

Energy Charter Disclosure Statement 2019/20



The Energy
Charter



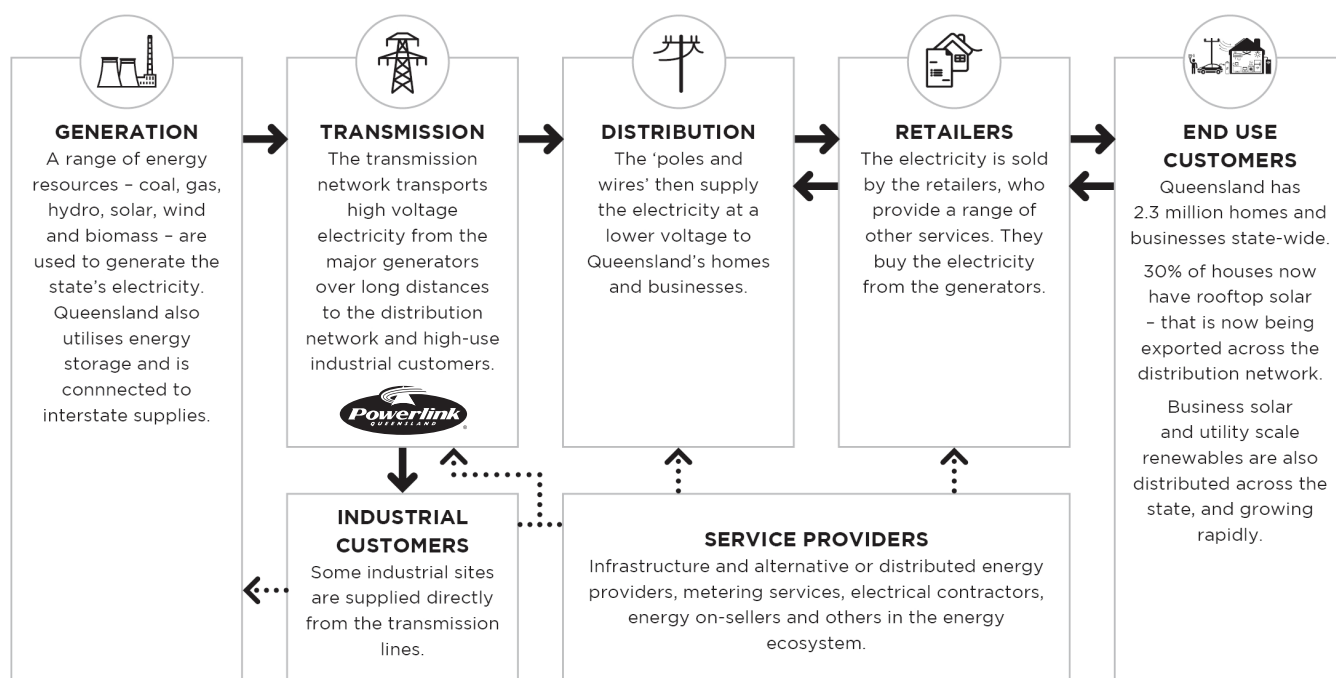
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About Powerlink Queensland

Powerlink Queensland is a Government Owned Corporation that owns, develops, operates and maintains the electricity transmission network in Queensland. Our transmission network runs approximately 1,700km from Cairns down to New South Wales. With electricity being a key enabler of the economy and supporter of our modern lifestyles, we have an important responsibility to deliver electricity to more than four million Queenslanders.

Powerlink's role in the electricity supply chain is to transport high voltage electricity from large generators to the distribution network to supply customers. We also transport electricity to high usage industrial customers such as rail companies, mines and mineral processing facilities, and to New South Wales via the Queensland/NSW Interconnector transmission line.



Acknowledgement of Country

Powerlink acknowledges the Aboriginal and Torres Strait Islander Traditional Owners of the lands and waters of Queensland. We pay our respect to their Elders and knowledge holders – past, present and emerging. We recognise their deep history and ongoing connection to Country.

Our Energy Charter commitment

The Energy Charter is an industry-led, whole-of-sector initiative to address customer expectations. By committing to the Charter, Powerlink joins other energy businesses across the supply chain in committing to progress the culture and solutions required to deliver energy in line with community expectations. This Disclosure Statement has been compiled with input and review from Powerlink's Customer Panel, Board of Directors, Chief Executive and senior leadership team.

Message from Powerlink Chair and Chief Executive

This has been a year like no other. The economic and social impacts of the COVID-19 pandemic have impacted every one of our customers – placing many of them into vulnerable circumstances for the first time.

It forced all of us to rethink our business and how we can better support our customers. Our involvement as a signatory to the Energy Charter has helped us to retain a strong focus on meeting the needs of our customers during the COVID-19 response. It also created a vital collaboration platform that allowed a coordinated, industry-wide response.

This is our first full year of operation under the Energy Charter Principles and Powerlink's customer strategy. We are encouraged by feedback that we are becoming more customer-centric. But there is more to do and more improvements to make. Importantly, we have strategies, tools and relationships in place to support our efforts.

This Disclosure Statement presents an honest assessment of the work we have done, above our business-as-usual responsibilities, over the past 12 months to improve outcomes for our customers. We thank our Customer Panel members for their valued role in helping to bring the customer to the centre of our decision making. We invite you to provide feedback on this Disclosure Statement. Please email us directly at pgenergycharter@powerlink.com.au or contact the Energy Charter Independent Accountability Panel directly at submissions@theenergycharterpanel.com.au.

Kathy Hirschfeld AM
Chair

Prof. Paul Simshauser AM
Chief Executive

Message from the Powerlink Customer Panel

As members of the Customer Panel, we are pleased to have gained insights from working alongside Powerlink during the past 12 months.

In providing our feedback on Powerlink's evolving processes and decision making, we appreciate their open approach to engaging with us. We have seen their efforts to better understand and meet their customers' needs and expectations.

In particular, we were encouraged to witness the Energy Charter Principles deployed when Powerlink quickly adopted a proactive role in supporting customers during COVID-19.

We endorse this Disclosure Statement as an accurate reflection of Powerlink's current performance and future areas of focus. We value the rigour the Energy Charter provides to the energy industry and to Powerlink.

Customer Panel members as at 30 June 2020

Steve Straughan	Aurizon
David Hiette	BHP Mitsubishi Alliance Coal Operations Pty Ltd
Robyn Robinson	Council on the Ageing
Henry Gorniak	CS Energy
John Gardner	CSIRO
Ian Christmas	Edify Energy
Kerry Connors	Energy Consumers Australia
Sam Pocock	Energy Queensland
Georgina Davis	Queensland Farmers' Federation
Andrew Barger	Queensland Resources Council
Jordan Hosie	Shell
Chris Hazzard	St Vincent de Paul Society

Note: Energy Users' Association of Australia's (EUAA's) Mark Grenning is also a member of Powerlink's Customer Panel. However, due to conflict of interest requirements associated with EUAA's CEO Andrew Richards participating in the Energy Charter Independent Accountability Panel, the EUAA has not reviewed or taken part in any discussions regarding Powerlink's draft Energy Charter Disclosure Statement ahead of its finalisation in accordance with the publication of the EUAA's 'Managing Conflicts of Interest' statement in July 2019.

Our customers and communities

As a transmission network business, Powerlink has a range of direct and indirect customers. However, we recognised that we had gaps in our understanding of what they needed and wanted from us. To help bridge that gap, in 2019/20 we completed a project to better understand what our customers value from Powerlink, to drive our future strategy and help improve our customers' experience. We reviewed our customer survey insights, conducted interviews and reviewed external customer research. It became clear that different customer segments value different things from Powerlink, and prioritise them in different orders. With this deeper insight we now have a better understanding of what our direct and indirect customers value, and plans in place to improve on our delivery of that value.

Direct customers

The organisations who connect directly to our transmission network, or use our products or services.

Who they are	What our research shows they value
 Network businesses	Predictable and reasonable costs – Reasonable costs that are value for money. Easy to deal with – Easy to partner with to achieve mutually beneficial outcomes for the business and customers. Reliable network – A well managed and reliable transmission network.
 Synchronous generators	Reliable network – A well managed and reliable transmission network. Long-term planning – Long-term planning that is responsive to generator needs. Predictable and reasonable costs – Reasonable costs that are value for money.
 Asynchronous generators	Innovate to solve problems – Innovation to overcome network problems, supporting the transition to renewable energy. Predictable and reasonable costs – Reasonable costing that enables a healthy return on investment. Trusted technical advisor – Transmission expertise applied to make it easier to be a profitable renewable generator.
 Prospective generators	Easy to deal with – Efficient end-to-end process with no big surprises. Predictable and reasonable costs – Reasonable costing that enables a healthy return on investment. Trusted technical advisor – Transmission expertise and advice to enable connection.
 Refineries and smelters	Predictable and reasonable costs – Affordable and predictable pricing. Reliable network – Can be trusted to provide a reliable supply of electricity. Managed and coordinated outages – Well planned and coordinated network management, with no big surprises.
 Mines	Reliable network – Can be trusted to provide a reliable supply of electricity. Managed and coordinated outages – Well planned and coordinated network management, with no big surprises. Predictable and reasonable costs – Affordable and predictable pricing.
 Rail	Predictable and reasonable costs – Affordable and predictable pricing. Reliable network – Can be trusted to provide a reliable supply of electricity. Managed and coordinated outages – Efficient and coordinated maintenance and outages.
 Gas suppliers	Reliable network – Can be trusted to provide a reliable supply of electricity. Easy to deal with – Easy to plan and coordinate with. Innovate to solve problems – Innovation to provide flexibility as gas demand shifts.



Telecommunications companies who use our network

Predictable and reasonable costs – A good return on capital investment and reasonable ongoing pricing.
Easy to deal with – Make life easy by managing contracts and ensuring a safe working environment.
Innovate to solve problems – An extensive transmission network to deliver telecommunications network expansion.



Electrical infrastructure operators who use our laboratory services

Trusted technical advisor – A long history of providing consistent and accurate testing.
Flexibility – Flexibility to meet individual customer needs.
Predictable and reasonable costs – Competitive pricing.

End-use customers

The four million plus Queenslanders (individuals, businesses and organisations), who consume electricity that travelled via the transmission network.

Who they are



Households

What our research shows they value

Predictable and reasonable costs – An affordable energy supply.
Reliable network – The power stays on, so nothing gets damaged or lost during outages. Power is available on demand. Power is always there so life-saving equipment works when it needs to.
Easy to deal with – Simple information to make informed choices. Great service. Do not have to think about it. Information to make informed personal choices without embarrassment of sharing personal challenges.
Flexibility – To adopt new technology in future.



People facing vulnerable circumstances

Predictable and reasonable costs – Affordable and reasonable costs, with no surprises.
Reliable network – The power stays on, so the doors can stay open.
Easy to deal with – Simple information to make informed choices to get the best deal. Good service.
Innovate to solve problems – Innovation to overcome network problems, supporting the transition to renewable energy.



Small, medium and large business

Community stakeholders

Those who affect or can be affected by our actions and decisions.

Who they are



Landholders

What our research shows they value

Easy to deal with – Great service. Transparent and easy to access information.
Respect – For their land and activities. Cultural and environmental sensitivity.
Flexibility – Work with their needs and requirements to protect their interests.



Community and environmental groups

Respect – For their land and activities. Cultural and environmental sensitivity.
Flexibility – Work with their needs and requirements to protect their interests.
Innovate to solve problems – Work in partnership to find new ways to address community problems.



Consumer advocacy groups

Predictable and reasonable costs – An affordable energy supply for consumers.
Easy to deal with – Transparent and easy to access information.
Respect – Commit to quality engagement and participation, to improve consumer outcomes.

Powerlink Energy Charter scorecard

Please refer to the Appendix (page 13) for a legend with more context on the methodology behind these measures and metrics.

Measure	Description	Current result	Previous result	Performance trend
Principle 1 – We will put customers at the centre of our business and the energy system.				
Organisational customer alignment*	The extent to which our staff feel organisational decisions are aligned to the customer experience strategy, executive incentives are linked to customer experience, and customer experience is backed by the Executive Team. Results are on a 0 to 10 scale, where 10 is strongly agree.	5.3 (May 2020)	First staff survey conducted May 2020	N/A
Staff understanding of customers*	The extent to which staff feel they know who their customers are. Results are on a 0 to 10 scale, where 10 is strongly agree. Percentage represents the proportion of staff who scored between 8 and 10.	74% (May 2020)	First staff survey conducted May 2020	N/A
Principle 2 – We will improve energy affordability for customers.				
Customer view on affordability #	The extent to which customers agree or disagree with the statement: 'These energy suppliers are working to make electricity more affordable'. Scores are reported as 0 to 10, with 10 being full agreement.	5.3 (November 2019)	4.5 (November 2018)	↑
Principle 3 – We will provide energy safely, sustainably and reliably.				
Customer view of reliability #	The extent to which customers agree or disagree with the statement: 'These energy suppliers provide my household with a reliable energy supply'. Scores are reported as 0 to 10, with 10 being full agreement.	7.7 (November 2019)	7.4 (November 2018)	↑
Customer view of security of supply #	The extent to which customers agree or disagree with the statement: 'These energy suppliers give me a sense of security about my electricity supply'. Scores are reported as 0 to 10, with 10 being full agreement.	6.8 (November 2019)	6.4 (November 2018)	↑
Renewable generator connections finalised ∞	Renewable electricity generator connections completed into Powerlink's transmission network.	180MW (during 2019/20)	1,135MW (during 2018/19)	N/A
Future renewable generator connections ∞	Renewable electricity generator connections committed for Powerlink's transmission network.	1,338MW (during 2019/20)	0MW (during 2018/19)	N/A
Principle 4 – We will improve the customer experience.				
Social licence to operate ^	The level of acceptance or approval granted to Powerlink by its stakeholders. Results are on a scale of 1 to 5, where 5 is full trust.	4.01 (October 2019)	3.98 (December 2018)	↑
Net Promoter Score ^ ∞	The Net Promoter Score (NPS) asks stakeholders to rate Powerlink, on a scale of 1 to 10, how likely they are to recommend the organisation. The NPS is calculated by subtracting the percentage of detractors from the percentage of promoters. The NPS is reported as a score between -100 and +100.	-24 (December 2018)	Powerlink measured NPS for the first time in 2018.	N/A
Reputation score ^	How stakeholders perceive public sentiment towards Powerlink. Results are a scale of 1 to 5, where 5 is the highest.	4.03 (October 2019)	3.66 (December 2018)	↑
Customer trust score ^ ∞	This is measured as the mean of the promise keeping and listening scores. Results are on a scale of 1 to 5, where 5 is the highest.	4.16 (October 2019)	4.02 (December 2018)	↑
Complaints closed to customer satisfaction +	This is measured on a 12 month rolling average.	91% (30 June 2020)	90% (30 June 2019)	↑
Principle 5 – We will support customers facing vulnerable circumstances.				
Powerlink has no specific quantitative metrics regarding customers in vulnerable circumstances. Qualitative detail about Powerlink's approach to customers in vulnerable circumstances is included within discussion on Principle 5 in this Disclosure Statement.				

N.B. In recognition of Independent Accountability Panel feedback provided in December 2019, Powerlink has been working with its NSW transmission counterpart, TransGrid, to identify consistent measures and metrics where possible, in the context of variable reporting frameworks and cycles between our two organisations. Information being mutually reported in this year's Disclosure Statements are identified with a '∞' symbol. We will continue exploring additional consistent measures and metrics for future Disclosure Statements.

Key
 Improving
 Stable
 Declining

What we've learnt – Powerlink case studies

Our COVID-19 customer response

During the unprecedented challenges experienced during COVID-19, Powerlink rallied to respond to the needs of our customers at a time of great uncertainty and change. COVID-19 impacted every one of our customers and we were committed to identifying genuine and tangible ways to support them through this difficult time. We redirected funding and resources and streamlined processes to ensure our customers received the support and information they needed. These actions are presented under *Principle 5 - We will support customers facing vulnerable circumstances* (page 12), explaining the steps we took to support our customers and stakeholders, particularly those facing vulnerable circumstances for the first time.

Improving outcomes for directly-connected customers

We value receiving frank feedback from our customers to identify gaps in our delivery and their expectations. Insights from our 2019 Stakeholder Perception Survey highlight areas needing improvement identified by directly-connected customers:

"Faster approval of new grid connections through more open discussions during the due diligence process so that iterations can be minimised."

"Open and honest communications which explain the needs and obligations on all parties."

Renewable energy customers have expressed their frustrations when working with us on connection projects, particularly calling out the lengthy timeframes associated with the assessments required prior to connection. Powerlink understands these frustrations. All seven renewable generators that committed to connections during 2019/20 experienced lead times of more than two years from their initial enquiry to an approved connection agreement with Powerlink.

Customers experience uncertainty over timeframes and costs due to requirements to undertake a Full Impact Assessment which determines whether the project requires system strength support. This is a relatively new requirement in the National Electricity Market (NEM), and reflects the need to ensure new asynchronous renewable generators do not adversely affect the stability of the power system and the more than four million Queenslanders who rely on it every day. The potential cost of remediating a system strength shortfall can run to tens of millions of dollars for the connecting generation customer, but the need for remediation cannot be fully determined by a Transmission Network Service Provider (TNSP) until the assessment is completed. These challenges are being experienced across the NEM, with record levels of asynchronous renewable generators seeking to connect simultaneously.

Powerlink has delivered the construction component of all connection projects on time. But generation customers can then experience delays progressing through hold point testing in demonstrating constructed projects meet their Generator Performance Standards. Operationally, generators can experience production constraints as a result of system strength issues on parts of the network, particularly during outage conditions.

The speed of change in Queensland's energy market is reflected by the number of recent network connections. At 30 June 2020, we had 20 generator customer connections committed and successfully completed since the renewables boom in Queensland began in 2016/17. This compares to 37 non-regulated connections facilitated by Powerlink from the time the NEM commenced in December 1998 to 30 June 2016.

In response to these challenges, we have focused on reducing the lead time for connection approvals, and are also working collaboratively with other organisations to manage industry-wide resource constraints and streamline the most challenging aspects of an increasingly complex connection process.

Customers can now expect a lead time of about 12 months from initial enquiry to connection agreement, subject to the quality of generator models submitted as part of the application process, and the number of new connection applications being processed simultaneously. Powerlink remains committed to completing this highly specialised and complex modelling work as quickly as possible, against the backdrop of challenging labour and technical constraints. This is a significant improvement, but we still have work to do.

We responded to generation customer feedback by working to improve our responsiveness and provide clearer information to guide customers through the connection process.

We meet each customer at their level of expertise and seek to add value where most important to a customer. A proponent of a large renewable project began working with us at an early stage, providing us the opportunity to better understand the project and the barriers the customer faced. Through collaborative workshops, we contributed expertise in land access and acquisition, technical and commercial matters. This was beyond the scope of our standard connection service activities but a good example of how we can add value for these customers through open engagement. Our customers have varied opinions about our performance in network connections. Some are surprised by the level of service we can offer; others are asking for improvement in our communication processes and for more collaboration.

There is a growing momentum of change in Powerlink and across our industry to better support our directly-connected generation customers to more efficiently navigate the connection process.

Making better Information Technology (IT) investment decisions

IT investment by network businesses has come under heavy scrutiny by customers to ensure it is prudent and value adding. Previously, Powerlink did not have a consistent, holistic approach to IT investment decisions. As a result, we were experiencing varied IT project outcomes, with some projects failing to deliver the expected benefits.

As part of preparations for Powerlink's upcoming 2023-27 Revenue Determination, and in accordance with our focus on *Principle 2 – We will improve energy affordability for customers*, we committed to developing a new IT Benefits Realisation Framework to cover all stages of the IT project lifecycle – with the aim of providing greater rigour and transparency for customers around these investments.

We engaged with our [Customer Panel](#) to gain an external lens, understand customer value expectations and seek feedback on our decision-making criteria. The Panel considered our focused questions and gave us valued input that included adding scalability to our framework by applying the right rigour of decision making for the size of the investment.

Engaging with our customers enabled us to frame their priorities alongside Powerlink's, which shaped and informed our guiding principles for IT investment. When we took the outcomes back to the Panel, members were interested in how their input had influenced the framework's development.

Our new IT Benefits Realisation and Management Framework is very practical – if the financial benefits do not stack up or if there are no risk-based or supporting asset lifecycle justifications, Powerlink does not make or continue with the investment. The framework also supports our process to determine an appropriate allowance for IT capital expenditure in our upcoming [Revenue Determination](#).

The framework is supporting Powerlink to make sound IT investment decisions, both big and small, which boosts our ability to deliver customer benefits now and into the future.

Deeper customer engagement for our Revenue Determination process

Powerlink's [Revenue Proposal](#), which is required to be lodged with the Australian Energy Regulator (AER) by January 2021, will set out forecast revenue requirements to provide efficient, safe and reliable regulated transmission services for the five-year period from 1 July 2022 to 30 June 2027.

We have set an ambitious but achievable goal of submitting a Revenue Proposal that is capable of acceptance by customers, Powerlink and the AER. That will be our ultimate measure of success.

To achieve this goal, we [co-designed our engagement approach](#) with our customers to ensure it met their needs and preferences. It also established a partnership mindset from the outset. This collaborative approach was developed with input generated at our May 2019 Co-Design Workshop where customers and stakeholders directly shaped our engagement scope, techniques and evaluation.

To facilitate a deeper level of customer engagement, we formed a [Revenue Proposal Reference Group](#) (RPRG) comprising five members of our existing Customer Panel. Powerlink engages with this group regularly, in significant detail as we develop our Revenue Proposal.

The RPRG met seven times between October 2019 and 30 June 2020 and reports back to the wider Customer Panel. Their input has directly influenced our approach on key areas including potential operating expenditure step changes, expenditure forecasts, insurance and depreciation approaches.

Powerlink explored the potential to reduce future bill shocks for customers through 'revenue smoothing' over the longer term. After detailed discussions, it was agreed by both the RPRG and Powerlink to not pursue this option due to associated complexities and low likelihood of material changes for customers. We are continuing to engage with RPRG members, the broader Customer Panel, the AER and the AER's Consumer Challenge Panel about our concept of contingent reinvestment projects, for those reinvestments that may have significant uncertainty around their need and timing in the next regulatory period.

We value the opportunity to seek feedback from our customers and stakeholders in coming months as we prepare and finalise Powerlink's Revenue Proposal to the AER, and commit to continuing to share our engagement learnings with industry colleagues, including via the [Energy Charter Shared Learning Platform](#).

Stepping up to address community safety

[Safety is essential](#) at Powerlink, and the Energy Charter challenged us to be more proactive in meeting customer expectations for improving electrical safety awareness in the community. Adding impetus was the Independent Accountability Panel's recommendation (#22) to broaden focus on safety from our workplaces to the communities in which we operate.

For many years we relied on our distribution network colleagues to take the lead on community safety initiatives, with Powerlink assuming a support role. We recognised that we needed to step up and take more responsibility for ensuring the highest standard of electrical safety for our communities across Queensland.

We undertook a gap analysis of our existing information, practices and programs aimed at ensuring safe outcomes for our customers and the community. It identified gaps in our resourcing and community, landholder and industry safety awareness activities.

In response, we formed a business-wide working group to develop our first Community Electrical Safety Awareness Plan. The plan applies to all aspects and phases of Powerlink's operations and commits us to actions to raise awareness among the community, landholders and customers to improve safety outcomes. The plan directs us to enhance our internal and external engagement, in particular with emergency services and Energy Queensland, to learn from their experiences in community safety.

We will implement this plan in the coming 12 months, as we grow our capability to provide energy safely, sustainably and reliably.

Energy Charter Principles

Principle 1 – We will put customers at the centre of our business and energy system

Current maturity level	Emerging
Short-term maturity level (0-3 years)	Evolved
Long-term maturity level (3+ years)	Exceeding

Powerlink's journey to achieving a customer-centric culture is championed by our [Board of Directors](#) and leadership team, with increasing levels of ownership across the business. To help drive customer focus across Powerlink at a strategic level, our Board is actively involved in customer engagement activities. For example, our Chair attended the RPRG meeting in March 2020 to discuss the Board's involvement in Powerlink's Revenue Determination process and its approach to risk management. Board members engaged with customers at our [Transmission Network Forum](#) in September 2019, participating in workshops about renewable connections and demand profiles. To better understand our customers' needs and expectations, the Board also sought customer insights and perspectives by undertaking a customer survey with proponents of renewable generation projects, and considering the results of the 2019 [Stakeholder Perception Survey](#). However, there is more work to do in strengthening our strategic focus on customers. Our Board recognised the need to do more and in response to the Independent Accountability Panel's recommendation (#16), our Chair played a key role in preliminary work to establish the 'Customer Voice' #BetterTogether Initiative. This will assist with embedding customer perspectives at a Board level across Energy Charter signatories.

Our business strategy is underpinned by Powerlink developing a more customer-focused culture with *Customer Focus and Influence* being one of six strategic themes. We have progressed with designing an organisation-wide program, *Powering Ahead*, to continue our culture transformation journey. It is supported by a two-day value-based cultural immersion training program for all employees. The program includes a 'customer focus' module to equip employees with new skills to better understand customers' perspectives and priorities, make mutually beneficial decisions and forge greater accountability and trust with customers. The program will be rolled out from August 2020.

To draw a direct link between delivering customer outcomes and performance payments, every Executive General Manager and General Manager has a clear objective in their performance agreement requiring delivery on Energy Charter commitments. In line with Queensland Government and community expectations, the decision was made not to distribute any performance pay for the 2019/20 Financial Year.

We monitor our business performance using a corporate scorecard, which is updated monthly. Historically an inwardly focused tool, the scorecard was expanded to include a customer impact statement against each corporate performance measure to help our employees make the connection between the work they do and the benefits delivered to customers.

Measuring Powerlink's customer maturity enables us to track areas of improvement. Previously, we measured customer focus in Powerlink's wider culture survey, but in 2019/20 we engaged an external provider to run a dedicated, detailed customer maturity survey to acquire more targeted and comprehensive insights about our customers. Close to 25 per cent of Powerlink employees completed the survey. The survey results, some of which are included in our Energy Charter scorecard on page 4, will allow benchmarking against external organisations, provide a baseline to measure our future performance, and inform the development of our Customer Maturity Roadmap.

Our commitment to robust processes that incorporate customer and community feedback into decision making is further evidenced by our [Revenue Determination engagement processes](#) (detailed on page 6). These comprehensive activities go beyond standard engagement requirements to more broadly, regularly and deeply ascertain customer insights to underpin the development of our next Revenue Proposal.

Focus for 2020/21 maturity uplift:

- We will cement customer insights into the development of our next Powerlink Corporate and Business Strategy. This is a major business project for 2020/21 and will set Powerlink's purpose and direction for 2021 onwards.
- We will continue to embed culture and values, including customer focus, through a two-day learning program for all 900 staff. This session will be rolled out over 18 months.
- We will develop the next phase of customer-focused measures and metrics, aligned to the moments that matter for customers.

Principle 2 – We will improve energy affordability for customers

Current maturity level	Emerging
Short-term maturity level (0-3 years)	Evolved
Long-term maturity level (3+ years)	Exceeding

Customers remain keenly interested in the cost of electricity and Powerlink has taken opportunities to deliver cost efficiencies in our business that support energy affordability.

Transmission line refit projects comprise a growing proportion of Powerlink's capital works program, expected to peak at 20 per cent of capital expenditure in 2024/25. With this in mind, we are working to drive cost efficiencies in the way we undertake transmission line 'life extension' works. We critically examined our current work practices through the scope of Powerlink's innovation framework and engaged with subject matter experts in Australia and internationally. Through that process we identified three key aspects of transmission line refit works that can be delivered more efficiently to deliver cost savings. Those aspects are strategies to improve scope accuracy, customise refit methodologies and implement alternative contract arrangements. Over the next 12 months, we will investigate these key learnings to better understand their potential and reach a position on the approaches we will implement. By 2021/22, we expect to realise cost efficiency improvements and cost savings, which will contribute to putting downward pressure on electricity prices.

As transformational changes take place throughout the energy system, directly-connected customers are changing the way they use Powerlink's network. Feedback from these customers indicates they generally support pricing signals that better reflect the costs of using our transmission network at different times and in different locations. The challenge for Powerlink is to find ways to adapt to this changing environment and deliver our transmission services to meet customer expectations at the lowest long-run cost. In response to customer input and evolving power system conditions, we began a review of Powerlink's transmission pricing arrangements to identify where we could deliver better value for customers, and to develop more transparent and fit-for-purpose pricing arrangements. Following engagement with our Customer Panel, we issued a Consultation Paper in July 2019 seeking submissions on proposed pricing criteria and alternative pricing options. By speaking directly with customers, we learnt they wanted to understand clearly how the potential pricing changes would impact them. We have shaped our engagement activities accordingly, with two additional upcoming opportunities for customer feedback. Insights from the engagement process will inform the development of Powerlink's Proposed Pricing Methodology, which will be lodged with our Revenue Proposal to the AER in January 2021.

Another key focus is improving the cost effectiveness of our project delivery through an integrated set of tools and processes that improve timely and accurate project estimating. Meaningful engagement with generation customers, contractors and suppliers informed the development of these new tools and processes. Our new 'price book' enables us to be more accurate, consistent and agile when preparing project estimates. It feeds into improved processes and platforms for scoping and estimating projects to ensure better clarity, direction and accountability across the business. We improved our quality assurance activities to better address internal and external variations to projects. To ensure continuous improvement to our project delivery, we introduced a more robust 'lessons learned' process to equip our project delivery teams to reflect on and share key learnings for future projects. This integrated improvement project to enhance end-to-end project delivery is ready for implementation in 2020/21 and will be executed progressively over a five-year time span. The outcomes will position Powerlink to deliver projects at the best possible price and within optimal timeframes. These advancements in project cost effectiveness will deliver longer-term benefits by improving energy affordability.

Focus for 2020/21 maturity uplift:

- We will improve customer focus in our innovation program, by engaging with our Customer Panel, and maximising opportunities for customer participation.
- We will update our decision-making frameworks and business case documents, to formally incorporate consideration of customer impacts.
- We will continue to strengthen our customer focus for our 2023-27 Revenue Determination process, including delivering on our co-designed customer engagement plan, which details a range of engagement techniques to underpin delivery of a Revenue Proposal capable of acceptance by our customers, the AER and Powerlink.

Principle 3 – We will provide energy safely, sustainably and reliably

Current maturity level	Evolved
Short-term maturity level (0-3 years)	Evolved/Empowered*
Long-term maturity level (3+ years)	Exceeding

* We aspire to be empowered in relation to sustainability, but in a rapidly changing industry there are a number of evolving challenges to address, in partnership with our colleagues across the energy supply chain.

Powerlink is playing a central role in the transition to a lower carbon future. Since 2016/17, we have completed works to facilitate connection of 1,630MW of renewable generation projects to the transmission network, with works underway to connect a further 1,338MW. During 2019/20, we progressed a number of customer-focused initiatives to support and enable the work of renewable generation proponents. Please refer to the map overleaf for a list of Powerlink's renewable connection projects as at 30 June 2020.

Our generation customers are becoming more experienced as the energy market matures and consolidates in Queensland. Their responses to our 2019 [Stakeholder Perception Survey](#) told us they care most about our internal capability, timeliness and transparency. Survey responses also indicated that our maturing customer base now values highly specialised technical information rather than generic entry-level information, support and guidance. To ensure we meet these changing customer needs, we provide each customer with a dedicated point of contact who can respond quickly and provide expert advice. We reviewed information available on our website to address emerging topics of interest to generation customers, such as metering. We produced a new estimating reference guide to improve transparency and streamline the early connection enquiry process by providing indicative connection costs to customers. Access to this information makes the connection process more timely, transparent and cost effective for customers.

The transition to renewables is a complex challenge that requires a collaborative approach for the best customer outcomes. In an effort to explore new opportunities to guide this transition, we partnered with EnergyLab to support its Scaleup Program 2020. The program aims to enable the uptake of new technologies in Australia by bringing together scale-ups and industry incumbents to help overcome barriers and accelerate new solutions. With the backing of industry and government project partners, Scaleup will support the transition to renewables by growing late stage start-ups.

To reduce the duration of network outage impacts on directly-connected customers, we designed an innovative mobile substation bay for use on network replacement projects. The bay forms a temporary bypass to the permanent substation, reducing the time required for the network outage. We designed a pilot, which will be the first high voltage mobile substation bay in Australia, with construction to be completed in 2020/21.

Substation security is key to providing a safe, secure and reliable electricity supply for all customers. Fencing substation sites to mitigate public exposure to electrical hazards and safeguard critical infrastructure has traditionally been challenging, due to a number of complex factors. To maintain the highest standards of safety for our people, the community and the environment, we applied Powerlink's innovation framework to examine this challenge with the aim of cost-effectively improving electric fencing systems for our substations. The process drew on the skills of a cross-functional team to develop viable, customer-friendly options. A pilot solution installed at the Rocklea Substation is expected to deliver benefits including better safety and security and reduced field work and equipment. The initiative is being evaluated for its potential application at other substations.

Managing [system strength](#) on the transmission network is one of the key challenges in connecting asynchronous renewable generators and has led to difficulties in developing and operating renewable generation projects. Powerlink collaborated with the Australian Renewable Energy Agency (ARENA) to investigate technical, commercial and regulatory solutions to address system strength challenges. With input from our customers, Pacific Hydro and Sun Metals, we are undertaking the Cost-Effective System Strength Study, which aims to promote a broader understanding of system strength issues in the NEM, to improve efficiencies for prospective customers and streamline the connection process. It also aims to evaluate the merit and practicalities of a shared model to manage system strength, which may be able to reduce the time, cost and uncertainty faced by renewable project developers. The study will also seek to increase the awareness of grid forming inverter technology and the benefits it can provide. The first phase of the study, Powerlink's report 'Managing System Strength During the Transition to Renewables', was delivered in May 2020 and was met with significant customer interest.

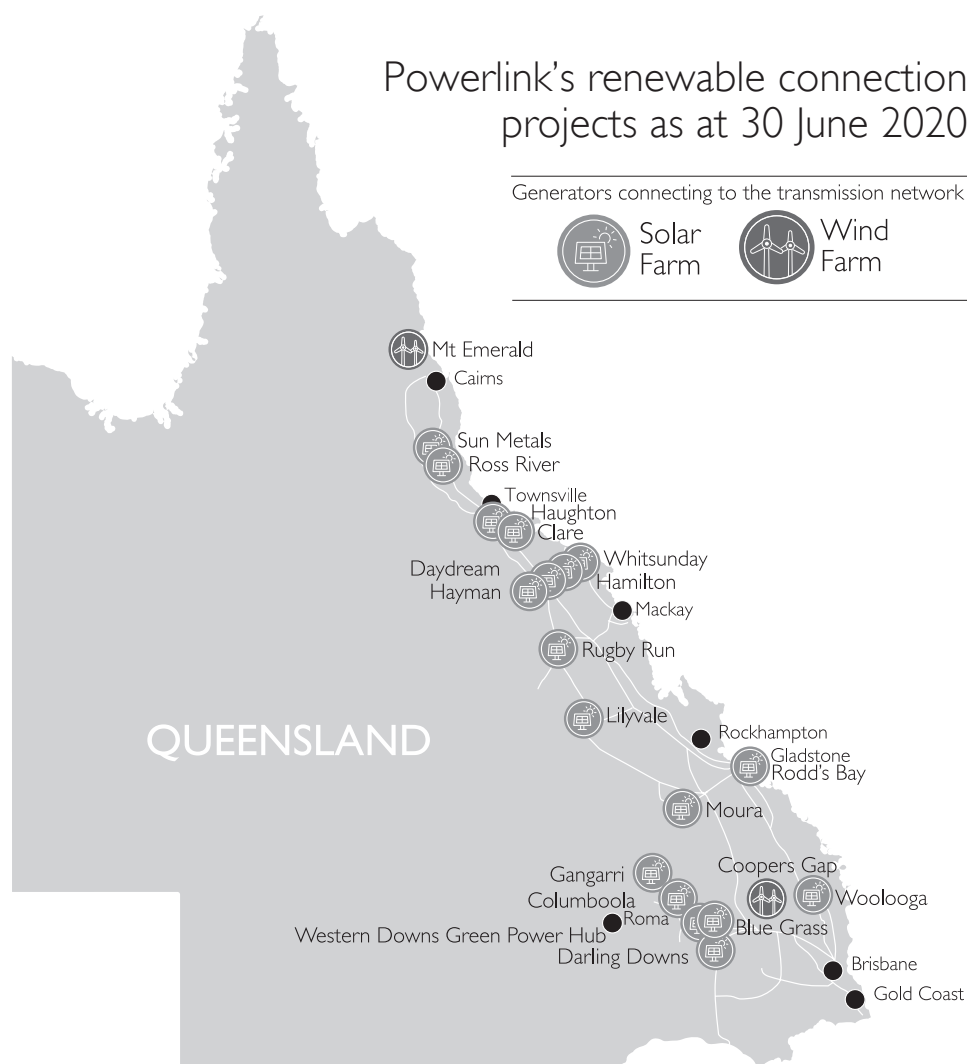
Powerlink is developing a system strength as a service (SSaaS) model to assist future generation customers with any obligation for system strength remediation. SSaaS takes advantage of the scale efficiencies offered by large synchronous condensers to support the system strength remediation requirements for multiple generators.

Rather than customers being required to pay millions upfront to remediate system strength, Powerlink aims to provide access to scale-efficient and shared service synchronous condensers, with generation customers accessing the system strength service on a 'user pays' basis. This will improve our ability to facilitate the effective and efficient transition to a cleaner energy system and responds to a challenging problem facing a number of our generation customers.

Another key frustration for our directly connected renewable generation customers is the impact of transmission network outages on their operations. To give these customers better visibility of network constraints, in 2019/20 we made improvements to better streamline our network outage scheduling and enhance the way we communicate planned network outages to customers and market proponents – but further customer-focused improvements are needed. We implemented a new outage management tool that automatically updates outage information on the Australian Energy Market Operator's (AEMO's) website, which is available to all subscribed NEM participants. We are working on further improvements to better meet our asynchronous generation customers' expectations and to ensure that Powerlink exceeds the required notice for network outages.

Focus for 2020/21 maturity uplift:

- We will pursue our SSaaS pilot project to drive cost efficiencies for generation customers.
- We will engage with generation customers to improve outage management and communication processes to minimise impacts.
- We will examine current reporting mechanisms to establish a foundation for quality energy and emissions data, with the goal of improving the data quality for National Greenhouse and Energy Reporting.



Principle 4 – We will improve the customer experience

Current maturity level	Emerging
Short-term maturity level (0-3 years)	Evolved
Long-term maturity level (3+ years)	Exceeding

While we aim to be increasingly customer focused, there are times when we do not meet our customers' expectations. Our customer complaints process is intended to ensure we appropriately listen, record and respond to customers, and meet our commitments to them. It also assists us to track customer issues and concerns. Following advice from the Independent Accountability Panel's report in December 2019, we undertook an external audit of our [complaints management process](#) to ensure compliance with Australian Standards. The audit findings have largely been actioned, with some longer-term actions to be considered in 2020/21. Specific actions include providing clearer information on how to make a complaint via our website and clarifying procedures for complaint managers in terms of specific responsibilities. A key focus was on better information being recorded in closing out complaints to further drive improvement and lead to more comprehensive consideration of lessons learnt. To strengthen the skills of our people in managing dispute resolution situations and more effectively support our customers and stakeholders, our complaints management training program was updated in 2019/20. While planned face-to-face training was postponed due to COVID-19 restrictions, an online version was delivered to key teams in July 2020, placing priority on building the skillset of our field staff involved in maintenance and project work.

We continued to invest in our system and tools for landholder and stakeholder relationship management, including our PQConnect system that supports us to record and meet the commitments we make to landholders. We rolled out a mobile app for PQConnect to give our field staff more timely access to landholder and property-specific information. This will lead to more accurate information being entered into PQConnect to ensure we meet the expectations of our landholders and other stakeholders.

Our approach to property access is important to landholders. In 2019/20, we reviewed and updated Powerlink's [Land Access Protocol](#) (LAP) which underpins our intent for respectful and cooperative relationships with landholders by informing them of the standards and commitments we will adhere to when accessing properties.

We also held a series of Community Information Drop-In Sessions in July 2019 ahead of the first major maintenance cycle on our transmission infrastructure in the Surat Basin. This improved communication process was designed to empower our landholders and other stakeholders by providing accessible and personalised information, enabling them to speak face-to-face with Powerlink representatives about upcoming maintenance work in the area. By collaborating in this way, we reconnected with landholders and other stakeholders, which helped to address individual and wider regional issues such as drought-related matters.

We pursued other activities to share useful and easy-to-understand information with our landholders and other stakeholders. This year, our [easement terms and conditions](#) were published on our website, making them more accessible to landholders and other stakeholders. We also progressed investigations to improve the transparency of information for landholders by developing an integrated network mapping system to promote electrical safety and help to streamline landholder enquiries about co-use of easements and vegetation management matters.

We respond to around 600 [property search](#) applications each month, typically from conveyancers enquiring whether Powerlink has an interest in or near a property. We engaged with customers to understand their requirements before implementing an automated online process for property searches. Introduced in August 2019, the new system cuts our response time from days to minutes, improving the customer experience and delivering efficiencies for Powerlink.

During 2019/20, we enhanced our website to enable customers to follow topics they are interested in by subscribing to pages or following interlinked pages to more easily access the information they seek. We made significant changes to the way we present information relating to our [Revenue Determination](#) process by introducing improved engagement features.

We also improved the experience for customers who access our technical and specialist services. Our [Oil Laboratory](#) worked with Energy Queensland, a key customer, to develop a system that delivers mutual efficiencies. Using an app, Powerlink and Energy Queensland link oil samples to assets, improving accuracy, timeliness and efficiency. We are now introducing this system to other Oil Laboratory customers, so they can also benefit from an improved customer experience.

Focus for 2020/21 maturity uplift:

- We will begin Customer Journey Mapping, to understand key customer touchpoints, moments that matter and pain points – with a commitment to actioning pain points.
- We will define our desired customer experience and make changes to move us closer to the desired state.
- We will review and refresh our customer surveys to ensure we are getting valuable insights, aligned to customer moments that matter and pain points.
- We will investigate opportunities to better utilise customer-focused data to improve the customer experience and outcomes.

Principle 5 – We will support customers facing vulnerable circumstances

Current maturity level	Elementary
Short-term maturity level (0-3 years)	Emerging
Long-term maturity level (3+ years)	Emerging

Due to Powerlink's position in the supply chain, we have limited direct contact with Queensland residential and small business customers. That said, we have looked at ways to support them when they face vulnerable circumstances, particularly in managing the impacts of [COVID-19](#).

In collaboration with Ergon Energy Retail, we reallocated funds from our 2019/20 sponsorship program to establish a community support-based partnership to deliver two key programs with the [Indigenous Consumer Assistance Network](#) (ICAN). Funding for the first program delivers seven scholarships for successful applicants to complete a two-year Diploma in Financial Counselling.

The second program includes the development of an online Energy Literacy Module for professional development for existing Financial Counsellors/Financial Resilience employees, and others interested from the community services sector. These programs will roll out through to June 2022 with the aim of providing tangible support to residential and small business customers facing vulnerable circumstances.

Powerlink will also be joining the Queensland Chapter of the Thriving Communities Partnership (TCP) on 1 July 2020. The TCP is a cross-sector collaboration that aims to build more resilient communities and stronger businesses. We will work with other member organisations towards the goal that everybody has fair access to the modern essential services they need to thrive in contemporary Australia.

The impacts of COVID-19 were also felt by our directly-connected customers and proponents of new renewable generation projects as they experienced new challenges to reach project milestones during the pandemic. Our Business Development team remained in regular contact with customers, offering greater flexibility in our delivery schedule to provide better support.

Powerlink also supported property lessees who were facing hardship. We contacted all individuals and organisations that lease our land or property to discuss lease payment deferrals, a practical solution to offer assistance during this time of uncertainty.

To support the sustainability of Powerlink's small and medium-sized enterprise (SME) contractors during the pandemic, we developed a specific procurement guideline to pay suppliers as quickly as possible ahead of our standard 21 to 28 day payment terms to enhance their liquidity. In some instances, payment was processed within seven days. We also surveyed our suppliers directly to ask how we could support them better during the recovery period.

Keeping the lights on for Queenslanders requires us to access properties to undertake work to operate and maintain our network assets. We implemented additional special conditions for property access as required by landholders to meet their personal circumstances.

We developed a dedicated [COVID-19 information hub](#) on our website, which was regularly updated to ensure customers had the latest details on support mechanisms. Our social media channels shifted from business-focused messaging, to sharing important COVID-19 information, particularly regarding energy supply and efficient domestic power use.

Focus for 2020/21 maturity uplift:

- We will deliver on our commitments to customers and communities as part of our COVID-19 response.
- We will complete plans to refocus our sponsorship program to supporting communities in vulnerable circumstances.
- We will join and support the TCP, to help with the goal of ensuring everybody has fair access to modern essential services they need to thrive.
- We will investigate opportunities for staff volunteering.

Appendix

Energy Charter Scorecard legend

Key	Source	Description of sample
*	Powerlink Staff Customer Survey – May 2020	Powerlink completed its first independent staff survey in May 2020 to understand staff perceptions of how customer focused we are. We received 184 responses to the online survey.
#	<u>Queensland Household Energy Survey</u> – November 2019 and November 2018	The annual Queensland Household Energy Survey is conducted jointly between Energy Queensland and Powerlink. Results are not separated by organisation, they are collaborative and jointly-owned measures. 'Customer' in this survey relates to indirect, end user customers who consume electricity. A sample of 4,536 and 4,957 Queensland households participated in 2019 and 2018 respectively, with data weighted to ensure statistically representative results in line with census data.
^	Powerlink <u>Stakeholder Perception Survey</u> – results referenced from October 2019, December 2018 and November 2016	Powerlink conducts a full Stakeholder Perception Survey every two years, with an online pulse survey conducted every other year across customers, consumer advocacy groups, contractors/suppliers, environmental/community groups, industry associations, landholders, Local Government, State Government, regulators and utilities. The most current and comparable metrics have been included in this Scorecard. In 2019, a pulse survey was completed by 95 stakeholders. This measured Social Licence to Operate and Reputation in detail. In 2018, a full survey exploring a range of measures was undertaken and involved 97 stakeholders. In 2016, a full survey exploring a range of measures was completed by 101 stakeholders.
+	<u>Complaints management reporting</u>	This measure relates to operational complaints which are defined as: An expression of dissatisfaction made to Powerlink related to services, actions, conduct or the complaints handling process itself, where a response or resolution is explicitly or implicitly expected.
∞	Various	Metrics and measures being reported by both Powerlink and TransGrid in our 2019/20 Energy Charter Disclosure Statements.

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