
ANNUAL REPORT

2019-20



Energy Queensland is committed to connecting respectfully with Queensland's Aboriginal and Torres Strait Islander peoples and communities.

We acknowledge Aboriginal and Torres Strait Islander people as the First Nations people of Australia and the Traditional Custodians of this land and its waters.

We pay our respects to Elders past, present and future for they hold the memories, the traditions, the culture and knowledge of Aboriginal Australia.



Consider the environment before printing.

As a community **we faced the coronavirus threat head on** and are now rising slowly from the far-reaching impact it's had on our lives and on the economy.

We knew we had an important role to play, being an essential service provider, **to help those facing sudden financial hardship.**

While **protecting the health, safety and wellbeing** of the community and our people, we also had to continue **delivering a reliable electricity supply** across Queensland.

The success of our response to this challenge built on what we'd already achieved during the year.

We've continued to **bring down what we charge** for the use of our networks, and **improve the service experience** for our customers, as well as move to become more digitally enabled.

We're helping **more people to benefit from solar energy.** And supporting advances in energy storage, electric vehicles and other emerging smart technologies that will transition Queensland to a **low carbon future.**

We're **empowering our people to lead the way.** Our aim is to be a trusted partner, providing energy solutions that are affordable, reliable, and personalised.

Our 'electric life' ambition is a transformational journey, **towards an energy future that unites and serves all Queenslanders.**

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Customers are at the centre of everything we do. Our focus is delivering value both today and into the future.

Our communities 21

We are part of our communities – there keeping the lights on 24 hours a day, and working collaboratively to create benefits for all as the energy sector transforms.

Our people 34

Our priority is the safety of our people, then on embedding a people-centred culture to enable our people to thrive today, and to transition to a technology-driven future.

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We're delivering economic value to the people of Queensland, through lower prices and our financial returns to the Queensland Government.

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About this report

As our key stakeholder report, Energy Queensland's Annual Report covers our key sustainability impact areas – highlighting our economic, social, environmental and governance contribution.

This report covers the Energy Queensland Group's (the Group's) overall performance from July 2019 to June 2020, meeting best practice reporting standards with guidance from the Global Reporting Initiative and the International Integrated Reporting Framework, as well as our legislative requirements.

It covers Energex Limited, Ergon Energy Corporation Limited, Ergon Energy Queensland Pty Ltd and Yurika Pty Ltd Limited. Commentary is also provided on the Group's other subsidiary companies.

This and earlier Annual Reports are on our website at www.energyq.com.au/annualreport

We welcome feedback to help us improve our reporting. Comments and requests for hard copies can be directed to community@energyq.com.au

About us

Energy Queensland is Queensland's 100% owned group of electricity distribution, retail and services businesses.

As a Government Owned Corporation, we deliver electricity across Queensland through our 'poles and wires' businesses Energex and Ergon Energy Network.

Our retailer, Ergon Energy Retail sells this electricity to customers throughout regional Queensland.

These essential service activities are also supported by a range of innovative products and services delivered through Yurika and our other market brands.

The Group, formed in June 2016, energises Queensland communities from Tweed River to Torres Strait and from Brisbane across to Birdsville. We also deliver services across Australia.



Our vision

We energise Queensland communities.

Our purpose

To safely deliver secure, affordable and sustainable energy solutions with our communities and customers.






Our statistics

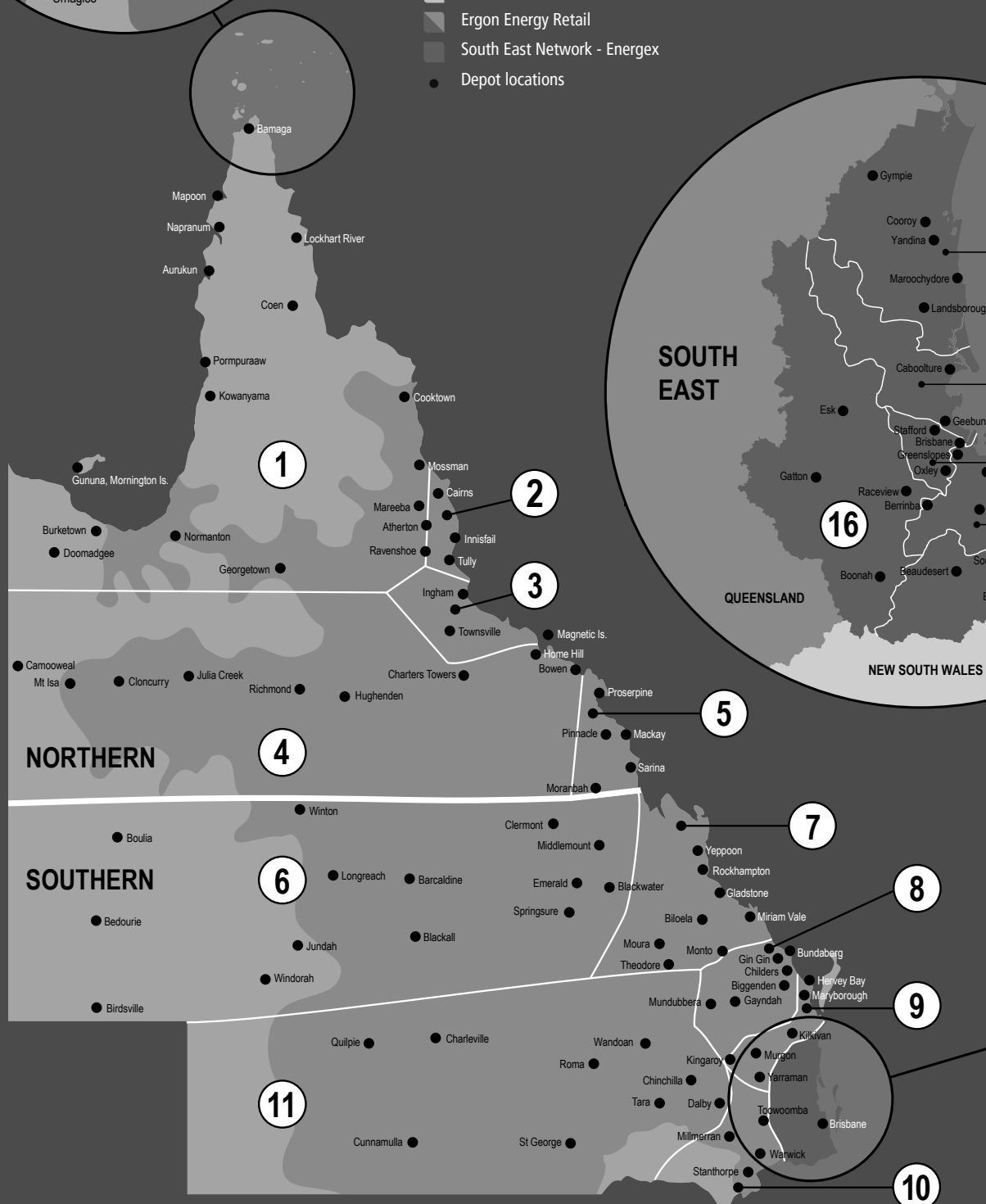
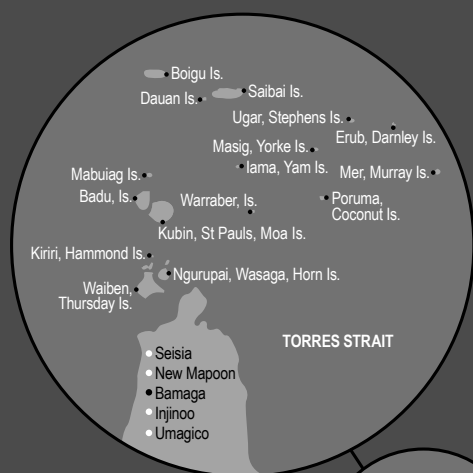
- **7,570** Employees
- **458** Total apprentices
- **3** Customer solutions centres
- **3** Network control centres
- **29,000km** Underground power cable
- **763,000** Regional retail customers
- **2.3 million** Connected customers
- **35,000GWh** electricity delivered annually
- **178,000km** Overhead powerlines
- **1.7 million** Power poles
- **33 Standalone** power stations
- **37** Total large-scale solar renewables connected
- **617,000** Small-scale solar energy systems connected
- **10,800km** Owned and operated fibre optic cable

Our core service area

Our 17 service areas with 127 depots and offices ensure we are well placed to energise communities across Queensland.

- | | | | |
|------------------|---------------------|---------------------|--------------------|
| 1 Far North | 6 Central West | 11 South West | 16 Ipswich Lockyer |
| 2 Tropical Coast | 7 Capricornia | 12 Sunshine Coast | 17 Gold Coast |
| 3 Herbert | 8 Bundaberg Burnett | 13 Brisbane North | |
| 4 Flinders | 9 Fraser Burnett | 14 Brisbane Central | |
| 5 Pioneer | 10 Darling Downs | 15 Brisbane South | |

-  Regional network - Ergon Energy Network
-  Isolated supply - Ergon Energy Network
-  Ergon Energy Retail
-  South East Network - Energex
-  Depot locations



The year in a snapshot

Our customers

Bringing network charges down

Our Revised Regulatory Proposals included significant reductions in our revenue requirements, now flowing on to savings in retail prices.

Fast tracked COVID-19 relief package

Disconnections were stopped and within weeks we had credited customers the Queensland Government's \$200 residential and \$500 small business bill relief payments.

Customer Enablement Index 6.9

Target ≥ 5.6 out of 10* – employee perceptions of how well we are delivering for our customers are up 10% from 6.2 in 2018-19.

260,000 using My Account

With advancements in the functionality, more and more customers are taking advantage of Ergon Retail's self-service portal for easy access to their billing and energy information.

Customer Index 7.1

Target ≥ 6.7 out of 10 – steady improvements across our service touch points has seen a notable uplift in customer satisfaction over the last 12 months – from 6.7 in 2018-19.

Our community

Our community disaster response proved invaluable during bushfires, storms and COVID-19

Queensland's traditional disaster period started early with bushfires, then storms, and later the challenges around the safety and restrictions associated with the coronavirus pandemic.

10 of 12 reliability targets met

Result 83%: Target 100%* – planned outages associated with an increase in safety-driven works on ageing sections of the network has impacted the duration of outages across regional Queensland.

Satisfaction with reliability of supply overall benchmarked, above the national average at 76%.

\$1.1 billion investment in critical community infrastructure

Result 86%: Target $\geq 90\%$ * – with the COVID-19 restrictions the program was revised to ensure critical programs and commissioned projects were delivered.

323 community electrical safety incidents

While down 24% from 425 in 2018-19, this will continue to drive our investment in building community awareness about the dangers inherent in powerlines and other electricity infrastructure.

Help for those in hardship

Engagement with our customers, online access to rebates, and support at the first point of contact were all part of delivering on our commitments in our Financial Inclusion Action Plan – helping to bring disconnection for non-payment down by 12%.

Supported 600 community groups

Through our Community Fund, sponsorship and volunteering, we supported groups from the SES to the Home Hill Choral Society.

Our employee volunteering, at 5,840 hours, was up 25%.

Our people

2.3 Significant Incident Frequency Rate

Target ≤ 3.1 – this result is a notable improvement, following our safety leadership program and focus on learning reviews.

8.2 Total Recordable Injury Frequency Rate

Target $\leq 8.9^*$ – we also outperformed the target set for total injuries for employees and contractors.

2.3 Lost Time Injury Frequency Rate

Target $\leq 2.0^*$ – Unfortunately, the lost time injury measure fell short of target. Safety continues to be a priority.

73% employee engagement

Target $\geq 69\%^*$ – employee engagement increased significantly from a score of 62% last year, far exceeding our target, and in the top quartile of high performing organisations.

127 new apprentices

Increased the pipeline of future talent through our apprentice intake, which included 32 females and 13 First Nations people, and our graduate program.

Our environment

1,000GWh roof top solar shared

In regional Queensland, \$36 million was credited to customers through Ergon Retail's feed-in-tariff, and \$241 million as part of the Queensland Government's Solar Bonus Scheme. This was on top of 444GWh in renewable energy power purchase agreements.

Gaining visibility of the solar energy on our networks

Tested an innovative state estimation capability to provide an immediate forecast of the load on the local network at any point in time, critical to supporting solar connecting into our networks in the future.

Closer to being asbestos free by 2030

Asbestos-containing materials, waste and soil have been removed from 87 substations and commercial sites, 27 depots, 23 owned residences, and two vacant land sites.

Our economic value

\$643 million in merger savings

Multi-year target \$562 million – as a Group, we have achieved merger savings substantially more than the original objective, placing us well for the reduction in future revenues.

\$1,915 million expenditure

Target $\leq \$1,630$ million*
Expenditure levels for our core, Standard Control Services, was maintained at levels consistent with 2018-19.

\$483 million Net Profit After Tax

Target $\leq \$506.9$ million* – this result was impacted by, among other things, increased COVID-19 related expenses and unrealised losses from a decrease in forward electricity prices.

5.8% Return on Capital Employed

Target $\geq 6.0^*$ – this result, while down as expected on previous years, is in line with expectations, given the efficiencies and ultimately the profit result achieved.

* Part of our formal performance agreement with our shareholding Ministers, set through our Statement of Corporate Intent.

Chairman and CEO's message

This report covers Energy Queensland's performance for our fourth year as a Group, in what has been a challenging year for the whole community.

We'd both like to personally thank Peter Scott, who led the Group as acting Chief Executive Officer for a large part of 2019-20. He ensured a strong COVID-19 response while overseeing the delivery of a significant program of work including the regulatory process for determination of the future revenue for our electricity distribution businesses.

Bringing power prices down

We began the revenue determination process in 2018 with a commitment to taking the pressure off electricity prices, and continuing to drive down the cost of distributing electricity across Queensland, while ensuring we could deliver into the future.

As a result, we can report that all residential consumers are now saving on average about \$73 per year on their power bill, and small business customers about \$82, through the network component of the bill. While the new regulated revenue allowances will create ongoing challenges for us, this is a good outcome for customers.

Safety remains our priority

The safety of our people, customers and communities always remains our priority.

This year safety was at the centre of our response to the COVID-19 pandemic, from the logistics to minimise potential exposure for our workforce and all of our communities, to the leadership around mental health during these uncertain times.

To address asset safety and reliability issues, we continued to invest in older sections of our networks, especially in regional Queensland. This work on asset renewal will continue.

From a workforce perspective, our level of significant injuries dropped by more than one third, showing that our investment in safety leadership and processes is starting to pay real dividends. This will remain a key focus.

Enhancing the customer experience

We have delivered good results across our key customer performance indicators – exceeding targets for both our Customer Index, which measures customer experience, and our Customer Enablement Index, which measures how well our employees feel we're meeting our customer needs.

With more work still to be done, these improvements have come with advancements across both our Retail and Network online customer portals, which are making it easier for customers to engage with us, as well as success in the delivery of products and services to existing and new markets. We've also focused our organisation's culture on customers with new tools and measures, improved our internal customer advocacy, and developed a shared-language around our customers' diverse needs.

Enabling energy transition

The energy industry is undergoing rapid technological change. To respond we are transforming our networks into an intelligent state-wide grid, with a focus on ensuring that our customers can benefit from the growing take-up of alternative energy solutions and other emerging technologies.

We've made advances in using data to give us visibility of the solar energy on our networks at any point in time and delivered a range of community-scale renewable and energy storage system projects.

We are committed to enabling the transition of the Queensland electricity industry to a lower carbon future, including proactively lowering our own carbon footprint by reducing our controllable greenhouse gas emissions.

Sustainable business efficiencies

Our focus on efficiency and effectiveness has delivered \$643 million in savings to Queenslanders. This is substantially more than the original target established as a key objective of the merger of Ergon Energy, Energex and SPARQ Solutions in 2016 by the Queensland Government. Moving forward, our focus on sustainable efficiencies remains.

This year Energy Queensland accelerated its digital capability to ensure we can continue to enable our employees and deliver for our customers and communities in the highly challenging and uncertain environment. This journey will continue as we seek to be smarter in how we operate, prioritise where we invest, and continue to evolve how we interact with our customers.

A bright future – an electric life

We thank our many stakeholders for their support as we navigate a way forward.

Thanks also need to go to our employees. Any business is only as strong as the commitment of their people. This year we saw our employee engagement move into the top quartile of high performing organisations. This places us well in the changing marketplace.

We see our role as energising our communities, bringing prosperity to Queensland and empowering our customers and their choices around electricity usage.



Phil Garling
Chairman



Rod Duke
Chief Executive Officer

What matters most

We are a customer and community-centric organisation, focused on delivering sustainable energy solutions for Queensland.

Our principles for engagement

We're committed to ensuring:

- We're accessible and inclusive in engaging, interested or impacted stakeholders
 - Our communications are easily understood, timely and appropriate
 - Open transparency in our decision making processes and outcomes
 - Our engagement is responsive and improves with feedback and measurement.
-

Best practice engagement

We are committed to best-practice engagement, as the first step to delivering sustainably and meeting our corporate responsibility.

The electricity industry is a complex and challenging environment with a diverse range of stakeholders both across our service area within Queensland, and nationally.

Our stakeholders are the many individuals, groups or organisations we have service obligations to, who could potentially be impacted by our operations, or could support or affect our ability as a business to deliver for our customers.

Our stakeholder groups are:

- Government
- Industry regulators
- End-user customers
- Community stakeholders
- Industry partners
- Our people.

We operate a coordinated program of engagement activities with our community stakeholders, end-user customers and our industry partners (who help service our customers). We also engage with a range of government stakeholders and industry regulators.

We recognise that working openly and collaboratively with our stakeholders increases our collective knowledge and improves decision-making as a business and a society. It is also key to building our social and relationship capital, reputation, and in turn, supporting our licence to operate and grow.

Our sustainability topics

This year we reviewed the material sustainability topics identified in 2019 to ensure we were appropriately articulating and continuing to prioritise the issues that matter most to our many stakeholders.

This has allowed us to again focus this report on the most material economic, social, environmental and governance topics. For Energy Queensland, an issue is considered material if it is important to stakeholders and can enable or prevent the Group from achieving its purpose and/or medium to long-term objectives.

Our top 20 priority topics

Our material topics were generated, with the assistance of an independent external specialist, from a comprehensive review of the customer and other stakeholder insights gained through our engagement/research programs and an analysis of industry trends. The initial topics were refined and prioritised through external and internal engagement, based on their level of importance to our different stakeholder groups, and their potential business impact. This produced the final list of our top 20 priority topics published last year.

Following last year's Annual Report, to inform our strategic and operational discussions, further work was undertaken to map the Group's performance against our stakeholders' expectations around these topics.

The Energy Charter

This work was aligned with the maturity self-assessment undertaken for the first time this year as part of our commitment to the Energy Charter.

Energy Queensland is one of 21 signatories from across the industry to the Energy Charter, which was launched in early 2019 with a vision to 'Together, deliver energy for a better Australia'. Since then we have been at the forefront of developing the Charter and encouraging collaboration across the energy supply chain through its numerous Better Together initiatives (p15).

2020 - refreshed priorities

This year we have continued with the same top 20 topics, however, we have refreshed the rankings to remain in tune with our stakeholders' expectations and the shifting operating environment.

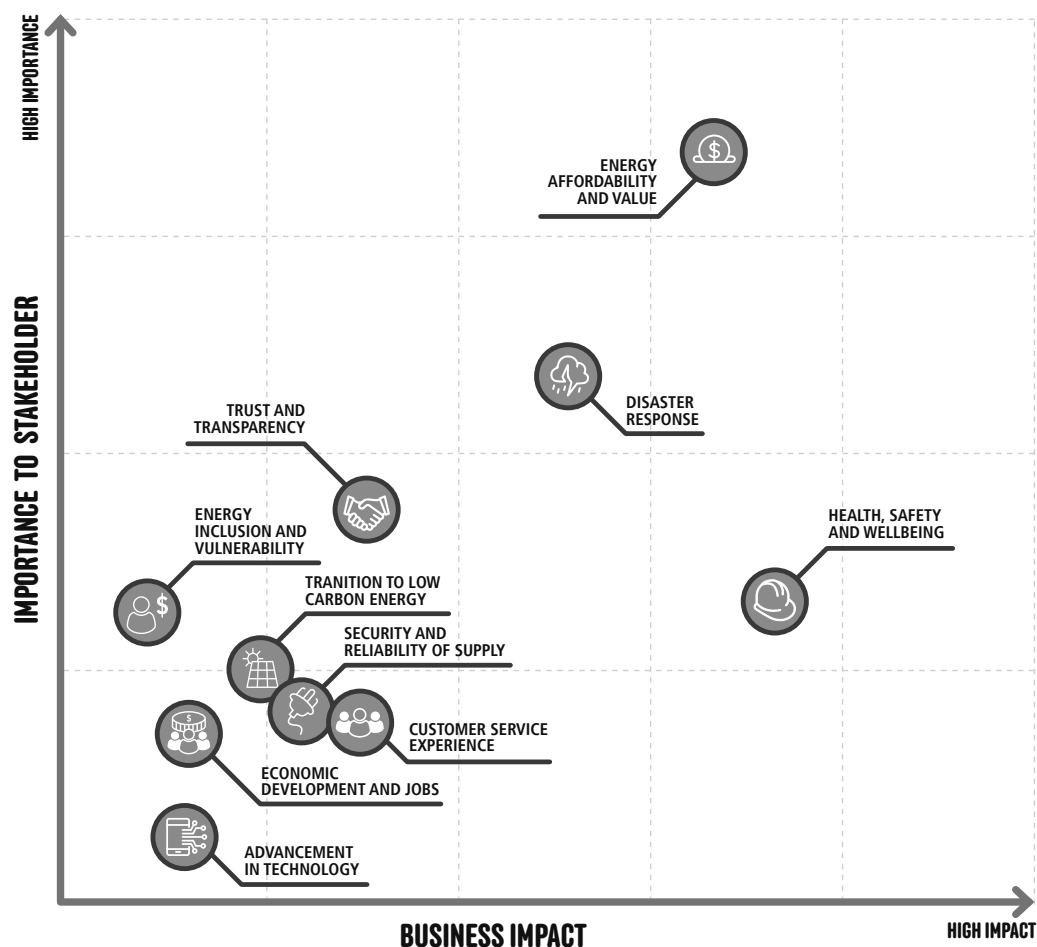
We took survey responses from customer representatives, community stakeholders and senior leaders in our business, along with discussions with our Customer Council, and internally, to reprioritise the 20 topics (the y-axis in matrix p11). This was then, once again, reviewed by our Executive Committee to test their thinking around each topic and their potential business impact (the x-axis).

The topic that rose most notably in stakeholder importance this year in the survey results was 'Transition to a Low Carbon Economy', reflecting the interest in renewables and growing concerns around climate change. We also choose to escalate the topics 'Energy Inclusion and Vulnerability' and 'Economic Development and Jobs' in importance by an additional half a point in recognition of the fact that the scale of the impact of the COVID-19 restrictions on Queensland was still becoming apparent at the time of this year's review, and later stakeholder sentiment.

Review and reporting

The topics are shown here, with their rating for importance to stakeholders and potential impact on our business. The challenges and our response to these topics are addressed throughout this report with performance outcomes provided where appropriate.

Most material topics



Other material topics

Corporate Governance and Compliance

Energy Market Transformation

Workplace Culture and Talent

Environmental Leadership

Effective Business Operations

Evolving Products and Services

Diversity and Inclusion

Government Revenue and Subsidies

Asset Capacity Utilisation

Data Access, Privacy and Security



ENERGY AFFORDABILITY AND VALUE

As an essential part of modern life, affordable energy, choice and control, and a sense of value, is important from both a cost of living and a business competitiveness perspective.



HEALTH, SAFETY AND WELLBEING

Community safety, around the many facets of electricity supply, and our workplace health, safety and wellbeing is as critical at the personal level as it is to the wider community, and to our business (engagement, resilience and productivity).



DISASTER RESPONSE

Queensland's exposure to natural disasters and other risks (incl COVID-19) requires a high level of emergency preparedness and electricity-related response to ensure community resilience and enable recovery, and protect those most vulnerable.



TRUST AND TRANSPARENCY

There is a significant need to engage meaningfully, build trust, report transparently, be accountable and deliver on promises. A strong social licence, through 'doing the right thing', will be critical as the energy industry transforms.



CUSTOMER SERVICE EXPERIENCE

To remain relevant, the market expects a positive customer service experience, how and when the customer wants to engage. The experience must be easy and generate long-term value for customers.



SECURITY AND RELIABILITY OF SUPPLY

With the increasing dependency on electricity, power outages have the potential to cause major economic and social impacts – a well-managed energy ecosystem is critical.



TRANSITION TO LOW CARBON ENERGY

Queensland is transitioning to a low emissions energy future – advocacy, investment, products and services are required to support an increase in renewable energy.



ENERGY INCLUSION AND VULNERABILITY

Many live in vulnerable circumstances and face 'energy poverty' with health, safety and other social impacts. They require affordable electricity tariffs, energy literacy education and 'bill' assistance.



ECONOMIC DEVELOPMENT AND JOBS

Access to competitively priced network connections and electricity tariffs is central to sustainable economies. We also contribute jobs, and traditional and future-focused skills development, and other flow on community benefits.



ADVANCEMENT IN TECHNOLOGY

Digital and energy technology change is disrupting the way the energy sector works. The transition to decentralised energy resources needs innovative solutions and to be effectively managed to deliver for Queensland.

Our performance report

Our customers

We are committed to putting customers at the centre of everything we do, and to delivering affordable, sustainable energy solutions.

With 2.3 million network connections and more than 763,000 retail customers across Queensland, we are committed to improving our customer's service experience today and to meeting their needs into the future.

Customers in brief

Fast tracked COVID-19 relief package

Disconnections were stopped and, within weeks we had credited customers, the Queensland Government's \$200 residential and \$500 small business bill relief payments.

Bringing network charges down

Our Revised Regulatory Proposals included significant reductions in our revenue requirements, now flowing on to savings in retail prices.

New EV Home Charging Plan launched

Plan launched to let electric vehicle (EV) owners take advantage of lower rates by charging when the network is not in peak use.

Customer Enablement Index 6.9

Target ≥ 5.6 out of 10* – employee perceptions of how well we are delivering for our customers are up 10% from 6.2 in 2018-19.

260,000 using My Account

With advancements in the functionality, more and more customers are taking advantage of Ergon Retail's self-service portal for easy access to their billing and energy information.

Customer Experience Excellence Award

Award received for the innovative use of analytics to target customer experience improvements.

Customer Index 7.1

Target $\geq 6.7^*$ – steady improvements across our service touch points has seen a notable uplift in customer satisfaction over the last 12 months from 6.7 in 2018-19.

38,000 self-read meters

With 2,000 signing up each month, more and more customers are taking advantage of our network businesses' online service portal, for self-reading the meter (an easy solution for all for homes with a dog in the yard), for SMS or notifications of outages, and other services.

Triple zero benefitting from telecommunications capability

Nexium is connecting 1,200 police, fire, ambulance, and other government facilities Queensland-wide as part of an \$8 million package of network data services, with a 24-hour critical response capability.

* Part of our formal performance agreement with our shareholding Ministers, set through our Statement of Corporate Intent.

Energy prices and affordability

We understand that energy prices and affordability continue to be an issue for our customers (p11). We track price and affordability perceptions, and while we were encouraged by progress this year prior to the economic impact of COVID-19 – with bill concern dropping over the past three years since the spike (with 42% of our residential customers largely unconcerned) – electricity bills remain the top household cost concern among regional Queensland households.¹

Fast tracking COVID-19 financial relief

With the rapid escalation of the COVID-19 impacts, and the difficult financial position many Queenslanders quickly found themselves in, we knew, as an essential service, electricity affordability was going to again become a major issue.

We fast-tracked our support response for our customers and communities as the restrictions were coming into force, in parallel with our own operational response (p23). With the Queensland Government's support, Ergon Retail moved quickly to stop disconnections for non-payment. Then, within weeks, we had credited electricity accounts with the Queensland Government's Utility Bill Relief Assistance package, a \$200 relief payment for households, and \$500 for small business across regional Queensland. The household payment included the Queensland Government's second asset ownership dividend of \$50. This was in addition to the pre-existing rebates many customers are already entitled to.

Additional financial support was, and continues to be, provided to those in need through our hardship program (p31).

Reducing charges for our networks

As network businesses, to support the Australian Energy Regulator (AER) in setting what we are allowed to charge for the use of our networks from July 2020 onwards, we have been going through a multi-year process, developing and revising our network strategies and investment plans for 2020-25 and submitting them to the AER as Regulatory Proposals for review.

One of our primary commitments to our customers and stakeholders in

Our residential customers in regional Queensland are saving about \$84 off their annual electricity bill.

developing our plans was that we would look, wherever possible, to help take the pressure off electricity prices, and continue to drive down the cost of distributing the electricity across Queensland.

Our Revised Regulatory Proposals, which we submitted in December 2019 as the final step in this process, proposed a reduction in our revenue requirement of 19.3% (real) for Energex and 13.6% (real) for Ergon Network in 2020-21; with our network tariff proposals designed to share the benefits of these reductions equitably across our customers.

The final determinations by the AER in June 2020, in line with our overarching pricing goal, delivered the average residential customers and small business customers in South East Queensland a reduction in distribution network costs of \$73 and \$82 in 2020-21 respectively, followed by small increases in the following years.² These savings will also flow on to regional Queenslanders through the Uniform Tariff Policy (p15) and together with similar Ergon Network savings support price relief to customers in the competitive retail market.

Network tariff reforms to cater for emerging technologies

In parallel with our Revised Regulatory Proposals, we submitted Revised Tariff Structure Statements to the AER outlining network tariff reforms for 2020-25, which transition our current network tariffs to new tariffs that better reflect the cost of supplying power, when it is used, and cater for the anticipated take up of emerging

energy technologies.

The updated approach in these proposals, from our initial thinking in January 2019, was informed by the extensive stakeholder engagement, as well as customer impacts modelling. The reforms are aimed at delivering affordability, simplicity, choice and predictability for our customers, while at the same time managing potential customer price impacts in the transition to cost reflective network tariffs and the energy market transition.

While COVID-19 impacts have delayed the introduction of some of these reforms until 2021, the AER have approved mandatory network demand tariffs for both residential and small business customers with digital meters, using transitional rates to manage the move to cost reflective tariffs.

Other reforms include discounted daytime energy rates, and shortening the peak charge window to 4pm to 9 pm. We also flagged our intention to trial new capacity tariff options during 2021-25, for potential implementation beyond 2025. Network rates are based on distribution charges, transmission charges and jurisdictional scheme costs.

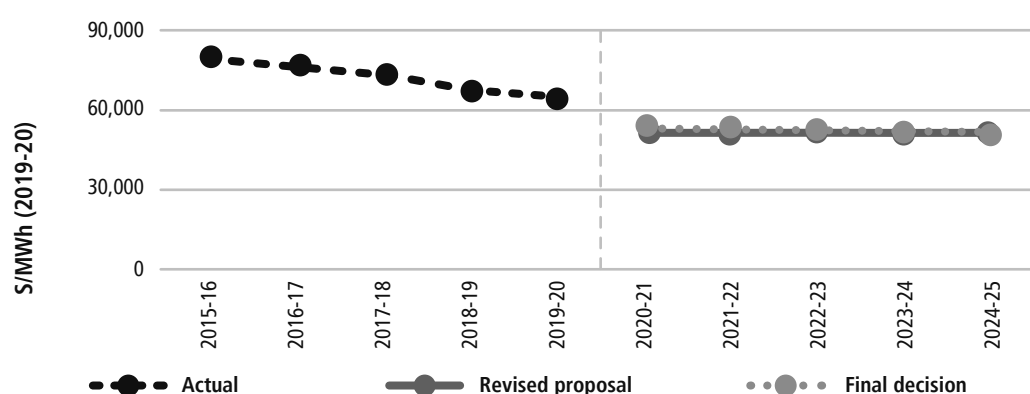
Retail prices come down again

In line with the reduction in network charges achieved, and improvements to the wholesale cost of energy, Ergon Retail customers will see regulated prices continuing to fall for 2020-21, a downward trend that has continued for the past three years. The typical customer on the main residential tariff (Tariff 11) will

¹ Queensland Household Energy Survey 2019. Question. Indicate on the scale (0-10), how concerned are you about your ability to pay your electricity bill? (% based on 0-5). Note, survey responses were from November 2019.

² Source: AER Energex – Determination 2020-25 <https://www.aer.gov.au/networks-pipelines/determinations-access-arrangements/energex-determination-2020-25/final-decision>

Bringing electricity distribution charges down



see a retail bill saving of 5.9% or around \$84 off their annual bill. The typical customer on the main small business tariff (Tariff 20) will see a saving of 3.2%, or \$75 off the annual bill.³

The regulated tariffs offered across regional Queensland by Ergon Retail are set by the Queensland Competition Authority (QCA) in line with the Queensland Government's Uniform Tariff Policy. This policy provides that, wherever possible, customers of the same class should pay no more for their electricity, and should pay for their electricity via similar price structures, regardless of their geographic location. The policy reduces the prices customers pay in the eastern zone of regional Queensland by around 10% compared to the cost of supply, and by around 50% for those in the western zone.³ The cost difference is met by the Queensland Government's Community Service Obligation (CSO) (p50).

New retail tariff options make sense

As well as price relief, we are also continuing to progress new retail tariff offers.

Ergon Retail's first Electric Vehicle (EV) Home Charging Plan was launched, based on our controlled load tariff (based on Tariff 33). This lets customers take advantage of lower rates by charging their cars when the network is not in peak use. It gives the customer the option to track their EV charging costs and, for those who are buying

EVs for environmental purposes, the option to add clean energy for a small monthly fee. With most EV owners charging their vehicles at home it makes sense, as a first step in our reform journey, and is another way we can support a low carbon energy future (p42).

Following an earlier Agricultural Tariff Trial, which found 75% of small farming customers on transitional tariffs could be better off on cost reflective tariffs, further work was done to develop options for the agricultural sector. The additional collaboration, the Tariff Initiative for Irrigators, together with the first trial, helped inform our final network tariff reform proposals. This led to three new controlled load network tariffs being approved by the AER for 2020 to 2025, that can now be incorporated into retail tariffs.

Putting customers at the centre

We have continued along a Customer Experience Roadmap with a range of initiatives progressed to ensure the customer is always at the centre of our decision-making.

A highlight was the development of a new needs-based customer segmentation framework that is now providing the Group with a shared language to work more collaboratively to deliver for our customers. By mapping our residential and business customers under the macro-needs, connection, control and progression, identified

through market research, as well as other attributes, we are now much better placed to collectively understand what drives customers' decision making and behaviours, and where there may be gaps in our current product and services. The 16 end-user customers profiles describe each segment's energy needs, communication preferences, pain points, and their propensity to adopt new technologies.

To support the roadmap, the leadership of the Group's customer and community strategies was elevated to a dedicated position on our Executive Committee (p55) by the Board at the start of the financial year. This led to a refinement of the Group's customer advocacy framework – reinforcing our priority on listening to our customers' voice through our feedback channels and engagement forums, measuring performance (see Scorecard p18), and acting collaboratively to improve customer outcomes.

Driving for better together customer outcomes

Our Customer Council, as our umbrella external engagement forum, remained central to testing our thinking around our customers' needs and expectations. We also, this year, hosted a range of other customer representative forums.

We continued to collaborate industry-wide through the Energy Charter (p10), and through other memberships, to drive a range of 'better together'

We are continuing to bring down what we charge for the use of the state's electricity distribution networks, with further savings for customers as we move into the next five-year regulatory period. This is the AER's graph of the indicative distribution price path for Energex's network.

Source: AER

outcomes for our customers. Our second disclosure report has been presented to the Charter's Independent Accountability Panel, highlighting our progress against the Charter's Principles, and detailing our response to previous recommendations from the Panel.

Strengthening our customer mindset

Pleasingly, this year, we realised a 10% improvement in our Customer Enablement Index compared to last year, exceeding our stretch target of 5.7, with a score of 6.9 compared to 6.2 in 2018-19. The survey measures employee perceptions on how well we are delivering for our customers. In addition to the strength of the result, the survey uncovered valuable ideas from our employees on how we can continue to improve customer outcomes.

To us a customer mindset is about having empathy, humility, urgency and curiosity. To embed this thinking, a part of our culture, Energex and Ergon Network rolled out a new customer experience training program to frontline employees, tailored for different areas of the business and the customers they serve. Ergon Retail also continued to deliver its program of customer-centred training. We continue to incorporate the customer into our cultural journey (p32).

³ Source: QCA Regulated electricity prices for regional Queensland 2020–21 <https://www.qca.org.au/project/customers/electricity-prices/regulated-electricity-prices-for-regional-qlld-2020-21/>

Ergon Energy Retail – simpler, easier, better

Ergon Retail continued to make things simpler, easier and better for its customers across regional Queensland with a range of customer experience improvements.

Empowering our customers online

The transformation of My Account, promotion, and the COVID-19 led community-wide interest in all things 'online' during the restrictions, has seen the number of customers logging on to take advantage of the self-service portal jump from less than 100,000 to 260,000 customers this year. This is now well over a third of our retail customer base.

With ongoing advancements in functionality, the portal is now providing a seamless and intuitive experience for both residential and business customers, with over 57% of users surveyed saying it 'saved them a phone call'.

Through My Account, customers can see their account balance, view and pay bills, source their account history, apply for rebates and even make arrangements when moving house. And from within My Account, the Energy Analysis tool can be accessed with a single log in.

Moving to the latest in online cloud technology this year, the Energy Analysis tool is allowing our business customers to get the information they need to manage their energy use. They can explore their energy usage and costs over time with interactive charts and are even able, with a smart meter, to better understand the 'demand' they place on the network. And it provides a tariff comparison to makes it easy for a customer to find out if they are on the best available energy offer.

These online, self-serve options are not only benefiting our customers using them, they are also freeing up service representatives to help those needing to talk in person. We've also made improvements, following insights from our new voice analytics technology, with our call handling processes and systems no longer requiring us to ask customers to verify their personal data multiple times. Ergon Retail received the NICE CX Excellence Awards' Innovation and Exceptional Service Award for this initiative.

Savvy, smart meters key to smart energy use

To support the digital-energy transition, Ergon Retail rolled out more than 73,000 digital meters during 2019-20. This takes the total number of digital meters across our regional Queensland customer-base to over 137,000, allowing customers to access the tools to help manage home energy use, and the benefits of remote meter reading.

We also continued to embrace technologies with the extension of the Energy Savvy Families program to give customers greater choice and control around their energy use. Eligible participants received a digital meter, monthly billing, and the HomeSmart Savvy electricity and budget management tool from Ergon Retail. Participants were also provided opportunity to take part in CitySmart's fun, interactive game – Reduce Your Juice – designed to build energy literacy.

Energy efficiency is just one way to a cleaner future, we also showcase Ergon Retail's solar story on page 42.

EasyPay with greater flexibility

In July 2019 we updated our EasyPay Rewards offer with greater payment flexibility. This offer, as part of the Queensland Government's Affordable Energy Plan, with bill smoothing across the year making budgeting easy, and e-billing taking the hassle out of paying a bill. This year, we concluded the reward payments to the customers who took up the offer, crediting the final \$75 annual payment to residential customers and the \$120 to the business customers.

This was just one of the Queensland Government's support initiatives. In addition to funding our COVID-19-related support efforts and the asset ownership dividend (p14), we also continued to connect customers to the government's drought relief for farmers and a range of other rebates (p31).

A strong service focus for our networks

We are using insights from our customers and stakeholders to target improvements across the Network customer experience.

New dynamic solutions improve communications

As part of our commitment to continuous improvement, we introduced a range of new service options through our online Customer Self Service portal. Through this 24/7 self-service channel customers can interact with us when and how they want to.

Customers can now perform self-meter reads and report faulty streetlights, power outages, trees growing in powerlines and graffiti or vandalism occurring in their area. They can also see the status of their service request, subscribe to receive a SMS and email notification for planned and unplanned outages, meter reads (if dogs are onsite), or when a crew is on their way to do a job.

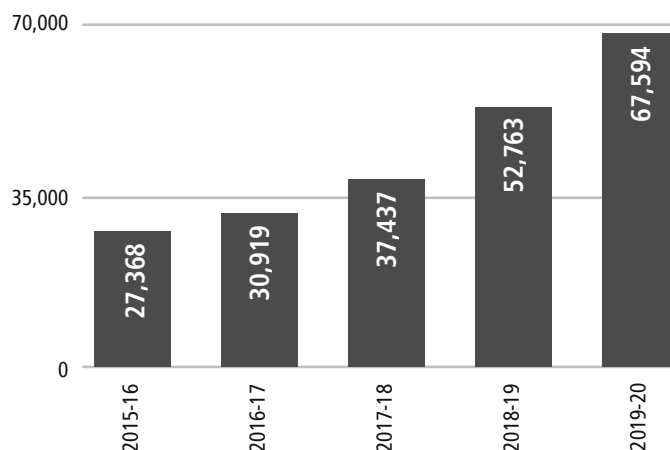
Since launching the SMS notification, over 20,000 customers have signed up for the service across the state, with over 38,000 customers submitting their own self-meter read, averaging 2,000 each month. A great option for those with dogs on the premise.

The success of the new communication channel, and the alignment of Energex and Ergon Network processes across the state has created a more seamless customer experience. This was also recognised within the industry with Energex and Ergon Network being finalists in the Best Contact Centre Award at the Contact Centre Week Australia Excellence Awards.



Energex and Ergon Network made finalists for the prestigious Customer Contact Week Australia Excellence Awards, in the highly-prized Best Contact Centre Culture award category.

New solar connections up



ABOVE: The total number of solar connections escalated notably again in 2019-20, up 28%, a trend that is expected to continue with the Queensland Household Energy Survey showing that one in five households without solar intend to invest in solar in the near future.

Supporting economic growth

We have made significant improvements across the connections experience, across Energex and Ergon Network, especially for the major projects helping to drive the state's economic growth.

There has been a focus on connecting large renewables to our networks. During 2019-20, the number of applications for the connection of large-scale (>30kW) renewable energy generating systems to our networks grew again. Our dedicated project sponsors and Network Connections team have helped our customers energise six new solar farms (>3MW) and one wind farm across the state this year (p43) and, at time of writing, were helping another 66 developers of large-scale (>1MW) renewable energy projects progress through the complex and changing rules, regulations and performance standards, from initial enquiry to connection and commissioning.

We have continued to improve our customer centric approach and processes, building clear accountability through the life of a project. This is a very challenging environment, balancing our commitment to the safety, security and reliability of our existing network supplying our customers while enabling renewable energy connections. We have again supported customers through our dedicated Network Connections team as the customer develops and tests their large generator performance standards required for connection. A single platform to optimise the delivery of work is also helping us to deliver to customers' expectations.

Our connection teams also supported an escalating number of rooftop solar system connections to our networks, with the strongest growth in the South East.

Customer experience scorecard

Measuring to drive better outcomes

Through our Voice of the Customer program, to guide service improvements, we survey customer satisfaction following our key service interactions for each customer group, from the big end of town to our residential customers. This is reported as a Customer Index. The index has shown steady improvement over the last three years, with a notable uplift in customer satisfaction over the last 12 months from 6.7 in 2018-19. The above target result of 7.1 out of 10 for 2019-20 (target ≥ 6.7) was supported by both Ergon Retail and Ergon Network and Energex service improvements (p16, p17).

Making it easy to contact us

With localised Ergon Retail Customer Solution Centres in Rockhampton and Townsville, our people are there to assist customers with their needs, from bill support to energy advice. With a continued focus on improving the customer experience, customer survey results indicate satisfaction of 88% for the year, and a first call resolution for customers of 86%, both up slightly compared to last year.

For our Ergon Network customers, overall call volumes have been less this year due to a less severe storm season.

As our customers navigated the impacts of COVID-19, we were there on the phone and online to support them, including launching webchat to help make it easier for our customers to get in touch with us.

Complaints

Ergon Retail has reviewed every facet of our practices around people, technology and policies and processes to improve our customers' experience when making a complaint with us. We're happy to report that this improvement initiative has led to customers advising of a general improvement in all drivers for satisfaction here. Ergon Energy Retail received 0.04 complaints per 100 customers monthly through the year, a strong performance when compared against other retailers.

For our Network businesses, our improvement focus here has been on time to resolve issues at the first point of contact. This provides the best outcome for our customers, and business efficiencies. This is not always possible, generally for complaints relating to quality of supply, our contractors, meter reading and field delivery involve working with the relevant managers and teams to resolve.

Network referrals to the Energy and Water Ombudsman Queensland (EWOQ) are in line with best practice performance across the industry. Energex and Ergon Network received 0.02 complaints per 100 customers on average each month through the year.

CALL ANSWERING	TARGET	RESULT
Unplanned Outage Enquiries	Ergon Network	Loss of supply, emergency calls $\geq 77.3\%$ answered in 30 secs
	Energex Network	Loss of supply, $\geq 85\%$ answered in 30 secs

Network targets as set for the AER's Service Target Performance Incentive Scheme.

Making contact



CALLS
1.1 million

Customer calls answered by our customer solutions service centres

Ergon Retail calls	819,380	▼
Ergon Network calls	46,115	▼
Energex calls	291,891	▼



WEBSITE
2.4 million

Views of our outage information



SOCIAL MEDIA
210,000

Followers on our platforms, which represents a 13% increase from 2018-19

Yurika's growth continues

Since its formation, Yurika has continued to develop new energy solutions in the unregulated energy market. At its core, Yurika's approach is to help business navigate the complexity of the energy and telecommunications market.

Yurika's activities in 2019-20 have built upon earlier successes, under the Yurika, Nexium Telecommunications and Metering Dynamics brands, capitalising on advancing technologies and the changing energy and telecommunications market. The group is delivering infrastructure and utility services, behind the meter distributed energy resources (such as Yurika's Smart Connected Solar™ solution), telecommunications, smart metering and other energy-related services.

Their approach, throughout recent months, has been to work with their customers to minimise the impact of COVID-19 on delivery commitments, while taking the necessary safety precautions, recognising many projects are important for economic growth, and critical community services.

Delivering critical energy infrastructure

Yurika's infrastructure and utility services provide a range of end-to-end solutions, from feasibility through to construction, as well as operations and maintenance.

A highlight this year was the on-time, on-budget extension of the 66kV electricity network at Glencore's Hail Creek mine, south-west of Mackay. The project team's success, as Yurika's first major project for Glencore, in adapting to the nuances of the mine site, as well as their uncompromising approach to safety, is already seeing more work awarded by Glencore.

Yurika also continued this year at the forefront of maintaining the state's transmission infrastructure with significant works undertaken for Powerlink Queensland.

The team specialise in this type of high voltage infrastructure work, delivering in the public and utility sector, for commercial and industrial clients, and in the community space, across the breadth of Queensland and further afield with projects underway in the Northern Territory, New South Wales and Victoria.

This expertise has expanded their presence this year in the high voltage connection for solar farms. This contribution to Australia's transition to a low carbon energy future is highlighted on page 42. Yurika's Smart Connected Solar™ is also proving itself in the market as a future ready, intrinsically safer renewable energy system with smart metering is also showcased on page 42.

Another exciting project is the installation of our first community-scale battery at Bohle Plains in Townsville (p29). The 4MW/8MWh Tesla Powerpack will enhance network resilience during summer peak demand periods and allow us to participate in the wholesale market.

Yurika also continued to expand Australia's largest Electric Vehicle superhighway (p44) and support the Queensland Government initiative to decarbonise the energy supply of our remote communities (p43).

From 'Triple zero' to nbn, Nexium is connecting

As part the Yurika portfolio, Nexium Telecommunication continued to grow in 2019-20, with a number of capstone projects and major advances in capability.

Nexium is connecting police, fire, ambulance, prison and court facilities Queensland-wide as part of an \$8 million package of network data services. Under a contract for a major Queensland Government agency, they have connected over 750 sites so far, with a 24-hour critical response capability. More than 1,200 sites across the state will be connected via a combination of fibre network and the National Broadband Network (nbn), plus fixed wireless and satellite services in remote regions. Nexium is also managing a program for nbn to convert hundreds of services from the older copper technology sites to faster and more reliable fibre to the premise.

This year, Nexium also delivered on an outsourced monitoring and management contract with the Gold Coast City Council. This arrangement supports the Council's future investment plans around diversified large-scale Internet of Things (IoT) applications across the Gold Coast, such as library Wi-Fi and free Wi-Fi in public areas.

Nexium now has independent connections from fibre network to all 22 nbn points of interconnect in Queensland. Through this, we can now provide competitively-priced telecommunication solutions

Queensland-wide, with plans to extend services in to New South Wales and Victoria. We're also delivering high-speed internet services with projects like the Southern Bay Islands of North Stradbroke and Russell Islands in the South-East through a new Nexium-owned fibre asset. These areas have previously been outside of the nbn roll-out.

In addition, Nexium has been working with state-owned QCN Fibre to ensure its success and enable competitively priced large-capacity backhaul telecommunications services across Queensland. QCN Fibre is jointly Owned, and delivers some services that were previously provided by, Powerlink Queensland and Energy Queensland.

Metering Dynamics scales up

Metering Dynamics continued to scale up its national footprint this year with record meter installs – now at 10,000 per month. As part of the Yurika portfolio, they have continued to focus on metering solutions for commercial and industrial customers across Australia, while also leading the deployment of digital meters for electricity retailers to households across Queensland and Tasmania.

The Retail-led deployment follows regulatory changes in February 2019, as part of Power of Choice, that mandated time frames for the installation of smart meters by retailers. Our success in this market is being supported by working closely with our clients to give them confidence in the delivery program.

Building on these achievements, Metering Dynamics commenced system improvements during the year that will reduce costs-to-serve, while also enabling future technology and further improvements to our customer experience.

During the coming year, Nexium Telecommunications and Metering Dynamics will integrate further under the Yurika brand, to better reflect Yurika's position as a national, integrated energy and telecommunications solutions provider.

Our community

As an essential service, providing energy safely, reliably, and sustainably is central to our corporate responsibility, which is only highlighted by the role we play in disaster response.

But our responsibility to the community goes much further – our social licence extends from our investment programs, to the way we work collaboratively to ensure equity, and to benefit all as the energy sector transforms.

Community in brief

Community-disaster response proved invaluable, during bushfires, storms and COVID-19

Queensland's traditional disaster period started early with bushfires, then storms, and later the challenges around the safety and restrictions associated with the coronavirus pandemic.

10 of 12 reliability targets met

Result 83%: Target 100%* – planned outages associated with an increase in safety-driven works on aging sections of the network has impacted the duration of outages across regional Queensland.

Satisfaction with reliability of supply overall benchmarked above the national average at 76%.

Met electricity demand state-wide

34,721GWh

total electricity delivered

South East demand

Max 5,069MW

Min 1,136MW

Regional Queensland demand

Max 2,660MW

Min 1,128MW

\$1.1 billion investment in critical community infrastructure

Result 86%: Target $\geq 90\%$ * – with the COVID-19 restrictions the program was revised to ensure critical programs and projects commissioned were delivered.

Progressed a Micro-grid and Isolated Systems Test facility

The purpose-built facility in Cairns is part of Our Future Grid Roadmap, which is transforming our capabilities so that our customers can leverage the many benefits of solar and other emerging technologies.

Launched Home Energy Management Systems Pilot

This partnership with is testing the potential role of market-led demand response solutions as a means to complement our existing load control capability.

Look Up and Live tool a winner

Our Look Up and Live mapping tool was awarded the "Best solution to an identified electrical issue" category in the Safe Work Awards as a lifesaving tool to help industries improve powerline safety on work sites in the air and on the ground.

323 community electrical safety incidents

While down 24% from 425 in 2018-19, this will continue to drive our investment in building community awareness about the dangers inherent in powerlines and other electricity infrastructure.

Help for those in hardship

Engagement with our customers, online access to rebates, and support at the first point of contact were all part of delivering on our commitments in our Financial Inclusion Action Plan – helping to bring disconnection for non-payment down by 12%.

Thriving Communities Partnership

Collaborated with other corporate, not for profit and government organisations on a journey mapping activity around the 2019 North Queensland Monsoon explore the opportunities as a collective for positive change in the disaster response space.

First Nations Connection Plan Endorsed

The plan is our commitment to reconciliation and to strengthening relationships with Queensland's First Nations people and to working together to create positive futures.

Supported 600 community groups

Community Fund, sponsorship and volunteering, we supported groups from the SES to the Home Hill Choral Society. Our employee volunteering, at 5,840 hours, was up 25%.

RFDS partnership celebrated 20 years

Ergon Retail's continued to support the Royal Flying Doctor Service and its Local Heroes Awards, as an icon brand, like our, who are out there lending a hand, day-in, day-out.

* Part of our formal performance agreement with our shareholding Ministers, set through our Statement of Corporate Intent.

At the ready in times of needs

As an essential service, we know that our disaster response capability and the resilience of the state's electricity network is critical. Across our portfolio of companies, our teams are well-versed in emergency response and have robust continuity plans in place.

COVID-19 – a state-wide operational response

This response capability proved vital in March 2020 with the rapid escalation of the COVID-19 threat. In addition to customer and community support (p16, p35), we stood up a major operational response overseen by the Executive Committee.

Safety was our priority as we followed government advice for our depots and offices, for minimising the risk of exposure to our crews (p35), customers and the wider community, while continuing to deliver a reliable electricity supply across Queensland. We revised our works program with the restrictions to limit planned interruptions to those working and schooling from home. Then, as the health threat lessened, we prioritised and accelerated the delivery of key capital projects to maximise employee utilisation and support local contractors and suppliers as part of the state's economic recovery. It was a response effort unlike any before, but one we faced as a united community.

A season marked by bushfires

Prior to COVID-19, we had already had a challenging period. It began early with what was to become an unprecedented, catastrophic fire season Australia wide.

During September fires occurred in across Queensland, in Stanthorpe, Peregian Beach and the Scenic Rim of the Gold Coast. More than 70 crews from Ergon Network and Energex were there to restore supply to the over 8,500 impacted customers.

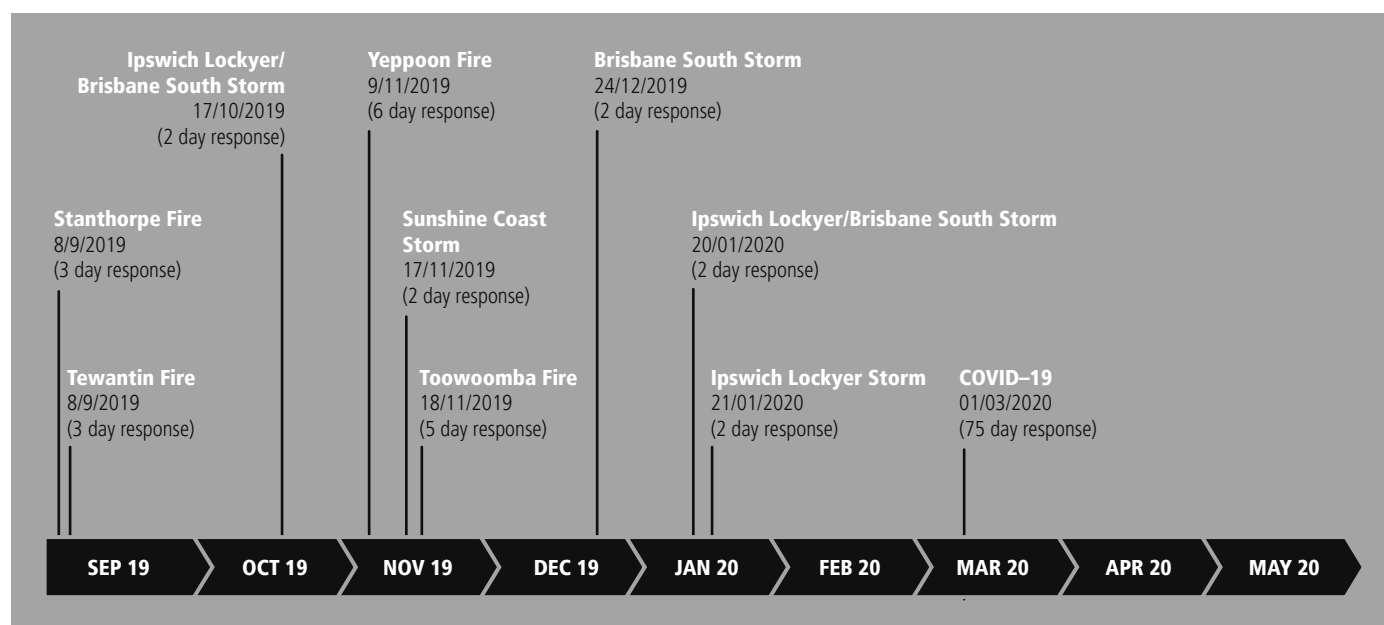
This was followed closely by November bushfires further north in Yeppoon, where 77 field personnel were mobilised from surrounding areas to support local crews to restore the impacted network. Toowoomba also had fires burning at this time in the outer regions of Peachy, with our crews working hard to keep the water supply pumps for the region working at Perseverance and Cressbrook dam water pumping sites.

The season also saw five major storm events, all in the South East.

Collectively these storms brought down 282 powerlines impacting 11,500 customers - 1,122 field personnel were involved in our response.

With a focus on safety and community support, we continuously review, revise and update our summer preparedness plans to put us in the best position to respond when these disasters hit. These plans include network maintenance, vegetation management, asset inspection and defect remediation, feeder patrols, pole top inspections, and network monitoring and control capabilities.

Along with our own internal planning, we also connect with emergency management authorities and other industry partners to ensure a coordinated community response in times of need. These relationships are key to building greater community resilience. This year we set up a Memorandum of Understanding with Northern Territory Power & Water, a partnership at the ready for natural disasters and other emergencies.



Network performance scorecard

Satisfaction with reliability supply overall benchmarked above national average at 76%, despite ongoing challenges.⁴

Throughout 2019-20, network performance was favourable to target for all but two of the 12 performance measures, an overall result of 83% of targets met. These standards are set as part of our Distribution Authorities.

In regional Queensland, Ergon Network's Minimum Service Standard (MSS) for the Urban and Long Rural System Average Interruption Duration Index (SAIDI) both exceeded target. Planned outages associated with an increase in safety-driven works on ageing sections of the network has impacted the overall duration of supply outages across all three SAIDI measures. This work is essential to the future safety and reliability of our networks. Where we can, we are minimising the impact on our communities through our approach to the program's delivery.

Across the South East, on the Energex network, reliability performance on the Urban and Short Rural networks improved compared to the previous year. Urban network reliability performance continues to remain well with the MSS targets.

Managing a changing demand profile

The growing levels of solar generation across Queensland are having an increasing impact on how electricity flows through our distribution networks. This is changing the shape of load profiles across the 24 hours of a day, and throughout the year, exemplifying the changing nature of our business.

Solar generation is 'hollowing out' the load during the middle of the day by creating an alternative

ERGON NETWORK	2018-19	2019-20		TARGET (MSS)
Number of outages per customer (System Average Interruption Frequency Index)				
Urban Distribution	1.30	1.77	✓	≤1.98
Short Rural Distribution	3.14	3.88	✓	≤3.95
Long Rural Distribution	5.86	6.34	✓	≤7.40
Average length of outages - minutes (System Average Interruption Duration Index)				
Urban Distribution	148min	219min	✗	≤149min
Short Rural Distribution	410min	412min	✓	≤424min
Long Rural Distribution	1,018min	1,037min	✗	≤964min

ENERGEX	2018-19	2019-20		TARGET (MSS)
Number of outages per customer (System Average Interruption Frequency Index)				
CBD Distribution	0.01	0.02	✓	≤0.15
Urban Distribution	0.64	0.62	✓	≤1.26
Short Rural Distribution	1.46	1.31	✓	≤2.46
Average length of outages - minutes (System Average Interruption Duration Index)				
CBD Distribution	2min	5min	✗	≤15min
Urban Distribution	71min	69min	✓	≤106min
Short Rural Distribution	180min	156min	✗	≤218min

Reporting based on the MSS exclusion criteria outlined in each network's Distribution Authority. Ergon Energy Network data includes our regulated main network and excludes our isolated networks.

source of supply for not only the owner of the solar system, but others in the local area who share the solar energy exported. This has significant implications for the grid, as it lowers the minimum demand system-wide and creates local network challenges around managing reverse power flows and voltages and, more broadly, impacts system stability. In South East Queensland, minimum demand fell from 1,359MW to 1,136MW, largely due to solar generation.

Historically, the key issue for networks was increasing peak demand (driven largely by air conditioners), with Energex's peak demand growth over 7% every year between 2001 and 2010. However, since 2010 we have seen a similar magnitude of

change for minimum demand – with comparative falls of over 6% a year. There are currently around 60 substations experiencing some degree of load flowing in reverse across the Energex and Ergon networks.

In contrast, the impact of solar energy generation on peak demand has been limited, with the Energex and Ergon Network peaks remaining relatively steady over the longer term, with peaks of 5,069MW in the South East and 2,660MW recorded in regional Queensland for the 2019-20 summer.

Of interest is the impact of COVID-19 on demand. As the COVID-19 restrictions began during the networks' normal shoulder season, they did not

⁴ Energy Consumers Australia Energy Consumers Sentiment Survey June 2020. Question. How satisfied are you with the number of times you've had loss of power, blackouts or other faults with your electricity supply in the past 6 months? Scale 0-10, Positive 7-10. Result 76% positive is above national average in this benchmarking research.

impact the year's peak demand scorecard. However, we did observe changes to daily demand and consumption, most notably in areas of the network servicing commercial, retail and tourism businesses. The restrictions also impacted the overall energy delivered and used for the year. While household energy use increased slightly during the restrictions, overall the impacts of COVID-19 on the state's economic activity reduced energy use.

We are continuing to improve our modelling and monitoring to forecast future demand scenarios.

Guaranteed Service Levels

Guaranteed Service Level (GSL) failures, and associated payments, have reduced across most of our service categories during 2019-20. Of note, a less severe storm season meant fewer extended unplanned power outages, and fewer compensation payments in this most significant service category.

ENERGEX	2018-19	2019-20	
Number of connected customers	1,485,004	1,507,357	▲
Network-wide peak/maximum demand	5,086MW	5,069MW	▼
Network-wide minimum demand	1,359MW	1,136MW	▼
Electricity delivered	21,427GWh	21,154GWh	▼

ERGON NETWORK	2018-19	2019-20	
Number of connected customers	740,726	745,477	▲
Network-wide peak/maximum demand	2,612MW	2,660MW	▲
Network-wide minimum demand	1,070MW	1,128MW	▲
Electricity delivered	13,504GWh	13,567GWh	▲

GUARANTEED SERVICE LEVEL PAYMENTS	ERGON ENERGY NETWORK		ENERGEX	
	2018-19	2019-20	2018-19	2019-20
Network reliability	9,608	4,859	28,192	1,349
Notification planned interruptions	1,154	885	1,151	423
Other	238	167	806	831
TOTAL PAYMENTS	11,000	5,911	30,150	2,603

Ensuring a safe and reliable supply

423,000 asset inspections

10,000 poles replaced

31,000 customer service wires replaced

8,500 powerline clearance issues addressed

158km insulated low voltage powerline installed

700,000 spans of vegetation managed

Major projects delivered

During the year, we commissioned the following major projects:

- Replace transformer and switchgear at Hemmant Substation, Brisbane – \$9.2 million
- Install 33kV single circuit feeder between Queensport and Bulimba, Brisbane – \$7.3 million
- Replace transformers at Toolara Forest Substation, Gympie – \$4.9 million.

Other major projects well progressed across the state include the Suncoast Power Project, an upgrade substation at Redcliffe, a rebuild of the Tennyson Street Substation in Mackay, and the refurbishment of the Dysart Substation.

Investing in critical community infrastructure

Across the state, Energex and Ergon Network delivered a \$1.1 billion program of works this year to ensure our networks remained safe and reliable, and to support the state's economic development.

Our focus on delivery saw us achieve 86% for our program of work delivery index, just below our target of 90%. Delivery was challenging with the COVID-19 restrictions. The program of works was revised to ensure critical programs and the final commissioning of key projects were delivered to schedule.

This result was supported by improvements to the way we forecast, program, schedule and supervise delivery of our works program. As part of a major transformation to a single operating model state-wide, embedded across our regions in stages this year, these improvements are not only delivering efficiencies, they have also contributed to improvements in safety and better customer outcomes.

Addressing an ageing network

Across the state, notably in the Ergon Network, we continued to invest in asset inspection, maintenance, refurbishment and replacement strategies to address the performance challenges of an ageing network. We invested

\$471 million in renewing the Ergon Network this year, up from \$380 million in 2018-19. This has been part of a multi-year safety-driven response to an elevated rate of pole, cross arm and conductor defects, which will continue in the coming period.

We have also continued to use technology to deliver smarter solutions, including aerial asset and vegetation monitoring management technology. This laser and imaging capture system provides a virtual version of the real world to allow the fast and accurate inspection and assessment of the physical network and the surrounding environment. It has proven especially useful in identifying powerline clearance issues, both with nearby structures or the ground.

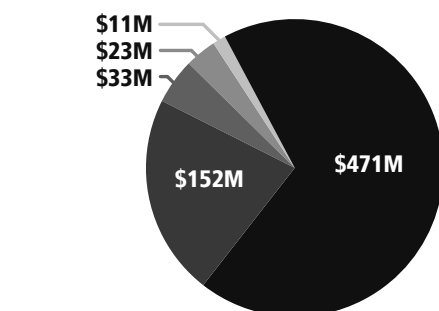
Work has also progressed with a proof of concept for using smart devices on pole tops to monitor network and environmental conditions and more efficiently target investment. This data will allow us to optimise safety outcomes and network performance, and help us plan for the future.

Property positions for a sustainable future

A number of property projects continued this year, as part of a strategy to deliver further efficiencies and ensure our sites are fit for purpose; now, and into the future. This included major depot and office construction works in Stafford and Greenslopes in Brisbane, as well as other improvements to our property leases and state-wide portfolio. Projects have also got underway in Cairns, the Whitsundays, and Maryborough.

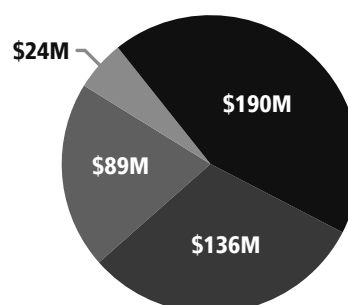
As part of a newly-developed security strategy for our offices and depots, we invested in upgrades to the security systems of over 30 depots, connecting them to our in-house security monitoring centre, and consolidated employee access cards for our 42 primary sites into one system. These new cards are now being used by 1,700 employees.

Ergon Energy Network Investment



- Renewing the network
- Connecting new customers
- Meeting growth and demand
- Investing in our generation assets
- Reliability and other targeted investment

Energex Network Investment



- Renewing the network
- Connecting new customers
- Meeting growth and demand
- Reliability and other targeted investment

Demand management capability strengthened

Together, Ergon Network and Energex have one of the largest demand management programs in Australia. Through our Demand Management Plan, we continue to offer customer incentives to the broader, market and targeted to areas of where the local network is constrained, as an alternative to costly network investment.

Through discounted tariffs, our load control capability ensures high demand appliances (like hot water systems and pool pumps) are not overloading the network during the evening peak. Across Queensland the homes taking advantage of these tariffs provided a peak load reduction of 740MVA this year to minimise network impacts.

PeakSmart continues to grow

During the year we continued to promote our PeakSmart program. PeakSmart air conditioning reduces peak demand by dropping the air conditioner into a lower performance mode when the network is under stress. In the South East there are now 74,900 customers with PeakSmart installations, making up to 121MVA of diversified load available during periods of high demand. The program in Ergon Network, launched in 2018, also continues to grow with 4,484 premises benefiting, providing up to 10MVA to help balance demand in regional areas.

Collab on market-led response

In October, we launched a Home Energy Management Systems (HEMS) Pilot to test the potential role of market-led demand response solutions. Our industry leadership in partnering with the five HEMS providers involved is allowing us to learn how different 'set and forget' product solutions add value to the customer and potentially complement our existing load control capability. If a competitive energy management market emerges it will present an opportunity to complement and build on the existing load control that we have today. The South East Queensland pilot, which is aiming to have around 500 households participating, in the South East across Chapel Hill, North Lakes, Springfield Lakes and Wakerley, will continue into 2021.

Uptake of targeted incentives is strong

Under the Demand Management Plan, we also progressed targeted incentives to reward business customers undertaking energy efficiency, load curtailment, load shifting or embedded generation to reduce demand. This program can claim 69.8MVA under control that can be leveraged to support the network and defer network investment.

Planning for the future

Throughout the year we have been refining our network strategies and investment plans for the period from 2020 and beyond, with our priority on ensuring we can meet the needs of our customers and communities into the future.

This has been supported by a coordinated engagement program, culminating this year with further constructive engagement around our Revised Regulatory Proposals (p14). We will continue to engage with our stakeholders on how best to balance affordability outcomes with network safety and reliability performance, and to navigate the energy transition.

Future Grid Roadmap

Central to our investment plans is Our Future Grid Roadmap. This strategy, which was put in place in 2018, anticipates a future energy environment characterised by rapid technological change. It will see us transform our networks into an intelligent state-wide grid, enabling our customers to leverage the many benefits of distributed energy resources (such as solar energy, battery storage and electric vehicles) and the digital transformation.

The key to unlocking the benefits is understanding what our business, energy technology and digital capabilities need to look like to enable a future grid operational model. This year, we've focused on the requirements to manage more customer-owned distributed energy resources, in order to support customer choice and avoid the need for costly investment in the network. This will require ongoing transformation in core business functions, as well as leveraging advanced digital approaches, services and technology solutions to provide greater visibility of the network. We are taking an incremental approach to developing the building blocks for our future business capabilities and monitoring the market and emerging technologies.

This digital capability, coupled with the other innovative trials underway, will help create the capability we need to continue to deliver on our vision and customer expectations into the future.

Micro-grid solutions

A highlight here is our expansion of our testing capability with the development of a \$6 million Micro-grid and Isolated Systems Test (MIST) facility in Cairns. The purpose-built facility will enable the development, simulations and real-time testing of microgrids, diesel generation, renewable and battery storage systems. This is particularly important for our isolated communities where there is the challenge of integrating diesel generation with new renewable and energy storage technologies (p43). It is currently under construction alongside the existing Innovation Lab, which is continuing to work with suppliers of renewable and battery energy storage systems to improve product functionality.

At the community level, we have also been developing the tools available for the fringe of the grid solution for an agricultural site. To develop this capability further we have commenced two standalone power system trials at fringe of grid locations – one near Mount Isa and one on the coast near Gladstone – and scoped other opportunities. We've also continued to engage on the regulations around these solutions.

In the technology area we're also implementing an important network monitoring trial for community safety (p30), we have completed the ground-breaking Solar Enablement Initiative, trialled exporting solar with dynamic export limits, we're

working with market aggregators (p42), and we're preparing to support the growing adoption of EVs (p44).

Leading at the national level

We have been instrumental in the development of a code of conduct for new energy technologies and services, following a Council of Australian Government (COAG – now referred to as National Federation Reform Council) recommendation, to better protect customers, as well as an important national standard on inverter connections designed to ensure the stability of the network while advancing the renewable energy resources connected.

We've also been working with Energy Networks Australia to consolidate the rules for our standing offers for renewable and battery connections, which have been expanded and are now offered for residential and small commercial-sized systems. We also revised our connection standards, with plans underway to introduce dynamic standards that change with local network conditions (p21).

This all builds on our success, over recent years, in modifying connection standards and driving improved installer compliance to support our customers in taking up solar energy, and now batteries.

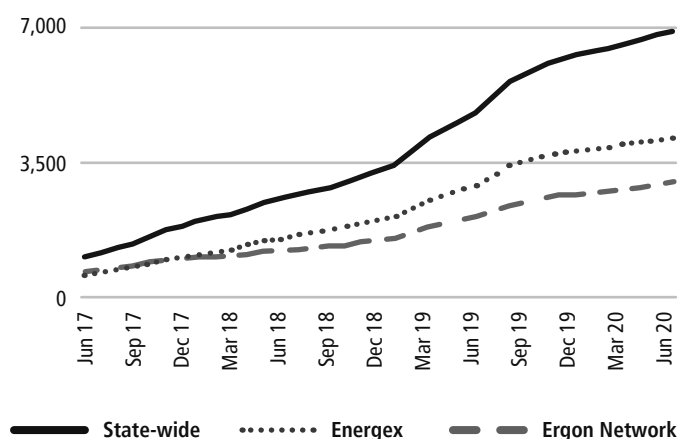
The 'energy storage' future is here

Our customers have started buying batteries to store their solar energy generated during the day for use at night. As well as providing value to the customer, this can help the grid by reducing the solar energy exported during the day when electricity demand in our residential areas is low and reducing the import from the grid in the evening, when demand is at its highest. These demand fluctuations are key to our tariff reforms (p14).

The same idea is behind the community-scale battery being installed by Yurika in Bohle Plains, Townsville. The 4MW/8MWh Tesla Powerpack is designed to enable more capacity on the network for residential solar while ensuring resilience during periods of peak

demand through Townsville's summers. The site for the grid-connected battery was chosen because of the high number of rooftop solar systems already in the area and its proximity to other electricity infrastructure. The community-scale battery is able to store energy equivalent to that typically consumed by more than 500 average Queensland homes per day. The battery will bring to the capacity of Yurika's Virtual Power Plant (VPP), which is enabling a more resilient and reliable network state-wide by taking pressure off substations and other power assets, to 135MW.

Battery connections are increasing



The number of customers with batteries is growing dramatically, with 6,861 now in the market. We expect around 150,000 energy storage systems to be in use by 2030.

Community awareness key to safety

From primary school classrooms to construction sites and farms, we're empowering Queenslanders of all ages and from all walks of life with the knowledge and tools to stay safe around electricity, and we are using smart technology in the field to identify risks.

Our Community Powerline Safety Plan 2019-20 outlines how Energex and Ergon Network are building safety awareness, educating and encouraging behavioural change in the wider community and high-risk industries. We're collaborating with the Electrical Safety Office and Workplace Health and Safety Queensland to promote powerline safety and reduce the risk of incidents with a focus on the most at-risk sectors.

Powerline safety wins

Our Look Up and Live powerline mapping tool has gone from strength to strength, winning the 'Best solution to an identified electrical issue' category at the Queensland Safe Work Awards.

With the ability to pinpoint the location of our overhead powerlines and poles across the state, lookupandlive.com.au tool is a valuable addition to the planning toolkit that has been embraced by workers in high-risk industries like agriculture, aviation, construction

and transport. It is accessible from any mobile device, with printable maps for site induction kits and quick links to request free safety advice or powerline markers.

Principal Community Safety Specialist, Glen Cook was instrumental in the development of the lifesaving tool. Glen's dedication and leadership in promoting powerline safety saw him honoured as the Health and Safety Professional of the Year for 2019-20 at the Australian Workplace Health and Safety Awards.

The community team continued to deliver Look Up and Live awareness sessions to connect directly with the industry and offer in-depth, first-hand advice on powerline safety, as well as a range of other initiatives.

Line aware message recognised

After its successful launch last year our 'Take care, stay line aware' message was promoted across the

state with another multi-media campaign, highlighting a range of hazards, from storms and cyclones bringing down powerlines, to vehicle accidents and tree trimming. The campaign was recognised as one of Queensland's best, taking a silver medal at the Brisbane Advertising and Design Club awards.

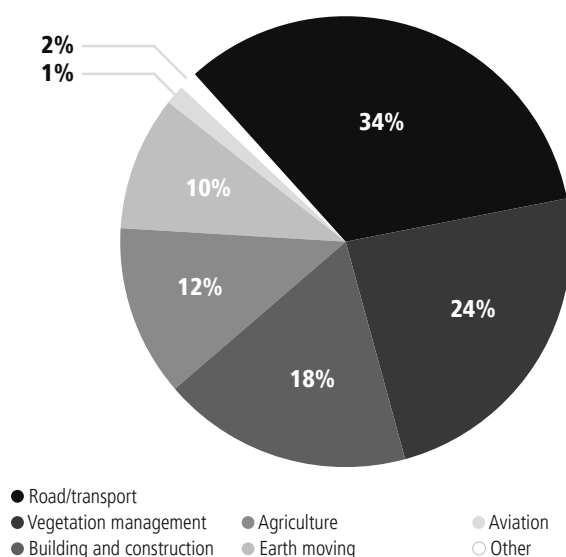
Our Safety Heroes education program broke another participation record in 2019 with 96% of Queensland primary schools putting their hands up for lessons on how electricity works and how to stay safe around electrical equipment. The program was delivered during Electricity Safety Week last September, with 143 employees volunteering to present Safety Heroes to the students.

Investing in smart monitoring

To keep the community safe, we've begun an important low voltage network monitoring trial. Supported by the Queensland Government's Advance Queensland initiative and Technology Partner, Redback Technologies, the trial will see 20,000 Redback network devices installed in switchboards across Queensland by early 2021. This investment downstream of our traditional monitoring devices will help us to improve the safety and power quality of the network. It will also help us get ready for a future where more solar systems and new technologies, like electric vehicles and battery storage systems, are connected to our network.

We are also using more sophisticated aerial surveillance technology to give us a clearer picture of potential safety issues across our networks.

Community contact with the networks



During the year there were 323 community electrical safety incidents involving contact with our network, down 24% from 425 in 2018-19. While most of these were motor vehicle, road transport accidents and vegetation management, the building and construction, agriculture and earthmoving industries also recorded incidents.

Help made for regional Queenslanders

In these uncertain times our Retail customers across regional Queensland are experiencing unexpected financial pressure and needing a helping hand. For our rural communities, the impact of COVID-19 comes on the top of the financial stress associated with years of drought, with two-thirds of the state still drought declared.

Talking to customers in need

To help, in addition to bill relief payments (p14), and improvements to 'My Account' (p16), Ergon Retail is putting a major focus on engaging with customers at risk of financial exclusion.

In May this year we launched a multimedia campaign to encourage customers to get in touch for support with bill extensions, payment plans or access to government rebates, concessions, grants and services, or further financial assistance. This year, Ergon Retail became the first retailer to offer online access to the Queensland Government Electricity Rebate for eligible card holders.

This followed an earlier focus, pre COVID-19, on face-to-face engagement with key areas of the community. A highlight was our participation in a drought outreach program in September 2019, with the Australian Government, visiting communities across Western Queensland. Farmers in these drought-declared regions were supported in managing their energy costs through tariff options, waiving charges and deferring payment, as well as with access to financial support.

Bringing the benefit of solar to more

To further support energy inclusion, and not leave anyone behind in the energy transition, our Sunny Savers trial continued to provide the public housing tenants participating access to the benefits of renewable energy. The trial in Cairns and Rockhampton, enables lower electricity bills, online energy monitoring and monthly billing, making it easier for customers. We also continued to support the Queensland Government's 'Solar for rentals trial' – enabling rental tenants in Bundaberg, Gladstone and Townsville to benefit from solar

Electricity is one of those everyday essentials that you can't live without. We're here to help where we can to ensure financial inclusion and to help address energy poverty.

and save on their power bills – by facilitating the network connection of the rental properties installing solar under the trial.

More from our Financial Inclusion Action Plan

Through our commitments in the Financial Inclusion Action Plan, under the program led by Good Shepherd, we have continued to broaden our approach to supporting customers in vulnerable situations. We have been outworking this plan, established in January 2019, with the goals of ensuring financial inclusion, developing financial resilience, promoting inclusive growth and reducing inequality. Delivery of the action plan was independently audited, and we are now building on this foundation.

Under the Plan, we continued to focus on the early identification of customers at risk of financial exclusion. We introduced system changes to identify customers who could be facing financial hardship, to enable Ergon Retail to more easily offer support at the first point of contact. This was supported by frontline training and a vulnerability focus overlaid across our credit collection process. These refinements, embedded in the customer protections in our Hardship Policy, are in line with regulatory changes.

The changes allowed more customers to take advantage of our Customer Assist program and supported a downward trend in disconnection for non-payment.

Through the Thriving Community Partnership, we collaborated on

positive change around our disaster response and supported collective engagement on key issues now potentially compounded by COVID-19, from domestic violence to mental health. The goal of the Thriving Communities Partnership is that everybody has fair access to the modern essential services they need to thrive in contemporary Australia, including utilities, and that together we build more resilient communities and stronger organisations. During the year, Ergon Retail established a Domestic and Family Violence working party, who are looking at how we go beyond legislative requirements and learn from Victoria's model, in developing our approach.

Our key metrics

Prior to stopping disconnection for non-payment due to COVID-19 (p14), this year's disconnection for non-payment was 9,350 (for the first three quarters), down 12%, when comparing like quarters. In addition to the efforts above, this outcome was supported by improvements to the verification of customer details.

In regional Queensland we supported over 5,900 customers who rely on electricity to support the management of a medical condition. Here Ergon Network works closely with Ergon Retail to ensure these customers in regional Queensland do not experience adverse impacts caused by power outages. In the South East, there are another 24,400 customers reliant on powered medical equipment who are supported by Energex and their local retailer.

Connecting with Queensland's First Nations people

The Group's first Reconciliation Action Plan was endorsed by Reconciliation Australia in early 2020, after an extensive co-design process involving employees from across the business and community stakeholders from 11 communities across Queensland.

The Plan is a commitment to strengthening our relationship with Queensland's First Nations people – especially in the Indigenous communities we serve. Its focus has been initially on building our cultural capability internally, as the foundation for investing in place-based initiatives within the unique context of each community.

A service highlight this year was the extension of Ergon Retail's video kiosk trial to the Indigenous community of Woorabinda, in Central Queensland. The kiosk enabled the community to have face-to-face discussions with our teams in Rockhampton and Townsville at the touch of a button, for enquiries about their bill, their energy use and debt management.

The kiosk was well received. The insights gained will now guide any future technology investment as we move to help customers engage with us in ways that suit them.

Pre COVID-19, teams from Ergon Retail travelled throughout the Torres Strait, Cape York and to other First Nation communities to engage around our services with community stakeholders, our Retail agents, and customers. With the heightened health risk to Indigenous people associated with COVID-19, the year then saw a major focus on our operational engagement with these communities. We also continued to support the decarbonisation of energy in our remote and isolated communities (p43).

As part of the Journey 2 Jobs program, each year the Ergon Retail Aspiration Award recognises an Indigenous student's leadership and study commitment, and provides a small helping hand in their transition through Year 12 and into the workforce. We'd like to congratulate Trent Laffin for being the recipient of this award in 2020.

Part of the community

Our community investment program continues to keep us connected, and create shared value with our local communities. Our focus evolved this year, and with the impact of COVID-19 on community organisations, we also redirected community investment to those in most need.

The Ergon-Energex Community Fund was given a boost, providing grants up to \$5,000 to 31 community organisations across the state. The many initiatives supported will now make a big difference to people's lives.

As part of a special COVID-19 Community Support Package, in consultation with our Customer Council, we have funded a Diploma of Financial Counselling Scholarship Program as an industry collaboration with Powerlink Queensland. We also entered into major partnership with Rural Aid – this investment is about supporting rural communities who have been struggling with the long-term impact of drought, and now COVID-19, to improve their community's resilience, and spirit.

These new partnerships complement our long-term partnerships with Queensland State Emergency Services (SES) and Rural Fire Service volunteers, which are about ensuring assistance is there for all Queenslanders during their times of need. This year, the SES partnership, another collaboration with Powerlink Queensland, saw \$200,000 of vital equipment distributed across Queensland.

This year marks the 20th year for Ergon Retail's partnership with the Royal Flying Doctor Service (RFDS) (QLD section), and donations raised to date are more than \$15.3 million. 168,000 of our customers and employees currently participate in the voluntary donation scheme, with every cent going towards vital medical equipment or their aircraft replacement program.

Keeping the Flying Doctors in the air was also the priority of an in-kind project this year that saw the installation of aircraft tracking

equipment at 16 of our remote depots and generation sites across Queensland. This project is now providing the real-time flight information needed when liaising with other medical providers on the ground.

Ergon Retail also continued to support the RFDS's Local Heroes Awards, which, despite some COVID-19 delays, has again recognised those that give their time and energy selflessly to the Flying Doctors. They also continued to support for Ronald McDonald House in North Queensland, and the Carnival of Flowers in Toowoomba.

Yurika targets business community partnerships showcase how its services can deliver sustainable energy outcomes. In 2019 Yurika partnered with EnergyLab Australia's leading platform for launching new energy businesses with a series of events to drive clean energy entrepreneurship across Northern Queensland. Yurika is continuing its partnership with Energy Lab in 2020, with its sponsorship of a program supporting later-stage clean energy start-ups to further accelerate their growth

Our connections with educational institutions across Queensland are showcasing STEM careers and stimulating technology ideas that could power our organisation into the future. (p40)

Volunteering generously

Our employee volunteer program, with two days of paid volunteering leave, continued to support our people in making a positive difference in their local community through their time, skills, talent or sheer energy.

The year saw a record-number of teams from Coolangatta to Far North Queensland self-organise various types of 'working bees' and partner with charity groups to support the needs of their local communities. Despite the COVID-19 restrictions, our employees supported around 300 community groups with 5,840 hours of volunteering – up 25%. We also continued our long-established payroll-based Workplace Giving program.

All these activities complement our local sponsorship program – taking the total number of community organisations we support to around 600.

Supporting local economies

Our state-wide presence provides economic benefits through local procurement, local employment and career opportunities in the communities we serve (p39).

In 2019-20, we spent more than \$818 million on direct purchases from Queensland suppliers. We have incorporated the principles, targets and commitments of the Queensland Procurement Policy into our procurement processes, and work in partnership with our communities to develop industry capability and capacity, and secure broader economic and societal benefits.

Our people

Our people are at the heart of our business – with 7,570 employees across Queensland, and in the other markets that we are operating in, around half living and working in our regional areas.

Our priority is their safety – we aspire to be an industry leader in health, safety, and wellbeing.

We're embedding a people-centred culture to enable our people to thrive and deliver for today, and to transition to a workforce for the future supported by ever advancing technologies.

People in brief

3,000 working from home with COVID-19 restrictions

This was one of many initiatives to ensure the health and well-being of our people and the community during the height of the pandemic concerns.

137 leaders championing Safety is Defence

The program is about field leaders driving workplace change for sustainable safety outcomes, complementing our front-line Learning Teams.

57% reduction in serious dog bites

Addressing this ever-present risk for field crews entering properties with dogs remains the driver of our Safe Entry Policy.

2.3 Significant Incident Frequency Rate

Target ≤ 3.1 – this result is a notable improvement, following our safety leadership program and focus on learning reviews.

8.2 Total Recordable Injury Frequency Rate

Target $\leq 8.9^*$ – we also outperformed the target set for total injuries for employees and contractors.

2.3 Lost Time Injury Frequency Rate

Target $\leq 2.0^*$ – Unfortunately, the lost time injury measure fell short of target. Safety continues to be a priority.

Mental health leadership

Our Health and Wellbeing Strategy and Mental Health Action Plan was launched to focus on building a healthy workplace for our people both physically and mentally.

73% employee engagement

Target $\geq 69\%^*$ – employee engagement increased significantly from a score of 62% last year, far exceeding our target, and in the top quartile of high performing organisations.

127 new apprentices

Increased the pipeline of future talent through our apprentice intake, which included 32 females and 13 First Nations people, and our graduate program.

75% for Inclusion Index

With a focus on diversity and inclusion, this 6-point increase in the index, as measured in the employee engagement survey, from 69% is a real indicator of progress.

Office 365 delivers vital capability

With the move to Windows 10, new applications, and digital enablement through our SAP systems we are fast building our digital capability.

Safety is our priority

Built from our people, our 2020 Health, Safety and Environment Strategy covers the five focus areas we will work towards to becoming a High Reliability Organisation. We finished the year with a focus on keeping our people safe during COVID-19, well positioned with the roll out of our Safety is Defence program, new tools and systems, and a focus on our key safety risks.

Safety during COVID-19 response

The health and wellbeing of our people, and the community, was our top priority through the COVID-19 restrictions.

In response, we developed a business resilience strategy, managed by a dedicated business-wide Emergency Management Team. This response included travel restrictions, modified field working practices, such as limiting people in vehicles and elevated work platforms, limited access to depots and offices, and revised entry practices to customer premises in line with social distancing regulations.

A strong focus was also placed on the mental health as our people transitioned through the COVID-19 uncertainty, keeping our teams virtually connected as we rapidly enabled more than 3,000 of our workforce to work from home.

Safety proved to be our defence

We continued the roll out of our home-grown Safety is Defence program. This program is about empowering leaders to drive changes in the workplace to achieve sustainable safety outcomes. The one-day program was attended by our field leaders. The two-day Facilitators Program focused on creating a cohort of leaders to facilitate the continuation of field leader learning groups. To date 137 leaders have completed the training with 80 remaining. Due to the positive feedback from this initiative, we also now plan to take up to 700 selected field staff through it to create more safety champions.

We continued to build on from our success of Learning Teams, which were introduced in early

2019, bringing together front-line personnel to undertake deep reviews across a multitude of different processes and hazards to identify learning opportunities. The open sharing and learning of how work is done, has led to many process improvements and has been a key contribution to a reduction in significant incidents. Learning Teams have seen polarity incidents drastically decrease since the introduction of a Polarity App, which was a priority action from a Learning Team held in 2019. The program has undertaken nine Learning Teams with topics ranging from management of gravitational hazards, environmental related oil containment and efficient delivery of asset inspection.

Providing the safety tools and systems

We recently developed a new front-line hazard identification and management tool called HazChat – led by our field-based employees – to support a safe work environment. Our data shows most recordable injuries are due to insufficient hazard identification and preventative action immediately before a task is performed. To make it even easier, and updatable, the initial HazChat paper form is currently being transitioned to an iPhone application.

To simplify our front-line management system, over 400 documents have been removed from health, safety and environment management systems since 2017. This continuous improvement to streamline our safety practices will shift the focus from paperwork to worker capability and efficiency.

The focus of the past 12 months has also seen the alignment of

safety and operational processes through the planning, schedule, supervision program.

Addressing key risks

In 2018, more than 200 employees were involved in safety incidents with dogs in the community – an average of four incidents resulting in injury per week. We knew we had to do better to protect employees and improve safe work practices. This resulted in the introduction of a Safe Entry Policy, which in its first 15 months has seen a 57% reduction in serious injuries.

In June this year, we further reinforced the safe entry message with the public, featuring a targeted campaign highlighting the importance that customers restrain their dogs to ensure the safety of our employees and contractors, and promoting the option to do a self-meter read or receive notification of the meter read (p17). We are also working with local councils around identified dangerous dogs and providing our customers with alternative meter-reading options.

New controls have been introduced in the field to manage heat stress. As many of our crews work remotely or not within quick access of emergency medical care, reducing their core temperature quickly can mean the difference between a quick and full recovery or significant illness with lasting effects. During the summer months, each field worker will have access to a heat stress esky and towel to lower a person's body temperature, in addition to traditional first aid, if a worker suffers from a significant heat event.

Employee safety scorecard

During 2019-20, we achieved a notable improvement in the Significant Incident Frequency Rate, with a result of 2.3, compared to 3.5 in the previous year, and well below the target of 3.1. This measure was introduced in 2019 to focus efforts on the risks that have the highest potential for harm. The result was realised through the roll out of our Safety is Defence program combined with the success of our Learning Teams.

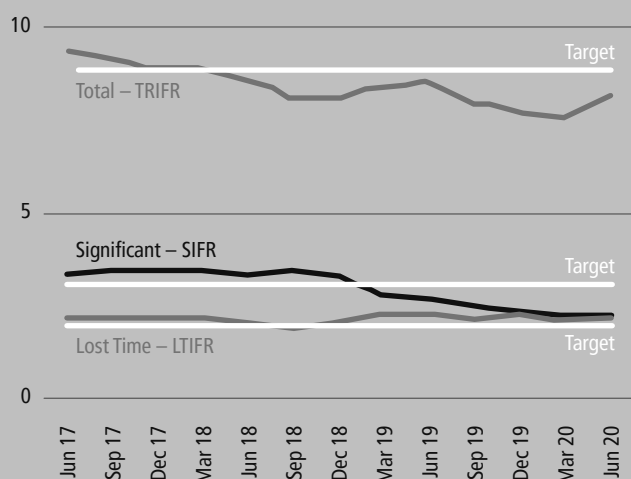
We also outperformed our target for Total Recordable Injury Frequency Rate with a result of 8.2. Unfortunately, however, the results for Lost Time Injury Frequency fell short of target with a result of 2.3.

During 2019-20, we continued to record and track well for our health and safety conversations to reinforce a strong culture of safe work practices. Safety continues to a priority.

These results and targets for the first time combine employee and contractor safety performance. This ensures the visibility of contractor incidents to highlight their responsibilities. This followed an increased focus on contractor results and work undertaken with our contractors to reinforce a strong culture of safe work practices. This led to the development of the Safe Entry Policy, which saw

a measured reduction in the number of contractor injuries due to dog interactions.

Significant, Total and Lost Time Injuries



WORKPLACE SAFETY	2018-19	2019-20	TARGET
Significant Incident Frequency Rate	3.5	2.3	✓ ≤3.1
Total Recordable Injury Frequency Rate ⁵	7.8	8.2	✓ ≤8.9
Lost Time Injury Frequency Rate ⁶	2.1 ²	2.3	✗ ≤2.0
Health and Safety Conversations	100%	100%	✓ 100%

⁵ Statement of Corporate Intent TRIFR and LTIFR target: 5% improvement.

⁶ 2018-19 LTIFR target 2.4

Both the Significant Incident Frequency Rate and the Total Recordable Injury Frequency Rate for employees and contractors improved during the year, ending the year pleasingly better than target (flat line) with less injuries. This is the first year that we have reported a combined safety performance of employees and contractors.

Mateship for mental wellbeing

We launched our Health and Wellbeing Strategy and Mental Health Action Plan in order to a focus on building a healthy workplace for our people both physically and mentally.

Here are some of the leadership highlights so far;

- Our industry-first Mates in Energy program was rolled out to every employee across the business, providing general awareness training around mental illness and suicide prevention. Volunteers across the organisation received additional training to become a Mates in Energy Connector (connects colleagues who are struggling with a trained professional who can provide help) or ASIST trained volunteer (Applied Suicide Intervention Skills Training).
- Established our Lived Experience Group who are focused on sharing their lived experiences with suicide to assist others and contributing to suicide prevention activities. This year we partnered with Roses in the Ocean to develop 10 of our employees who have a story to

share relating to suicide. Their powerful messages and the support they offer is helping people to seek help when they need it.

- Check-ins through Mental Health Surveys to help us understand how our employees are feeling and what the barriers are to good mental health. Through the survey we have identified key areas of work that we will address in 2020-21.

Our people statistics

- **7,570** Employees
- **7,276** Full time equivalent
- **23%** Female
- **77%** Male
- **40%** Female senior leadership
- **45%** Female executive leadership
- **4.9%** Employees from a non-english speaking background
- **2%** Employees with a disability
- **2.6%** First nations employees
- **Location:**
Approximately half of our employees reside and work in regional areas
 - **47%** South East
 - **27%** Southern
 - **26%** Northern
 - **<1%** Interstate
- **Age:**
 - **6%** - <25
 - **19%** - 25 ≤ 35
 - **31%** - 35 ≤ 45
 - **27%** - 45 ≤ 55
 - **17%** - 55 ≤ 65
 - **2%** - 65+

A people-centred culture

We understand that placing our people at the heart of what we do every day is central to the experience of our customers. We are committed to ensuring that our people have the skills and capabilities needed for the future of the workplace, are empowered and able to thrive and deliver seamless, value added solutions and services.

Creating a great employee experience

A highlight of the year was a significant 11-point increase in employee engagement from 62% last year to 73%. This result benchmarks Energy Queensland in the top quartile of high performing organisations and is above the average for the energy and utility sector. The annual engagement survey coincided with the beginning of the COVID-19 pandemic in Australia. The results showed a positive increase across all aspects of the employee experience, with safety and diversity and inclusion being among the top dimensions.

These results are being used, with other measures and tools, including the Customer Enablement Index (p15), to track and report our maturity along our cultural journey. Leveraging digital technology, authentic leadership and prioritising the safety of our people has resulted in an increased positive experience of work for employees, which ultimately benefits Energy Queensland's customers and communities.

Reward and recognition for the efforts of our people are critical and continued to be a focus. Over the past year, more than 21,000 recognition cards were sent, and in May 2020 we expanded our celebration of excellence with 26 employees receiving the annual 'Up in Lights' award. Nominated by their peers, the awards recognised employees' efforts in transformational achievement,

outstanding performance aligned to the SKILLED Values and the categories of Industry, Customer, Community, Operational Excellence and our Apprentice of the Year.

Growing our people for a digital future

Our aim is to ensure that our people develop and grow with the right skills, capabilities and experiences that are adaptive to a rapidly changing, digital way of working.

This year we have focused on identifying the skills and experiences required for the future of our industry and providing the right learning opportunities. Research was conducted into the underlying skills that our employees will need to help them meet the changing nature and expectations of work in our organisation. Amongst the enterprise skills are change agility and digital literacy. Building our organisation's capability to maximise new technologies and analyse and use more complex data is critical in today's digital world.

The recent introduction of the online, real-time learning platform, LinkedIn Learning has seen over 50% of our staff access this online platform with approximately 700 hours of learning consumed each month. The diversity of content means there are learning opportunities relevant for all employees to build skills and knowledge for their current job and advance their career. We continue

to provide 100% study assistance to those who are wishing to study a course under the Australian Qualifications Framework that is related to capability Energy Queensland requires today and into the future.

We have also advanced in the use of virtual reality (VR) to help deliver training. An innovation approach has led to the development of a safe, effective and engaging platform for our apprentices and tradespeople to navigate risk-free training scenarios replicating live electrical polarity testing. The training simulator is being piloted for the existing 'Test and Verify' unit of the training.

Our graduates and apprentices

The changing nature of the future workforce has also seen our graduate program evolve to include data and digital positions, alongside the traditional electrical engineering positions. We currently have 17 electrical engineering graduates, in the fields of power and supervisory control and data acquisition/telecommunications. Although our 2020 graduate intake was amidst the COVID-19 pandemic, we still attracted an increase in applications compared to 2018-19. We were also encouraged to see an increase in women's and First Nations applications.

In addition, strong commitment remains for our apprentice program as central to delivering a diverse technical future workforce for

our organisation and skilling Queensland communities. We offer apprenticeships across the whole state and are proud to be building our workforce, recruiting in remote, regional and city locations alike.

This year we recruited 127 apprentices, among them are communications technicians, distribution and transmission linespersons, mechanical trades (diesel fitters) and electricians, taking our number of apprentices completing a qualification with us to 458. During 2019-20, Ergon Retail boosted recruitment with 66 new full time and part time customer service roles in our regionally-based call centres in Townsville and Rockhampton.

Skilled to lead with purpose

Leadership is critical to our success and our leaders need contemporary, people-focused skills. More than 85% of our leaders have now completed the face to face SKILLED Leader program. The capabilities built during this program continue to be embedded through learning groups and supported by the availability of targeted online leadership development through the LinkedIn Learning platform and our social media channels. Due to COVID-19 we developed digital tools for our leaders, to further support building the leadership capabilities required for our future-state culture and to inspire and engage our people.

Inclusion supports engagement

Building an organisation that is best able to adapt and meet our customers' changing needs is at the core of our people focus. We recognise that a diverse workforce that reflects the communities we serve, and one in which everyone feels valued and able to bring their whole selves to work is vital.

Our Diversity and Inclusion Strategy describes our approach, and how we seek to build awareness, promote and embed inclusive behaviours through five goals:

- a pipeline of future talent
- a workforce that reflects Queensland
- realising our employee potential
- a community leader.

In 2019-20 we've focused on improving representation and outcomes for key groups under-represented in our workforce. This has supported a 6-point increase in our Inclusion Index, as measured in the annual employee engagement survey, from 69% to 75%. As an indicator of continued progress, we feel this is good for business and good for customers and communities.

We have been creating a more inclusive, culturally safe workplace for our First Nations employees. We've offered training opportunities for First Nations people, holding an Introduction to the Electricity Supply Industry training program where First Nations apprentices in Mackay

and Brisbane participated. Other highlights included participating in the CQUniversity Brolga Program in Rockhampton, which assists Indigenous students with STEM career pathways.

Energy Queensland was also part of the Dream Big events, held to inspire the next generation of year 10-12 female school students to 'dream big' in STEM careers. Support for women in technical and operational roles, as well as leadership roles, has also continued with a strong Championing Women's network across the organisation. This network has increased the visibility and opportunity for women to connect with each other and women role models across the business.

Following on the previous year's successful launch of EQL Pride, the LGBTI+ Inclusion working party continues to play a strong role in advocating, promoting and celebrating the LGBTI+ community and creating an inclusive workplace for our employees.

A first for Energy Queensland was our participation in this year's AccessAbility week with local disability employment providers. Supporting this Australian Government initiative, enabled jobseekers with disabilities to connect and experience a day of job shadowing while also helping to build inclusion within our organisation. We will continue to focus to improve their experience of our workplace.

New apprenticeships state-wide

We offered 127 apprenticeships to local people in towns right across our regions, from Thursday Island to Southport, and out west, so the next generation can develop their skills and a career while remaining in their home community with their family and friends.

Transforming the way we work

As an organisation, over the past year we have transitioned from the foundational work of merging to building our organisational capability to deliver value to our customers and communities. In particular, we have accelerated our digital capability to rapidly respond and ensure continued delivery of service to our customers and communities in a highly challenging and uncertain environment.

The building blocks to digital future

The modernisation of our digital platforms continued this year with further deployments across a range of 'building blocks'.

By 2023 the Digital Enablement Building Blocks (DEBBs), part of the current Information and Communications Technology (ICT) Strategy underway, will provide a consolidated and modern digital platform, reducing duplication and improving the way we work. Our people will have access to the information sets they need, via multiple device options, that will enable better business and customer decision making and long-term value for customers.

In the second half of 2019 we completed a significant foundational step with Windows 10 Office 365 rolled out across the organisation. This proved critical to the success of our workforce transitioning to working from home due to COVID-19 restrictions. We also continued the implementation of foundational capabilities in finance solutions, unified sourcing contract management and supplier lifecycle management processes, and health and safety.

Another highlight has also been the implementation of the Environment, Health and Safety Management (EHSM) module of the SAP system. This featured new components for

incidents, conversations, Request for Information (RFIs), public shocks and new environmental monitoring capabilities, as well as injury management and health monitoring components. This reporting is now instantaneous from any location across the state.

The new year has also seen the introduction of a range of other elements in the suite including;

- deployment of capability to support the management of risk and controls in line with the corporate risk framework
- establishing our core financial capability that brings together our Energy Queensland operating model and chart of accounts in SAP, supporting a more efficient way of delivering our corporate financial reporting
- delivery of the Enterprise Content Management (ECM) platform to lay the foundation to support the corporate records management objectives.
- the first round of tactical improvements to the infrastructure and tools used to support our network operations and field teams (Unified Distribution Management Systems).

Other technology trials are also highlighted in the sections on community safety (p30) and solar (p42), both areas of significant technology innovation.

Innovation is core to transformation

Energy Queensland has innovation as a core business value and will apply innovative approaches to increase efficiency, improve delivery of value to customers, enhance employee contributions, increase safety and minimise costs.

The Innovation Hub model being used means that all areas of the business are empowered and encouraged to lead and develop their own approach to innovation. The Hub supports this through communication, coordination of resources for approved ideas presented to the hub.

Our environment

We're supporting the electricity industry's transition to a low carbon future, and are committed to minimising our operational environmental impacts.

Our efforts include purchasing green energy, delivering smart solar solutions, investing in new technical solutions to support distributed energy, and a focus on decarbonising transportation. We are also looking at our own carbon footprint, as well as ensuring best practice environmental standards across our operations.

Community in brief

Commitment made through a Low Carbon Future Statement

As part of showing leadership in transitioning the Queensland electricity industry and mitigating the potential risks of a changing climate, we have committed to a target for reducing our controllable greenhouse gas emissions by 17% by 2030.

1,000GWh roof top solar shared

In regional Queensland, \$36 million was credited to customers through Ergon Retail's feed-in-tariff, and \$241 million state-wide as part of the Queensland Government's Solar Bonus Scheme. This was on top of 444GWh in renewable energy power purchase agreements.

1.46W of large-scale solar projects

Yurika has continued to deliver high voltage connections for solar farms across Australia, and is now having success with Smart Connected Solar solutions for commercial properties (p42).

Gaining visibility of solar on the network

Tested an innovative state estimation capability to provide an immediate forecast of the load on the local network at any point in time, critical to supporting solar connecting into our networks in the future.

Doomadgee moves to a cleaner energy future

Decarbonising Queensland's remotest communities is underway, with the installation of an extra 404kW of solar capacity in Doomadgee this year.

SmartCharge EV research underway

As part of our Network EV Tactical Plan, the three-year research program will form part of a rich EV-related data set to underpin our EV initiatives.

Progress on No Oil to Ground Project

Developing oil contamination inspection processes, a more systemic approach to management of hydrocarbons, and measures for oil and chemical handling practices.

Closer to being asbestos free

Asbestos-containing materials, waste and soil have been removed from 87 substations and commercial sites, 27 depots, 23 owned residences, and two vacant land sites.

Improved waste management

Through waste collection and separation process improvements we are increasing the quality of recyclable materials and diverting waste from landfill.

* Part of our formal performance agreement with our shareholding Ministers, set through our Statement of Corporate Intent.

Transitioning to a low carbon energy future

To show leadership, Energy Queensland made a Low Carbon Future Statement this year. This outlines our commitment to enabling the transition of the Queensland electricity industry to a low carbon future, to building greater resilience in our network, communities and across our businesses and to mitigate potential risks of a changing climate.

The statement also makes a commitment to proactively reduce our carbon footprint, with a target for reducing our controllable greenhouse gas emissions. The statement supports the Queensland Government's target to achieve 50% renewable energy generation in Queensland by 2030.

Supporting the economics of green energy

We pay for the solar energy exported into the grid.

Purchasing green energy

Ergon Retail is one of the largest purchasers of renewable energy in Queensland with 444GWh of renewable energy bought through power purchase agreements in 2019-20.

In recent years, we have supported the viability of a range of large-scale renewable energy projects through these agreements, including the Mt Emerald Wind Farm, south-west of Cairns, and Lilyvale Solar Farm, north-east of Emerald. These partnerships have secured affordable green energy for our customers with the 53-turbine wind farm officially opened this year, and the 400-hectare solar farm also now in full operation.

Our power purchase agreements also support electricity from biomass, largely from Queensland's many sugar mills – providing a major economic contribution to the industry and their local communities.

Ergon Retail also continued to operate a 35MW gas-fired power station in Barcaldine to complement our energy market needs.

Queensland homes benefit from solar

Around one in three houses now have a solar energy system – the highest penetration of rooftop solar energy systems on detached residential premises of any state in

Australia according to data from the Australian PV Institute.

This not only benefits the owner of the system, in 2019-20 it added up to around 1,000GWh of renewable energy being transported across our networks with other consumers.

To support this, Ergon Retail credited thousands of residential and small to medium business customers a total of \$36 million during 2019-20 for the solar energy they exported back into the grid through regional Queensland's 7.8c/kWh feed-in tariff.

Ergon Network and Energex also passed on \$241 million state-wide for the energy exported by our customers on the Queensland Government's Solar Bonus Scheme's 44c/kWh feed-in tariff (p50).

Taking our smart solar expertise Australia-wide

Yurika has also continued to deliver connection works for large-scale renewable projects across Queensland, New South Wales and now Victoria as part of Australia's transition to a low carbon energy future. So far, they have been involved in 1.4GW of large-scale solar projects around the country with nine projects under way at the end of the year.

The team recently completed a major high voltage connection for 34MW solar farm at Middlemount in Central Queensland for Biosar Australia and SUSI Partners. This project included several innovations to deliver outcomes for the customer. They also connected the new 80MW solar farm, constructed by FRV, in Goonumbla near Parkes in central-west of New South Wales into the Transgrid network.

Commercial and industrial customers are also taking up Yurika's Smart Connected Solar solution as the energy platform to manage their energy costs, and

improve their carbon emissions, with its bundle of modular distributed energy components and smart metering.

The latest site to benefit is Mater Hospital in Townsville, with the installation of a 452kW rooftop solar system, completed on time and budget in the early part of 2020. The system includes an online information service enabling remote monitoring of solar production, grid usage and on-site consumption. It has also been set up to enable connection to a large-scale battery, EV chargers, and peak demand load control systems. The site's back-up generator capacity can also be used through the VPP (p29) to offset their cost of energy.

Yurika has also recently won a landmark contract to design, install, commission, own and operate 15MW of renewables for 15 years across five major shopping centres owned by Queensland Investment Corporation. With the aid of new smart technologies, the centres in Logan, Toowoomba, Robina, Townsville and Melbourne will be well placed to take advantage of emerging opportunities in EV charging services, VPP and energy storage. The partnership is an example of how our business is supporting commercial businesses with their energy and environmental performance objectives.

New solutions to support distributed energy resources

We are continuing to explore new 'visibility' solutions to better monitor the impact of solar on network voltages and loads, as well as other new technologies and capabilities as part of Our Future Grid Roadmap (p28) to cost effectively enable even higher penetrations of solar and other renewable resources.

A highlight this year was the completion of the ground-breaking Solar Enablement Initiative, a collaboration with the University of Queensland, and a range of other partners, and part-funded by the Australian Renewable Energy Agency, testing the application of state estimation on several distribution feeders. This process of estimating the status of the solar energy on the network uses a sample of near real-time network data to provide an immediate forecast of the load on the network at any point in time. Renewable energy by its very nature fluctuates. With a clearer picture we can manage our networks more dynamically to maximise use of available capacity, allowing more systems to be connected. The success of this trial will now see the roll-out of targeted state estimation capability, complemented by a network monitoring trial underway (p30).

To remove the need for fixed or nil export connections, we have also trialled a potential solution for commercial solar installations that would allow customers to maximise renewable energy exports, while managing network risks, by allowing the system to export within a dynamic operating envelope or limits based on the local conditions on the network. These trials will help inform the national discussion on the integration of distributed energy resources, and build on the evolution of our standards (p17).

Progress is also being made, as partner in the ARENA-funded project 'evolve', to explore capability to increase the network hosting capacity of distributed energy resources by maximising their participation in energy, ancillary and network service markets, while ensuring the secure technical limits of the

electricity networks are not breached. This innovative project includes collaboration with energy market aggregators to explore potentially scalable capabilities for coordinating energy resources throughout the distribution network.

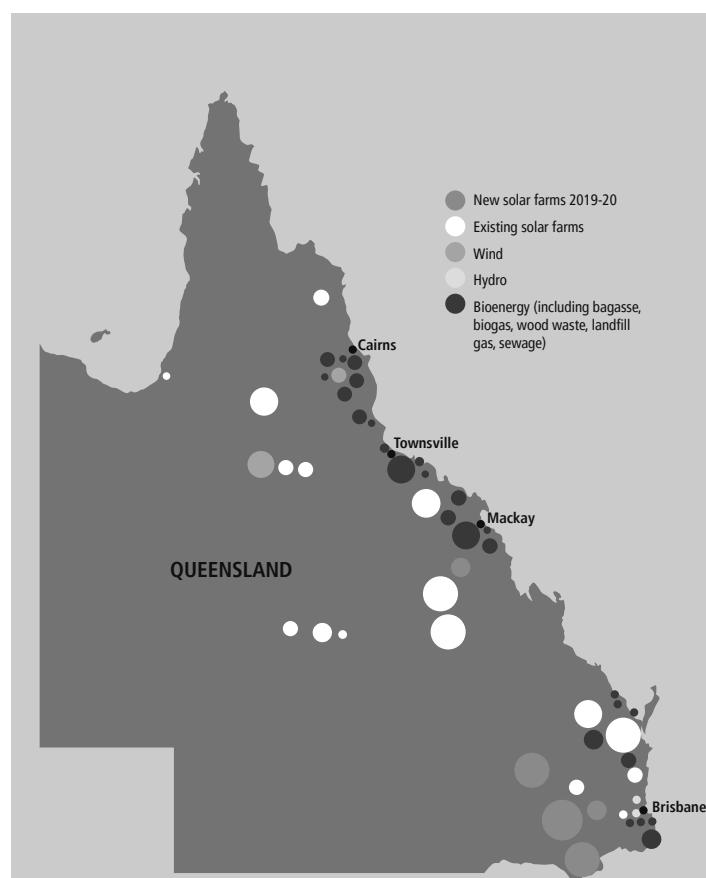
To advance the knowledge of how solar, batteries and other resources integrate with the network, we also supported the establishment of AEMO's Distributed Energy Resources Register, which we now update daily to provide a granular and up to date view of systems across our networks.

Renewables adding sustainability to isolated communities

We are continuing to support the decarbonisation of energy supply to our remote and isolated communities.

Leveraging the learnings from the earlier Lockhart River project, this year Yurika installed a new community solar solution at Doomadgee in the Gulf, integrated with the local stand-alone grid and diesel power station, with progress also in Pormpuraaw and others planned to follow.

Yurika collaborated with, Doomadgee Aboriginal Shire Council and Queensland Government to facilitate the installation and connection of 100kW of solar to Ergon Network's distribution system on four Doomadgee community rooftops. In addition, an Ergon Network solar farm outside town was increased by 304kW, with advanced monitoring and control systems. This investment is delivering savings for the community, training and employment opportunities for locals, and a win for the environment.



*Five solar farms have two network connections each.

**Locations are indicative only.

Our support for renewable energy

More than 4.2GW of distributed energy resources are now connected to our networks – making them a sharing platform for renewable energy. This is not only supporting renewable energy investors, but the environment, our customers, big and small, and the wider community.

Major renewables on our networks (>3MW)

There are 21 solar farms connected* (with three more under construction). Six new solar farms were connected in 2019-20.

Our network also has two hydro-electric generators connected, in the Brisbane area, and two wind farms now connected in Atherton and Hughenden.

We also provide the platform for 26 large bioenergy connections, mostly generating from bagasse, a by-product of Queensland's many sugar mills, to export across the grid.

Our networks also support over 619,000 rooftop and other small-to-medium solar energy systems.

SOLAR ENERGY CONNECTIONS	NUMBER	TOTAL CAPACITY
Small-scale ($\leq 30\text{kW}$)	617,491	2,737,504kW
Medium-scale ($>30 - 1,500\text{kW}$)	1,885	224,654kW
Large-scale ($>1,500\text{kW}$)	37	823,439kW
TOTAL CONNECTIONS	619,413	3,785,597kW

Yurika is also building a solar and battery solution on a new retail centre under construction on Palm Island, off the coast from Townsville. The system will provide about 15% of the centre's energy needs.

Helping to decarbonise transportation

On Queensland's roads there are now 2,300 fully electric Battery Electric Vehicles (BEVs) and almost 1,100 Plug-in Hybrid Electric Vehicles (PHEVs). With a number of new and more affordable vehicle models scheduled for release over the coming year, the upward trend in EV adoption is expected to continue.

For Energy Queensland, EVs present both challenges and opportunities. Our aim is to ensure we're meeting customers' EV charging preferences while encouraging off-peak charging to enhance network utilisation and place downward pressure on electricity prices.

During the year, we replaced more than 10 of our fleet's passenger cars across the state with EVs. We also launched our first EV Home Charging Plan (p15), and continued to work with government and other key stakeholders to develop regulations for EV charging.

A tactical approach to an electric vehicle future

In 2019, to support the Queensland Government's 'The Future is Electric: Queensland's Electric Vehicle Strategy', we developed a Network EV Tactical Plan. This articulates the EV-related initiatives being prioritised by our network businesses over the next one or two years to deliver value to customers. The 10 tactics to prepare for future growth in EV adoption cover education, network connections, energy management (including vehicle-to-grid), data, research and stakeholder engagement.

The implementation of this plan will provide, among other benefits, a richer understanding of energy flows, to the premises for EV charging. Network monitoring devices will provide data and insights as to how multiple EVs and their charging may impact, or even help, the low-voltage network. Our three-month trial of vehicle-to-grid technology in late 2020 will be one of the first in Australia, lay a foundation for exciting new options for both our networks and our customers.

Already underway is the three-year SmartCharge Queensland Research Program to monitor the charging behaviours of EV owners. The 200

volunteer participants have been provided with a self-installed monitoring device that captures where, when and how they are charging their vehicles, and makes it easy for users to monitor and analyse their own EV charging activity via a portal.

The data and insights from this research provides a window into this new and rapidly evolving customer group. It builds on findings from earlier trials as well as our annual Queensland Household Energy Survey; helping us better understand the potential impacts of EV charging, identifying opportunities to manage EV-related load growth, and informing future product options.

This research will form part of a rich and unique EV-related data set to underpin the other EV initiatives across our network businesses.

Yurika rolling out EV fast-charging stations

Yurika is rolling out Stage 2 of the Queensland Electric Super Highway. The string of public charging stations allow Queenslanders and tourists to travel in an EV with confidence from Coolangatta to Cairns or from Brisbane to Toowoomba. With the uptake of electric vehicles expected to steadily climb in coming years,

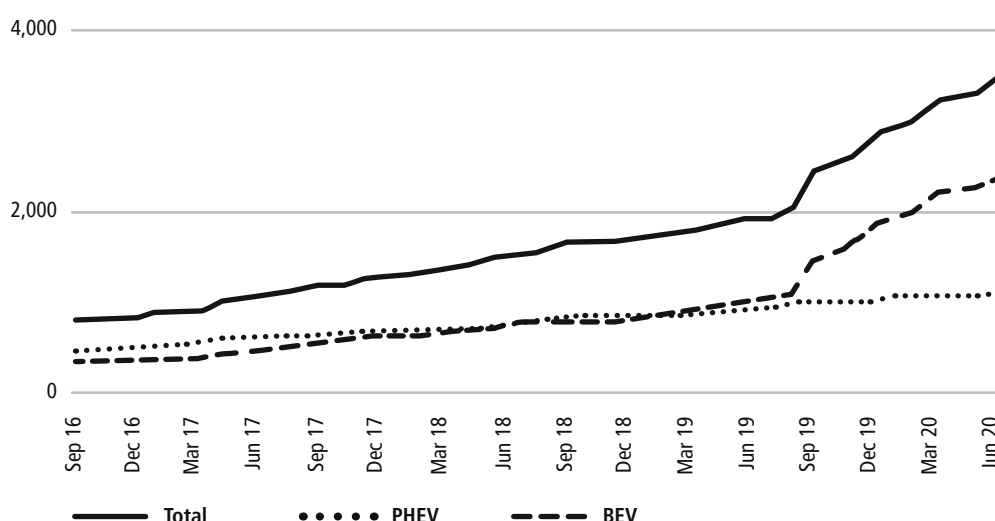
this stage is preparing for the anticipated growth in demand for public fast-charging stations.

In addition to the existing Yurika charging sites, the 13 under Stage 2 development will bring the total to 31. This charging network is helping to stimulate EV adoption in the Sunshine State, attract EV-driving tourists to regional Queensland, and meet future local demand.

Transition to efficient public lighting

Energex and Ergon Network have continued to work with Department of Transport and Main Roads (DTMR) and local governments across Queensland this year to advance public lighting services. Engagement sessions held with DTMR and Local Government Association Queensland representatives assisted in developing our Regulatory Proposals and tariff reforms (p14). The public lighting tariffs accommodate conventional public lighting requirements such as sodium and mercury vapour and the transition to new technology Light Emitting Diode (LED) lighting. The tariffs also consider the potential for smart controllers and trials of vandal-resistant options that minimise energy use, costs and other environmental impacts.

Electric vehicle adoption in Queensland



After a slow and steady increase in EV volumes, the release of the Tesla Model 3 in September 2019 boosted the number of EVs in Queensland. Further model releases in 2020-21 will likely continue the recent growth rate.

Our carbon scorecard

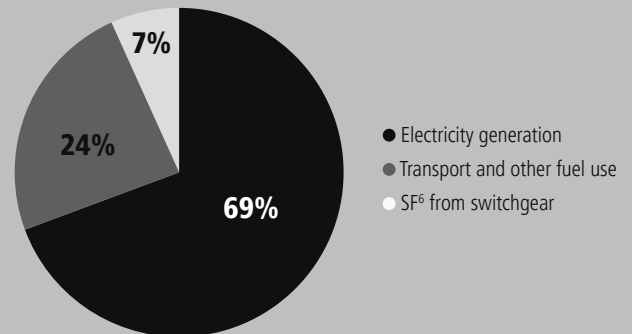
Energy Queensland's overall carbon footprint, including both direct and indirect emissions, equated to 1,747,234 tonnes of carbon dioxide equivalent (tCO₂-e) in 2018-19 (the most up to date data at time of writing this report). This footprint, reported annually to the Clean Energy Regulator, is largely due to the energy that is lost while distributing electricity across the network (an indirect Scope 2 emission).

We are developing a greenhouse gas emissions management plan to support the emissions reduction target in our Low Carbon Future Statement (p42). Various projects have been initiated to enable us to reduce our direct, or Scope 1, emissions, emissions, from our 2018-19 emissions baseline of 131,420tCO₂-e (up 3% on 2017-18 with isolated community energy demand). These direct emissions are from the fossil fuels used to generate electricity in isolated communities, our transport fleet, and fuel use in other plant, and include SF₆ (sulphur hexafluoride) gas emissions from the electrical switchgear on the network.

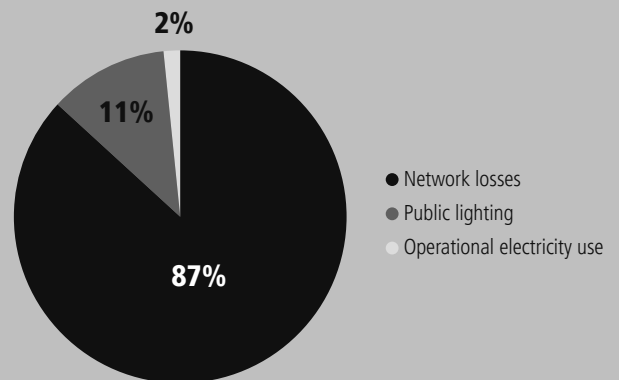
We are also looking to better understand our upstream indirect emissions (Scope 3) to identify other opportunities to reduce our overall carbon footprint.

Our direct emissions reduction projects currently include: the decarbonisation of energy supply to our isolated communities (p43), the introduction of an in-vehicle monitoring system to track and optimise fleet usage and the electrification of some fleet, and improving the management of SF₆ gas (p47). We are also replacing over 200,000 mercury vapour streetlights with more efficient LED alternatives, which will reduce our indirect emissions. Collectively, the projects are expected to reduce our overall carbon footprint by more than 80,000tCO₂-e, the equivalent of removing approximately 33,000 cars from the road for one year.

Our direct emissions - Scope 1



Our indirect emissions - Scope 2



ISOLATED GENERATION STATISTICS	2018-19	2019-20	
Diesel generation	116,929MWh	116,355MWh	▼
Renewable generation	945MWh	1,543MWh	▲
Total generation	117,874MWh	117,898MWh	▲
Emissions saved by supplying with renewable generation	636tCO ₂ -e	1064tCO ₂ -e	▲

Ensuring best practice operations

We maintain our commitment to reducing impacts on the environment and cultural heritage from our operations and to grow respectful relationships with all the communities we service.

This year, we developed a new Environmental Sustainability and Cultural Heritage Policy, with five focus areas: a low carbon future, waste reduction, no oil to ground, cultural heritage, and reduced natural disaster impacts.

Our environmental and cultural heritage management systems continue to expand and improve across Energy Queensland. Our certification to International Standard (AS/ISO 14001) has also been maintained this year.

During 2019-20, Energy Queensland notified the Department of Environment and Science of nine events. Four were related to hydrocarbon spills from electrical assets and one handling event, one event occurred when a recycled water pipeline was ruptured during works and three notifications related to slight water quality exceedances outside of site licence requirements. Improved water sampling procedures were developed and implemented, with no further water quality licence breaches.

Minimising our operational impact

Some of the key improvements this year were around soil contamination, asbestos, biosecurity, waste recovery and cultural heritage.

No Oil to Ground Project

During the year we progressed the No Oil to Ground Project, initiated in 2018-19, to address environmental events due to soil contamination from electrical assets events. The project is divided into three broad components:

- developing more systematic oil containment inspection processes for improved assessment of systems integrity. Given the variety of oil containment systems used, this work will inform the establishment of a business-wide standard for reliable device selection for future and refurbished sites and assist in the prioritisation of site rectification and any remediation works. The information gathering and scoping portion of this work is now complete with design reviews expected to take place during the 2020-21.
- developing a more systematic approach to identification and rectification of hydrocarbon leaks from transformers.
- reviewing oil and chemical handling management practices with a focus on our remote generation site operations. This seeks to establish practices and performance measures that will allow us to benchmark against other organisations operating similar facilities within Australia. This work has recently been awarded and is expected to be complete by the end of 2020.

Asbestos free by 2030

Following our Asbestos Management Plan, launched in 2017-18, we have now completed 82% of the plan, bringing us closer to our goal to be asbestos-free in our building and facilities wherever reasonably practical by 2030. In 2019-20, 11,567m² of asbestos-containing materials and 12,000m³ of asbestos waste and soil was removed from 142

assets including 87 substations and commercial sites, 27 depots, 23 owned residences and two vacant land sites. In addition, our workers and contractors have removed more than 130 tonnes of asbestos-containing material from our customer premises and from the electrical networks. The aim of the removal is to safeguard our people and the community from exposure to materials containing asbestos for good.

Biosecurity management

A new Energy Queensland Biosecurity Standard and Management Plan was developed this year, standardising and expanding our approach across all our operations. Given our field crews can be deployed across the state and travel greater distances than they may have in the past, the new plan helps to reduce the potential for biosecurity impacts specific to different regions.

Assurance activities were undertaken on the effectiveness of recently upgraded sensitive area signs (with Quick Response (QR) codes), which provide access to important environmental and cultural heritage information on properties. Findings resulted in improvements to training material for our meter readers and other external contract providers.

We are continuing to proactively work with customers, industry partners and other stakeholders on managing biosecurity threats. We worked on changes to the *Biosecurity Act 2014* regarding unauthorised access to properties, as well as changes to the National Farm Biosecurity – Property

Biosecurity Management Plan. This ensures that our legislative access requirements to provide a safe and reliable electricity supply can be maintained, while also supporting reasonable biosecurity requirements to protect landholders' properties and livelihoods.

Waste recovery improving

Improvements to waste collection and separation processes, we are improving the quality of recyclable materials and diverting waste from landfill. Over the past 12 months our average diversion of waste from landfill has been 53%, which is heading towards the Queensland State Government's 2025 diversion target of 65%. This average equates to approximately 613 tonnes per month. We will continue to focus on reducing the amount of potential waste entering the organisation, and keep working with our waste contractors to find markets for wastes that have the potential to be reused or recycled for other purposes.

We have also undertaken life cycle analysis of SF₆ gas used in switchgear across our networks to improve how it is managed. This includes reviewing operations to pursue SF₆ gas recycling opportunities and exploring alternative technology to minimise the use of SF₆ gas-filled equipment in the future.

Mapping cultural heritage

Cultural heritage and environmental field assessments are routinely undertaken for new electricity connections to ensure we minimise any impacts. This year, a new cultural heritage assessment process and an environmental assessment approach were developed in conjunction with a new and improved spatial mapping tool that can be accessed broadly across the business.

As part of revising training for our people on the new processes, we are producing short videos to enhance cultural heritage field assessment techniques which will lead to better management of cultural heritage which respects for First Nations people and their history.

In addition, we have been collaborating with Indigenous leaders to identify ways to improve how we go about mapping cultural heritage for our infrastructure projects.

Our economic value

Our financial performance continues to make a significant economic contribution to Queensland.

Along with a commitment to playing our part in lowering electricity prices for our customers, we are delivering on our shareholder's expectations, through careful spending decisions and delivery of business efficiencies.

We see this as vital to delivering financial value to the Queensland Government, for the benefit of Queensland communities, and to the sustainability of our services into the future.

Our economic value

\$643 million in merger savings

Multi-year target \$562 million – as a Group, we have achieved merger savings substantially more than the original objective, placing us well for the reduction in future revenues.

\$1,915 million expenditure

Target \leq \$1,630 million*

Expenditure levels for our core, Standard Control Services, was maintained at levels consistent with 2018-19.

\$483 million Net Profit After Tax

Target \leq \$506.9 million* – this result was impacted by, among other things, increased COVID-19 related expenses and unrealised losses from a decrease in forward electricity prices.

5.8% Return on Capital Employed

Target \geq 6.0* – this result, while down as expected on previous years, is in line with expectations, given the efficiencies and ultimately the profit result achieved.

* Part of our formal performance agreement with our shareholding Ministers, set through our Statement of Corporate Intent.

Merger delivers on efficiencies

We continue to improve our economic performance, and ability to deliver lower prices.

Now at the end of the fourth year as a Group, our focus on efficiency and effectiveness has delivered \$643 million in savings to Queenslanders, substantially more than the original multi-year target, established in 2016 as a key objective of the merger of Ergon Energy, Energex and SPARQ Solutions, of \$562 million by 2020.⁷

The business is pursuing strategic initiatives focused on contemporary systems, technology and processes that will deliver operating efficiencies and competitive advantage to operate in a more dynamic environment. These, and further efficiencies, will be vital to operating within future revenue constraints and keeping the pressure off prices (p14).

Energy Queensland made a consolidated Net Profit After Tax of \$483 million (compared to \$657 million in 2018-19). This result was impacted by falling revenue, the impact of COVID-19 on bad debt provisions and operating expenditure, higher depreciation and unrealised mark-to-market losses as a result of a decrease in forward electricity prices.

Through dividends to the Queensland Government, our economic contribution supports

state-wide energy-related initiatives, such as the \$498 million Community Service Obligation payment (p50), the Utility Bill Relief Assistance package this year, which included \$159 million of relief payments to over 690,000 homes and businesses (p14), and other customer rebates.

The total expenditure for our core Standard Control Services was \$1,915 million, which reflects a continued focus on investing in the Network to ensure we meet compliance and safety requirements as well as fast tracked Non-network investment to support remote access, and network and perimeter stability due to COVID-19.

The Return on Capital Employed was 5.8% (7.1% in 2018-19). The lower ratio in 2020 was driven primarily by the lower Earnings Before Interest and Tax (EBIT) reported by the Group.

Future revenue constraints

As a Group, much of our revenue comes from our regulated distribution businesses Energex and Ergon Network, collected as a component of Retail electricity bills. Other components of the bill include generation, transmission and retail costs.

These businesses operate under a five-year regulatory control period, with our revenue now reset by the AER for 2020-25. The AER'S final revenue determinations (p14), released in June this year, allow Energex to recover \$6,010 million from its customers over the 2020-25 period, and for Ergon Network to recover \$5,926 million.

This reset will have significant impact on our future financial performance. As the largest building block in the AER's revenue determination, the scale of the reductions has come from the allowed rate of return on our network businesses' regulated asset bases.

These revenue allowances are lower than at any time during which we have been regulated under the AER. While challenging, they will provide vital price relief to our customers during the difficult economic period ahead.

⁷ Target set through 2016 Shareholder Mandate. For a like for like comparison, merger savings are based on 2015-19 Cost Allocation Methodology (CAM).

Financial summary for Energy Queensland Limited

(Consolidated)

This section explains the key financial outcomes for Energy Queensland Limited for 2019-20. This commentary is not comprehensive – for full disclosures refer to the Annual Financial Statements for Energy Queensland Limited and its controlled Entities, available online at www.energyq.com.au/annualreport.

A. Where does our revenue come from?

Energy Queensland's total revenue for the financial year is \$4,863 million consisting of electricity Retail sales (\$1,993 million) and Distribution revenue (\$2,680 million).

B. What are our main expenses?

Our total expenses have seen an increase of 1% (\$46 million) compared to last year, mainly due to a combination of higher depreciation and operating costs, offset by lower transmission charges and electricity purchases, as well as lower finance charges. We continue to review our operating and capital programs and activities, identifying savings through increased efficiencies and initiatives.

Depreciation continues to be a substantial expenditure due to the considerable capital employed in the provision of electricity distribution services. Our finance costs of \$714 million correlate with the

average debt balance and interest rates of the last 12 months.

Payments made under the Queensland Government's Solar Bonus Scheme continue to decline as the number of eligible customers gradually reduces. Overall, we have paid \$277 million in feed-in-tariffs.

The Queensland Government's Community Service Obligation subsidy is disclosed as an offset expense against transmission charges and electricity purchases. Total transmission charges and electricity purchases, net of this offset, are \$758 million, a reduction of \$82 million and in line with electricity sales.

C. What assets do we own?

Our total asset base is carried at \$26.0 billion. Property, plant and equipment are the major components of our asset base, at \$24.2 billion, which includes mostly regulated electricity network assets. Our Network assets are revalued to fair value on an annual basis.

D. What are our liabilities?

Total liabilities are \$22.7 billion this year. Our largest liability, the interest-bearing loan with Queensland Treasury Corporation, is at \$17.3 billion with \$633 million in loan drawdown this year to fund business

requirements, including capital investment. We remain committed to maintaining a sustainable financial position by managing our long-term debt levels to an appropriate target gearing ratio as considered appropriate by our Board, in consultation with our shareholder. The Debt to Regulated Asset Base Ratio is 70.0% (2019-20: 70.7%).

E. What was our capital investment?

We have delivered a \$1,598 million capital investment program, this is \$140 million higher than the \$1,458 million invested in 2018-19 continuing to reinforce our commitment to meeting the requirements of our communities and future needs. We continue to maintain our service levels and reliability and make appropriate investment in the growth of the distribution network. Our network capital investment is \$949 million (2018-19 \$953 million).

F. What dividends do we return to our owners?

Our 2020 dividend will comprise 100% of Net Profit After Tax adjusted for non-cash items, which will be paid to our shareholder, the Queensland Government in 2020-21, ultimately benefiting the people of Queensland.

A. OUR REVENUE	\$MILLION 2018-19	\$MILLION 2019-20
Revenue and Other Income	4,991	4,863
B. OUR EXPENSES		
Transmission Charges and Electricity Purchases	(840)	(758)
Operating Expenses	(1,759)	(1,843)
Depreciation, Amortisation and Impairment Expense	(971)	(1,065)
Finance Charges	(764)	(714)
P50 OUR PROFIT		
Net Profit After Tax	657	483
C. OUR ASSETS		
Current Assets	1,394	973
Non-current Assets	24,389	25,069
Total Assets	25,783	26,042
D. OUR LIABILITIES		
Current Liabilities	1,891	1,700
Non-current Liabilities	20,265	20,992
Total Liabilities	22,156	22,692
Net Assets	3,627	3,350
E. OUR INVESTMENT		
Total Capital Investment	1,458	1,598
F. DIVIDENDS		
Dividends Declared	657	443

Corporate governance statement

Energy Queensland Limited is a Government Owned Corporation reporting to the Queensland Government via two shareholding Ministers – the Treasurer and Minister for Infrastructure and Planning, and the Minister for Natural Resources, Mines and Energy – on behalf of the communities we serve across Queensland⁸.

Energy Queensland Limited is the parent company of a number of operating subsidiary companies including Energex Limited, Ergon Energy Corporation Limited, Ergon Energy Queensland Pty Ltd, Yurika Pty Ltd, Metering Dynamics Pty Ltd and Ergon Energy Telecommunications Pty Ltd whose main business is the provision of regulated electricity distribution and retail services to customers and other related unregulated business activities.

Energy Queensland Limited is governed by a Board of Directors whose primary role is to provide effective governance, oversight and strategic direction of the affairs of the Energy Queensland Group. This ensures the interests of the shareholding Ministers are protected while having regard for the interests of all stakeholders, including our community stakeholders, end-user customers, industry partners, and employees.

Energy Queensland Limited's corporate governance practices are in line with the Australian Stock Exchange (ASX) Corporate Governance Council Principles and Recommendations (4th edition), where applicable, and the Queensland Government's Corporate Governance Guidelines for Government Owned Corporations. These provide a framework of eight principles that guide our corporate governance arrangements.

PRINCIPLE 1 – FOUNDATIONS OF MANAGEMENT AND OVERSIGHT

Energy Queensland Limited's Board Charter outlines the role of the Board and sets the framework for the Group's long-term success providing effective governance, oversight and strategic direction over Energy Queensland's affairs.

The Board Charter supports Directors and Executives in understanding their governance responsibilities. The Charter is reviewed every two years and is available online at www.energyq.com.au

The Board of Energy Queensland Limited comprises seven independent directors. The activities of the subsidiary companies are overseen by their own boards made up solely of executive members.

Four committees to assist the Board in fulfilling its oversight, responsibility and performance of its function in key areas in accordance with Committee Charters (also available online):

- **Audit Committee** – financial integrity and reporting, effectiveness of fraud and internal control framework, audit, policy framework, and investigations
- **People, Safety and Environment Committee** – people, safety, and environment
- **Regulatory Committee** – energy regulatory issues, ring-fencing, and regulatory determinations
- **Risk and Compliance Committee** – risk policy and framework, risk appetite, risk identification and management, risk culture, compliance policy and framework and compliance culture.

In addition, the Governance and Delegations Policy provides the framework for decision making and identifies the matters reserved to the Energy Queensland Board and its subsidiary companies, as well as the Chief Executive Officer and Executive Committee. The reporting relationship and decision-making responsibilities of the Energy Queensland Board and subsidiary Boards are documented in the Energy Queensland Group Governance Framework.

All new directors attend a structured induction session to ensure they understand roles and responsibilities, functions of the Board and Committees, and corporate expectations. They also receive an overview of Energy Queensland's operations, and the Energy Queensland Board Handbook.

Energy Queensland's Executive Committee comprises the Chief Executive Officer and eight other executives. Other key roles within the organisation include the Chief Governance Officer (which includes company secretarial duties) and the Corporate General Counsel.

Key Performance Indicators and targets for senior executives are agreed on an annual basis with a performance review conducted during the year. The performance review of the Chief Executive Officer, including setting of key performance targets, is conducted by the Chairman in accordance with a defined evaluation process. Following from this, the Chief Executive Officer conducts performance evaluations of the Executive Committee, including annual setting of key performance indicators along with a half-yearly check in pursuant to a defined performance review process.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

Energy Queensland's Board of Directors, including the Chairman, are independent, skills-based non-executive directors appointed for a set term by the Governor-in-Council in accordance with the *Government Owned Corporations Act 1993* (Qld).

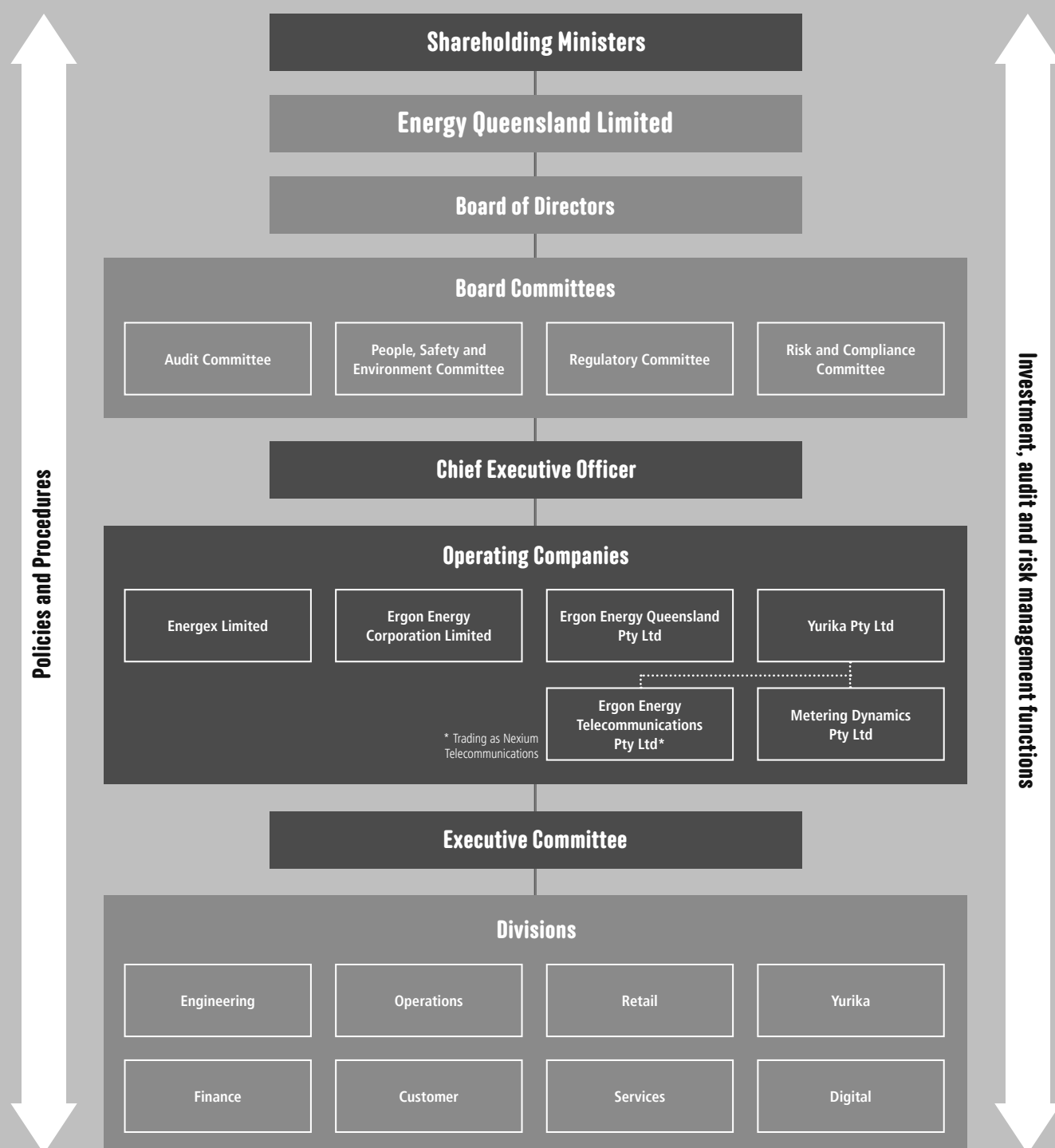
Principle 2 continued page 58.

⁸ 2019-20 Shareholding Ministers are, or were:

- Hon Cameron Dick MP, Treasurer and Minister for Infrastructure and Planning (from 11 May 2020)
- Hon Anthony Lynham, Minister for Natural Resources, Mines & Energy
- Hon Jackie Trad MP, Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships (until 11 May 2020)*

* The Honourable Annastacia Palaszczuk MP, Premier, temporarily assumed shareholding Ministerial responsibilities for the period 9 to 10 May 2020 until 11 May 2020 when a new Minister was appointed.

Our corporate framework



Board of Directors

Energy Queensland is governed by a Board of seven directors.

PHIL GARLING

Chairman

BBuild FAIB FAICD FIEAust

Phil Garling joined the Board and was appointed Chairman in 2016. He is also member of the Regulatory Committee.

Phil brings to his role as Chairman 40 years of experience in the Australian energy, construction, infrastructure and investment sectors, gained through an extensive board and executive career.

He is currently a non-executive director of Downer EDI Limited and Charter Hall Limited. He has previously been a non-executive director of Network NSW, which was formed when Ausgrid, Endeavour Energy and Essential Energy merged in July 2012 and was the inaugural Chairman of the DUET Group for seven years. He has also completed the AICD Advanced Diploma.

Phil's understanding of the energy sector and his broad corporate experience are valuable assets in guiding the future direction of Energy Queensland Limited.

MARK ALGIE

Director

BA(Politics) MBA CAHRI GAICD

Mark Algie joined the Board in 2016. He is a member of the Audit Committee and the People, Safety and Environment Committee.

Mark is a highly experienced human resources executive with more than 15 years' experience across numerous sectors including defence, heavy engineering, construction, utilities, infrastructure and media.

He is currently the Managing Director of Human Outsource which specialises in the provision of human resources and psychology services. Mark is also a Non-Executive Director on the board of AEIOU Foundation.

Previously Mark has held appointments as Director, Events and Custom Media for News Corp Australia and Human Resources Director with APN Australian Regional Media. He also spent four years with Tenix Australia in a number of HR roles, including as Manager Human Resources Infrastructure, and two years with Ergon Energy Corporation Limited as a Senior Employee Relations Consultant. He began his career as an Army officer with the Department of Defence.

VAUGHAN BUSBY

Director

B.Pharm, MBA

Vaughan Busby joined the Board in 2017. He is a member of the Risk and Compliance Committee and the Regulatory Committee.

Vaughan currently serves as a non-executive Director for ASX listed EOL, a company providing specialist software to the energy industry and is the Chairman of Netlogix Australia, a supply chain logistics company.

Previously, he was a Director of Ergon Energy Queensland, and the Managing Director for HRL Morrison & Co Australia, an infrastructure fund manager responsible for managing the NZX listed fund Infratil.

He has served as the Chairman of Perth Energy, a vertically integrated energy retailer in Western Australia and as a non-executive Director for Lumo Energy, an energy retailer operating in Victoria, South Australia, New South Wales and Queensland. He was also a non-executive Director of Infratil Energy Australia, a wholesale energy trading company. Vaughan was the Chief Executive Officer and Managing Director of Energy One, an electricity retailer.

He has extensive experience, not only in the energy industry, but also in turn-around and corporate restructuring. Vaughan holds an MBA from the IMD Business School in Switzerland.

TERESA DYSON

Director

LLB(Hons) BA MTax MAppFin
GAICD

Teresa Dyson joined the Board in 2016. She is the Chair of the Audit Committee and a member of the Regulatory Committee and the People, Safety and Environment Committee.

Teresa is also a non-executive director of Seven West Media Ltd, Genex Power Ltd, Energy Super, Shine Justice Ltd, Northern Territory Power and Water Corporation, the National Housing Finance & Investment Corporation and the Foundation for Alcohol Research and Education.

She is a member of the Gold Coast Hospital & Health Services Board, the Foreign Investment Review Board and the Takeovers Panel.

Teresa is a lawyer with more than 20 years' experience advising the private sector and governments on complex infrastructure, mergers and acquisitions, finance transactions and social infrastructure. She was formerly a partner of Ashurst Lawyers and Deloitte Australia.

In 2011, Teresa was named Woman Lawyer of the Year by the Women Lawyers Association of Queensland.

HUGH GLEESON

Director

BEng(Civil) FAICD FIE(Aust)

Hugh Gleeson joined the Board in 2016. He is Chair of the Regulatory Committee and a member of the Risk and Compliance Committee.

Hugh has more than 30 years of experience in energy and utilities and was the CEO of the electricity and gas distribution businesses United Energy and Multinet Gas for 12 years. He brings to the directorship significant experience in the areas of energy policy and regulation, together with broad experience in the operations and management of utility businesses.

Hugh is a professional engineer and has served on the boards of the Energy Supply Association of Australia and the Energy Network Association and has also been involved in the water sector.

He is currently a non-executive director of Melbourne Water Corporation, gas distributor GDI (EEI) Pty Ltd (Allgas Energy), electricity distributor Ausgrid and Collgar Wind Farm.

KERRY N NEWTON

Director

LLM MBA MA GradDip(Applied
Finance and Investment)
FAICD FAIM FGIA

Kerryn Newton joined the Board in 2016. She is the Chair of the Risk and Compliance Committee and a member of the Audit Committee.

Kerryn has over 25 years' of experience working in various legal, management and commercial roles in the private and public sectors, and as a consultant working across the private, government, publicly-listed, and not-for-profit sectors in an extensive range of industries.

Currently, Kerryn is Managing Director of a national board and governance advisory firm and advises a wide range of organisations in the areas of corporate governance, strategy, board composition, risk and compliance.

Kerryn has held numerous board roles in not-for-profit organisations in the child care, education, aged care and housing sectors. She was a non-executive director of Energex Limited until 2016.

HELEN STANTON

Director

BEng(Minerals Processing)
GAICD

Helen Stanton joined the Board in 2016. She is the Chair of the People, Safety and Environment Committee and a member of the Audit Committee.

Helen brings strategy, risk and governance expertise to the Board, with extensive utilities governance experience. Her career includes operational, leadership and commissioning roles in the mining industry.

More recently Helen has worked as a consultant supporting organisations to formulate strategies for bottom line, sustainable improvements.

She was previously a non-executive director of Ergon Energy Corporation Limited and Northern Territory Power and Water Corporation.

The Executive Committee

Energy Queensland's Executive Committee comprises a Chief Executing Officer (CEO) and eight executive leaders. The team is based across Townsville, Bundaberg, Maryborough and Brisbane.

In April 2020, Rod Duke joined the Group as CEO, following the interim leadership provided by Peter Scott throughout 2019-20.

This was one of several changes to the executive during the year. In January 2020, to further our focus on our customers and the community, Michael Dart was appointed to the newly created role of Executive General Manager Customer. Then, March 2020 saw the departure of Charles Rattray, Executive General Manager, Yurika, and Cheryl Hopkins Executive General Manager, Ergon Retail.

We would like to thank Charles and Cheryl for the contribution they made during their time with the Group. These divisions are currently being led in acting capacities by Carly Irving and Ayesha Razzaq respectively. Lastly, in June 2020, Marianne Vosloo joined the Group as Executive General Manager, Digital, reestablishing this position at the executive level.

Since the end of the financial year, division names and executive titles have been simplified with some changes to accountabilities.

ROD DUKE

Chief Executive Officer

GradDipMgt BEHons (Chemical)

Rod Duke joined Energy Queensland as Chief Executive Officer in April 2020. Prior to this he held the role of Chief Executive Officer of the Gladstone LNG project operating company for Santos and its partners.

Rod brings to the Group extensive executive and energy industry experience gained from working in senior roles at Santos, Singapore LNG Corporation, the Energy Market Authority and Woodside.

He has a strong focus on safety and commercial outcomes with global experience in operations, commercial, marketing, trading, development, projects, engineering, construction and commissioning areas of the natural gas industry, as well as leading transformational projects.

Rod holds a Graduate Diploma of Management from Deakin University and a Bachelor of Engineering with Honours from the University of Queensland, where he is also a member of the School of Chemical Engineering Industry Advisory Board. He is a board director of the LNG Marine Fuels Institute.

PETER PRICE

Executive General Manager, Engineering

BEng(Hons) MEng MCIPS FAICD

Peter Price was appointed to the Energy Queensland Executive in November 2016 and is responsible for leading the Group's engineering and asset management strategies, which includes the safe and efficient management of the Group's electricity distribution networks.

Prior to joining Energy Queensland, Peter was a member of Energex's executive management team for ten years. His career with Energex included managing and leading capital planning and program delivery, asset management, procurement, regulatory issues and the growth of new commercial businesses.

Peter holds both a bachelor degree (with honours) and a masters degree in engineering from the University of Queensland, and is a fellow of the Australian Institute of Company Directors. Peter is also Chair of Energy Skills Queensland and sits on the Board for Redback Technologies.

PAUL JORDON

Executive General Manager, Operations

GAICD, INSEAD

Paul Jordon was appointed to the Executive Committee in December 2017.

He is responsible for leading the Group's delivery, operations and maintenance of our electricity assets. This includes the integration and transformation of Ergon Energy Network's and Energex's associated operational streams including works programming, field delivery, substations and a dedicated emergency planning and response team into an innovative global leader in the energy industry.

Prior to his current appointment Paul led the customer service elements of the Ergon Energy Network, which included ensuring the safe and efficient operation and maintenance of the distribution network.

Paul has more than 30 years' experience in the electricity distribution and retail fields, both in Australia and internationally, and brings a wealth of knowledge to all aspects of his executive role including specialist levels of expertise in disaster preparedness and response and is a passionate advocate for the safety of our employees and our communities.

AYESHA RAZZAQ

Executive General Manager, Retail

BEng(Hons) GAICD FAMI

Ayesha Razzaq was appointed Acting Executive General Manager, Retail in March 2020.

Ayesha is responsible for leading Energy Queensland's Retail business, Ergon Retail. This includes delivering a positive customer experience, managing wholesale energy procurement, and the ongoing development of products and service choices for customers.

Ayesha brings a wealth of commercial knowledge and expertise obtained through her 20-year career as a senior executive in the retail energy industry. With a customer-centric focus, she has successfully implemented innovative strategies to deliver profitable growth and has led large teams through a range of operational and transformational programs.

Ayesha holds a Bachelor of Engineering with Honours and more recently graduated from Harvard Business School where she completed the Advanced Management Program. She was awarded the 2017 Corporate Telstra Business Woman Award.

CARLY IRVING

Executive General Manager, Yurika

GradCertBus BEd MBA GAICD

Carly is currently responsible for spearheading Yurika's unregulated energy and telecommunications services business, which includes Metering Dynamics and Nexium. She has been acting in the role since March 2020.

Carly has over 25 years' experience working in senior leadership positions, in general management, human resource management and business operations, and as managing director/owner of a management consulting business. She brings to the team her expertise in corporate and strategic planning, project management, logistics and customer experience management, as well as a deep understanding of acquisitions, mergers, startups and businesses in growth.

Carly is results driven, always ensuring sustainable business results, while maintaining the safety and wellness of her people. She was a Queensland finalist in the Telstra Business Women of the Year 2019 Awards for her work challenging the traditional 'way we do things' and rebalancing the power and gender dynamics.

BELINDA WATTON
Executive General Manager,
Services

BCom MAppLaw
GradCertAppFin GAICD

As an experienced senior executive, Belinda leads a multi-functional, diverse and geographically dispersed team of more than 1,000 people who drive the transformational and cultural change necessary to help Energy Queensland realise its vision of 'energising Queensland communities'.

This is being achieved through the strategic direction and leadership of the people and safety services, non-network assets (property, fleet, materials, inventory, warehousing), transformation and innovation teams.

Belinda has a track record of transforming cultures and delivering strong business performance in complex public, private and not-for-profit organisations. Belinda also holds directorships with Ergon Energy Retail, Energy Skills Queensland, the Electrical Safety Office and HELP Enterprises.

She has a Bachelor of Commerce, Masters of Applied Law, qualifications in finance, is a graduate member of the Australian Institute of Company Directors and a member of Chief Executive Women.

MARIANNE VOSLOO
Executive General Manager,
Digital

BCom MAppLaw BSc (CompSc & Math) BSc (Hons CompSc)

Marianne joined the Group in June 2020, bringing international expertise in digital strategy, data analytics and cybersecurity from her prior role as Chief Information Officer at the Australian Federal Police, as well as senior leadership positions in the finance, mining, healthcare, manufacturing, and ICT consultancy sectors.

She is responsible for leading Energy Queensland's digital strategies, as well as overseeing all major ICT investments, business partnering, innovation and support services.

Marianne has worked in complex ICT environments with large, geographically dispersed teams, with a critical focus on cost-effective digital enablement, as well as IT-OT convergence. These strengths will support Energy Queensland's focus on creating value for customers through smart, secure digital investment and service delivery.

Underpinning her wealth of practical experience and expertise, Marianne holds a Bachelor of Science majoring in Computer Science (Hons) and Mathematics from South Africa's University of Potchefstroom.

PETER SCOTT
Executive General Manager,
Finance

DipBus BBus MPA MBA FCPA
GAICD

Peter was appointed the Chief Financial Officer (CFO) in November 2016. He is responsible for the financial, energy pricing and energy regulatory aspects of the Group of companies, in addition to the company secretariat and general counsel functions. His portfolio also includes strategic procurement and the provision of corporate shared services.

Peter acted as the Group's Chief Executive Officer from July 2019 to March 2020. He is also a director of various subsidiary companies of the Energy Queensland Group.

Prior to Energy Queensland, Peter was Energex's CFO for two years. Throughout his career he has had senior executive experience in both government-owned corporations and local government. His earlier career included a variety of banking and government/semi government roles across regional Queensland.

Peter holds a Diploma of Business, a Bachelor of Business, a Master of Professional Accounting, and a Master of Business Administration. He is also a Fellow of Certified Practising Accountants.

MICHAEL DART
Executive General Manager,
Customer

BSc (AusEnvSt) BSc (EnvHlth)
Dip(Mgt) GAICD

Michael Dart is the Executive General Manager, Customer responsible for leading the portfolio's community trust and customer value strategy, and investor relations strategy as a Government-owned Corporation, as well as its strategic stakeholder engagement strategies. He also oversees the Group's network customer and market operations, and corporate affairs functions, including the brand and marketing strategy and the portfolio's broader communications efforts. These include media relations, digital communications and employee communications.

He has executive management, stakeholder relations, policy development, media, social media, and communications experience stretching more than 20 years. He has worked for state and local governments and as a consultant to the private and public sectors.

Michael has spent more than a decade as an energy industry leader and is also a Non-Executive Director of Creative Regions, with director experience in the government, arts and environmental health fields.

Principle 2 continued.

Details of the Directors' qualifications, skills and relevant experience are on page 53. The number of Board and Committee meetings held along with Directors' attendances, as well as the term of Directors are set out in the Directors' Report, in the Energy Queensland Financial Statements, on page 62.

The Board ensures that Directors' independence is maintained through the Conflicts of Interest Policy which is supported by a Conflict of Interest Protocol.

Energy Queensland has also adopted a Securities Dealing Policy and an Appointment of EQL Nominees to External Boards Policy to support the maintenance of Directors' independence and effectively manage conflicts of interest. In addition, the Board Charter provides that with the prior approval of the Chairman, each Director has the right to seek access to independent professional advice required to fulfil their role at the company's expense.

Board performance evaluations are conducted by an external party every two years and are in accordance with the Queensland Government's Corporate Governance Guidelines for Government Owned Corporations. These evaluations include assessment of skills and experience, Board culture and meeting dynamics, and the quantity, quality and timeliness of information and decision making. Opportunities for improvement and development identified during the evaluation performance conducted during the 2017-18 reporting period have been progressed and monitored to ensure the continued effectiveness of the roles of the Board and Committees, key relationships and governance processes. The next Board performance evaluation is due to be conducted in September 2020.

PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Energy Queensland is committed to ethical and responsible decision making and has in place an Integrity Framework which supports this via policies and guidelines as well as internal networks and support.

Culture is a key element of the governance framework to promote ethical and responsible decision-making. Energy Queensland has developed tools and measures to assess and monitor the culture of the organisation to provide insight to the Board as to the state of the culture (p38). The Board has taken a number of steps to ensure that it engages with employees and customers through regular Board visits and site tours.

The Code of Conduct sets the standard for how employees operate in accordance with business ethics, social objectives, and corporate values and associated policies. Advisers, consultants and contractors are expected to comply with high ethical standards aligned with the Code of Conduct. New employees receive induction training on ethical business practices, including the Code of Conduct with regular refresher training and updates provided to all employees. The Board also has a Directors Code of Conduct to assist in its decision-making process.

A declaration of Directors' interest is a standing agenda item at the commencement of every ordinary Board meeting.

Decision making is delegated under the *Corporations Act 2001* (Cth) and formalised in the Governance and Delegations Policy. Decision making is further guided by policies established under the Energy Queensland Controlled Documents Governance model.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The role of the Audit Committee is to assist the Board in fulfilling its oversight responsibility of Energy Queensland's financial integrity and reporting, effectiveness of the fraud and internal control framework, audit, policy framework and investigations in accordance with the Audit Committee Charter. The Chairman of the Audit Committee is not the Board Chairman. Details of the Directors appointed to the Audit Committee are set out in the Directors' Report, in the Energy Queensland Financial Statements, on page 62.

The internal and external auditors are invited to attend Committee meetings to present relevant reports and discuss any concerns with the Committee, without management influence. The Queensland Audit Office is the Group's external auditor.

The Audit Committee defines the internal auditor's scope of work through establishment of an Internal Audit Charter. Internal Audit is an independent function that assists the Board and Management in the effective discharge of their responsibilities.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

The Board has reporting and continuous disclosure obligations to the shareholding Ministers under the *Government Owned Corporations Act 1993* (Qld) and *Corporations Act 2001* (Cth).

Energy Queensland provides the shareholding Ministers with a copy of the audited accounts for each financial year, a half-yearly report and an annual report in accordance with the requirements of the *Government Owned Corporations Act 1993* (Qld). A Quarterly Shareholder Report is also provided to ensure that the shareholding

Ministers have access to material information regarding the company and its subsidiaries including its operations, financial performance, financial position and governance.

Energy Queensland has in place a framework to facilitate the reporting of wrongdoing and the protection of those who disclose wrongdoing and is required to comply with the whistleblower protection requirements under the *Public Interest Disclosure Act 2010* (Qld) (PID Act) and the *Corporations Act 2001* (Cth). The Public Interest Disclosure and Whistleblower Policy encourages the reporting of Public Interest Disclosure matters under the PID Act (which are considered on their merits based on the nature, extent and scope of conduct that has given rise to the complaint made by employees or contractors of Energy Queensland) and Whistleblowers Disclosures under the *Corporations Act 2001* (Cth) about Energy Queensland's operations or an activity that could adversely impact the organisation. Public Interest and Whistleblower Disclosures are properly dealt with, assessed and appropriately investigated (where necessary) and managed. Protection is provided to disclosers from reprisal and/or victimisation. A procedure for dealing with Public Interest Disclosure is available on available online on our corporate website.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS

Each year Energy Queensland develops a Statement of Corporate Intent and Corporate Plan setting out the key strategies and performance targets for Energy Queensland annually and on a five-year rolling basis. The key performance indicators and targets on page 7-8 provide a summary of the Statement of Corporate Intent for 2019-20. The Statement of Corporate Intent is publicly available online on our corporate website.

In addition to regular quarterly reporting and this Annual Report, Energy Queensland reports to its shareholding Ministers in a timely manner on all issues likely to have a significant financial, operational, social or environmental impact in accordance with obligations under legislation and government guidelines. Energy Queensland works cooperatively with the shareholding Ministers on these issues to deliver the best outcomes for customers and the Queensland community. The Board Chairman meets regularly with shareholding Ministers and their representatives, as part of a broader government engagement program, to ensure active dialogue throughout the year.

The Chief Executive Officer and various senior managers and employees liaise with representatives of shareholder departments on a regular basis.

Shareholding Ministers require certain decisions to be approved by shareholders under the Investment Reporting Guidelines for Government Owned Corporations. The current thresholds are notified through the Statement of Corporate Intent and are set out in Energy Queensland's Governance and Delegations Policy.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

The role of the Risk and Compliance Committee is to assist the Board in fulfilling its oversight responsibility of the Group's approach to risk management, compliance management and organisational resilience and continuity. The Regulatory Committee also assists the Board in fulfilling its oversight responsibility of the regulatory matters for the Group. Both Committee Charters are available online on our corporate website.

The Group's approach to risk management aligns with the principles of AS/NZS ISO

31000:2018 Risk management – Principles and guidelines for managing risk.

The Group is committed to embedding a risk management approach across all levels of the business to support the delivery of strategic and operational objectives. The Risk Management and Resilience Policy sets out the overarching risk management and organisational resilience architecture, principles and expectations to enable the appropriate integration of practices for a resilient, flexible, adaptable, and sustainable business.

The Board retains ultimate responsibility for risk management and organisational resilience and for determining the appropriate level of risk that the Board is willing to accept in the conduction of business activities.

The Chief Executive Officer and the Executive Committee have ultimate accountability for ensuring that the Group has identified and managed material enterprise risks and has effective risk management and organisational resilience strategies. Each executive is accountable for ensuring enterprise risks are identified and managed within their division and for having appropriate crisis, disaster, incident, emergency management and business continuity planning in place. New and emerging risks or issues are considered by the Executive Committee, Risk and Compliance Committee and then the Board in accordance with risk escalation processes.

To ensure appropriate systems and processes to enable delivery of Energy Queensland's corporate strategy are in place, the Risk and Compliance Committee and the Audit Committee provide oversight in relation to the appropriateness and effectiveness of risk management frameworks, processes and reporting, and the effectiveness of the internal control framework.

Fraud and corruption prevention

Energy Queensland is committed to promoting and achieving an ethical and transparent culture of integrity and best practice governance. Fraud and corruption are incompatible with this culture and present a risk to the achievement of strategic objectives. We are committed to preventing, identifying and addressing fraud and corruption by raising awareness of potential risks in this area and implementing controls aimed at reducing the opportunity to commit fraud or corruption and increasing the likelihood of this type of activity being detected.

All allegations of fraud or corruption are treated seriously, investigated and, when appropriate, action is taken. We notify and refer suspected or actual instances of fraud or corruption to the appropriate authorities as required. The Group does not tolerate victimisation or reprisals against persons who report suspected fraud or corruption.

The Group's Fraud and Corruption Prevention Policy outlines obligations for fraud identification and prevention, as well as the processes for reporting, recording and investigating allegations including compliance with public interest disclosure requirements.

External audit

Energy Queensland Limited submits to a number of external audits in pursuit of world-class practice to meet certification against Australian and International Standards for the management of our electrical and data infrastructure and associated services. The Energy Queensland Group achieves Certification and Accreditation as a formal attestation to International and Australian standards demonstrating to customers, community and interested parties our commitment to empower an Electric Life. The Group maintains certification for ISO9001 Quality Management

System, ISO14001 Environmental Management System, AS/NZS4801 Occupational Health and Safety Management System, together with Accreditation to International standards ISO/IEC 17020 – Inspection and ISO/IEC 17025 - Testing and Calibration to demonstrate competency, authority, or credibility of technical competence. Certification and Accreditation is a symbol of assurance. In addition to Certifications and Accreditations, the Electrical Safety Office (ESO) mandates a prescribed Electricity Entity must maintain a Safety Management System and that it is assessed and validated by an accredited auditor, and this is conducted annually.

Internal audit

The Group's internal control framework is comprised of policies and procedures, including compliance training and assurance processes, to ensure the affairs of across the Group are being conducted in accordance with relevant legislation, regulations and codes of practice. These procedures enable the Board and the Executive Committee to monitor, in a timely manner, any material matters affecting our operations.

The General Manager Internal Control and Audit reports administratively to the Chief Governance Officer, and has unrestricted access to the Chief Executive Officer to discuss any matter relating to the finances or operations of the business, and reports independently to the Audit Committee on progress against the Internal Audit Plan and resolution of issues raised in reports. The Internal Audit Charter (available online) adopted by the Board is reviewed on a regular basis.

Entertainment and hospitality

With the COVID-19 restrictions, in 2019-20 expenditure on corporate entertainment and hospitality was down on the forecast in the Statement of Corporate Intent, with no events costing more than \$5,000.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

The People, Safety and Environment Committee assists the Board with its oversight of employee issues concerning:

- developing and maintaining a skilled workforce that meets Energy Queensland's requirements
- a remuneration policy which leads to remuneration that is fair and to market
- performance management and behaviours which are consistent with the values and goals of Energy Queensland and that value the customer, probity, teamwork and a successful organisation.

Energy Queensland's remuneration strategy and practices are aimed at ensuring attraction and retention of highly competent and capable employees at all levels by providing an appropriate combination of competitive, fixed and variable remuneration components. Remuneration packages for executives comply with government guidelines to achieve a balance

between public accountability and transparency. Non-executive directors' fees and executives' remuneration packages, including any at-risk payments, are reported in the Financial Statements on page 62. At-risk payments are contingent upon the Board's assessment of the company's overall performance and shareholder expectations.

In recognition of the impact of COVID-19 on Queenslanders and the state economy, Energy Queensland's Executive Committee will not receive a wage increase in 2020-21 or performance incentive payments.

A performance management framework linking performance to the strategic objectives of the organisation promotes continual performance and opportunities for professional development for all employees with reviews conducted on an annual basis.

The People, Safety and Environment Committee assesses the performance of the Energy Queensland Group based on key performance measures set by the Board each year, and agreed with the shareholding Ministers through the Statement of Corporate Intent. The Board also has oversight of the performance assessments of senior executives undertaken by the Chief Executive Officer.

The People, Safety and Environment Committee Charter is available online on our corporate website.

Glossary

AER	Australian Energy Regulator
AEMO	Australian Energy Market Operator
ARENA	Australian Renewable Energy Agency
AS	Australian Standard
ASIST	Applied Suicide Intervention Skills Training
ASX	Australian Stock Exchange
ATV	All-Terrain Vehicle
BEV	Battery EV
CBD	Central Business District
CEI	Customer Enablement Index
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CI	Customer Index
CID	Community Infrastructure Designation
CSO	Community Service Obligation
DEBBs	Digital Enterprise Building Blocks
DER	Distributed Energy Resources
DTMR	Department of Transport and Main Roads
ECM	Enterprise Content Management
ENA	Energy Networks Australia
EWOQ	Energy and Water Ombudsman Queensland
ESO	Electrical Safety Office
EV	Electric Vehicle
FIT	Feed-in Tariff
GOC	Government Owned Corporations
GSLs	Guaranteed Service Levels
HSE	Health, Safety and Environment
HEMS	Home Energy Management Systems
ISO	International Organization for Standardization
ICT	Information and Communications Technology
IoT	Internet of Things
LED	Light Emitting Diode lighting
LGBTI+	Lesbian, Gay, Bisexual, Transgender, Intersex and other communities
MSS	Minimum Service Standard
nbn	National Broadband Network
NEM	National Electricity Market
MIST	Micro-grid and Isolated Systems Test facility
PHEV	Plug-in Hybrid EV
PQ	Power Quality
PV	Photovoltaic
QCA	Queensland Competition Authority
QR	Quick Response
RFDS	Royal Flying Doctor's Service
SAPS	Stand-alone power systems
SAP	System Applications and Products system
SES	Queensland State Emergency Services
TCP	Thriving Community Partnership
TSS	Tariff Structure Statements
VPP	Virtual Power Plant
VR	Virtual reality

Common measures

Reliability service standards

SAIDI	System Average interruption Duration Index. Network reliability performance index, indicating the total minutes, on average, that customers are without electricity during the relevant period (minutes).
SAIFI	System Average Interruption Frequency Index. Network reliability performance index, indicating the average number of occasions each customer is interrupted during the relevant period (interruptions).
Customer Minutes	Customer minutes is a measure of the number of customers interrupted multiplied by the duration of a power outage or outages, incorporating any staged restoration.

Workplace safety performance

TRIFR	Total Recordable Injury Frequency Rate reports a frequency rate of the number of total recordable injuries per million hours worked on a rolling twelve month basis. 'Total Recordable Injuries' is made up of Fatalities (F), Lost Time Injuries (LTIs), Medical Treatment Injuries (MTIs) and Medical Treatment Injuries – Suitable Duties (MTI-SDs) for EQL employees.
LTIFR	Lost Time Injury Frequency Rate reports a frequency rate of the number of Lost Time Injuries per million hours worked on a rolling twelve month basis.
SIFR	Significant Incident Frequency Rate. Significant HSE Incident Frequency rate measure includes the number of significant injuries which include class 1 (actual or potential) incidents, work related SEIs and DEEs, expressed as a rate per million hours worked.
TRI	Total recordable injuries. 'Total Recordable Injuries' is made up of Fatalities (F), Lost Time Injuries (LTIs), Medical Treatment Injuries (MTIs) and Medical Treatment Injuries – Suitable Duties (MTI-SDs) for EQL employees.

Customer related

CI	The Customer Index is a score out 10, and measures customer experience. The metric is generated through our Voice of the Customer Program, which includes feedback from customers following interactions.
CEI	The Customer Enablement Index is a score out of 10, and is generated through key customer focused questions within the Aon Hewitt Employee Engagement Survey measuring customer centricity.

Electricity related

MVA	megavolt ampere: one MVA equals 1,000kVA
kW	kilowatt: one kW equals 1,000 watts
MW	megawatt: one MW equals 1,000 kilowatts
kWh	kilowatt hour: the standard 'unit' of electricity which represents the consumption of electrical energy at the rate of one kilowatt over a period of one hour
MWh	megawatt hour: one MWh equals 1,000 kilowatt hours
GWh	gigawatt hour: one GWh equals 1,000 megawatt hours or one million kilowatt hours