

our commitment to the
energy charter.

30 september 2019.



Joint message from the APA Group Chairman and CEO

APA Group welcomes this opportunity to submit its first disclosure report under the Energy Charter.

The Energy Charter is an important industry initiative to help build trust and confidence in the energy sector, in the face of community concerns about rising energy costs and system reliability as Australia transitions to a lower carbon future.

While the reasons for those concerns are complex, we accept that every business across the energy supply chain, including APA Group, has a role to play in helping address them.

The Energy Charter is about improving customer outcomes by bringing the industry together to deliver on a common purpose, vision and set of commitments to put customers at the centre of what we do.

Since listing in 2000, APA Group has grown rapidly through a strategy of investing in and building energy infrastructure worth in excess of \$14 billion for the benefit of customers and the nation. We employ over 1800 people and own or operate in excess of \$21 billion of energy infrastructure assets across mainland Australia.

Delivering steady financial results to ensure we have capital to re-invest has been critical. Critical too are our customers, without which we have no business. We need to get the balance right in delivering positive outcomes for them and for all our stakeholders.

Our customers, which are predominantly large industrials, retailers and resources companies, increasingly have choices about their energy mix, particularly as the market transitions to a lower carbon future. We need to get better at understanding and working with our customers, the community and our stakeholders in order to meet the challenges and make the most of the opportunities that come from market transition.

Also, since 2015, there have been numerous and ongoing reviews into the gas market focusing on pricing levels and transparency for both gas and pipeline services. We recognise we have work to do in response to concerns raised by customers, the community and regulators. We worked constructively with the Gas Market Reform Group to implement a package of market reforms to help address the issues and understood the need for a greater customer focus.

What we're doing about affordability

On the issue of affordability, we recognise that many energy end-users are doing it tough. Although, on average, gas transmission costs only make up between 5-10% of the delivered price of gas, we know that it has increased substantially for some of our customers as a result of having to source gas from greater distances as gas supply has tightened.

Over the last 12-to-18 months APA Group has put in place price and service offerings to help our customers manage this tight market. For example we have:

- Introduced a \$2/GJ multi-asset offer for transport of gas from Queensland to New South Wales and Victoria, representing a discount in excess of 10% on aggregate published transportation tariffs.
- Worked with customers, such as Incitec Pivot Limited, to find more flexible service and pricing solutions to help keep these businesses in Australia through difficult energy market circumstances.
- Launched a new suite of services with improved flexibility, by offering shorter term firm transportation options. This allows customers to bring gas into their supply portfolios, if and when gas becomes available.
- Offered pipeline storage on more pipelines on the East Coast. This provides greater scope for customers to manage less flexible gas supply contracts.
- Implemented the Capacity Trading and Auction mechanism, investing significantly in systems to give effect to new regulatory requirements. Since commencement on 1 March 2019 until the end of July 2019, the auction platform has facilitated the equivalent of 3.75PJ of gas transportation on APA pipelines, providing additional liquidity into the East Coast domestic market.
- Improved information transparency by implementing new regulatory requirements for more information on the Gas Bulletin Board and also APA's website so customers can better assess our service offering.

Ultimately, the single most important activity that APA Group can undertake to help with affordability is to help increase gas supply by building and expanding on its infrastructure.

We are:

- About to commission the new Orbest Gas Processing Plant, which will bring a new gas supply source to market.
- Continuing to work with Santos, the community and government on the Narrabri gas project to gain necessary approvals to build a new pipeline to connect this new gas supply source to the East Coast domestic market.
- Continuing to work with AGL on the Crib Point Pakenham Pipeline and LNG import facilities.
- Commencing work with Comet Ridge Ltd and Vintage Energy Ltd to help bring gas in the Galilee Basin to the East Coast market.

We also continue to invest in power generation, having commissioned over 300MW of gas fired and renewable generation during FY2019.

Our culture journey

We understand that having a customer-centric culture is critical to driving better customer outcomes.

Over the last 12 months, we:

- Developed and launched APA's Customer Promise after consulting widely with APA employees and our customers. APA's Customer Promise was formally launched with our customers in August 2019.
- Embarked on APA's Red Dot Program, a multi-year program aimed at aligning our culture, service delivery and processes with APA's Customer Promise.
- Rolled out APA's refreshed Code of Conduct to include specific customer obligations.
- Adopted customer moments in addition to safety shares at the start of Board and executive meetings to role model the importance of customer outcomes.

Going forward

There is still a lot to be done. In addition to progressing these initiatives, APA Group has refreshed its Purpose, Vision and strategic priorities with customers and the community at its heart. We will also be investing in our organisational structure, resources and capabilities to give effect to these priorities.

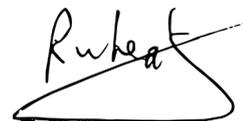
Ultimately, we will be judged by the outcomes we deliver, not our words. We will be held accountable for the commitments we make in our Customer Promise and in the Energy Charter.

We want to learn and to improve. To that end, we would encourage our customers and other stakeholders to provide feedback as part of the Energy Charter Accountability Panel consultation process (details can be found at theenergycharterpanel.com.au). We also welcome direct feedback, which can be sent to community@apa.com.au.

We look forward to receiving feedback and the Panel's report at the end of November, and will implement recommendations for continuous improvement.



Michael Fraser
Chairman



Rob Wheals
Managing Director
and CEO

Our approach to this report

This report is structured into two parts:

1. Where APA fits in the energy supply chain.
2. Disclosure against each of the five principles of the Energy Charter.

Within each part, we detail where APA has come from, where we are today and where we are heading by reference to how each of APA's three operating business units (Transmission, Networks, Power Generation) are delivering against the Principles.

Improvement plan

Where we ultimately head will be informed by a number of things including:

- The findings and recommendations of the Accountability Panel in its November 2019 report.
- Feedback from our customers and other stakeholders as part of the disclosure process and more generally.
- The maturity self-assessment that signatories will be required to undertake in 2020.

Measures and metrics

We have tried to use and disclose appropriate and insightful measures and metrics by way of substantiation and evidence. For many principles in action, this has proved problematic with few measures and metrics that provide real insight into customer outcomes currently available. This is telling and an area of focus in the maturity journey.

Reporting period

The first reporting period under the Energy Charter is 1 January to 30 June 2019. Given this first report is a base line report against which progress will be assessed in future periods, we have reported certain initiatives that were commenced or in flight over the last 12 months.

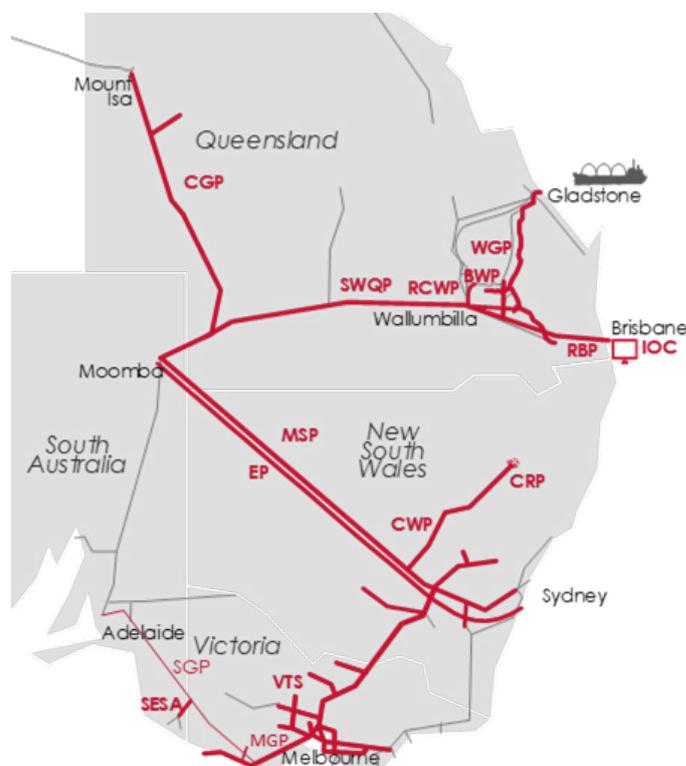
Where does APA fit in the energy supply chain?

APA's portfolio of energy infrastructure assets includes over 15,000 kilometres of natural gas transmission pipelines, 29,000 kilometres of gas distribution pipelines, 418MW of gas fired power generation, 490MW of wind and solar power generation, gas storage and processing facilities, and 244 kilometres of high voltage electricity transmission lines.

APA listed on the Australian Securities Exchange (ASX) in 2000, when the company owned and operated a single asset, the Moomba to Sydney gas transmission pipeline. APA grew quickly through a strategy of acquisition and by building new pipelines and associated energy infrastructure underpinned by meeting the needs of customers. APA has invested over \$14 billion in energy infrastructure since listing.

This has included developing the East Coast Gas Grid, a 7,600-kilometre interconnected grid of gas transmission assets across eastern Australia that enables customers to transport gas across eastern Australia. Creation of the Grid opened up sources of gas supply and has enabled gas basin on basin competition benefitting customers.

The East Coast Grid



APA has responded to the changing needs of the customer. Investment to provide bi-directional and multi-asset services across the interconnected East Coast Grid means that APA is now a one-stop shop for our customers. Customers now have the flexibility to access approximately 50 receipt and 115 delivery points across the East Coast Grid.

APA has three core operating businesses:

1. Transmission

APA's largest business unit, the Transmission business transports gas using high pressure pipelines and associated infrastructure over long distances between gas sources and demand centres. The gas is used for domestic and commercial use, power generation, as feedstock for industrial manufacturing and LNG export. APA's Transmission customers are gas producers, energy retailers, gas-fired power generators, miners, and industrial manufacturers across mainland Australia.

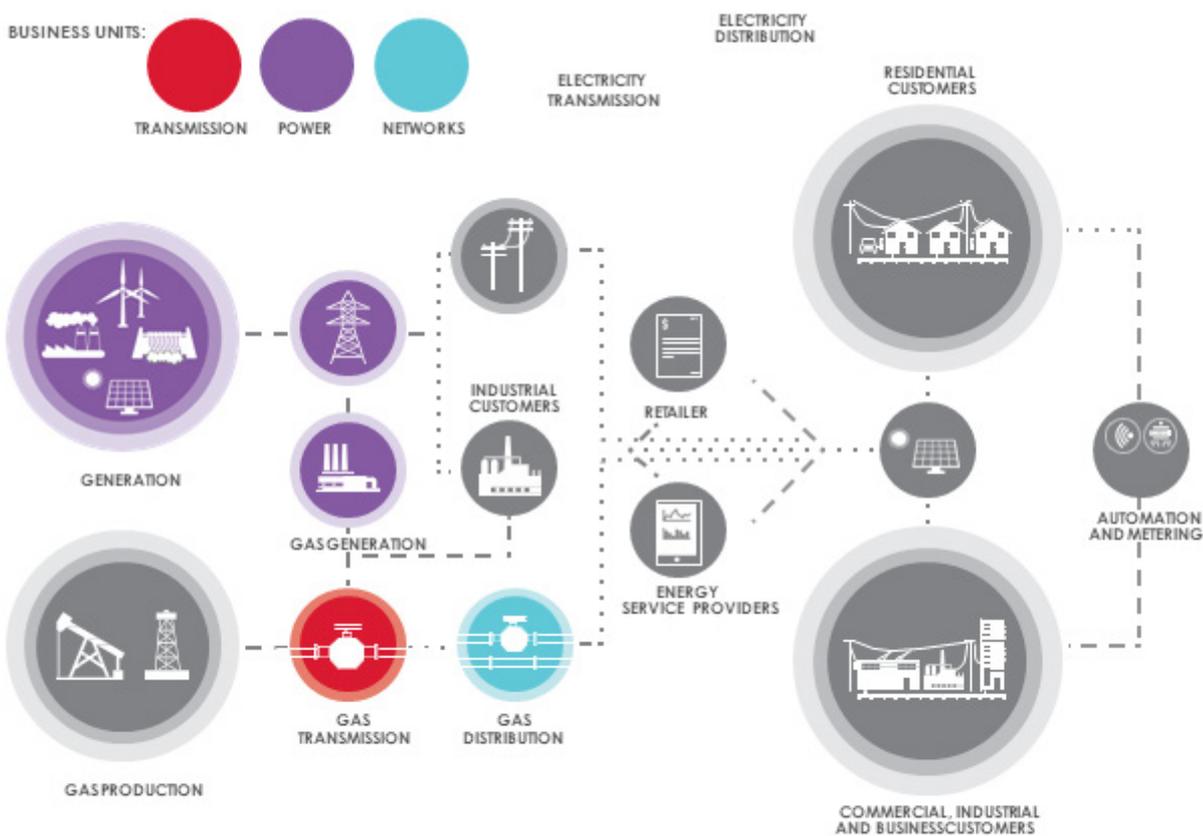
2. Networks

APA owns and operates the Tamworth Gas Network and operates network businesses on the east coast of Australia on behalf of Australian Gas Networks and GDI (EII). These networks connect with main transmission lines and connect over 1.4 million domestic and commercial customers with gas supply. While APA Networks is contracted to deliver services to the network owner, APA considers the customer to be the domestic and commercial end-users that are connected to the network.

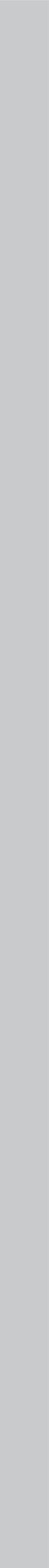
3. Power

APA's Power business manages and operates solar and wind farms, gas-fired power stations, and electricity transmission interconnectors. APA Power customers are predominantly, miners and energy retailers.

APA's Involvement in the Australian Energy Supply Chain



Adapted from: Energy Charter, 1st Edition, January 2019, page 4.



The Energy Charter Principles

8 Principle 1: We will put customers at the centre of our business and the energy system.

14 Principle 2: We will improve energy affordability for customers.

18 Principle 3: We will provide energy safely, sustainably and reliably.

22 Principle 4: We will improve the customer experience.

26 Principle 5: We will support customers facing vulnerable circumstances.

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

Customer Outcome

Walking the talk from the top of the organisation to the frontline, that customers are at the heart of what we do.

Principle in Action

Activity

1.1 Have a Board that actively oversees the business culture so as to be aligned with Energy Charter Principles.

- Board approval of the APA purpose, refreshed vision, strategic priorities, Decision Compass and Code of Conduct which will help align our culture with the Energy Charter principles.
- Management regularly reports to Board on customer complaints/ feedback, and Red Dot Program updates (refer Principle 4).
- Chairman launched the Customer Promise externally in August 2019.

1.2 Have management operationally accountable for embedding a customer-at-the-centre culture.

- APA's Customer Promise, executive sponsored rollout.
- Executive ownership of Red Dot program (refer Principle 4).
- Managing Director and selected Executives' scorecard KPIs include customer outcomes.

1.3 Ensure our workforce is engaged and incentives are aligned to drive positive customer outcomes.

- Red Dot program (refer Principle 4).
- APA excellence awards.
- Managing Director and selected Executives' scorecard KPIs include customer outcomes.

1.4 Have robust processes to determine customer and community needs and be accountable on how feedback has been considered and incorporated into decision-making.

- APA Transmission customer relationship strategy, including customer surveys.
- APA Networks customer satisfaction program.
- Community consultation and engagement for development projects (refer Principle 3).

1.5 Demonstrate a culture of innovation and collaboration for positive customer outcomes, including through the sharing of insights with government, research institutions and across the supply chain, as well as joint advocacy on regulatory, policy and operational issues.

- Expanded services offer (refer Principle 2).
- Advocacy for new development projects to increase gas supply (refer Principle 2).
- New energy exploration.
- APA Networks industry collaboration.
- ARENA knowledge sharing.
- APGA industry collaboration.

Where have we come from?

APA's culture has reflected its build-and-buy growth strategy, and also its increasing size and position in the energy market. Focusing on strong financial results to ensure capital market support has been crucial. While there has always been an understanding that without the customer, there is no business, we know we need to focus more on the evolving needs of our customers.

Market conditions have evolved with high gas prices and uncertainty around the role of fossil fuels including gas in the energy mix going forward. We need to get better at understanding our customers needs and working with them to manage the challenges and opportunities arising from a changing market. This involves shifting our culture so the customer is at the centre of what we do and how we do it.

What have we been doing?

1. Customer specific initiatives

APA has embarked on a number of specific initiatives to enhance a customer-centric culture and improve customer outcomes. These included:

- **Our Customer Promise**

APA's Customer Promise was developed as part of our ongoing focus on improving our customers' experiences. The words making up our promise were carefully selected by our employees and were tested with a selection of our customers. Our Customer Promise was endorsed by our Executive Committee and the Board in early 2019, and launched internally in March 2019 and externally during August 2019 by the Managing Director, Executives and the Chairman of the Board.

Our Customer Promise

Our promise is to deliver service you value.

We will...

- **Listen to understand.**
- **Enable our people to respond.**
- **Do what we say we'll do.**

- **APA Transmission Customer Relationship Strategy**

During 2018, a customer relationship strategy was developed to better understand and anticipate the needs of our customers. Central to this was the development of a formal customer feedback program. APA's top 20 Transmission customers, which include large energy retailers, industrial and resources customers, were formally surveyed in 2018. This was then extended in 2019 to other customers. By the end of 2019, the majority of APA's Transmission customers will have been surveyed.

In this first round, the average Customer Experience Score for the top 20 Transmission customers was 7 out of 10. Customer feedback told us that our customers have had an inconsistent experience at different points of interface with APA. Whilst our flexible and relationship based approach was appreciated, customers considered that our system interfaces and operational communications could be improved.

- **Red Dot Program**

Based on this customer feedback, in March 2019 APA started a multi-year program of initiatives to deliver improvements across painpoints that had been identified by our customers and employees. The program is called the Red Dot Program, as the red dot in the Customer Promise symbolises the customer. These initiatives have been prioritised and resourced, and the Executive Committee has direct governance oversight over execution of the program. Further details of the program initiatives are discussed in Principle 4.

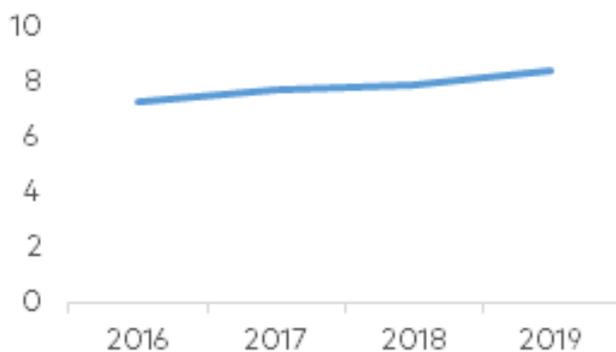
- **APA Networks Customer Satisfaction Program**

Most of APA Networks business is managing and operating gas networks on behalf of network asset owners. APA Networks commenced a Customer Satisfaction Program back in 2016. An external service provider was engaged to help survey customer interactions on a monthly basis. The program continues today and gives an insight into the customers' experiences by providing ratings in key areas such as overall satisfaction, ease of doing business, timeliness, and communication across APA Networks' servicing of new connections, planned outages and unplanned outages. APA services approximately 1.4 million end-user customers and around 3,000 are surveyed on a random selection basis (consumers and business) per annum.

Customer feedback has helped determine improvement initiatives to enhance our customer service. Our customers are telling us we need to improve our communication and, as a result, we have implemented a number of initiatives to

address this issue, including SMS messaging, email notifications for certain stages of work activity, improved information on our website, and provided retailers with more details so they can provide a greater service offering to their end customers.

APA Networks Customer Experience Score



We are pleased to report APA Networks' Customer Experience Scores have been increasing year-on-year since we commenced monitoring in 2016.

2. Refresh of organisational alignment

Over the last 12 months, there has been important work refreshing APA's core governance documents aligned with a customer-centric culture. This has included:

- **Purpose, Vision and Strategic Priorities** – During August 2019, APA undertook a process of refreshing its purpose and vision statements and strategic priorities. The process involved wide ranging consultation internally which was important not only to get input but to also have the conversations necessary to shift internal thinking. While not yet launched as at the date of this report, the customer and community are a central focus of our vision, purpose and strategic priority statements.
- **Risk Appetite, Decision Compass** – In August 2017, APA's Board adopted a refreshed risk appetite statement which expressly applied measures and metrics to risk tolerances relating to customer satisfaction, stakeholder relationships and reputation for the first time. The Risk Appetite Statement states that APA has a 'low tolerance for customer dissatisfaction' and measures this by reference to customer satisfaction scores for both the transmission and networks businesses. Similarly, APA has a low tolerance for its stakeholders having views contrary to APA's desired brand image and measures this by reference to reputation measures.

Our Values and Decision Compass

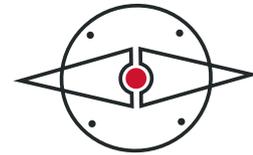
how we act and behave



our values

Safe
Trustworthy
Adaptable
Results
Service

how we make decisions



our decision compass

- Do things safely.
- Take a long term focus.
- Manage APA money as if it's our own.
- Do what we say we'll do.
- Know our reputation matters.

From the detailed Risk Appetite Statement, APA developed and rolled out a Decision Compass. This is a set of simple principles to guide decision making by everyone at APA. The Decision Compass together with APA's Values make up the APA Way, and are the underpinnings of how we expect our people to work and make decisions.

- **Our Code** – To guide in the practical application of the APA Way, we refreshed our [Code of Conduct](#) (called Our Code). Our Code now expressly calls out:

- Being straight with our customers.
- Be honest and open with our customers about what we can (and can't) do for them and why.
- Be honest and open when we've made a mistake.
- Pursue solutions that benefit both our customers and us, recognising we do well when our customers do well.
- Speak up if we think we are acting in a way that is not in the customer's best interests.
- Respecting the needs and issues of our communities.

- **Strategy Statement, Annual Reports** – APA's strategy statement, which is widely communicated internally and externally, has been updated to expressly refer to our customer commitment. Its first principle now states we will 'Deliver services our customers value consistent with our Customer Promise'. The focus and tone of APA's Annual

Reports and messaging to the market have also evolved to be more focused on the customer and how APA is delivering outcomes for customers.

- **Board/Executive Customer Moments** – Board and executive committee meeting agendas have been amended to add a customer moment to the standing item safety share at the start of each meeting. This is important in setting the tone from the top by focusing on the customer at the start of every meeting.

3. Structure, resourcing, incentives

APA is currently going through a review of its operating model to ensure it is resourced and set up in a way such that people, processes and systems will deliver on the refreshed strategic priorities. One of the most significant changes that will be rolled out is the consolidation of the commercial functions from the three business units into a single customer-facing division able to service the needs of customers across all of APA's assets and service offerings. This has been done to provide customers with a one stop shop of services to better meet their needs.

Consistent with the operating model refresh, capability frameworks for customer and commercial roles will include development requirements for greater customer-centricity. In FY2020, a number of executives and line leaders will have KPIs linked to their remuneration that relate to improved customer and stakeholder outcomes.

In the Networks business, customer satisfaction KPIs has been a feature of the management team's performance development plans using customer satisfaction (CSAT) scores and other various metrics for some years and will continue to be so in FY2020.

4. Governance

APA's Board has increased its monitoring and oversight of culture and in particular, as it relates to customer feedback, complaints and reputation. Management is now required to report formally to the Board on the customer complaints handling process and also on customer satisfaction and feedback. In addition, management reports to the Board on progress of the roll out of the Customer Promise and Red Dot projects.

In addition, as part of voluntarily adopting the additional corporate governance disclosure requirements under the ASX's fourth edition of the Corporate Governance Principles & Recommendations, management will provide the Board with greater visibility and oversight of breaches of APA's Code of Conduct, including as it relates to customer commitments.

5. Our people

As part of the recent development of APA's refreshed purpose, vision and strategic priorities, APA ran workshops across the business with senior leaders on what type of culture APA needed to deliver on these strategic priorities including the focus on customers. Increased innovation, inclusion and collaboration came up as themes.

APA brings together its most senior leaders annually for a Leadership Conference to align focus to the business strategy and for leadership development. In 2017, the Conference included sessions launching the APA Way and the importance of the customer. In 2018, the focus of the Conference was to pivot towards greater customer-centricity reflected through content and leadership development.

APA will be conducting a culture survey later in the year to benchmark these key attributes with a view to developing appropriate leadership and other culture programs to build capability and support improved outcomes.

APA encourages, recognises and rewards the efforts and achievements of its employees and our teams through our annual APA Excellence Awards, which highlights the achievement of our Values, one of which is Service. In this year's program, completed in May 2019, more than 40 nominations were received in the Service category, with the winner being an employee from our APA Networks team who has strongly and consistently represented the customer's voice and led a number of important improvements to the services we provide.

6. Culture of innovation and collaboration

APA understands that in a dynamic energy market in transition, innovating to meet the changing needs of customers is essential. To this end, APA has been involved in a number of initiatives including:

- **Development of a new transmission service suite** – Discussed in more detail in Principle 2.
- **Renewable Methane Development Agreement and establishment of a New Energy business function** – APA is in the early stages of planning and developing hydrogen and renewable methane pilot projects. Discussed in more detail in Principle 3.
- **Australian Renewable Energy Agency (ARENA) knowledge sharing** – APA Power was recently the recipient of Australian Renewable Energy Agency (ARENA) funding for both the Darling Downs and Emu Downs Solar Farms. APA participates in regular, ongoing knowledge sharing activities with ARENA to help the renewable energy industry learn from our experiences in the solar project space, with a particular focus on driving down cost and risk reductions in large scale solar developments in Australia, as well as contributing to increased market transparency.

- **Australian Pipeline and Gas Association (APGA)**

— APA plays an active role in APGA's Policy; Health, Safety and Environment; operations; pipeline corridor; technical; and research committees; where information, data and knowledge is shared with other members to the benefit of stakeholders and the industry as a whole. The APGA Research and Standards Committee is responsible for actively participating in the implementation and ongoing development of the Australian Standard for Gas and Liquid Petroleum Pipelines (AS2885) including Welding, Design and Construction, Operations, Maintenance and Testing.

APGA and APA are significant and founding members of the Energy Pipelines CRC and Future Fuels CRC. Both these Co-operative Research Centres (CRCs) are Commonwealth sponsored research programs that work with universities and member companies to develop, authorise, carry out and commercialise important research for the energy industry. Programs within the Future Fuels CRC include future fuel technologies including low and zero carbon energy fuels, systems and markets, social acceptance, public safety and security of supply, asset integrity management and infrastructure life extension. Members within the Future Fuels CRC include government agencies, six major Australian universities, pipeline and distribution companies and industry associations and their members.

- **APA Networks industry collaboration** — Acting on customer feedback, APA Networks is collaborating with other gas network businesses in Melbourne to improve the customer experience when setting up new connections by standardising processes and requirements across three distribution businesses to make gas connections simpler and easier.

Working in collaboration with energy retailers, APA has also commenced implementation of SMS messaging to customers experiencing supply faults, providing a direct telephone number to call should the customer continue to experience any issues.

Focus for FY2020

In FY2020, a number of executives and line leaders have KPIs linked to their remuneration that relate to customer and stakeholder outcomes, and leading the implementation of customer and stakeholder improvements projects.

APA's commitment to the Red Dot Program will be demonstrated through executive and management's direct involvement in the Transmission customer-contact program. This involvement will see senior leaders taking part in regular, planned discussions with customers regarding relevant improvement projects, as well as any issues that they may have. The intent is to work collaboratively in the design of system and service improvements.

To monitor and manage progress:

- The Transmission customer feedback survey program will be expanded.
- We will look to develop customer-oriented metrics within the APA Transmission business, with a view to improving awareness of customer experience with all functions of the business.
- We will continue to measure CSAT and customer experience pain points to identify further improvement initiatives.

Using the learnings from the APA Transmission customer relationship strategy, APA Power will establish a customer feedback program.

APA Networks will continue to collaborate with Victorian distribution businesses and retailers to make improvements to the new connections processes.

Measures and Metrics	2019 Result	Commentary
Customer satisfaction scores	APA Transmission	The customer satisfaction score provides an indication of how we are performing against customer expectations. Detailed feedback from customers shapes our improvement programs.
Average of overall satisfaction score from customer feedback surveys	7 out of 10 (Top 20 Customers)	
	APA Networks	
	8.4 out of 10 (January-June 2019)	

Principle 2:

We will improve energy affordability for customers.

Customer Outcome

To deliver on APA's Customer Promise of delivering services customers value.

Principle in Action

Activity

2.1 Ensure that investment, commercial and operational decisions are cost efficient, and explain how customers benefit from these decisions.

- Competing for new development opportunities in a highly competitive construction and development market.
- Refresh of APA's Transmission service offering.
- Prudent capital and cost management.
- Benchmarking to international gas pipeline operating costs to guide cost improvement programs.
- Integrity management of our ageing assets, resulting in reduced lifecycle operating costs.

2.2 Offer customers energy deals that best meet their needs, supported by effective tools and incentives for customers to manage their energy use and cost.

- Competing for new development opportunities.
- Pipeline capacity trading.
- Unique solutions for commercial and industrial customers.
- Work closely with customers to provide tailored offerings to meet their circumstances.

2.3 Work cooperatively across the supply chain and with other stakeholders to improve affordability over the short and long term.

- Working with producers to bring gas to market to increase supply.
- Unique solutions for commercial and industrial customers.

2.4 Innovate to deliver competitive energy solutions for business and residential customers.

- Unique solutions for commercial and industrial customers.
- ARENA knowledge sharing (refer Principle 1).

2.5 Advocate on behalf of customers to improve energy affordability through engagement in regulatory and policy processes.

- Advocating for increased gas supply to market as part of project development, for example Western Slopes and Crib Point Pakenham pipelines.

Where have we come from?

The East Coast Grid (see section 1) has enabled the flow of gas right across eastern Australia, opening up gas basin on basin competition and increasing access to new sources of supply. APA considers this to be its greatest contribution to improving affordability by opening up new sources of gas supply. For instance, the flow of gas from Queensland to cover shortfalls in Victoria is only possible because of the connectivity that the East Coast Gas Grid provides.

Foundation contracts are crucial in the development of gas pipelines. These contracts are negotiated in a competitive environment with foundation contract terms and tariffs representing a commercial outworking of that competitive process. In other instances, pipelines can compete with other fuel sources such as electricity transmission or diesel.

Given these varying market constraints, some pipelines are subject to full regulation, where the regulator approves tariffs and terms of access; some are subject to light regulation; and some are subject to a new regime under Part 23 of the National Gas Law, which was intended to address concerns raised around information asymmetry and the possibility for monopoly pricing.

In August 2019, the ACCC published an interim report as part of its ongoing Gas Inquiry, which considered, in part, the effectiveness of the new Part 23 regime. Regarding affordability, the ACCC concluded that:

- "While the provision of transportation services is becoming more dynamic, most pipeline tariffs remain high although there has been a decrease in excessive pricing for certain services on certain pipelines."
- "Part 23 appears to be working as intended and there are signs that it is having a positive effect on pipeline prices."

The ACCC made certain specific findings on affordability in relation to APA's services noting a reduction in tariffs for firm services on the Carpentaria Gas Pipeline (due to competition), for park and loan services (due to market feedback) and, with certain other pipeline service tariffs increasing with inflation. APA did receive criticism for its approach to asset value disclosures under the new regime, with the ACCC suggesting the approach was inconsistent with the Energy Charter. While APA's approach to pricing does not rely on these asset value disclosures, it takes this concern seriously and will work with the ACCC and AER to understand their concerns and agree an approach to interpretation of any new rules going forward.

What have we been doing?

APA recognises that many energy users are doing it tough at the moment. While our pipeline tariffs may not have increased in real terms for over a decade for many of our customers, we understand that their transportation costs have gone up because gas has become harder to come by and in many cases they need to contract gas from very long distances away.

In the last 12-to-18 months, we have done a number of things to make it easier for customers to manage this tight market. For example:

- **APA Transmission service offer refresh** — In January 2018, APA refreshed its suite of transmission pipeline services to better meet the needs of its customers given the changing gas market. The services include more options for shorter-term capacity reservation, day-ahead and within-day capacity options and stand-alone compression services across the East Coast Gas Grid, to give customers greater service flexibility, allowing them to link together their gas supply if and when gas becomes available. Storage services (known as Park and Loan) were also expanded across APA's East Coast Grid for customers to manage often rigid gas supply contracts currently being offered. We also removed or reduced most ancillary fees and charges from existing and future contracts.
- **Tariff flexibility/reductions** — In 2017, APA put in place a southbound multi-asset offer providing customers with a flat \$2/GJ tariff for transporting gas from Queensland to New South Wales and Victoria, providing a discount of more than 10% on standard pricing on a per asset basis.
- **Unique solutions for industrial customers** — APA worked with industrial customers to come up with flexible solutions to assist with tough gas market conditions. For example, in June 2018, APA, gas producers and another gas pipeline operator partnered to secure an affordable source of gas for Incitec Pivot Limited (IPL) 3,300 kilometres away from its Gibson Island plant, near Brisbane, as local southeast Queensland gas was unaffordable. That secured the immediate future of the plant. In June 2019, APA announced that this gas transmission agreement would be extended until early 2023 off the back of new Queensland gas tenements being released that have been designated for domestic manufacturing use only, helping to keep IPL's plant operating.
- **Pipeline Capacity Trading** — In March 2019, the Gas Market Reform Group (GMRG) designed AEMO Capacity Trading & Auction (CT&A) came into effect. The capacity trading aspect of gas reform was modelled off APA's capacity trading product, which had been in place since 2014. To

ensure successful operation of the new CT&A, APA made a significant investment in its people, systems and processes to ensure it was accommodated and that the process ran smoothly for the whole industry, including hosting multiple customer forums to discuss operational and contractual changes required by us and our customers. The auction is a zero-reserve auction and is seeing a number of shippers able to access contracted but unutilised capacity on APA's pipelines on the East Coast. The auction system is used daily with increasing levels of activity.

Over the medium to longer term, increasing gas supply is the single most important measure to put downward pressure on prices. Developing infrastructure for customers to bring gas to market is what APA does. APA has invested in excess of \$1.4 billion of growth capex from FY2017 to FY2019 on energy infrastructure to meet customer needs.

Gas infrastructure projects underway include the Orbost Gas Processing Plant and export pipeline, which APA acquired in FY2018 as a mothballed plant. The plant is now undergoing extensive refurbishment. The plant is expected to deliver up to 70TJ/day into the market from Cooper Energy's Sole off-shore gas field. Commissioning commenced in September 2019 and the plant is expected to be operational in the last quarter of calendar 2019.

In addition, other development projects APA is currently working on to bring more gas into the market include:

- **Western Slopes Pipeline** — A 460-kilometre gas pipeline, the Western Slopes Pipeline, would connect a new supply of natural gas from Santos' proposed Narrabri Gas Project to the New South Wales gas transmission network via the Moomba Sydney Pipeline. The project has the potential to play a key role in helping New South Wales achieve greater energy security into the future, which is ultimately good for consumers.
- **Crib Point Pakenham pipeline** — A pipeline approximately 60 kilometres long with associated above ground facilities at Crib Point, which would connect AGL's proposed Gas Import Jetty to the Victorian Transmission System, east of Pakenham. The proposed Gas Import Jetty and Pipeline Project would increase energy security and supply for AGL's customers in south eastern Australia. In addition, the pipeline will present other future opportunities for the supply of gas to new and existing developments along the proposed pipeline alignment.
- **Comet Ridge and Vintage** — An approximately 240-kilometre new pipeline, which could unlock new gas supply from the Galilee Basin by connecting it

to markets in Queensland. APA has a Memorandum of Understanding in place with Comet Ridge Limited and Vintage Energy Limited and has recently been granted a Survey Licence to commence field surveys and stakeholder engagement whilst the gas producers continue to investigate the economics to support the project.

These developments are being undertaken in a competitive construction and development market with terms and tariffs the result of competition. Projects such as these do face some community concerns. APA is working with the project proponents and the respective communities to address these concerns.

For pipelines subject to full regulation, investment decisions are additionally subject to oversight and approval by the regulator to ensure these investments are prudent and efficient. Examples of investments during the reporting period in pipelines subject to full regulation include the Warragul Looping Main and Western Outer Ring Main, both in Victoria.

Prudent capital and cost management

APA continues to focus on cost improvement and prudent capital management to ensure the business is running as efficiently as possible to benefit customers and security holders. APA undertakes comparisons to international gas pipeline assets and their operating costs to give us direction into where we should focus our cost improvement programs.

APA's asset operating model drives efficiencies from scale and connectivity. As the largest gas infrastructure player, APA has a geographic footprint capable of providing unique energy solutions for customers. APA is able to leverage its nationwide workforce, asset footprint and operating model to drive cost efficiencies across operational, financial and fixed corporate costs.

An operational example of cost efficiency is in the integrity management of our ageing assets, resulting in reduced lifecycle operating costs. APA has worked with external industry experts to review the end-to-end process for inspection and renewal of older pipelines. Continuously improving the way we implement this work means we can minimise the lifecycle cost of operating our ageing assets at the same time as ensuring reliable service delivery for our customers, without compromising on safety. APA has been able to leverage the knowledge and cost from external industry expert reviews to all APA assets.

APA Networks has been actively working with asset owners over a number of years to drive cost efficiencies in network operating costs and to deliver prudent and efficient capital expenditure.

Power generation

All of APA's power generation assets are underpinned by off-take agreements negotiated as part of the project development in competitive conditions. APA continues to invest in its portfolio of power generation assets thereby increasing supply. Major projects completed during FY2019 include over 190MW of gas fired and renewable generation in Western Australia and 110MW of renewable generation at the Darling Downs solar farm in Queensland.

Focus for FY2020

APA will continue to work with customers to support increased gas supply to the market, thereby helping to reduce the supply constraint that has forced up prices. Projects that would facilitate more gas to market include Crib Point Pakenham Pipeline, Western Slopes Pipeline, and Orbost Gas Processing Facility. Expenditure on energy infrastructure is expected to be of the order \$300-400 million per annum going forward for at least the next 2-to-3 years.

Measures and Metrics

2019 Result

Measures and Metrics	2019 Result
Average APA top 20 Transmission customer feedback score for Value.	7 out of 10

Commentary

We aim to progressively improve the customer's view of the value of our services. Value score will be used to assess customer's view of benefits versus costs of our services and to inform future improvement programs.

Principle 3:

We will provide energy safely, sustainably and reliably.

Customer Outcome

Customers and the whole community have confidence that APA's services are safe, reliable and support the transition to a cleaner energy future.

Principle in Action

Activity

3.1 Maintain the highest standards of safety for people, the community and the environment.

- The APA Way (refer Principle 1).
- APA Safeguard system.
- Refer to [APA FY2019 Sustainability Report and Annual Report](#).

3.2 Engage with customers and the community on investments, and manage operations in line with their expectations, demonstrating how communities benefit.

- Infrastructure development community engagement processes.
- Learnings from the Directlink access arrangement consumer engagement process.

3.3 Develop business strategy and manage operations to respond to the shift to a cleaner energy system that is already underway.

- Natural gas transportation.
- Renewable energy portfolio.
- New energy focus.

3.4 Work with government, other energy businesses, and the community and industry bodies to develop a planned transition to a cleaner energy system.

- Renewables energy portfolio.
- New energy focus.
- ARENA knowledge sharing (refer Principle 1).

3.5 Facilitate new services and technologies that support sustainable energy solutions that meet the changing needs of the market.

- Natural gas transportation.
- Renewable energy portfolio.
- New energy focus.

3.6 Implement solutions across the supply chain:

- Supply reliability programs.
- Customer issues management.

a. That support energy connection, service and reliability to meet customer needs.

b. To resolve service issues that impact customers and the community.

Where have we come from?

Safety has been and continues to be APA's priority in everything we do. It is an area of continuous improvement as we work towards our commitment to providing a zero-harm work environment. Going forward, APA will continue to extend our focus beyond physical safety to its employees' health and wellbeing, contractor performance and process safety.

APA has stepped up its focus on sustainability. During FY2019, APA committed to aligning our climate risk management with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). Improved reporting and risk management will be an ongoing journey. In terms of strategy, APA will continue to monitor and evaluate new energy opportunities such as hydrogen as well as look to grow its renewable generation portfolio. Environmental risk management will also be a focus area for improvement going forward.

In relation to community engagement, APA has had a strong record of landholder and community engagement as part of project development. Going forward, we know we need to do more to maintain relationships with local communities on an ongoing basis after project delivery. When it comes to regulatory processes such as access arrangement resets, we are at the start of the journey in effectively engaging with consumers and end user representatives and we will be improving that process moving forward.

What have we been doing?

Safety

APA has in place a comprehensive risk-based safety management system called Safeguard, which is ultimately overseen by the Board and its Health, Safety and Environment Committee.

In FY2019, the last year of the current Health, Safety and Environment Strategic plan, completion of planned activities was at more than 95%, the key activities being:

- Commencement of safety culture maturity assessment and improvement plans.
- Roll-out of random alcohol testing across all APA sites.
- Commencement of a program to boost the awareness and engagement with our Fatal Risk Protocols, delivered through storytelling. A series of videos accompanied with Leader Packs to help lead discussions have been made featuring senior APA management sharing personal stories of safety significance, with very positive feedback and strong completion rates.

- Completion of updated processes and training regarding Chain of Responsibility.
- Expansion of the Health and Wellbeing program beyond the online portal.

All lead indicators for FY2019 were achieved or positive, including the completion of a comprehensive internal audit program (70 audits) covering contractor assessments, drill-down procedural audits and reviews of high risk activities.

Our performance with respect to lag indicators improved on FY2018 (see Health and Safety data): LTIFR improved by over 50% and TRIFR by more than 30%.

One major area of improvement and development in FY2019 has been in the area of Process Safety, which is a disciplined framework for managing the integrity of operating systems and processes that handle hazardous substances. For the gas industry, emphasis of process safety and asset integrity is to prevent unplanned releases that could result in a major incident.

APA's new process safety framework has been based on a model used by the Energy Institute in the United Kingdom.

Sustainability

We believe that climate change is one of the most critical issues facing the energy industry and the Australian community in general. We also believe that natural gas and our diversified energy asset portfolio will play an important role in the shift to a lower carbon, sustainable future. Our approach to sustainability is based on these beliefs and challenges, recognising that we need to continue to grow in our maturity and capability. APA is focusing on:

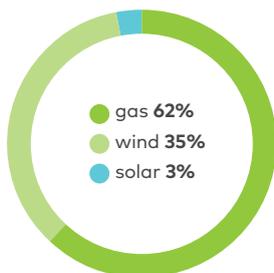
- **Role of gas** — We are active in helping to displace more carbon-intensive energy options, like coal or oil, both in Australia and overseas. Gas also plays an important role in providing firmer and responsive power generation to back up the intermittent nature of renewables.
- **Renewable energy portfolio** — We are continuing to grow and build our portfolio of renewable energy assets such as wind and solar, which has been steadily increasing over the past number of years. Renewables now comprise more than 50% of APA's electricity generation capacity.

APA has acquired or built interests in 490MW of renewable energy capacity, including one of the largest renewable energy precincts in Western Australia. The precinct is designed to help demonstrate how different types of renewable energy can be deployed effectively. In May 2019, APA officially opened the Badgingarra Wind Farm.

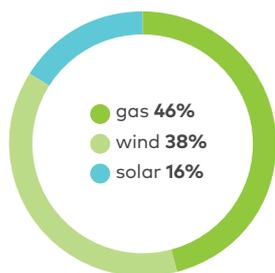
Co-located with our Emu Downs Wind and Solar Farms, and the Badgingarra Solar Farm currently being commissioned, this 130MW wind farm comprises 37 turbines generating enough power to meet the needs of 115,000 homes.

APA Installed Energy Generation Mix

FY2018 APA Installed Capacity (MW by energy source)



FY2019 APA Installed Capacity (MW by energy source)



- **Renewable Methane Development Agreement and New Energy function** — APA has established a New Energy function, which will use input from industry, research institutions and government agencies, such as ARENA, to investigate step-out sources of energy, including hydrogen and renewable methane.

In October 2018, APA entered into a joint development agreement with Southern Green Gas to develop renewable methane gas. The agreement anticipates the development of a demonstration plant located at our Wallumbilla compressor station in south western Queensland to demonstrate how renewable methane gas can be produced and injected into the gas pipeline system.

Renewable or green methane produced from renewable power and carbon recovered from the air can be readily stored in existing pipeline networks. This process allows renewable energy to be produced, stored and dispatched wherever it is favourable to do so without the need to expand costly high voltage transmission networks.

- **Efficient asset operation** — APA seeks to:
 - Optimise the operational efficiency and maintenance of our assets such that safety and environmental performance is assured and asset performance meets customer requirements.
 - Understand and measure our impact on the environment, and in particular our greenhouse emissions, water usage and land management.
 - Progress opportunities to improve and manage our assets responsibly through the identification, measurement and assessment of impact to the environment (for example, emissions and water utilisation).

Community and consumer engagement

Project developments and operations

Consultation and engagement with the community is core to how APA conducts its business. This occurs through APA's Land Owner Contact Program, our third party pipeline safety awareness program and project based Community Consultation Plans.

Community needs and feedback help to inform APA's decision making processes. For example, along the proposed Western Slopes Pipeline route in New South Wales, APA has held over 100 face-to-face meetings with more than 70 individual landholders to understand and work to resolve community concerns and challenges. Feedback received from landowners has led to several refinements to the proposed pipeline route, reducing impacts on cultivation, farm infrastructure, environmentally-sensitive areas and other important features on landowner properties.

APA is committed to positive relationships with the community over the long term. We develop Community Consultation Plans to identify stakeholders and their likely areas of interest in proposed projects, along with identifying who in the project team has responsibility for engaging with the stakeholder(s) and the best timing and format for these engagements. The plans are not static documents, evolving as projects progress. They require revision and flexibility to meet changing needs and circumstances, and are regularly reviewed.

Examples of our stakeholder engagement activities can be found on our [Western Slopes Pipeline](#) and [Crib Point Pakenham Pipeline](#) webpages.

In 2019, APA undertook a review of its infrastructure development community engagement, which identified a number of areas for improvement. An action plan has been developed and the findings and recommendations will be addressed. The key areas the plan will address include initiatives to improve:

- Issues management and tracking.
- Social performance (including local supply chain and indigenous employment).
- Traditional and social media.
- Community investment and grants.

Regulatory processes

APA has a long history of engaging at a business to business level with its customers to deliver services. However, APA has little experience in engaging directly with consumers and end-users to help inform our regulatory processes and investment decisions.

During FY2019, APA as the service provider to Energy Infrastructure Investments rolled out its initial consumer engagement undertaking as part of the

Directlink access arrangement process. Not incorporating consumer engagement as a specific element into its planning sequence resulted in inadequate time being available to meaningfully engage consumers and factor in consumer feedback into the Directlink revenue proposal.

APA is undertaking a comprehensive assessment of how to successfully design and implement consumer engagement as part of our regulatory processes and the making of key investment decisions that affect consumers and communities.

To build capability, APA is also a member of the Energy Charter's stakeholder engagement Better Together initiative, which has been established to foster better customer experiences through collaboration across the industry supply chain. APA is involved in two initiatives to improve mechanisms for end-user feedback, and residential customer experience for new connections.

Supply reliability programs

Reliable energy supply is expected by our customers. At APA, this is reinforced in various ways through:

- Operating assets in accordance with all relevant regulations and standards; including robust maintenance and asset monitoring regimes.
- Coordinating planned works with affected councils and road authorities.
- Providing information sessions to councils, utilities and other stakeholders to raise awareness of processes to protect gas assets.
- Managing third party excavation and encroachment activities close to our gas transmission infrastructure to ensure that underground assets are not inadvertently damaged.
- Taking an integrated approach to Emergency Response, Business Continuity and Crisis Management, including participation in anti-terrorist exercises and testing to protect against cyberattack.

Customer issues management

APA maintains comprehensive Customer Issues Management systems. All issues are recorded and investigated. Improvement actions are identified and implemented. The APA Networks business has an Australian-based Customer Call Centre team that responds to requests for new connections, gas availability enquiries, complaints and other customer issues. Complaints contact numbers are provided on the APA website. The complaints procedure complies with the relevant Australian Standard and is subject to external audit.

Focus for FY2020

Safety – Refresh our 3-year Health, Safety and Environment Strategic Plan. Continue increased focus on health and wellbeing, contractor safety, environmental management and process safety.

Sustainability – Improved TCFD and sustainability reporting; improve and develop measures, targets and metrics; continued investigation into new low-carbon energy sources; ongoing investment in renewables and development of services to support energy market transition.

Community and consumer engagement – Implementation of community engagement improvement plan. Development and roll out of consumer engagement plan for regulatory processes and key investment decisions affecting communities and consumers. Ongoing involvement in the Energy Charter Better Together initiative on stakeholder engagement.

Measures and Metrics	2019 Result	Commentary
Number of reportable injuries (employees and contractors) per 1,000,000 hours worked.	5.98 (July 2018-June 2019)	Driving down injury rates is core to our business. The injury frequency rate is used to assess and improve the effectiveness of safety programs.
APA Networks % instances where response to public leak reported is within 2 hours.	99% (January-June 2019)	Maintaining timely responses to identified leaks is paramount to managing potential safety issues in the community.
APA Networks number of events where gas supply interruption is not restored within 12 hours.	40 (January-June 2019)	When gas supply is lost, APA aims to have it restored in a reasonable timeframe. The supply interruption response rate is used to assess when we need to improve our capability to restore supply more quickly.

Principle 4:

We will improve the customer experience.

Customer Outcome

To deliver on APA's Customer Promise of delivering services that customers value.

Principle in Action

Activity

4.1 Enable customers to get fair outcomes regardless of their ability or desire to participate in the energy market.

- Complaints management processes.
- Support energy ombudsman schemes.
- Develop consumer engagement plan involving consumer groups.
- Refer also to Principle 2.

4.2 Empower customers by:

- a. Making sure all communication is clear, in plain terms, accessible and understandable.
- b. Providing insightful and useful information and accessible tools.
- c. Streamlining access to, and portability of, customer energy data.

- APA Grid.
- APA Transmission customer interface tools.
- Publish consumer engagement material on APA's website.

4.3 Ensure that innovation and design in products and services, as well as communication platforms and tools are driven by customers' needs and preferences.

- Project Red Dot (Principle 1).
- APA Transmission service offer refresh (refer Principle 2).
- APA Grid.
- APA Transmission outage notification project.
- APA Networks customer satisfaction program.
- APA Power improvement initiatives.

4.4 Have effective and accessible dispute resolution processes, co-ordinated across the supply chain to resolve customer issues and implement process improvements in response.

- Complaints management processes.

Where have we come from?

As discussed in Principle 1, APA is on a journey to become more customer focused. As part of that journey, we recognise we have to get better at ensuring customer needs and views are incorporated into the design of services and how we deliver them. Having the customer in the room, and truly co-designing outcomes and solutions is where we are heading. This has never been more important given increasing market complexity and transition. This change in how we work requires a change in structure, as well as new capabilities. APA is part way through an organisational design restructure that will look to support this new way of working.

What have we been doing?

Project Red Dot

As discussed in Principle 1, a key platform for APA to deliver improved customer experience is Project Red Dot. 2019 is the first year of this multi-year customer experience improvement program, which will focus on corporate culture enhancement, measurement and improvement initiatives. An overview of the program is depicted below.



Bespoke customer experience improvement strategies have been developed within each of APA's three operating business units — Transmission, Power and Networks — curated for the different customer bases.

APA Grid

APA's Transmission division is planning the next stage of enhancements to its customer management, billing and operations systems, which are collectively called the APA Grid. APA developed this core suite of information technology systems 10 years ago. The APA Grid incorporates a database of customer details, relevant contractual information and pipeline details, and is fundamental to the daily operation of APA's assets, meeting regulatory and contractual

obligations as well as customer requests. Customers nominate their daily gas needs through a customer portal. The APA Grid also produces an operational schedule to ensure that customer gas transport and storage needs are met, which is then conveyed to the operational control systems, and then generates invoices at the end of each month. The APA Grid is also vital to ensuring that APA meets its regulatory reporting requirements, such as providing capacity information to the Gas Bulletin Board, the Short-Term Trading Market, and to provide the Capacity Trading & Auction platforms to the market.

The APA Grid was originally established to cater for 10 pipeline assets with no interconnections and single direction gas flow. Market, pipeline and regulatory changes have driven increased complexity.

A recent customer survey identified speed, accuracy, reliability and ease of use as significant pain points for our customers.

In response to customer concerns, a significant multi-year technical upgrade is being undertaken to improve the system functionality and architecture. The planned solution will:

- Simplify and speed up contract implementation.
- Improve the accuracy and consistency of customer invoices and reporting.
- Increase system resilience to reduce outages that impact customers.
- Provide an improved user digital interface.

Importantly, APA intends to design and implement these changes in consultation with our customers. A key piece of feedback gleaned from customer surveys is that APA has not, in the past, adequately consulted with customers or considered the impact on their systems or processes when implementing changes to APA's systems and processes. We are committed to listening to our customers and minimising, to the extent possible, costs and other impacts on our customers arising from such changes.

APA Transmission Outage Notification Project

Another customer feedback-led business improvement is the Transmission Outage Notification Project. APA had been sharing information on every actual and potential outage activity in an effort to be as transparent as possible whilst meeting our contractual obligations. However, feedback from customers was that there was too much information and it was becoming difficult to work out what was important and what was not.

Consequently a project team was established with the aim of simplifying information to deliver value-

add maintenance notifications and outage management forecasts to customers. This team has now successfully completed stage one with streamlined and summarised notifications and removal of non-critical works. Customers have given positive feedback on these changes, particularly that they no longer want to receive trivial and contradictory information.

The next stage of the project is already underway to improve planning of our pipeline activities. Both the customer and APA will benefit from this transition. When we provide accurate and timely information to our customers, they can manage their own operations and feel more confident that what we say will happen does indeed eventuate. Prototypes of proposed forecast reports in easy to interpret, graphical format have been developed and will be tested with our customers over the coming months.

APA Transmission Customer Interface Tools

The customer facing team within APA Transmission's Integrated Operations Centre (IOC) has implemented a number of improvements to its tools and processes. To improve the team's knowledge of our customers and, therefore, better serve them, an online customer information resource has been established. This includes key reference information pertaining to each customer and their contracts.

APA has also implemented a new tool to better handle and track customer requests and issues across shifts in our IOC. Continuity and transparency of issues resolution and service delivery from shift to shift has been improved. This has also been integrated into a new and formal Customer Complaints Management process for Transmission. The process systemises reporting of complaints, investigation and remedial action and builds in escalation and management review as required.

APA Networks Customer Satisfaction Program

The implementation of the APA Networks customer satisfaction program, outlined in Principle 1, has resulted in rich insights and feedback that continues to drive improvement initiatives. This year initiatives included:

- Collaborating with major energy retailers and energy distributor businesses on a number of initiatives to improve customer communication. For example, providing new connection customers with an email advising confirmation of site requirements and contractor details should they want to discuss specific site conditions. This change was based on customer feedback that "people wanted to talk to the people doing the work".
- Working with energy retailers, APA commenced implementation of SMS messaging to customers impacted by a supply fault or outage. The SMS

confirms APA has been alerted to the supply fault and provides the customer with a direct telephone number to call should they continue to experience any issues.

- Providing online access to gas usage data for large customers.
- Email notifications to plumbers in Mildura advising work completion details to enable them to complete the works at the customer premise. This simple initiative saves travel time and enables improved forward planning so customer expectations can be met.
- Customer Own Read Card process allowing households to read their own gas meter and reducing the use of estimated reads.

APA Power Improvement Initiatives

Key customer service initiatives implemented by the APA Power team include:

- Initiating regular meetings with customers to identify present and emerging needs, and to facilitate the sharing of information on progress of ongoing projects. Through these regular get-togethers, APA Power has identified several opportunities for augmented service provision, which are currently under investigation, in collaboration with the customer.
- Proactive engagement with key external stakeholders (for example AEMO, Western Power, Powerlink and Transgrid) to identify solutions to ensure connection and supply issues are managed, wherever possible, with minimal impact to the broader power user customer in terms of continuity of supply and cost management.

In addition, in 2020, APA Power will undertake comprehensive customer satisfaction surveys.

Complaints Management Processes

APA Transmission's customers are predominantly other large businesses, rather than retail customers. A key part of the customer improvement program in Transmission has been improving the way APA facilitates customer feedback and complaint handling.

Recently, Transmission formalised the customer complaints management process. Revised processes, procedures and KPIs are being deployed to ensure that customer complaints are quickly addressed. This process leverages an existing process for issues raised by customers relating to systems or customer interfaces and expands to broader complaints raised by customers. Contractual disputes resolution processes are in place.

Our APA Power customers, predominantly miners and energy retailers, have well-defined processes and clearly articulated timeframes for dispute resolution

set out in contracts, as well as readily accessible contacts within APA to discuss any issues.

Within APA's Networks operations, where complaints or disputes relate to households, we work directly with the customer and will coordinate with retailers or other parts of the energy chain to arrive at an agreed resolution. This is usually within two business days from the date an issue is raised. APA Networks also provides additional training to call centre staff in dealing with complaints.

Focus for FY2020

APA Transmission will continue to seek and analyse customer feedback to confirm or amend our improvement programs. Recent responses have reinforced that changes implemented in the past few months are having a positive operational impact. The APA Grid enhancement project will continue across FY2020, with the first deliverable being a new portal through which customers will interface with APA. Work will also be undertaken on data standardisation and architecture. Ninety-day and 12-month pipeline capacity forecast reports will be made available to customers in easy-to-interpret, graphical format, and further enhancements will be made via Maintenance Notifications to customers so that the anticipated impact on delivery capacity is clearer.

In addition, the Transmission business will fully deploy its new Customer Complaint Management system, ensuring that all complaints are fully investigated and that corrective actions are identified and implemented.

APA Networks will continue working with energy retailers to make further improvements to the New Connection process. For example, we will also be exploring using SMS technology to inform customers of who will be performing the work.

Measures and Metrics		2019 Result	Commentary
Customer Complaints	APA Transmission: Number of formal customer complaints.	Nil (January-June 2019) This applies to complaints through the formal complaints process only, which has only been in place for the 6 months to June 2019.	A complaint from a customer is a window into their world. The number of complaints is used to understand the impact of our operations and drive future improvement programs.
	APA Networks: % complaints resolved within 2 business days.	89% (January-June 2019)	APA aims to resolve complaints in a timely manner. The complaints resolution time metric is used to assess our performance and drive improvement programs.
APA Networks Calls Responsiveness	% calls answered within 30 seconds.	84% (January-June 2019)	We endeavour to give customers a positive experience when communicating with APA. This metric is used to assess our performance in connecting with the customer in a reasonable timeframe.

Principle 5:

We will support customers facing vulnerable circumstances.

Customer Outcome

Playing our part in the energy supply chain, customers in vulnerable circumstances feel supported and respected when dealing with APA.

Principle in Action

Activity

5.1 Have processes to enable early identification of customers at risk of vulnerability, coupled with intervention measures that can prevent customers falling into hardship.

- Will explore opportunities to play a part.
- Life Support processes.

5.2 Provide products and services that are tailored to customers in vulnerable circumstances and support them in getting back on track.

- Building Brighter Futures program.

5.3 Provide flexible solutions that are easy to access and are provided by specially trained frontline staff with expertise in supporting those customers who face additional barriers to engaging with the energy market.

- Training to call centre staff.
- Interpreter services.

5.4 Take a collaborative approach, partnering across the energy supply chain, and with government and community service organisations to implement innovative solutions that improve outcomes (cost or experience) for customers in vulnerable circumstances.

- Unique solutions for business customers (refer Principle 2).

Where have we come from?

APA's operations and assets are located in communities right across Australia and we know that many people face difficulties at some stage during their lives. As part of working in those communities and as part of APA's role in the broader energy system, we know we have a role to play in supporting people in vulnerable circumstances.

Our understanding of how best to do this is only beginning. We will, however, be refreshing our Building Brighter Futures program and thinking more broadly about supporting communities through other initiatives, such as employment and local procurement programs.

What have we been doing?

Building Brighter Futures Program

Building Brighter Futures is our community investment program. It connects our business and our people to the communities where we work and live by supporting initiatives to improve the future work and life prospects for vulnerable Australians.

Our long-term corporate partnerships are focused on the core social issue of disadvantaged young Indigenous Australians. Over a number of years, APA has supported, and today continues to support:

- [The Fred Hollows Foundation](#): an Australian program focused on improving the health and wellbeing of the Australian Indigenous community.
- [Clontarf Foundation](#): a program based around Indigenous Australian boys and young men's passion for football to improve their education, self-esteem and employment prospects.
- [Rev Bill Crews Charitable Trust – Indigenous Kids Literacy](#): a Darwin-based program to teach functional literacy to disadvantaged children (including Indigenous children) with severely compromised reading ability.

APA Networks

APA Networks has in place a process to assist Life Support Customers and to work with retailers to ensure we appropriately meet the needs of customers in vulnerable circumstances. APA complies with its regulatory obligations relating to disconnections for non-payment (initiated by retailers) by ensuring that these are not performed after 3pm on weekdays, on a Friday or weekend, or a day preceding a public holiday. APA also makes available an Interpreter Service where this is necessary in communicating effectively with customers.

APA Power

In APA Power, work has commenced with some customers to develop a payment plan for those experiencing cash flow issues. For example, following feedback from a key customer regarding its forecast power needs, APA worked with the customer to develop a solution to provide a power supply that was more cost effective and appropriate to the customer's power needs.

Focus for FY2020

Refreshing our Building Brighter Futures program, and developing a broader program to support communities through other initiatives such as employment and local procurement programs.



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