



11 November 2021

Attention: School Principal

Dear Principal

Changes to generator compensation arrangements for schools during planned power outages

What is happening?

We are making some changes to our generator compensation process which will affect schools connected to Essential Energy's electricity distribution network.

Background

Essential Energy is one of Australia's largest electricity distributors, covering 95 per cent of New South Wales and parts of southern Queensland. We are required to meet statutory obligations which includes protecting public safety and power supply reliability. To achieve this, Essential Energy needs to prioritise and schedule regular electricity network maintenance and upgrade work and any necessary associated planned power outages, daily throughout the year.

Planned outages are also required by third parties for a variety of reasons including, for example, electrical contractors connecting new sites to the network for property owners, tradespeople working on buildings near the network, and truck drivers transporting high loads under the network.

To assist schools to manage their operations during planned power outages, upon request Essential Energy has provided schools with compensation for all reasonable costs associated with generator hire, including transport, connection, disconnection and fuel.

What is changing?

As a State Owned Corporation established under the *State Owned Corporations Act 1989 (NSW)* and an energy distributor operating pursuant to the *Energy Services Corporations Act 1995 (NSW)*, Essential Energy has statutory obligations under both statutes, to operate an efficient business. Consequently, Essential Energy must ensure any investment is prudent and targeted.

With operations funded by our customers, it is important that we evaluate all aspects of expenditure to ensure that we fulfil our legal obligations, and that all expenditure is appropriate and equitable as these costs are passed on and shared by all our customers.

A review of our generator compensation process has highlighted that the level of compensation provided to schools for generator hire is disproportionate to that provided to other organisations. As you would appreciate, the costs associated with providing schools with uncapped compensation for generator hire as well as the additional aspects outlined above does not help Essential Energy to meet its statutory financial obligations.

As such, Essential Energy will be reducing the level of compensation provided to schools to align with that provided to other organisations including universities, TAFEs, preschools, hospitals, aged care centres, supermarkets, pharmacies, medical and allied healthcare providers and childcare providers.

How will schools be impacted?

From 1 January 2022, the level of compensation provided to schools by Essential Energy will be reduced to reasonable generator hire-only costs. All other costs, including transport, connection, disconnection and fuel, will now be the responsibility of the affected school. Individual schools must continue to seek approval for generator hire compensation prior to arranging hire.

Where schools rely on power to operate their water supply, they are encouraged to assess their specific requirements to manage that supply during both planned and unplanned power outages. Essential Energy will work with those schools and grant an extension to 1 July 2022, if necessary, to allow for implementation of their management plan to ensure water supply.

It is important to note that any compensation provided is a goodwill gesture and not something that Essential Energy is obliged to provide. As our operations are funded by our customers, these compensation costs are passed on and shared by all customers.

What action should schools take?

Upon notification of a planned power outage, the school should contact Essential Energy on 13 23 91 to apply for assistance with the cost of any required generator hire. The school will then be provided with information on how to proceed, including obtaining a quote to be submitted to Essential Energy for approval and advice of compensation offer.

We recommend the school also obtains a quote for the transport and connection / disconnection of the generator as these costs will need to be met by the school.

Schools which rely on power for their water supply are asked to self-identify to Essential Energy as soon as possible via CommunityRelations@essentialenergy.com.au if they expect they will require additional time to assess and implement their management plan to ensure water supply during outages.

How will schools know they will be affected by a planned power outage?

Essential Energy will continue to use our current processes to notify schools of planned power outages affecting them.

Schools can also view our planned outages page by visiting essentialenergy.com.au/outages to check the timing and duration of planned outages that will impact them.

What can schools do?

It is worth noting that no electricity provider can guarantee a continuous and fault-free power supply as some power outages may be outside our control, for example those caused by storms, wildlife, fires, vehicle accidents or third party requested power outages.

We take this opportunity to encourage schools to review their power contingency plans for both planned and unplanned outages and suggest schools requiring an uninterrupted supply of electricity consider installing an alternative power supply.

We would like to assure you again of our commitment to working with schools in relation to minimising disruption if they are impacted by a planned Essential Energy outage which coincides with any HSC exams, as previously communicated.

Essential Energy will continue to consider scheduling planned work around school terms when possible, however we must also consider the impact of any planned power outage on all customers affected by the outage, and the wider community.

Should you require further information, please send your enquiry, along with your contact details via email to CommunityRelations@essentialenergy.com.au and a representative from for your area will be in contact with you.

Yours sincerely



Melanie Pope
PR and Community Manager