**Our industry and price regulation**

While Ergon Energy plays a role in each of the four elements of the supply chain, this document is about sharing the direction we’re taking regarding our investment plans for the regulated distribution side of our business.

These plans will help the AER determine our revenue allowance for the five-year period from 2015 to 2020. This allowance is used to set what we charge for the use of the network, which is passed through to customers as part of their electricity bill.

In addition to network charges (both transmission and distribution), retail electricity prices also cover the cost of electricity generation, a range of government schemes, and electricity retailing services.

The AER does not regulate retail electricity prices (the Queensland Government’s Notified Prices are regulated by the Queensland Competition Authority). They are also not responsible for the regulation of the generation or distribution arrangements for our isolated communities.

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**GENERATION**

A range of energy sources (coal-fired, biomass, gas, hydro and wind) is used by private and government-owned operators to generate Queensland’s electricity.

**TRANSMISSION**

The transmission network consists of lines that carry electricity from the point of generation over long distances and feed it into the distribution network.

**DISTRIBUTION**

Distribution lines then carry electricity directly to Queensland’s homes and businesses.

**RETAIL**

Electricity is purchased through the retailers, who also provide a range of other customer services.
Ergon Energy supplies electricity across a service area of more than one million square kilometres – 97% of the state of Queensland.
OUR ENGAGEMENT PROGRAM

To ensure our investment proposals are aligned with the long-term interests of our customers, we have been undertaking a coordinated customer/community engagement program.

Our aim has been to help our customers, and other stakeholders, better understand the challenges facing Ergon Energy and the industry, and give them the opportunity to contribute to solutions by expressing their views and concerns.

This has allowed us to take a fresh look at what our customers expect from us, and to refine our plans.

Hearing from our stakeholders

Since July 2013, we’ve undertaken a range of customer/community engagement activities to refresh our understanding of our customers’ expectations.

Our engagement program was launched with an event in Townsville, ‘Creating Energy Futures for Queensland’. This event saw more than 50 stakeholders meet to discuss the challenges and opportunities currently facing Ergon Energy and the industry, enabling the group to better understand how they could contribute to our future plans. Our online stakeholder survey, at www.ergon.com.au/futureinvestment, was also launched at this time.

Since then, more than 100 of our regional stakeholders have been approached individually and asked for feedback on our service. We also held four customer listening sessions, in Cairns and Townsville, to explore areas of customer concern and their willingness to pay for different areas of our service.

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250+ of our regional stakeholders, including 16 of our biggest business customers, were invited to give their feedback on our investment planning process.

We asked 1,822 residents and 513 businesses across regional Queensland how they would be willing to trade-off standards to help us bring electricity prices down.

The review also helped Colmar Bruton develop a sophisticated service/cost trade-off research study to allow customer concerns to be more actively considered in the development of our investment proposal.

At the same time, we have been engaging key stakeholder groups on specific issues to enable them to influence decisions critical to our future plans.

Over a period of eight months, submissions were sought on our network tariff strategy. This included public consultation at the Queensland Competition Authority’s regional community tariff workshops.

We’re also continuing to engage through our real-estate developer reference group on service improvement plans in the new connections area; we are continuing a significant program of engagement on our street-lighting service; and we’re in consultation with the solar industry regarding our connection standards.

We are now at the stage where we can start to share our investment plans. Our aim is to confirm that we are responding appropriately to what our stakeholders have told us and that our customers support the direction we’re taking.

Our Customer Council, which brings together representatives from nine peak organisations across regional Queensland, is at the centre of our engagement approach and continues to take an active role in moulding our regulatory proposal. We have invested in building their capacity to understand the issues under consideration. This forum was established in 2011.

A further 45 large customers and end-user groups have been invited to provide feedback through our online survey, or directly.

We also promoted our online survey through a range of external events, including conferences held by the Local Government Association of Queensland, Local Government Managers Australia and Agforce. This survey allowed anyone who was interested to provide feedback.

Community groups have been addressed, and invited to get involved.

An independent research agency, Colmar Bruton, was also engaged to review our existing customer research. Our ‘value to customer’ research, which commenced in 2001 to monitor customer value in terms of the benefits received versus the price paid, was the primary piece of research reviewed.

This exercise helped us better articulate what we already knew about our customers’ expectations.

Listening sessions with 43 customers gave us fresh insight into what our customers are thinking.

We’re workshopping key topics with our Customer Council, made up of nine representative peak bodies.

60 people gave feedback through our online stakeholder survey.
Our customer/community engagement activities around our future investment plans are being rolled out as part of Ergon Energy’s overarching stakeholder engagement strategies, under our umbrella stakeholder engagement framework and policy.

Our stakeholders in the community are any person or group who could potentially be impacted by our activities or decisions, or who could affect our ability to serve our customers.

Engaging with our customers and communities

**WE KNOW WHO HAS A STAKE**
We group our stakeholders based on their relationships with us.
- Our customer segments are our residential customers, our small businesses, medium and large Enterprises, and our major customers. We also have working relationships with customer advocates (such as peak bodies and user-groups), community leaders, and key industry participants (electricity retailers, electrical contractors, solar installers, and real-estate developers).

**WE BUILD RELATIONSHIPS AND UNDERSTANDING**
We engage proactively and meaningfully. We operate a Customer Council to enable peak bodies to engage with us on our challenges, and use other forums to actively engage and to focus our improvements on areas that really count for our customers.
We also engage with the broader community to build awareness and understanding – from promoting electrical safety to encouraging energy efficiency.

**WE MAKE OURSELVES ACCESSIBLE**
We think it’s important we maintain a regional presence – with regional managers making themselves accessible so that leaders in the communities we serve have someone they can call on.
We also have teams dedicated to managing our customer groups – from our major customers to real-estate developers. And we have a formal process for escalating complaints.

**WE USE RESEARCH FOR A BALANCED VIEW**
We undertake formal research to ensure we understand the views across our customer groups. Our “value to customer” tracking research is central to our insights program. We also track trends in household energy use, as well as customer satisfaction with our service delivery.
As part of planning for our expenditure proposals, we have invested in a sophisticated research study into our customers’ willingness to pay for different standards of service.

**WE ENSURE FEEDBACK GUIDES IMPROVEMENT**
We’re active in assessing our stakeholders’ expectations and feeding this into our decision-making, both at a strategic and operational level.
We have engagement teams dedicated to supporting this process – driving customer service improvement or community participation in infrastructure proposals, as key examples.
This element of the strategy is at the heart of our engagement on our future investment plans. Our customers’ views are being actively considered in refining our strategic direction and our asset management policies and strategies... in how we communicate with our customers.

**WE REPORT OPENLY AND HONESTLY**
Wherever possible, we report openly on feedback received from our stakeholders regarding the decisions we make and the performance we deliver.
Online engagement is providing greater opportunity in this arena, with a recent example being our engagement on our developing network tariff strategy. We will look for further opportunities to do this in the future.

**WE COLLABORATE FOR THE BEST OUTCOME**
We talk to our community leaders, customers, and suppliers to find the best way to respond to supply challenges. Collaboration on demand management is a central plank in our strategic direction.
We also team up in other ways to achieve the best result for our communities, especially with local government, in the areas like infrastructure planning and emergency response.
Through our stakeholder engagement policy, Ergon Energy has long recognised that effective stakeholder engagement is essential to delivering on our purpose.

We see stakeholder engagement as vital, firstly, to ensuring our corporate vision and operational strategies are compatible with our stakeholders’ aspirations, and secondly, to enlisting stakeholder support to successfully realise our goals.

Our policy outlines a number of key principles that we apply to our decision making. These are as relevant to our engagement on future investment priorities, as they are to our day-to-day operational decisions.

**Our core engagement principles**

Our core principles for stakeholder engagement are:

- **our stakeholders have a right to be informed** about our activities in a timely and accurate manner, and be engaged in decisions relating to the issues that affect them.
- **we will actively seek stakeholder feedback**, both individually and through our research programs, so that specific stakeholder and broader societal concerns can be considered in our decisions and that, as appropriate, plans change to address concerns.
- **the level and complexity of engagement will be appropriate** to the issue and the degree of involvement desired by our stakeholders.
- **we respect the diverse values and cultures** of our many stakeholders. We will always show respect for differing views and endeavour to explain the range of considerations undertaken in coming to a decision.

Our policy also makes a **commitment to transparent decision making**. This includes being upfront with our stakeholders on how they can influence a decision.

We are also active in reporting publically, and in this and other engagement activities, we look to identify clear measures for success to help us evaluate the effectiveness of our engagement.
WHAT YOU’VE SAID...

This is a summary of the insights we’ve gained from engaging with our customers and communities about our future investment priorities. Reports on the key findings from our service/cost trade-off research study and the feedback received from our online survey have been made available online at www.ergon.com.au/futureinvestment

The big picture

PEACE OF MIND

Our customers recognise that reliability of supply has improved and are no longer looking for higher reliability standards (except in areas where reliability is still poor).

They do not want compromise on safety.

They value our local presence, and our disaster response, and see investing in the network’s resilience to severe weather as important.

Our customers are looking for improvements in new connections, including solar connections.

We are seen as a good corporate citizen, with responsibilities around electrical safety, local employment and apprenticeships, energy conservation, the impact of new electricity infrastructure on the community, emergency management, and community participation.

FOR THE BEST POSSIBLE PRICE

The cost of electricity is a significant issue; with affordability concerns rising as prices have risen. While our customers do not understand what has driven prices up, as the face of the industry in regional Queensland, they expect Ergon Energy to respond.

Our customers want prices to stabilise, and are no longer willing to pay more for further service improvements. Reliability and service standards, however, remain important to our customers’ value perceptions and must not be disregarded.

CHOICE AND CONTROL

Many feel they have done all they can to reduce their usage and save on their bill, and others are investing in technologies, such as solar, as the solution.

They want us to look to a future where customers are empowered with new electricity supply solutions, and to consider transitioning towards a smart network. While they do not fully understand the benefits of smart meters, they see value in receiving greater information to help manage their energy needs.

Customers want more options around how they connect to the network.

While they find tariffs complex, and want simplicity, they are looking for options and incentives to help them save on their bill.

Our customers increasingly want to be informed so they can make the energy-related decisions that are best for them.
Your voice

ON PRICES

“Yes, we are very concerned about the increased cost of electricity...”

“I would like to see Ergon’s costs stabilise and agree that something less than CPI each year is a great goal to aim for.”

“I think the recent price rises are crazy! We are pensioners, and it is fast getting to the stage where it will be out of our reach.”

ON RELIABILITY OF SUPPLY

“Reliability standards and services should not be considered as price savings.”

“... there has been a very marked improvement over the last 10 years... I would not be prepared to accept a decrease in that high standard.”

“I have no issues with this work being prioritised (for) those experiencing worse service then myself.”

“I would be willing for a lesser reliable network if it meant keeping prices (down).”

“We have a gas stove and a also gas/solar back-up for our refrigerator and freezer in times of extended blackouts.”

ON OUR DISASTER RESPONSE

“We were badly affected in the floods and Ergon needs to be congratulated. Your boys did some great work... they would have consoled many heartbroken people.”

“I think that extending the infrastructure so that we have less outages in severe weather situations will benefit everyone.”

“I believe maintaining a local operational presence in our smaller communities is important. It is a little like insurance. It costs even if not used, but when a natural disaster occurs, it will be worth its weight in gold.”

ON SMART NETWORK INVESTMENT AND CUSTOMER TECHNOLOGIES

“The infrastructure is your commercial problem. Requiring customers to pay will generate resentment.”

“There isn’t enough incentive to change tariffs eg. 11 to 12 or to start changing behaviours to use electricity at different (non peak) times.”

“Smart meters must also give direct information to the customer, not just to Ergon.”

“The solar feed-in tariff is ridiculously expensive to all consumers and similar future schemes must be avoided.”

“It is very important to keep costs to a minimum, so I would rather not have to deal with the problems of smart meters.”
“The Government and Ergon encouraged the uptake of solar, so consumers who put it in should not be charged extra or disadvantaged in any way.”

“Don’t cut services. Don’t cut jobs. That’s how the economy suffers.”

“The focus should be on sustainability in the long term, both in terms of financial sustainability, the ability to meet the community’s expectations...”

“Job opportunities are very limited in rural and remote areas, so any job/apprenticeship opportunities play a huge role in the local economy and social aspects of our communities.”

“Visual amenity is a key issue but we need to balance this against costs to others.”

“Community electrical safety education is essential and your company delivers it particularly well.”

“Every good corporate citizen should have a ‘give back to the community’ in some shape or form.”

“Ergon definitely needs its apprenticeship programs to help prevent another skills shortage and to provide opportunities for our youth.”

ON OUR CORPORATE RESPONSIBILITIES

“I believe Ergon’s corporate responsibility is well managed, particularly customer education, and wouldn’t like to see cuts in this area.”

Our customers are actively looking for ways to reduce their electricity bills, and are increasingly looking to technological solutions like solar energy.
OUR RESPONSE

We’ve looked at what you’ve told us, and we’re refreshing our service commitment to regional Queensland. These commitments are guiding our future investment plans.

PEACE OF MIND

1. Our goal is for our safety performance to stand with the best in our industry... to be Always Safe.

2. We’ll maintain recent overall improvements in power supply reliability... and continue to improve the experience of customers who are suffering outages well outside our standards.

3. We’ll be there after the storm, prepared and with the resources to respond to whatever Mother Nature delivers.

4. We’ll meet our guaranteed services commitments. If we don’t, we’ll pay you.

CHOICE AND CONTROL

5. We’re looking to the future – and evolving the network to best support customer choice in economic electricity supply solutions.

6. We’ll make it easier for you to contact us, whether by phone, Facebook, or Twitter, and provide you with the information you need, when and how you need it.

7. We’ll play our part in powering the economy by making it easier to connect to the network.

FOR THE BEST POSSIBLE PRICE

8. We’re targeting to reduce what we charge for the use of our network in 2015/16, and keep increases overall in network charges under inflation for the next five years.
Do you want to know more about the direction we are taking?

We’ve expanded on what our commitments mean to us here, so you can better understand what is informing our investment plans.

**PEACE OF MIND**

**Our approach to safety**

Ergon Energy is committed to working in a way that ensures the safety of our customers, the community, employees and contractors.

**Our goal is for our safety performance to stand with the best in our industry... to be Always Safe.**

We’re committed to managing the network efficiently and effectively to best ensure public safety, with a strong understanding of the risk profile of our assets, and prioritising remedial works to address any identified safety risks. Our aim is to reduce asset-related public shocks, dangerous electrical events, and serious electrical incidents to as low as reasonably practical. We’re also committed to reporting on these events.

Our safety commitment also extends to building a high level of awareness across the community of safe practices in relation to electricity infrastructure, and safety when using electricity. Around 300 community electrical safety incidents across regional Queensland are reported to the Electrical Safety Office each year, two-thirds of these are public shocks associated with the electricity network.

Our safety commitment is also about taking the organisation’s work, health and safety performance into the top quartile of the benchmarking undertaken annually by the Energy Networks Association (ENA).

Our target is to achieve a Lost Time Injuries Frequency Rate for employees of less than 1.65 (and for contractors, less than 2.08). This is supported by a target for an All Injuries Frequency Rate for employees of less than 8.5.

We incorporate our safety targets into our performance agreement with our government shareholders – in our Statement of Corporate Intent.

**A reliable, quality electricity supply**

At the core of our expenditure proposal is our commitment to ensuring we meet our customers’ reliability and quality of supply expectations. To do this:

**We’ll maintain recent overall improvements in power supply reliability... and continue to improve the experience of customers who are suffering outages well outside our standards.**

The first part of this commitment means our customers living in our urban centres will experience less than an average of two power outages per year, with an average time without supply of less than 2.5 hours (both planned and unplanned outages).
For the majority of our customers, who live in our smaller rural communities, we’ll aim to keep power outages to less than an average of four per a year, with an average time without supply of seven hours. For the more remote areas of regional Queensland, we’ll aim to keep power outages to less than an average of 7.4 per year, with an average time without supply of 16 hours.

This is in line with the Queensland Government’s decision to level out the Minimum Service Standards (MSS) that are included in the Queensland Electricity Code.

Over recent years, these legislated standards, and our customers’ expectations, have driven reliability improvement, which has required us to invest substantially. This saw the average duration of outages across our network reduced by 36% and the frequency by 37% from 2005/06 to 2012/13.

With the cost of electricity now such a significant issue for our customers, we no longer believe further improvements of this scale are warranted. Having said this, the second part of our commitment reflects our focus on monitoring and, where practical, improving the reliability of supply of the sections of the distribution network that are consistently poor performing. We report publically on this program in our Distribution Annual Planning Report.

As well as reliability, we also remain committed to proactively addressing quality of supply, in accordance with the technical standards. Power quality encompasses such issues as under and over voltage, voltage sags and swells, momentary interruptions, harmonics and voltage flickers.

“84% of residents and 77% of small-medium businesses highly rate their overall satisfaction with electricity supply”

Our disaster and storm response

We’ll be there after the storm, prepared and with the resources to respond to whatever Mother Nature delivers.

While we are unable to guarantee the lights will stay on during cyclones and other extreme weather events, we can reassure the community that we are prepared and ready to deal with these events. We see this as a core corporate responsibility.

This area of our service sees us engage locally, and at the state-government level, to ensure an integrated emergency management response.

Meeting service expectations

Ergon Energy aims to meet a high level of customer service satisfaction.

We’ll continue to monitor our performance across a broad range of service areas and respond proactively when issues arise.

Where, despite our best efforts, a customer is not happy with our service and makes a complaint, we’ll respond promptly and appropriately. At least 90% of complaints will be responded to within two working days, and 75% will be resolved within five working days.

Harold Pratt from Mission Beach – like many members of the community – praised the crews working in the heat and humidity to restore power following Cyclone Yasi in 2011.

“The Ergon guys are great – doing a top job in very tough conditions. I don’t believe it would have been possible for the crews to work any harder or any faster. They’re brilliant.”
We also have Guaranteed Service Levels across our key service areas.

**We’ll meet these commitments. If we don’t, we’ll pay you.**

Here is a summary of our Guaranteed Service Levels. For more information, visit www.ergon.com.au/your-home/connections/guaranteed-service-levels.

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**Connections** – If supply is available, then electricity will be connected to a customer’s premises on the agreed date. If we don’t connect on the agreed date, we’ll pay the customer $52 for every day we’re late.

**Reconnections** – If everything is in order, and a request has been made to the customer’s retailer, we’ll reconnect:
- if the premises is on a CBD or urban feeder, on the same day (or as otherwise agreed) if the request is placed by 12pm (business day), or on the next business day (or as otherwise agreed) if the request is placed after 12pm (business day) or on a non-business day
- if the premises is on a short rural feeder, we will reconnect on the next business day following the request (or as otherwise agreed)
- if the premises is on a long rural or isolated feeder, we will reconnect within 10 business days of the request (or as otherwise agreed).

If we don’t reconnect within these times (or as otherwise agreed), we’ll pay the customer $52 for each day we’re late.

**Wrongful disconnection** – If we wrongfully disconnect a customer’s electricity supply, we will pay them $130 for the inconvenience.

**Hot water supply** – If a customer is experiencing a loss of hot water, we can, in most cases, determine on the initial phone call if the problem is within our control. In the event that it is, we’ll attend to the customer’s premises within one business day (or as otherwise agreed if on a long rural feeder or isolated feeder). If we don’t respond within these times (or as otherwise agreed), we’ll pay the customer $52 for each day we’re late.

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**Appointments** – If we make an appointment to attend a premises for the purposes of reading, testing, maintaining, or inspecting a meter; or inspecting, altering or adding to your electrical installation, and we do not come and or call to reschedule the day before, we’ll pay the customer $52. Appointments for these purposes can be made for a time within the next 24 hours.

**Planned interruptions** – In the event that we need to carry out work that requires us to interrupt supply, we’ll notify those customers to be impacted at least two business days before the planned interruption by either mail, letterbox drop, press advertisement, or any other appropriate means. If we do not contact them at least two business days before the planned interruption, we’ll pay $26 to small residential customers and $65 to small business customers.

**Interruption duration** – If a customer is connected in an urban or short rural feeder area and the electricity is not restored within 18 hours or, if connected to a long rural or isolated feeder and the electricity supply is not restored within 24 hours, we’ll pay the customer $104.

**Interruption frequency** – In any financial year, if a customer connected to an urban feeder experiences 13 or more eligible interruptions to their electricity supply, or they are connected to a short rural feeder, long rural or isolated feeder and experience 21 or more eligible interruptions to the electricity supply, we’ll pay them $104 for the inconvenience.

Please be aware, some interruptions are exempt from reliability service guarantees.
CHOICE AND CONTROL

A future of customer choice

We're looking to the future – and evolving the network to best support customer choice in economic electricity supply solutions.

We are committed to shaping our services to meet our customers' evolving needs.

We're increasingly taking on the role of a provider of essential infrastructure that connects buyers and sellers of energy services, and allows all participants - customers, generators, or those storing energy and managing demand - to get value from the network. We see the future of our network business being in distribution, connection, and market facilitation.

We're in the process of restructuring the way we charge for the use of the network to provide greater choice and equity, and ensure we maintain a viable network for the benefit of all of our customers.

We are also placing a priority on ensuring we are resourced and able to respond to requests for the connection of solar energy systems to the network. Over recent years there has been a dramatic jump in customers choosing solar as part of their electricity supply solution; around 15% of homes now have solar, and support for this technology is continuing.

We'll also work hard to ensure our efforts to modernise the electricity grid deliver us greater efficiencies, so that the supply chain is sustainable, and the price for electricity is both affordable and equitable.

Communicating with you

We'll make it easier for you to contact us, whether by phone, Facebook, or Twitter, and provide you with the information you need, when and how you need it.

We'll continue to look for ways to improve the interaction experience with our contact centre.

Our aim is to meet our customers' expectations (maintaining satisfaction levels above 85%) with a priority on delivering a high grade of service. Our aim is to ensure greater than 70% of all general enquiries (distribution), and 77.3% of unplanned outage enquiries and emergency calls', are answered in 30 seconds.

We'll also continue to build our expertise and capacity to engage online. We see great opportunities here in communicating real-time updates on the progress of a local power restoration, especially during a major response effort following a natural disaster, and in increasing the self-serve options available to our customers.

When we do have an unexpected power outage, it will be our aim, as we develop our capability, to reduce the time it takes for us to be able to let our customers know what we are doing about it. When we have to work on the network, we guaranteed we'll notify customers at least two business days before the planned interruption - and with more time whenever we can.

We'll also continue to strive to empower customers with the information they need to make decisions on their energy needs, and increase the effectiveness of our overall stakeholder engagement strategy.

Whether this engagement is about the visibility of our tariff reform path or day to day advice to our customers on how to make the best use of the network; or working collaboratively in other ways with our customers and industry partners to best manage the demand on the network.

We will also continue to be proactive in engaging with the communities we serve to ensure we are able to meet our corporate responsibilities, and minimise the social, environmental and local economic impact of our decision making.

1. Target as per the Australian Energy Regulator's Service Target Incentive Scheme
Timely new network connections

We’ll play our part in powering the economy by making it easier to connect to the network.

To do this, we’ll continue to make improvements to our policies, standards and practices in relation to new connections and customer-initiated network upgrades.

This will include expanding the choices available to our large customers and real estate developers when connecting new load to the grid.

We’ll continue to provide assistance to our large customers when choosing the connection option that best suits their needs (whether that is to build, own and operate, or build and transfer) and to support the development of a competitive connections market in regional Queensland.

For real estate developers undertaking their own ‘developer design and construct’ projects (for residential, rural, commercial and industrial subdivisions), our service promises are being outlined in a dedicated Customer Charter. This charter, and the commitments it makes on our communications and service timeframes, is being created in consultation with development industry representatives. This group is also informing our efforts to reduce the cost of establishing electrical infrastructure in new subdivisions.

We also recognise our customers are seeking service delivery improvement in relation to the smaller, less complicated customer-initiated connections and network upgrades, where the electrical reticulation works are performed by Ergon Energy as part of our network connection service.

For these projects, our aim is to meet the service standards set out in our Network Connection Application Guidelines. This includes issuing a Network Connection Services Offer for a project within 65 business days of receiving the fully completed application form, and if accepted, completing its construction by the date provided in the offer.

In recent times, our operational target for acceptance of the offer to construction has been reduced from a three-month rolling average of 170 calendar days to 160 days.

We will also continue our Community Powerline Project fund to support community-initiated streetscape beautification projects, where the relocation or undergrounding of existing overhead powerlines is required.

FOR THE BEST POSSIBLE PRICE

Playing our part to stabilise electricity prices

All of our strategic and operational plans are focused on putting downward pressure on electricity prices, while continuing to provide our customers peace of mind, by way of a safe, reliable electricity supply, and increasingly greater choice and control.

Changes to the way we plan and operate our network, as well as the cost reductions we’ve achieved over recent years, already place us in a strong position to minimise our revenue requirement (seen as network charges) as we move into the next regulatory control period. Our focus on cost reduction is continuing as we plan our expenditure proposals for 2015 to 2020.

We’re targeting to reduce what we need to charge for the use of our network in 2015/16 – a significant part of our customers’ electricity bill – and keep increases overall in network charges under inflation over the next five years.

By addressing the part of the ‘bill’ that relates to network charges, we’ll play our role in helping to stabilise retail electricity prices as we move forward.

Delivering on our plans, and these customer savings, will be challenging, but we believe it is what our customers are asking for.
HAVE YOUR SAY

We trust we have shown you we are listening.

We’re now seeking your feedback on how we are developing our investment plans.

Whether you're a household, a business, or represent a peak body organisation, we want you to ‘have your say’ on the direction we are taking so we can best inform the future expenditure proposals we present to our regulator for consideration in October 2014.

To assist you, we have produced this document and provided further information on our web site, www.ergon.com.au/futureinvestment

Let us know what you think by clicking through to our simple survey.

We are also presenting our plans to community and business groups over the coming months.

Email us at futureinvestment@ergon.com.au to be involved.

Whether you want to know where we are planning to speak in your area (or are part of a group who would like to hear from us); you want to tell us what you think of the directions outlined in this paper; or if you'd just like to be advised when we add more information to our web site, we’d love to hear from you.