



The Energy
Charter

Energy Charter
Disclosure Statement
2020/21



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Acknowledgement of Country

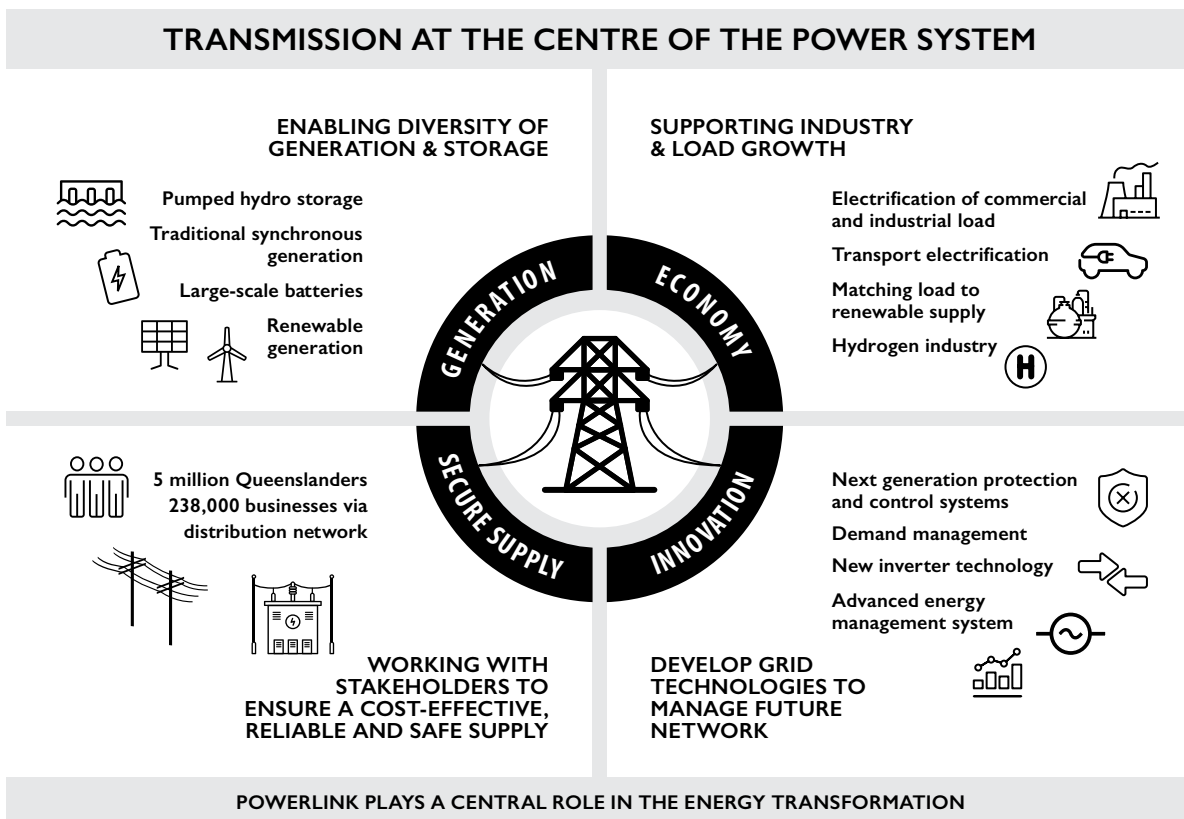
Powerlink Queensland acknowledges the Traditional Owners and their custodianship of the lands and waters of Queensland and in particular, the lands on which we operate. We pay our respect to their Ancestors, Elders and knowledge holders and recognise their deep history and ongoing connection to Country.

Introduction and corporate information

About Powerlink Queensland

Powerlink Queensland (Powerlink) is a leading Australian provider of high voltage electricity transmission network services, combining innovation with insight to deliver safe, cost-effective and reliable solutions. We are a Government Owned Corporation that owns, develops, operates and maintains the high voltage electricity transmission network in Queensland. Our network extends 1,700 kilometres from Cairns to the New South Wales border.

Our purpose is to connect Queenslanders to a world-class energy future, providing electricity to five million Queenslanders and 238,000 businesses. Through our unique central position in the power system, we are guiding the market to help influence the energy system of the future that effectively balances customer needs, while moving to a low carbon future comprising a diverse array of generation technologies, batteries and storage solutions, new grid technologies, and demand management. Powerlink’s network provides the platform to enable the provision of these and many other energy services while maintaining a sharp focus on safety, affordability and reliability of supply for our customers.



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 organisations across the energy supply chain in committing to progress the culture and solutions needed to deliver more affordable, reliable and sustainable energy systems in line with our community's expectations. This Disclosure Statement has been compiled with input from Powerlink's Customer Panel, Board of Directors, Chief Executive and leadership team (IAP 2020 R8¹).

Message from the Powerlink Chair and Chief Executive

We understand the impacts of the COVID-19 pandemic are still being felt by many of our customers. While parts of the economy are recovering, Powerlink is conscious of the need to continue to support customers who have been placed in vulnerable circumstances.

We embrace our role in supporting Queensland's economic recovery by continuing to prioritise security of electricity supply to customers while we manage the ongoing impacts of the pandemic on our business, including disruptions to our supply chain, project delivery schedules and work practices.

We understand our role in guiding the energy system transformation to ensure the affordability and reliability of supply for our customers, and this is reflected in our new business strategy. It provides a compass for us to meet our purpose of connecting Queenslanders to a world-class energy future, underpinned by key strategic objectives that include driving value for customers.

In this Disclosure Statement we seek to present an honest assessment of work we've done, above our business-as-usual activities, to deliver better outcomes to customers against the Energy Charter principles. We are especially proud of a number of initiatives progressed during the year, including anchoring customer value in our new business strategy, advocating for market-based renewable energy zones, driving a customer-centric culture through our new leader-led cultural immersion program, and implementing best practice engagement on our Revenue Proposal.

We're continually learning more about our customers' values, expectations and priorities, and understanding these more deeply while recognising opportunities to improve. We thank our customers for sharing their insights with us and for assisting us to share information more transparently and meaningfully with them.

Our Customer Panel has been influential in helping us to understand how to implement our aim of placing customers at the centre of our decision making. We appreciate their honesty and commitment to guiding Powerlink's journey of enhanced customer focus maturity and encourage this group to continue inspiring and challenging us to do better.

We invite you to provide feedback on this Disclosure Statement. Please email us directly at pqenergycharter@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 Powerlink Customer Panel

We are pleased to have gained insights by working alongside Powerlink during the past 12 months on key initiatives with the potential to deliver benefits to energy customers. We feel that Powerlink has seriously assessed all our suggestions and questions.

Customer expectations are continually rising for all regulated businesses and it is evident to this panel that Powerlink remains committed to improving its customer focus.

In particular, panel members recognise the engagement process for Powerlink's 2023-27 Revenue Proposal was industry best practice and we commend Powerlink for its genuine, consistent and deep engagement approach. The engagement process was co-designed with customers and stakeholders to build on the foundation of Powerlink's long-standing commitment over several years of working closely with the Customer Panel.

The panel has appreciated the opportunity to apply a customer lens across several of Powerlink's key activities such as exploring the transformation of the energy sector, developing its new corporate strategy and preparing customer-focused content for Powerlink's new cultural awareness program.

We endorse this Disclosure Statement as an accurate reflection of current performance and future focus areas.

Customer Panel members² as at 30 June 2021

Dean Gannaway	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
Steven Jones	Energy Queensland
Georgina Davis	Queensland Farmers' Federation
Andrew Barger	Queensland Resources Council
Claire Hamilton	Shell
Chris Hazzard	St Vincent de Paul Society

Please note that our members' involvement in the Customer Panel is not a formal endorsement of the panel's communal work by their respective organisations.

¹ In-text references have been added throughout the document to correlate our activities with recommendations from the Energy Charter **Independent Accountability Panel** (IAP) report, published in December 2020. For example, "R1" means "Recommendation 1" from the IAP report. Further context is also provided in Appendix 2.

² 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

Direct customers

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



Network businesses



Synchronous, asynchronous and prospective generators



Directly connected large industrial users



Telecommunications companies who use our network



Electrical infrastructure operators who use our laboratory services

Indirect customers

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



Households



People facing vulnerable circumstances



Small, medium and large businesses

Community stakeholders

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



Landholders



Community and environmental groups



Consumer advocacy groups

What do our customers and communities value from Powerlink?

Predictable and reasonable costs

Reliable network

Easy to deal with

Managed and coordinated outages

Long-term planning

Trusted technical advisor

Flexibility

Respect

Innovate to solve problems

Energy Charter scorecard

Please refer to the Appendix (page 12) 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.				
Staff understanding of customers *	The extent to which staff feel they know who their customers are. In the 2021 survey format, results were tracked in a 'strongly agree' to 'strongly disagree' scale. The percentage result represents the proportion of staff who scored 'strongly agree' and 'agree'. In the 2020 survey, results were collected on a 0 to 10 scale, where 10 is strongly agree. The percentage represents the proportion of staff who scored between 8 and 10.	89% (May 2021)	74% (May 2020)	↑
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.	5.6 (November 2020)	5.3 (November 2019)	↑
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 2020)	7.7 (November 2019)	●
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.	7.0 (November 2020)	6.8 (November 2019)	↑
Renewable generator connections finalised ∞	Renewable electricity generator connections completed into Powerlink's transmission network.	558MW (during 2020/21)	180MW (during 2019/20)	N/A
Future renewable generator connections	Renewable electricity generator connections committed for Powerlink's transmission network.	778MW (during 2020/21)	1,338MW (during 2019/20)	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.	4.03 (October 2020)	4.01 (October 2019)	●
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 in full Stakeholder Perception Surveys conducted every two years by subtracting the percentage of detractors from the percentage of promoters.	-24 (October 2020)	-24 (December 2018)	●
Reputation score ^ ∞	How stakeholders perceive public sentiment towards Powerlink. Results are a scale of 1 to 5, where 5 is the highest.	3.75 (October 2020)	3.77 (October 2019)	●
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.	3.96 (October 2020)	4.16 (October 2019)	↓
Complaints closed to customer satisfaction +	This is measured on a 12 month rolling average.	96% (30 June 2021)	91% (30 June 2020)	↑
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.				

Key: ↑ Improving ● Stable ↓ Declining

Highlights and learnings – case studies

Business strategy 2021 onwards

Through our new Powerlink business strategy we are seeking to define the central role that Transmission Network Service Providers (TNSPs) must play in the energy transformation with an overarching objective of delivering services that meet our customers' expectations (IAP 2020 R4).

We developed our 2021++ Business Strategy to direct the way we plan and operate our network into the future. The strategy was informed by learnings from our customers, including insights from household and stakeholder surveys, and our work on customer segmentation and value propositions.

Our approach to developing the strategy recognised that Powerlink's unique view of the complete energy system and transforming energy industry presents us with new opportunities. We now have the opportunity to influence more proactively the future of our industry and customer outcomes. Our Customer Panel supported Powerlink to play a more prominent role in this way.

These insights helped us to identify Powerlink's purpose as 'Connecting Queenslanders to a world-class energy future'. This purpose is underpinned by our four strategic objectives:

- Be the renewable super grid
- Guide the market
- Drive value for customers
- Unleash our potential.

To drive value for customers we intend to push our business hard to continue innovating, finding efficiencies and being accountable for the dollars we spend across all aspects of our business. We will also look to use our 'whole of power system' view to guide the market to create value for customers and keep wholesale electricity prices at efficient levels.

We will aim to ensure Powerlink's Regulated Asset Base aligns with the amount of energy flowing over our transmission network over time.

We will help connect customers, including renewable generators, to the grid in the most efficient way.

Unlocking generation capacity in renewable energy zones

Powerlink has been a driving force in advocating for the development of market-based renewable energy zones (REZs) (IAP 2020 R4).

A REZ is a geographic area which has high quality renewable resources and suitable topography and land available to support the connection of renewable projects.

Development of a REZ offers substantial customer benefits, allowing multiple generators to connect to shared non-regulated transmission assets, producing more cost-effective outcomes and streamlined renewable plant connections. Our market-led REZ model aims to maximise connected generation capacity at the lowest possible cost. End use customers will ultimately directly benefit from these reduced costs through lower electricity prices.

Powerlink's market-driven REZ model promotes the appropriate allocation of risk and cost, with a focus on provision of transmission infrastructure through non-regulated funding. Powerlink does not believe that regulated customers, who are Queensland households and small businesses, should be the default funding option. This model differs from the REZ approaches taken in other Australian states. We believe that regulated customers should only pay if there is a clear benefit.

The market-led REZ model was evident in the decision to progress a \$50 million upgrade of Powerlink's existing network in Far North Queensland to unlock up to 500 megawatts (MW) of renewable energy hosting capacity as part of Queensland's first REZ. Announced in May 2021, the North Queensland REZ was the outcome of close work between Powerlink, renewable energy generator Neoen, CleanCo Queensland and the Queensland Government.

To support the North Queensland REZ, Powerlink will upgrade an existing 132 kilovolt transmission circuit between Townsville and Cairns to 275 kilovolts, a project that will also benefit electricity customers in Cairns by making their electricity supply more storm and cyclone resilient.

Powering ahead with our culture change

Driving a customer-centric culture is a principal objective of the Energy Charter. To help foster this culture, we launched Powering Ahead, a two-day cultural immersion program for all 950 Powerlink employees.

It is a bespoke program developed by Powerlink people, for Powerlink people, delivered by our leaders. At every session, participants hear from our Chief Executive, and engage with Executive Team members, senior leaders and colleagues from diverse parts of the business. Powerlink's Board members are also part of our engagement program (IAP 2020 R8).

Structured across six key modules, Powering Ahead aims to support our people to think differently, be innovative and collaborative, and understand how their individual role connects to Powerlink's purpose and values, and how to best tackle our future challenges.

Our people are engaged in hands-on activities that help reset and clarify how and why we need to work together in different ways, given the journey ahead as part of the power system transformation (IAP 2020 R4 and R8). This includes a dedicated session focused on our customers where participants hear directly from members of Powerlink's Customer Panel. Participants then 'step into the shoes' of the customer during scenarios focusing on electricity costs and reliability choice trade-offs.

Engaging on Powerlink's 2023-27 Revenue Proposal

Powerlink lodged its [2023-27 Revenue Proposal](#) to the Australian Energy Regulator (AER) in January 2021.

From the outset, we set an objective of lodging a Revenue Proposal that is capable of acceptance by our customers, the AER and Powerlink. To achieve this objective, we undertook a co-designed engagement process and engaged deeply over an 18-month period with customers, stakeholders, the AER and the AER's Consumer Challenge Panel (CCP23).

The revenue determination process is a once-in-five-year opportunity to build further trust with our customers and we leveraged our significant, business-as-usual engagement program and existing relationships with our Customer Panel.

Internally, we pushed ourselves to develop forecasts that would create a culture of constructive discomfort in the business and set stretch targets to improve customer value (IAP R8). As a result, we proposed a three per cent reduction in capital expenditure (capex) and a target of no real growth in operating expenditure (opex). While challenging, our view is that these are realistic and reasonable targets that will drive us to deliver better value for customers. We consider this is the right thing for us to do for our customers (IAP 2020 R6).

After lodgment of our Revenue Proposal, submissions from our customers indicated our forecasts were reasonable, capable of support and, subject to AER review, the Revenue Proposal is capable of acceptance.

Our engagement approach was acknowledged as best practice by the Energy Users Association of Australia, while our Customer Panel described our engagement as "genuine, consistent and deep" and commented on "the consistent high-level efforts of Powerlink staff to ensure that they engage meaningfully with us". The AER's CCP23 viewed our engagement as "collaborative and detailed".

We also recognise there are areas for improvement. For example, our customers suggested we broaden our engagement to a wider group of customers and stakeholders, particularly across regional Queensland. Our future engagement plans now provide more opportunities for face-to-face engagement with customers and stakeholders across the state.

Our Community Engagement Strategy will support upcoming projects

The opportunities for proactive engagement between Powerlink and the communities we work in are increasing, particularly as we move towards a new energy future. We will continue operating our existing transmission infrastructure and be completing significant infrastructure development works in the near future as we integrate more renewable energy sources. We understand the changing nature of our operations will result in some communities interacting more heavily with Powerlink while some communities will experience this development for the first time.

We have a responsibility to recognise and minimise our impacts on the environment and communities, and to work together with customers and stakeholders to underpin our ongoing operations and progress new projects, in order to deliver mutually beneficial outcomes.

After reviewing our existing community engagement practices we identified a strategic gap – Powerlink was lacking a corporate community engagement strategy to guide our interaction with impacted communities.

Through stakeholder engagement, including targeted community sentiment research, our new community engagement strategy was developed (IAP 2020 R4 and R11).

The strategy is underpinned by five principles:

1. Build relationships on trust and communicate in an accurate and clear way
2. Be an active community member – engage early and often
3. Deliver tangible benefits where we operate our network
4. Partner with key stakeholders and be accessible and inclusive
5. Enable open and transparent dialogue.

Our focus for 2021/22 is embedding this new approach across Powerlink and trialling within the communities in which we operate.

Energy Charter Principles

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

Current maturity level ²	Emerging/Evolved
Short-term maturity level (0-3 years)	Evolved
Long-term maturity level (3+ years)	Exceeding
2019/20 maturity level	Emerging

Our Board of Directors and Executive Team are driving a cultural journey to becoming a more customer-centric business. Powerlink's Board recognised the vital role it plays in ensuring the customer voice is appropriately influencing the strategic decision making and direction of our businesses (as highlighted by the Independent Accountability Panel in 2019). Demonstrating Powerlink's commitment to this principle, our Chair Kathy Hirschfeld led the Energy Charter #BetterTogether initiative to develop a **Customer Voice @ Board Level** resource, involving industry colleagues and the Australian Institute of Company Directors. The resource, which provides Energy Charter signatories with a broad suite of insights and prompts to guide Board discussion and facilitate continuous improvement, was launched in June 2021 (IAP 2020 R8).

A high level of employee engagement is also essential to meet our goal of becoming a world-class energy business, with customers at the centre of what we do. We conducted an employee engagement survey in April-May 2021 to measure motivation, pride, connection and commitment to the company and its goals. More than 700 of our 950 employees (75 per cent) participated in the survey with top line results showing overall engagement is 66 per cent. The survey investigated aspects of our customer-centricity and found that 89 per cent of our people know who their customers are, and 83 per cent believe that delivering for customers is one of the most important things our business does. An opportunity exists, however, given only 46 per cent of employees thought that our teams work together to serve the needs of our customers. This demonstrates that while our people have an awareness of the importance of customers, there is more work to do to encourage collaboration and connection across Powerlink teams to truly meet and exceed our customers' needs.

We developed a People Capability Framework defining the skills and behaviours Powerlink and our people need so we can successfully deliver our business strategy. The framework is built around our corporate values, including 'customer', and was informed through engagement with external stakeholders and Powerlink leaders.

We designed our internal performance management tools to help us keep customers front-of-mind (IAP 2020 R8). Our corporate scorecard is used by employees to track performance and to inform our Board of progress against performance indicators. We made improvements to the customer metrics in our corporate scorecard by clearly articulating each performance measure and making a transparent connection to associated customer benefits. We intend to expand our corporate scorecard to ensure the metrics align with Powerlink's new business strategy.

How we met our 2019/20 Disclosure Statement maturity uplifts

- Informed by customer insights to align with their expectations, we developed our new business strategy, Strategy 21++.
- To embed our culture and values with customer focus in mind, our leaders developed the immersive Powering Ahead program for all employees.

Focus for 2021/22 maturity uplift

- 'Drive value for customers' by embedding our new corporate strategy with this key strategic objective.
- Raise greater understanding of customer needs by completing the implementation of our Powering Ahead cultural immersion program.
- Boost our strategic customer focus by utilising the Customer Voice @ Board Level resource.

² Maturity level ratings included in this document have been assigned in accordance with the [Energy Charter Maturity Model](#).

Principle 2 – We will improve energy affordability for customers

Current maturity level	Evolved
Short-term maturity level (0-3 years)	Evolved
Long-term maturity level (3+ years)	Exceeding
2019/20 maturity level	Emerging

Customer value and affordability were the key factors that shaped [Powerlink's 2023-27 Revenue Proposal](#). This is demonstrated by our proposed three per cent decrease in capex and no real growth in opex, underpinned by higher than industry productivity growth and no step changes in costs, when compared to the previous regulatory period.

We acknowledge that the forecast reduction in the regulated rate of return is a major contributing factor to reductions in our revenue forecast. However, our prudent and efficient asset management approach (for example, we do not necessarily replace assets like-for-like) has also led to a decline in our Regulatory Asset Base over the 2018-22 regulatory period. This is forecast to continue into the next regulatory period and further contributes to a reduction in electricity prices.

Overall, our Revenue Proposal is forecast to result in an 11 per cent reduction in average transmission prices in the first year of the next regulatory period (2022/23), and price growth in line with inflation over the remainder of the period. This represents an estimated saving in the first year of \$13 for an average residential customer and \$23 for an average small business customer (IAP 2020 R6).

To help respond to customer expectations on affordability and service at the lowest long-run cost, Powerlink undertook extensive engagement with customers in relation to [transmission pricing](#) across the 2019 and 2020 calendar years (IAP 2020 R6). As well as inviting submissions to draft papers and engaging with our Customer Panel at key milestones, we had one-on-one meetings with directly-connected customers and distribution network service providers to discuss individual customer impacts. We also supported customer engagement by sharing information including a video explaining Powerlink's pricing methodology and consultation documents on our website. To ensure transparency, the Final Position Paper lists all submissions received and key matters raised by customers, and details how each matter has been addressed by Powerlink. Input from customers influenced an amendment to our Proposed Pricing Methodology that was submitted to the AER as part of Powerlink's 2023-27 Revenue Proposal.

The development and implementation of our [market-based REZ model](#) facilitates cost-effective and streamlined renewable energy connections to our transmission network for directly-connected customers. In turn, this approach minimises long-term costs to end-use customers and promotes an overall reduction in the cost of electricity (IAP 2020 R4 and R6).

We built on improvements in the cost-effectiveness of our project delivery by making our scoping and estimating functions more robust. We embedded a two-stage project approval process so we can present more accurate business cases, pricing and timing in our project approval phases.

This enables us to provide timely and accurate information to customers and the market through the [Regulatory Investment Test for Transmission \(RIT-T\)](#) process for proposed network developments.

Project delivery improvements will enable Powerlink to safely, successfully and cost-effectively complete a significantly increased program of transmission line refit projects over the next decade. The opportunities for cost improvement and efficiencies are gained through changes to contracting arrangements, improved certainty of scope, and changes in work processes.

Engagement activities around our innovation program have not progressed as quickly as planned due to shifting priorities associated with our COVID-19 response. We will work to align our innovation priorities with our new business strategy to deliver better value to customers.

How we met our 2019/20 Disclosure Statement maturity uplifts

- To enable significant influence on the development of our 2023-27 Revenue Proposal, we continued to implement our co-designed engagement approach with customers.
- We contributed to lowering wholesale electricity prices through more streamlined operation and planning of our network which reduced constraints on generation, leading to more efficient generation dispatch.
- To maintain focus on affordability for customers, consideration of customer impacts has been integrated into our governance framework and new business strategy.

Focus for 2021/22 maturity uplift

- Lower transmission prices for customers through a reduced Regulated Asset Base, decreasing capex and no real growth in opex led by the completion of our revenue determination process.
- To minimise costs for regulated customers, expand our market-driven REZ model.
- With customers top of mind, minimise generation constraints arising from our transmission system to maximise gains from access to the wholesale electricity market.
- Improve affordability for customers by continuing to incorporate 'customer' into our decision making frameworks and business case documents.

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

Safety and reliability	
Current maturity level	Evolved
Short-term maturity level (0-3 years)	Evolved
Long-term maturity level (3+ years)	Exceeding
2019/20 maturity level	Evolved
Sustainability	
Current maturity level	Evolved/Empowered
Short-term maturity level (0-3 years)	Empowered
Long-term maturity level (3+ years)	Exceeding
2019/20 maturity level	Evolved

Between 2016 and 2021, 125 new generation projects reached financial close, representing more than \$25.6 billion of investment in 15,000MW of predominantly wind and solar PV plant across the National Electricity Market. Australia is undergoing an unrivalled energy transformation – one of the most rapid of any power system in the Organisation for Economic Co-operation and Development (OECD) given our historic reliance on coal-fired power generation. This wave of investment is creating technical challenges for the industry. Powerlink is supporting and guiding this energy transformation to ensure we provide energy safely, sustainably and reliably for Queenslanders.

Managing system strength on the transmission network is a key challenge in connecting inverter-based renewable generators and has led to challenges in developing and operating renewable generation projects in Queensland. Over a period of two years, Powerlink engaged with customers and industry to investigate and promote an understanding of system strength issues, and the potential impacts to generation customers.

In April 2020, AEMO declared a system strength shortfall at the Ross node in North Queensland. As the TNSP for Queensland, Powerlink is responsible for providing system strength service to address the declared shortfall.

After hundreds of hours modelling the energy system to investigate potential solutions, a breakthrough came when Powerlink collaborated extensively with proponents for the Mt Emerald Wind Farm and Daydream, Hamilton, Hayman and Whitsunday Solar Farms, turbine and inverter manufacturers, and AEMO. We identified a solution involving a combination of inverter tuning and generator control setting changes for renewable generators (IAP 2020 R4).

This innovative technical solution avoided potential network investment of up to \$50 million for installation of a synchronous condenser, an option which would have taken years to build, deliver and install.

The solution delivers positive benefits to future inverter-based renewable generator customers connecting to our network as well as electricity consumers more broadly through avoiding investment in significant capex.

With a longer-term view, we continue to investigate solutions to effectively manage potential future system strength issues on our transmission network. The Powerlink Cost-Effective System Strength Study undertaken with the Australian Renewable Energy Agency (ARENA), investigated technical, commercial and regulatory solutions to address system strength. Powerlink's study explored the merit of several technical solutions and models, to facilitate lower cost solutions to benefit customers and streamline the connection process. The second and third of three reports which outline a range of approaches to manage system strength were published in 2020/21 (IAP 2020 R4).

Powerlink is guiding the energy industry transformation and focusing on reliability through active investigation into the network benefits of large-scale battery energy storage systems (BESS). Potential benefits of BESS include managing system strength, voltage control and minimum demand on the transmission network. We ran an EOI process in March 2021 with BESS project proponents to identify win-win opportunities for connection to the transmission network (IAP 2020 R4). The next stage of the process is likely to involve a Request for Proposals from short-listed proponents.

Network outages also have the potential to significantly impact customers. We are streamlining the network outage scheduling process and improving the way we communicate planned outages to customers and market proponents. We developed a forward plan that involves early engagement with directly-connected customers to discuss potential impacts and the options to minimise those impacts during project commissioning and operations. We are pilot testing this approach to determine whether it is fit-for-purpose and improves the customer experience.

To make Powerlink a safer, healthier and more environmentally responsible place to work, we completed a comprehensive review and update of our Health, Safety and Environment (HSE) management system. We will make continuous improvements to this management system, so that it remains a living, learning system and fit-for-purpose for our employees and end users.

The first year of Powerlink's Community Electrical Safety Plan directed our actions to improve safety outcomes for our people, contractors and the communities in which we operate. These activities included specific information to raise landholder and plant operator awareness of the electrical hazards when working or burning sugar cane near transmission lines.

Currently, Powerlink reports annually on energy and greenhouse emissions, however we are exploring options for better ways to track our performance through sustainability reporting. During this initial phase we are reviewing the current reporting mechanisms to establish a foundation for quality energy and emissions data.

How we met our 2019/20 Disclosure Statement maturity uplifts

- Delivering an innovative and cost-effective solution for our customers, we resolved system strength issues and unlocked opportunities for renewable generator connections.
- To minimise impacts on generation customers' operations, we continued to work with customers to improve outage management and communication processes.
- We enriched safety outcomes for customers and stakeholders by implementing the first year of our Community Electrical Safety Plan.

Focus for 2021/22 maturity uplift

- Drive better customer outcomes through the renewable energy transformation by delivering on our strategic priority of 'guide the market', including providing advice to investors and policy and decision makers.
- By connecting new renewable generation for customers in a timely, cost-effective and efficient manner, help meet Queensland's 50% Renewable Energy Target by 2030.

Principle 4 – We will improve the customer experience

Current maturity level	Emerging/Evolved
Short-term maturity level (0-3 years)	Evolved
Long-term maturity level (3+ years)	Exceeding
2019/20 maturity level	Emerging

We are continuously learning about our customers' values and expectations through our engagement activities, formal research, and customer interactions and feedback.

Our 2020 Stakeholder Perception Survey involved 115 in-depth interviews. While it found Powerlink's social licence to operate had increased continuously since we began surveying in 2012, there were a number of areas identified for improvement. Despite focusing significant effort on improving the network connection experience for directly-connected customers, our Net Promoter Score remained at -24. This indicates we need to do more work with our existing and potential directly-connected customers to shift the dial markedly in how they view Powerlink, noting the challenges outlined above in Principle 3.

This survey also identified a small decrease in our customer trust score, which is the mean of the promise keeping and listening scores. This decline was largely driven by slightly lower trust scores from consumer groups and local government stakeholders, reinforcing the need for Powerlink to maintain a strong focus on working constructively and effectively with these stakeholders.

Consumer groups called for more proactive communication and greater visibility of Powerlink activities, as well as maturing our commitment to tangibly implementing actions in response to stakeholder feedback. This is a continuing priority for Powerlink moving forward.

Feedback from our local government stakeholders highlighted the need for face-to-face meetings wherever possible to help build and nurture relationships with this important stakeholder group. Although we held a record number of interactions during 2020/21 with local government representatives, the majority of these were conducted virtually due to the impacts of the COVID-19 pandemic.

Overall, the most-mentioned stakeholder issues in 2020 were:

- Pricing and affordability – stakeholders have concerns about the price of electricity and Powerlink's role in keeping downward pressure on costs.
- Supporting new generation – becoming more adaptable and making the connection process clearer and more accessible.

- Reliability and system strength – ensuring continuous supply of electricity to customers now and in the future.

Stakeholder feedback identified an appetite for more regular and regionally-based forums with customers and stakeholders to extend the breadth of engagement outside south-east Queensland. As a result of COVID-19 restrictions, we transitioned to a hybrid model of in-person and online customer and stakeholder events, including our well-attended annual Transmission Network Forum. Understanding the desire for information, we held a 2021 Energy Industry Update stakeholder webinar in May 2021, presenting insights on key challenges facing the industry and associated opportunities for our customers and stakeholders. We also plan to hold regional customer engagement activities in major regional centres in 2021/22.

We applied a formal lessons-learned process to better streamline our customer connection processes, informed by our experience with connection customers. In response, we developed a Generator Commissioning Guide which details the commissioning process that directly-connected customers need to follow to ensure their sites can seamlessly connect to the transmission network (IAP 2020 R4). By providing this comprehensive information to developers, we share our knowledge and experience, and guide and simplify the connection process to deliver cost efficiencies for customers and Powerlink.

We reviewed the experience for when customers make first contact with Powerlink. We began training our people in customer journey mapping to help them better understand key customer touchpoints, moments that matter and opportunities to action pain points. More than 50 employees from relevant parts of the business completed this training. Detailed customer journey mapping was undertaken for information technology solutions, with plans for mapping customer touchpoints on vegetation management and customer connection processes.

We improved Powerlink's complaints management system by increasing the visibility and reporting of complaints data, capturing lessons learnt and updating our processes. We centralised our processes for customer relationship management and created a single point of coordination which enables us to respond to customer complaints in a more timely, cohesive and comprehensive way. In 2020/21 we maintained performance consistently above our key performance indicator of 'complaints closed'. This performance is supported by process improvements in recording and closing out complaints, building on our established procedures for dispute management.

We provided training for our employees to assist them with engaging transparently and productively with landholders, including workshops to increase understanding of social licence and ensure our Land Access Protocol is understood and adhered to.

How we met our 2019/20 Disclosure Statement maturity uplifts

- To gain greater customer insights, we started customer journey mapping and trained key people in how to do it.
- We investigated emerging customer issues by reviewing two customer surveys, the annual Queensland Household Energy Survey and Powerlink's stakeholder survey.
- With customers at our core, we defined the desired customer experience as part of our business strategy development.

Focus on 2021/22 maturity uplift

- Strengthen our connection with regional customers and stakeholders by hosting engagement opportunities targeted to these areas.
- To deepen our understanding of customers, we will refine future customer surveys to deliver richer insights.
- To improve the customer experience, we will continue to investigate opportunities to better utilise customer-focused data.

Principle 5 – We will support customers facing vulnerable circumstances

Current maturity level	Elementary/Emerging
Short-term maturity level (0-3 years)	Emerging
Long-term maturity level (3+ years)	Emerging
2019/20 maturity level	Elementary

Our support for customers facing vulnerable circumstances, particularly in terms of managing the impacts of the COVID-19 pandemic, have continued in 2020/21.

We continued our seven fully-paid financial counselling scholarships, in partnership with Ergon Energy Retail (part of Energy Queensland) and Cairns-based registered training organisation, Indigenous Consumer Assistance Network (ICAN) Learn. This opportunity for a two-year Diploma in Financial Counselling was accessed by scholarship recipients from North Queensland towns of Cooktown, Weipa, Bowen and Mt Isa, who will provide financial counselling to communities that have previously not had access to these services. The seven scholarship recipients commenced their training in November 2020 (IAP 2020 R1, R11 and R12).

Powerlink joined the Queensland Chapter of the Thriving Communities Partnership (TCP) on 1 July 2020. TCP's goal is for everybody to have fair access to the modern essential services they need to thrive in contemporary Australia. The TCP is a cross-sector initiative to build collaborative networks and platforms for collective learning and action. We provided input to research into improving support for communities following natural disasters and participated in round-table discussions to share lessons learnt.

We supported regional university students to remain in their communities for the longer term by becoming a foundation partner of the Country Universities Centre Maranoa, which opened in Roma in March 2021. The centre provides free access to a high-tech campus-like facility for local students enrolled in any university, giving students a central 'hub' with the same support as a student based in a metropolitan centre. The first of its kind in Queensland, this facility will contribute to the region's sustainability and help build regional capacity (IAP 2020 R11).

Powerlink's Chief Executive Paul Simshauser also explored the important sector-wide issue of better directing energy concessions for Queensland consumers. In an academic paper, Queensland's energy customer hardship policy was examined to consider the most appropriate welfare mechanisms to assist low income households and reduce the incidence and depth of fuel poverty. Powerlink will continue working alongside government and industry stakeholders to influence positive outcomes for this issue (IAP 2020 R1, R3, R6 and R7).

We supported property lessees who were facing hardship by offering lease payment deferrals, as a practical solution to provide assistance during the COVID-19 pandemic (IAP 2020 R1). No additional support was sought by leaseholders beyond December 2020.

Powerlink continued to support our small and medium-sized enterprise contractors through implementing our specific procurement guideline developed in response to the COVID-19 pandemic, 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 (IAP 2020 R1).

Our social media strategy evolved to share important cross-sector information by government and industry organisations, where there is benefit to vulnerable customers.

How we met our 2019/20 Disclosure Statement maturity uplifts

- With a continued focus on supporting customers in tangible ways, we implemented practical responses to the impacts of the COVID-19 pandemic, where these activities were valued by customers.
- To assist communities in vulnerable circumstances, we became a foundation partner of the Country Universities Centre and refocused our sponsorship program.
- Enhancing our broader understanding of customer vulnerability, we joined and supported the TCP, participating in research where we can add value.

Focus on 2021/22 maturity uplift

- Strengthen our commitment to supporting vulnerable customers by playing an active role in the TCP.
- To positively contribute to industry, identify how we can better support customer advocates.

Appendix I

Energy Charter Scorecard legend

Key	Source	Description of sample
*	Powerlink Staff Customer Survey – May 2020 Powerlink Staff Engagement Survey – May 2021	Question benchmarked in independently conducted staff surveys. Ratings extracted via a Customer Experience Maturity Survey in 2020 with a sample of 184 staff, and in our all staff Engagement Survey in 2021 which was completed by 710 people.
#	<u>Queensland Household Energy Survey</u> – November 2020 and November 2019	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 4,336 and 4,536 Queensland households participated in 2020 and 2019 respectively, with data weighted to ensure statistically representative results in line with census data.
^	Powerlink <u>Stakeholder Perception Survey</u> – results referenced from October 2020, October 2019 and December 2018	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 2020, a full survey exploring a range of measures was completed by 115 stakeholders. In 2019, a pulse survey was completed by 95 stakeholders. In 2018, a full survey was undertaken and involved 97 stakeholders.
+	<u>Complaints management reporting</u>	This measure relates to operational complaints which are defined as: <i>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.</i>
∞	Various	In recognition of Independent Accountability Panel feedback from December 2019, there are metrics and measures being reported by both Powerlink and TransGrid in our 2020/21 Energy Charter Disclosure Statements. This follows work with TransGrid to identify consistent metrics where possible for TNSPs, in the context of variable reporting frameworks and cycles.

Appendix 2

Actions on recommendations from IAP report in December 2020

IAP recommendation	Powerlink actions
1. Proactively identify and assist customers in vulnerable circumstances, so that the industry and policy makers are taking all steps to support.	<ul style="list-style-type: none"> • Paper on better direction of concessions to Queensland consumers • ICAN partnership • COVID support for suppliers and leaseholders
2. Audit all customers on payment or hardship plans, and immediately and retrospectively switch them to the cheapest plan available and adjust the debt accordingly.	<ul style="list-style-type: none"> • N/A for a transmission business
3. Work with governments to establish a practically failsafe system to ensure each and every customer who is entitled to a concession receives it.	<ul style="list-style-type: none"> • Paper on better direction of concessions to Queensland consumers
4. Articulate a clear approach that communicates how the “north star” of net zero emissions feeds into better consumer outcomes, and drives a whole of sector focus on making energy transition work for consumers.	<ul style="list-style-type: none"> • New corporate strategy focused on energy transformation • Market-based REZ model • Powering Ahead program • Community engagement strategy • Cost-effective system strength solutions – inverter tuning • ARENA/Powerlink study on system strength • Large-scale battery EOI • Lessons learnt project for customer connections • Development of Generator Commissioning Guide
5. Under the #BetterTogether initiative, consider establishing a ‘Whole of Industry Energy Transition Working Group’ to coordinate a long-term response for the industry and a ‘just transition’ for customers.	<ul style="list-style-type: none"> • Involvement in Transitioning Communities #BetterTogether initiative
6. Manage growing risk that more customers cannot pay their energy bills by becoming more active on policy questions that feed into energy affordability.	<ul style="list-style-type: none"> • Reduced transmission prices through Revenue Proposal process • Transmission pricing consultation • Market-based REZ model • Paper on better direction of concessions to Queensland consumers
7. Ensure the highest standards of customer care are implemented in responding to the growing debt tsunami.	<ul style="list-style-type: none"> • Involvement in COVID-19 Customer Support #BetterTogether initiative • Paper on better direction of concessions to Queensland consumers

<p>8. Elevate the Energy Charter to the highest possible extent within the organisation, including involving their Board in development of Energy Charter Disclosures and linking performance review standards and leadership remuneration to customer outcomes.</p>	<ul style="list-style-type: none"> • Board and Executive involvement in preparing Disclosure Statement • Board and Executive involvement on <u>Revenue Determination</u> engagement • Led <u>Customer Voice @ Board Level #BetterTogether initiative</u> • Powering Ahead program • Improved customer metrics in corporate scorecard which directly impacts on performance remuneration
<p>9. If not already in place, Signatories should establish a customer reference group or customer/community council.</p>	<ul style="list-style-type: none"> • Powerlink <u>Customer Panel</u> established 2015
<p>10. Continue to simplify energy bills so that energy usage and costs are easy to comprehend and provide specially trained customer contact staff who can help customers to understand energy usage in the home or small business.</p>	<ul style="list-style-type: none"> • N/A for transmission business
<p>11. Work more closely with consumer groups to expand and develop community collaborations with customer groups that are less likely to actively engage through mainstream channels.</p>	<ul style="list-style-type: none"> • Community engagement strategy • <u>ICAN Partnership</u> • <u>Country Universities Centre</u>
<p>12. Pursue active personal engagement with all customers faced with potential disconnections and aspire to no disconnections, working with consumer groups to deliver on that outcome.</p>	<ul style="list-style-type: none"> • <u>ICAN partnership</u>
<p>13. Work with policy makers and market bodies to implement a way for consumer advocacy to be better resourced.</p>	<ul style="list-style-type: none"> • Involvement in Know your Customers and Communities #BetterTogether initiative

Please note that some actions outlined in this table are not referenced within the Disclosure Statement due to brevity.

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