ESSENTIAL ENERGY
ANNUAL REPORT 2024–25

Inspiring the network of the future



Essential Energy

We empower regional, rural and remote communities by delivering energy safely, reliably and securely, while supporting the energy transition and enabling a smarter, more sustainable network for the future.



Essential Energy's Annual Report details financial, operational and safety performance for the 2024–25 financial year and has been approved by the Board of Directors. The contents of this report comply with the:

– *State Owned Corporations Act 1989* (NSW)

– *Government Sector Finance Act 2018* (NSW).

The financial statements within this document have been audited by the Audit Office of New South Wales. The Independent Auditor's certified report is on page 79.

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31 October 2025

The Hon. Daniel Mookhey, MLC
Treasurer
52 Martin Place
Sydney NSW 2000

The Hon. Courtney Houssos, MLC
Minister for Finance
52 Martin Place
Sydney NSW 2000

Dear Ministers

Submission of Annual Report for the financial year ended 30 June 2025

We are pleased to submit Essential Energy's Annual Report outlining financial, operational and safety performance for the year ended 30 June 2025.

Essential Energy has self-assessed as a Group 1 Agency and has prepared this report in accordance with the *Government Sector Finance Act 2018* (NSW), the *State Owned Corporations Act 1989* (NSW) and NSW Treasury Policy and Guidelines (TPG25-10a). It is submitted for tabling in the New South Wales Parliament.

A copy will be sent to the Premier of New South Wales; the Minister for Climate Change, Energy, the Environment, and Heritage; the Minister for Water; the Auditor-General; and other significant stakeholders. Once tabled, the report will be made available on our website – essentialenergy.com.au

Yours sincerely,

<signatures>

Doug Halley
Chair

John Cleland
Chief Executive Officer

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Overview

Essential Energy owns and operates one of Australia's largest electricity distribution networks, delivering safe and reliable power to homes and businesses across 95% of New South Wales and parts of southern Queensland.

As a driving force in the energy transition, we're shaping a future powered by innovation, resilience and meaningful connections.

2024–25 HIGHLIGHTS

900,000+
electricity customers

10,500
water customers

96
depots in regional communities

48
First Nations lands where we live and work

Message from the Chair and Chief Executive Officer



Essential Energy is building the network of the future, playing a leading role in the energy transition. We are embracing technology and innovation to implement cutting-edge industry solutions while continuing to deliver safe and reliable electricity for customers and communities.

The past year brought the challenge of an unusually high number of severe weather events, impacting our network and the customers and communities we serve. For each event, our response centred on restoring the network safely and as quickly as possible, to provide customers and communities with safe and reliable electricity. We are proud of how our employees responded to these events, across every part of the business.

Leading the energy transition

The Essential Energy Corporate Strategy sets a clear direction for how we best contribute to the energy transition. It supports our customer commitments of safety, reliability and affordability while recognising the growing role of the electricity distribution network in enabling the transition from fossil fuels to renewables.

Connecting utility-scale generation and storage in the Central West region marks a smart and innovative step in our contribution to the energy transition. Designed to connect approximately 2.3GW of new renewable generation and storage to our sub-transmission network, this initiative could deliver critical infrastructure upgrades that provide a safe, reliable and resilient power supply, while contributing significantly to the State's renewable energy and emissions reductions targets. Two generation facilities proposed for connection, Forest Glen and Maryvale solar farms and battery storage, are now in delivery, with energisation scheduled to follow.

Locally generated renewable energy is driving connections and customer load across Essential Energy's network. To support this new generation, Essential Energy is trialling and investing in battery storage to provide network flexibility. More than 40 network and community batteries are integrated into the network (at 30 June 2025), with community battery trials providing valuable insights into how the grid can support the shift to decentralised renewable energy generation and storage. Our pole-mounted community battery trial with Origin Energy advanced significantly this year, with batteries installed across five regional communities. Concurrently, three community batteries in Goulburn, Leeton and Maloneys Beach began trading on the wholesale spot market.

We continued to facilitate the uptake of electric vehicles (EVs) and announced the first market-ready vehicle-to-grid (V2G) solution with our partners including the CSIRO. This successful delivery is a significant step in supporting customers to unlock benefits from their renewable investments. It also demonstrates the potential of EVs in the overall management of the energy system. The transition of our fleet to EVs continued to progress, including expanding our depot charging network to 25 locations (at 30 June 2025) and introducing an electric semi-trailer truck to deliver supplies to our New South Wales (NSW) North Coast depots.

We are committed to supporting high energy users in their own energy transition by collaborating and co-designing solutions that reduce operational costs, improve efficiencies and increase network use. This recognises that the energy transition pathway for large customers can be varied and complex. To support customers' decarbonisation goals, we completed a study that identified 85 high-potential customer sites for electrifying industrial practices.

We also continued to modernise our core business; most notably, with our new partnership with Kraken to build the next generation operating system for distribution networks. The immediate focus of this investment is to introduce a new billing and market system; this will unlock capability to meet emerging regulatory and business requirements along with customer needs. It will also improve the efficiency of our customer and market interactions.

We also continued investing in digital tools that improve productivity to deliver safe and reliable electricity to customers. We integrated new data into our industry-leading digital twin to provide deeper asset-level insights that can support business decisions. We also digitised the management of more than 60,000 lifting and safety assets in our new 'Reftab' app, while the new Electricity Distribution Network Access Register has simplified processes for employees and contractors requiring network access. These are just a few of many digital initiatives that deliver the capability required for the future network.

Our depot and field crews are better connected in rural and remote locations, with more than 250 satellite internet devices

deployed to improve digital connectivity – the value of which was highlighted in employees' responses to the 2025 annual employee engagement survey.

Safe, inclusive and engaged workforce

Safety remains the core value for our employees, contractors, customers and communities, reflected in strong performance and a proactive safety culture. We recorded no major lost time injuries during the year, and key safety metrics improved significantly, including a 17.1% reduction in high potential incident frequency and a 47.6% drop in serious claims frequency.

We continued building an inclusive, diverse and growth-oriented workforce with the capabilities needed to navigate the energy transition. We have almost 500 employees in Early Talent Pathway roles, as of 30 June 2025, highlighting the success of our apprentice, trainee and graduate programs.

Essential Energy's apprentice program has a distinguished completion rate of over 90%, with the vast majority remaining with us as employees. This reflects the strength of the program and the commitment and dedication of our apprentices. We were named 2024 NSW Apprentice Employer of the Year at the Australian Training Awards, with two of our current apprentices named as finalists in the 2025 NSW Apprentice of the Year award.

We remain focused on increasing the diversity of our workforce, guided by our Inclusion and Diversity Strategy. Highlights from the year include providing inclusive leadership training for more than 50 people leaders, bringing more than 70 female employees together for our Women from the Field Conference, and launching a training program to increase disability inclusion in our recruitment process.

Essential Energy received two awards at the 2025 WORK180 Equitable Workplace Awards, for flexible work arrangements and workplace equity and inclusion. For the first time, we were named a Bronze Tier Employer in the Australian Workplace Equality Index, which recognises LGBTQIA+ workplace inclusion.

We are developing a First Nations Strategy which will set our long-term vision for reconciliation and guide us in preparing our second Innovate Reconciliation Action Plan. We have increased the number of First Nations identified positions and Early Talent Pathway positions, with 11 First Nations apprentices and field-based trainees joining our business in early 2025. Our engagement approach is beginning to build meaningful, long-term relationships with First Nations communities. These relationships provide opportunities for communities to actively participate in and benefit from the energy transition through involvement in planning processes, community events and broader initiatives.

Our employees' job satisfaction and commitment to the Corporate Strategy is measured through our annual employee engagement survey. Employee engagement increased by 3%, to 48% in 2025. This percentage has grown by 33% since our first survey in 2018. We are committed to listening to our people and continuing to improve as an organisation, to remain a workplace we can all be proud of.

Customers and communities

Maintaining strong relationships with customers and communities is fundamental to our business. Our Customer Strategy drives continued improvement in the customer experience, together with insights gained from engagement forums including the Customer Advocacy Group and Essential People's Panel.

To support and empower regional communities, we provided $867,912 in financial support to community groups and charities, through the combined contributions of Essential Energy and our employees. This includes the refreshed Essential Grants Program, which provided 13 community organisations across our network area with a total of $151,400 for projects focused on the environment, education, resilience and the energy transition.

Sustainability

An energy business for the future must be environmentally, economically and socially sustainable. During the year we made good progress addressing the three pillars of our Sustainability Strategy: responding to climate change; empowering our people; and enabling regional development and resilient communities.

This annual report includes our first mandatory climate-related financial disclosure against the new *Reporting Framework for Climate-related Financial Disclosures for NSW Government entities* (TPG24-33). The disclosure describes our material climate-related risks and opportunities, along with governance approaches, business responses, risk and opportunity management processes, and associated metrics and targets. It builds on our voluntary taskforce on climate-related financial disclosures for the previous three years.

Revenue and financial performance

Essential Energy delivered earnings before interest, tax, depreciation and amortisation (EBITDA) of $699.2 million for the year which was below the Statement of Corporate Intent (SCI) target by $157.1 million. This was driven by lower gifted asset and customer works revenue of $50.1 million and higher than target labour costs due to wage increases following the conclusion of Enterprise Agreement bargaining. The net loss after tax of $95.8 million was unfavourable to target by $80.6 million largely due to the lower EBITDA. In the year to 30 June 2025, our Regulated Asset Base (RAB) grew by 4.3% to $10.8 billion, built on our continued investment in a significant capital program to support network resilience and including the influence of inflation.

The significant progress we have made this year is a testament to our hard-working employees, who we sincerely thank for their dedication to progressing the energy transition and their unwavering support for customers and communities. We also thank our stakeholders and partners for their continued support. Working together, we can continue building the network of the future and supporting our regional, rural and remote communities.

<signature>

Doug Halley
Chair

<signature>

John Cleland
Chief Executive Officer

About Essential Energy

Essential Energy builds, operates and maintains a vast and diverse electricity network, providing a vital service to more than 900,000 customers across regional, rural and remote communities.

Delivering safe and reliable electricity to our customers is the core of what we do. We focus on employee, contractor and community safety, as well as the reliability, security and efficiency of the network.

We work to keep downward pressure on our customers' network charges while delivering a satisfactory return on capital employed.

As the energy sector transitions to more renewable energy generation, we too are transforming. Through innovation and technology, we are actively providing benefits to our customers and communities by supporting the energy transition and enabling connections of renewable energy and consumer energy resources to the network. We are also training the workforce of tomorrow so our people can inspire and support the network as it evolves.

The electricity poles and wires that line our streets and roads deliver the energy that powers homes, hospitals, schools and businesses. This infrastructure can also enable communities to generate, share and store their own electricity.

Our network area covers 95% of New South Wales and parts of southern Queensland, traversing 737,000 square kilometres of diverse landscape from desert to coastal, and alpine to sub-tropical.

Building the network of the future will empower communities to drive economic growth in regional, rural and remote NSW.

The location of our network and our customer base shapes how we service them. We have about one-third the number of customers per kilometre of powerline compared with the average customer density across the National Electricity Market, due to our network's vast geographic footprint and absence of population-dense urban areas. This means we need more poles and wires to reach each customer, which increases service costs. Sparsely populated networks also present unique logistical and economic challenges to achieve reliability and service quality targets.

Our values inform our decisions and guide the way we work, including how we treat our customers and each other. Our employees are enabled and encouraged to uphold our values: make safety your own; be easy to do business with; make every dollar count; be courageous, shape the future; and be inclusive, supportive and honest.

Essential Water, part of our Operations, People and Safety division, services approximately 18,000 people in Far West NSW. Secure water supply is delivered to approximately 10,500 customers in Broken Hill, Menindee, Silverton and Sunset Strip, as well as rural customers. Reliable sewerage services are provided to approximately 9,700 customers in Broken Hill. The Essential Water network includes dams, reservoirs, pumping stations, treatment plants and pipelines. For more information, see page 46.

Intium, a wholly owned subsidiary of Essential Energy, was incorporated in January 2023, to provide innovative energy solutions that support Australia's transition to net zero. Intium focuses on business customers across Australia, pursuing emerging and complex energy services. For more information, see page 47.

Our network area covers 95% of New South Wales and parts of southern Queensland, traversing 737,000 square kilometres of diverse landscape from desert to coastal, and alpine to sub-tropical.



Vision, purpose, values and objectives

OUR VISION

Empowering communities to share and use energy for a better tomorrow

OUR PURPOSE

To enable energy solutions that improve life

OUR VALUES



Make safety your own



Be easy to do business with



Make every dollar count



Be courageous, shape the future



Be inclusive, supportive and honest

OUR BUSINESS OBJECTIVES



Continuous improvements in safety culture and performance



Operate at industry best practice for efficiency, delivering best value for customers



Deliver real reductions in customers' distribution network charges



Deliver a satisfactory return on capital employed



Reduce the environmental impact of Essential Energy where it is efficient to do so

Network area and key facts

KEY FACTS

900,000+
electricity customers

4.9
electricity customers per km of powerline – the lowest customer density in the National Electricity Market

3,916
employees

500
apprentices, trainees and graduates

95%
of NSW and parts of southern Queensland

737,000km²
network area

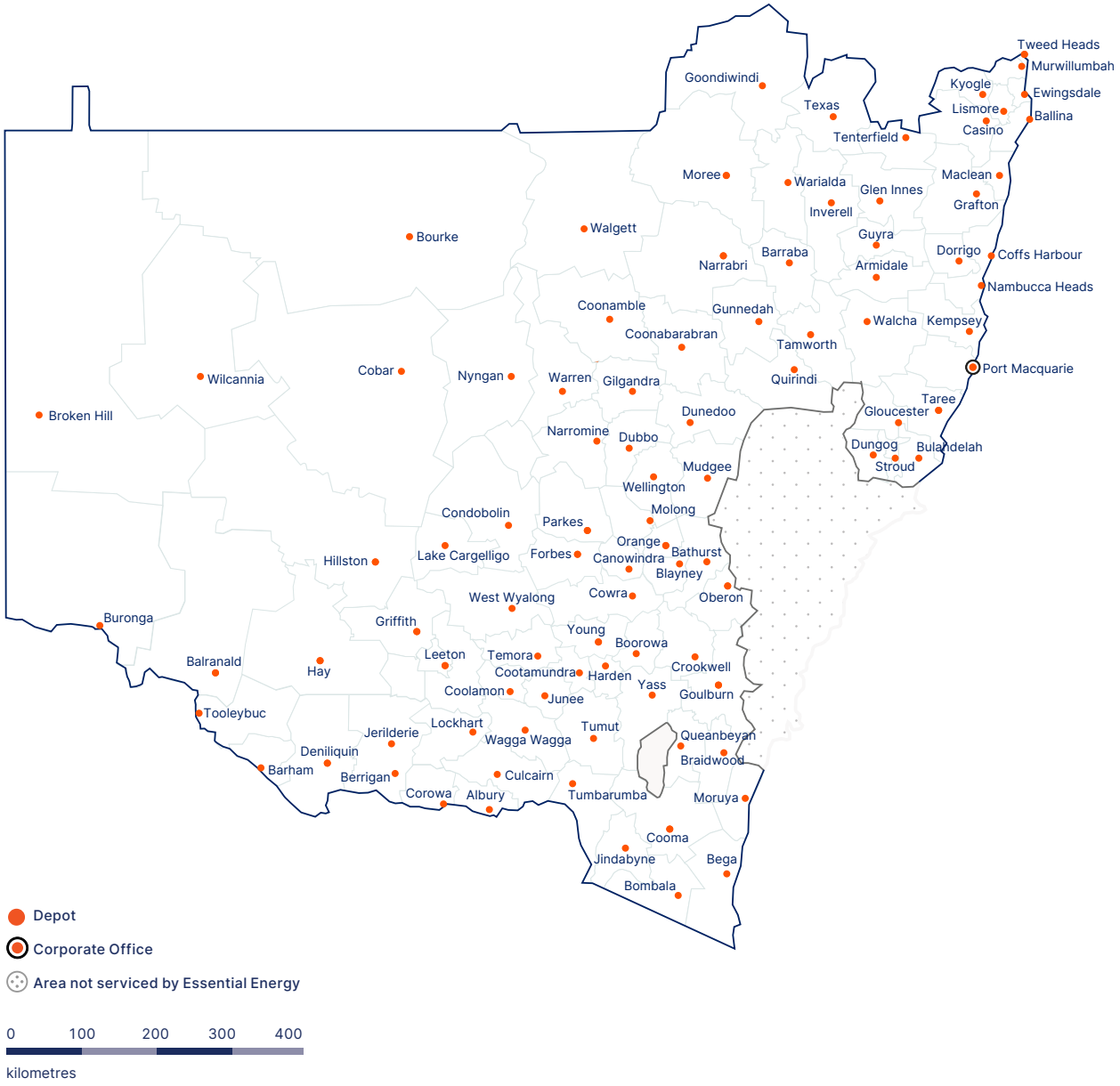
183,000km
of overhead powerlines

11,000km
of underground powerlines

162,000km
of overhead powerlines in designated bushfire zones

1,400,000
power poles

360
zone substations



How we create value

Business model

How we create, deliver and capture value

What we do

Distribute electricity safely and reliably across a vast network, while leading the energy transition

Who we serve

Households, businesses, communities and energy market participants

How we earn

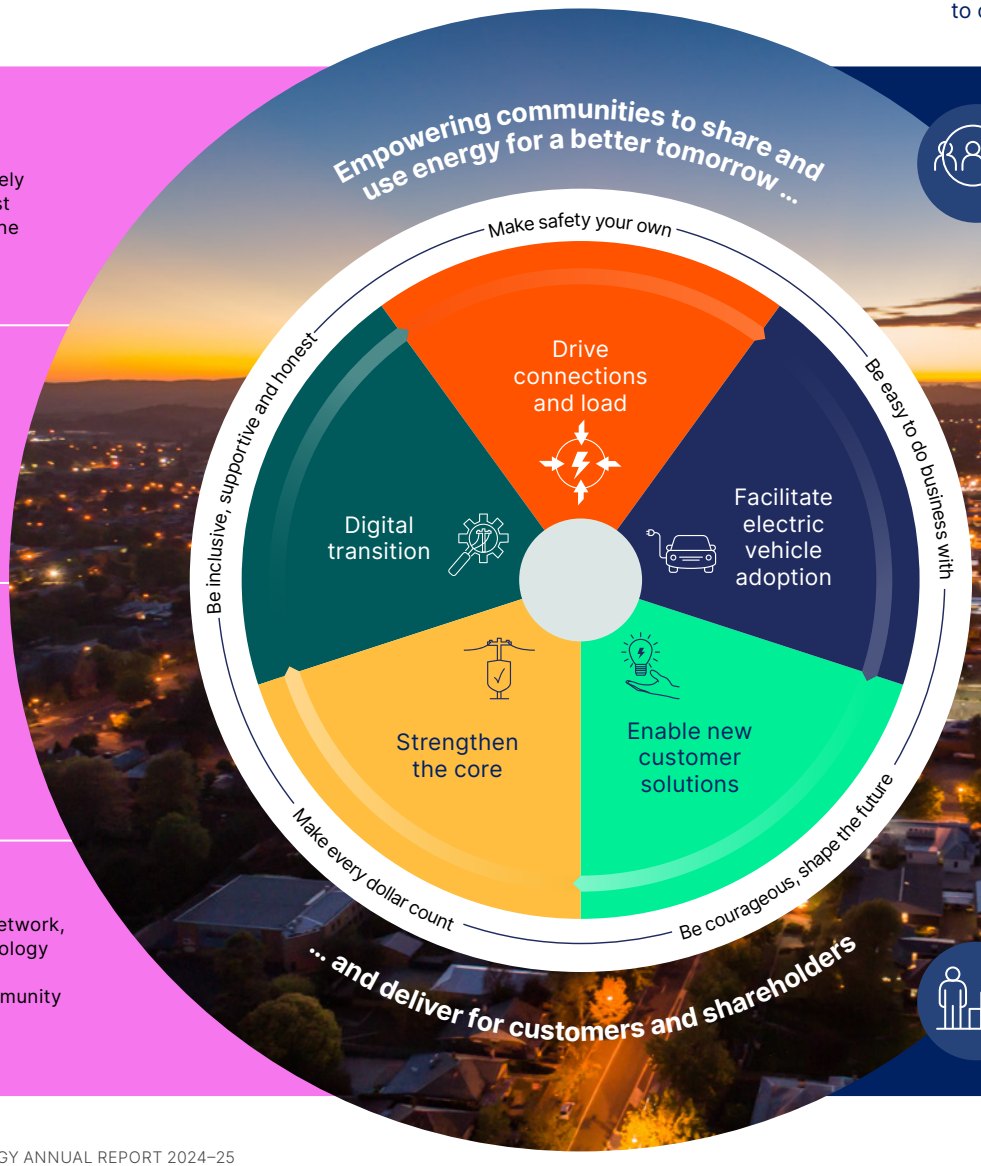
Regulated revenues and prices set by Australian Energy Regulator in accordance with the National Electricity Rules

Key resources

Electricity distribution network, skilled workforce, technology and innovation, regional knowledge, trusted community relationships

Strategy and values

How we grow, improve and adapt



Outcomes

Tangible benefits we deliver to our stakeholders

Our customers

Safe and reliable electricity supply, minimising network costs and enabling energy choices like solar, batteries and electric vehicles

Our communities

Connecting regional, rural and remote communities, through energy access, local jobs and partnerships

Our people

Safe, inclusive and purpose-driven workplace with strong training, development and recognition

Environment

Greater integration of renewables and climate-resilient infrastructure for a future-ready network

Shareholders and regulators

Stable, regulated returns through efficient operations

2024–25 highlights

- **Customer-first** response during major weather events, safely restoring power for communities with care and urgency
- **94.5%** satisfied customers after interacting with our contact centre

- **$4.42M** spent with 38 First Nations suppliers
- **$867,912** provided to community groups and charities

- **500** apprentices, trainees and graduates
- **4.05** employee engagement score (out of 5), increasing year on year since 2022

- **36%** of total Essential Energy network load was met by renewable generation connected to the Essential Energy network
- **40** community and network batteries integrated into the network

- **$699.2M** earnings before interest, tax, depreciation and amortisation (EBITDA)
- **$11,800.8M** total assets

Acknowledgement of Country

We live and work on the Traditional Country for 48 First Nations, from Wiljali Country on the plains of Far West NSW, to Ngarigo Country in the high Snowy Mountains and Bundjalung Country on the sub-tropical North Coast, and many more First Nations across the diverse landscape that is regional, rural and remote NSW and parts of southern Queensland.

We acknowledge the Traditional Custodians of the lands on which our organisation is located and where we conduct our business, and we acknowledge all First Nations peoples across Australia. We pay our respects to ancestors and Elders, past and present. We are committed to honouring First Nations peoples' unique cultural and spiritual relationships to the land, waters and seas and their rich contributions to society.

FIRST NATIONS AND OUR NETWORK AREA

48
First Nations

96
depot locations



For map notes and information sources see:
essentialenergy.com.au/acknowledgement

Reconciliation

2024–25 HIGHLIGHTS

$4.42M
spent with 38 First Nations Suppliers

11
First Nations apprentices and trainees joined in early 2025

Guyingbang
Conference Centre named, with Gathangga Wakulda Aboriginal Corporation

Our reconciliation vision is for First Nations peoples across our network area to have opportunities equal to all Australians for education, employment and social participation. We strive for a united Australia where First Nations cultures are understood and valued, diversity is celebrated, and everyone can thrive in their unique identity.

We are developing a First Nations Strategy, which will set our long-term vision for reconciliation and the advancement of First Nations peoples. This Strategy will aim to benefit our First Nations workforce and communities by fostering a deeper understanding of their challenges and opportunities and emphasising our connection to culture and place. It will guide us in preparing our second Innovate Reconciliation Action Plan (RAP) and setting measurable, specific actions and goals.

Progress during 2024–25

During the year, we contributed to advancing reconciliation by providing career and business opportunities for First Nations people, building cultural awareness, and engaging with First Nations communities and organisations.

We recruited a First Nations Engagement Manager and formed a First Nations Engagement Team to drive the development and implementation of Essential Energy's First Nations Strategy and provide advice and guidance to teams and key stakeholders in their interactions with First Nations communities across the Essential Energy footprint.

Career opportunities

Eleven First Nations apprentices and field-based trainees joined our business in early 2025. We expanded the number and scope of First Nations Identified roles to include the recruitment of up to 10% of Early Talent Pathways roles as First Nations Identified, as well as the inclusion of non-field-based trainee roles. Consequently, eight business services trainees joined the organisation in early 2025, with new guidelines developed to support their retention following the 12-month traineeship.

Every First Nations apprentice and trainee receives culturally appropriate mentoring through the Barranggirra Mentoring Program. We also introduced a senior specialist role for the apprentice program to further support First Nations and female apprentices and trainees.

Through our First Nations Scholarships Program, we supported three undergraduate university students throughout the year and awarded scholarships to two new students in early 2025. The new scholarships were presented to the students in Port Macquarie and Bathurst by members of our First Nations Reference Group.

To foster First Nations business leaders, three First Nations employees attended the Indigenous Leadership Summit in November 2024.





We support education, employment and advancement opportunities for young Aboriginal and Torres Strait Islander men and women, through our partnerships with the Clontarf Foundation, Stars Foundation, On-Country Pathways, and Deadly Science. See 'Sponsorships, partnerships and donations', page 44 for details.

Essential Energy participated in the First Nations Employment Index for the second time. Conducted by Murawin, the Social Research Centre and the National Indigenous Employment and Training Alliance, the Index gathers insights into the employment trends, challenges, opportunities and experiences of First Nations employees across the Australian workforce, which inform our employment experience. Essential Energy's leadership engagement, Reconciliation Action Plan and support structures such as the Employee Assistance Program (EAP) were recognised as strong foundations for inclusivity and accountability, with opportunities for further cultural learning systems, training and engagement evaluation.

Business opportunities

Essential Energy procured $4.42 million worth of goods and services from registered First Nations Suppliers during 2024–25. This exceeded our target of $4 million. Expenditure was primarily in the construction, information technology and education and training categories.

Providing business opportunities to First Nations enterprises has an impact that extends beyond each business. The social return on our First Nations procurement is estimated to be $16.17 million, with each dollar spent resulting in a $3.66 social and economic return[1].

Procuring from First Nations suppliers delivers significant social impacts and benefits, both for First Nations communities and the broader economy. Social impacts refer to the positive changes in communities that result from economic activity, such as:

- increased employment and income
- improved community wellbeing and cohesion
- cultural recognition and empowerment
- intergenerational benefits through education, training, and business development.

There are 38 First Nations Suppliers registered with Essential Energy at 30 June 2025 and we periodically review their credentials using external business registries and verifications. We are working to grow our registered supplier base and support our employees in identifying suitable First Nations Suppliers for their requirements. Essential Energy is a member of Supply Nation, a leading verification body that helps connect First Nations businesses with procurement teams. We engage with Supply Nation Certified and Registered First Nations businesses by promoting tenders, quotes and expressions of interest through their platform. We also attend Supply Nation events, including the annual Connect conference and tradeshows to identify potential suppliers for future opportunities.

In accordance with NSW Government Aboriginal Procurement Policy, Essential Energy employees can negotiate directly with First Nations owned companies for requirements valued up to $250,000 rather than completing a sourcing process[2].

Cultural awareness

During the year, we celebrated NAIDOC Week with our local communities, honouring culture and strengthening relationships with First Nations communities, partners and customers. Employees participated in events in Wauchope, Nyngan, Bourke, Tamworth and Bathurst.

We prioritise cultural education within our workforce. Our First Nations Engagement team presented to several internal teams to raise awareness about the importance of First Nations community engagement. Senior Leaders completed Acknowledgement of Country training, building skills to provide Acknowledgements that are authentic and meaningful. A recording of the session was shared with operations leaders and is available for all employees.

We co-designed the name of our new Guyingbang Conference Centre in Port Macquarie with the Gathangga Wakulda Aboriginal Corporation, creating the Centre's name and Acknowledgement of Country together.

Guyingbang means 'place of many birds' in Gathang language, and recognises the Centre's role in bringing people together from all over to connect and share.

Engagement

Our engagement approach focuses on building meaningful, long-term relationships with First Nations communities to provide opportunities to participate in and benefit from the energy transition. We do this through project-specific and broader activities, including:

- Developing Industry and Aboriginal Participation Plans
- Local community engagement about the pole-mounted battery trial in partnership with Origin Energy
- Collaborating with Griffith Local Aboriginal Land Council to survey a significant tree at risk of falling, to ensure the safety of our assets and protection of Aboriginal cultural heritage
- Supporting events that assist communities facing energy-related challenges, including Energy and Water Ombudsman 'Bring Your Bills' Days
- Participating in First Nations focused forums such as the PowerMakers Workshop, where First Nations leaders discussed participation opportunities in the energy transition.

Our First Nations Reference Group meets monthly to develop, share and endorse initiatives.

1 Supply Nation. (2018). The Sleeping Giant: A Social Return on Investment Report on Supply Nation Certified Suppliers. https://supplynation.org.au/wp-content/uploads/2018/08/Sleeping-Giant-Report.pdf

2 Section 3.3 of the NSW Government Aboriginal Procurement Policy. https://www.info.buy.nsw.gov.au/policy-library/policies/aboriginal-procurement-policy

Strategy

As the energy landscape evolves, our Corporate Strategy guides how we grow, improve and adapt, while empowering communities for a better tomorrow.



2024–25 HIGHLIGHTS

40
network and community batteries integrated into the network

250+
Starlink devices deployed for remote digital connectivity

1st
in Australia to develop a market-ready vehicle-to-grid solution, with partners

69
large-scale renewable generation facilities now connected to the network

Corporate Strategy progress

Our Corporate Strategy sets a clear direction for how we best contribute to the energy transition, navigating the rapidly changing environment while continuing to empower communities to share and use energy for a better tomorrow.

While safety, reliability and affordability remain our key customer commitments, we recognise that the electricity system is evolving. As a distribution network service provider, we have an important role to play in helping to lead the energy transition, enabling economic opportunities for regional, rural and remote NSW.

Our Corporate Strategy contains five pillars:

- **Pillar 1: Strengthen the core and enable the network** – continuously improving our tools, systems and processes to support our frontline employees in adapting to the rapidly changing energy and technology landscape. Pillar 1 aims to empower our people with the right information and technologies to deliver for customers more effectively and with greater safety.
- **Pillar 2: Drive connections and load** – building a more responsive network that supports customer flexibility, enables more connections and drives network resilience. This includes forecasting demand and trialling innovative solutions to ease constraints and support future growth.
- **Pillar 3: Facilitate electric vehicle (EV) adoption** – actively engaging and supporting customers as they switch to EVs. As a growing source of network load, EVs require thoughtful integration into the network – considering customer behaviour, charging patterns and impact on infrastructure.
- **Pillar 4: Enable smart energy communities and new customer solutions** – expanding our commercial activities, products and services to support regional NSW through the energy transition. This includes providing new services through our commercial subsidiary, Intium, as well as electrification services and new connection opportunities.
- **Pillar 5: Digital transition** – to meet the needs of the energy transition, empowering our people through new digital tools, secure systems and better information. This includes upgrading critical platforms, enhancing cyber security and improving data access across our business.

Strategy delivery progress during 2024–25 for each pillar is detailed below.



As a distribution network service provider, we have an important role to play in helping to lead the energy transition, enabling economic opportunities for regional, rural and remote NSW.

Pillar 1: Strengthen the core and enable the network

2024–25 HIGHLIGHTS

Award

Enterprise Asset Management system named Initiative of the Year at the international Oracle Customer Edge Summit

60,000+

lifting and safety assets managed in new digital app

Our robust operational programs enable the safe and reliable delivery of power through proactive maintenance, timely upgrades and rapid responses to faults and emergencies, supported by investment in innovation to shape the network of the future.

Network assets digital twin

The digital twin is an engineering-grade, Artificial Intelligence (AI) enabled virtual replica of our physical electricity network. It allows us to simulate real-world scenarios and assess how the network will respond under different conditions, improving asset management and investment planning.

Updates in November 2024 included enhancing the accuracy and analytical power of the digital twin by integrating new data from our Enterprise Asset Management (EAM) and vegetation systems, the NSW Digital Cadastre Database, and the latest LiDAR (light detection and ranging) scans, corridor data and pole-top imagery. By refreshing the underlying data, the model reflects the most current location and asset information – providing deeper asset-level insights that support targeted, risk-based decision making.

Digital management of network tasks

We continued to implement digital task management tools to improve frontline productivity and streamline workflows. In 2024–25, we expanded the functionality of The Queue, our depot operations tool, increasing depot leader visibility of overdue tasks and enabling operational managers to centrally track scheduling and progress. Integration with our EAM system has reduced duplication and improved efficiency for both field teams and office-based leaders.

Alongside this, the 'Reftab' app was launched in May 2025 following successful pilots at the Culcairn, Dunedoo and Tamworth depots. The 'Reftab' app supports the management of more than 60,000 lifting and safety assets, aligning six-monthly inspection schedules across depots and digitising previously paper-based processes. The app has now been rolled out to all depots.

We also launched the new Electricity Distribution Network Access Register (EDNAR) in March 2025. This critical system refresh has simplified how employees and contractors request access to the network for both planned and unplanned work. EDNAR supports safe, authorised electricity network access while meeting our obligations to notify customers and retailers of planned outages under the National Energy Customer Framework (NECF).



CASE STUDY

International recognition for our Enterprise Asset Management system

Our cloud-based Enterprise Asset Management (EAM) system was named Initiative of the Year at the international Oracle Customer Edge Summit. The system implemented Oracle Utilities Work and Asset Cloud Service and redesigned the asset management business processes throughout their entire lifecycle.

The new EAM has modernised the management of more than 10 million of Essential Energy's assets and network components, strengthening the core of our business operations. It has increased our ability to track, monitor and analyse network asset data, supporting strategic and operational decisions that maximise their value to benefit our customers.

By factoring in the process, data, system and technology changes required to uplift our asset management capabilities, the EAM has strengthened our core business operations today, while setting the business up for the future.

Pillar 2: Drive connections and load

2024–25 HIGHLIGHTS

40
network and community batteries integrated into the network

3
large-scale community batteries in Goulburn, Leeton and Maloneys Beach commissioned

10
large-scale renewable projects with signed agreements for connection in the Central West

Pillar 2 focuses on building a dynamic network that supports customer flexibility, enabling more connections and driving network resilience. This includes monitoring network performance, deploying assets that respond to changing network dynamics and finding ways to connect more customers to make greater use of the existing network.

Battery storage

Battery storage solutions are being trialled across the network to support the shift to renewable energy. Storage is critical for managing the grid as more decentralised renewable generation connects to the network, from large-scale storage systems to pole-mounted neighbourhood batteries.

We are trialling community battery models that allow customers to share the benefits of energy storage without needing to install their own battery. Our pole-mounted community battery trial with Origin Energy advanced significantly this year, with 34 of 35 batteries installed across five communities – Armidale, Bathurst, Dubbo, Port Macquarie and Wagga Wagga. These batteries allow residents to generate, store and use solar energy locally. As the trial enters its operational phase, we will assess how well the batteries balance grid limits, support National Energy Market (NEM) trading, frequency control, and perform under varying climate conditions.

In addition, three community batteries located in Goulburn, Leeton and Maloneys Beach were commissioned during the year and are now trading in the NEM. Each 192kW/530kWh battery stores excess rooftop solar and discharges it into the grid when demand is high. Funded by the Australian Government's Community Batteries for Household Solar program, these batteries provide annual rebates to around 250 nearby customers, funded through trading profits.

Microgrids

Essential Energy's strategic ambition for microgrids is to deploy them as targeted, cost-effective solutions that improve network reliability and resilience, particularly in fringe-of-grid and high-risk bushfire areas, while enabling greater integration of renewable energy.

The focus is on using microgrids where they present a lower-cost, higher-reliability alternative to traditional network augmentation, especially for remote or vulnerable communities.

This ambition progressed during 2024–25 through two key streams of work. The first involves actively exploring opportunities to plan and deploy renewable and storage-based microgrid projects that integrate solar, battery storage, and advanced control systems to enable greater local generation. The second is the investment in resilience-focused microgrids for six remote communities, supported by resilience funding within the 2024–29 regulatory period. Stage 1, which involves diesel-generator microgrids, has been



implemented at two locations: Tibooburra and Ivanhoe. Stage 2 will incorporate battery storage and solar PV for those sites.

Together, these initiatives aim to strengthen energy supply in regional and remote communities and create a more resilient, flexible and sustainable electricity network.



CASE STUDY

Utility-scale connections in the Central West

An initiative proposed by Essential Energy can enable the connection of approximately 2.3GW of new renewable generation to Essential Energy's sub-transmission network by 2030, supporting the renewable energy transition within the Central-West Orana Renewable Energy Zone (CWO REZ). By augmenting Essential Energy's existing sub-transmission network, this would leverage existing local infrastructure to quickly connect new generation, alleviating the pressure to build large transmission network infrastructure.

Implementation is currently underway with the first two solar generation and storage facilities proposed for connection, Forest Glen and Maryvale, now in delivery, with energisation planned to occur during 2026.

Initial analysis of the Essential Energy sub-transmission network identified the potential to host 15GW of new renewable generation across 37 bulk supply points (BSPs – connections between the distribution and transmission networks). This proposal is the first of these to be pursued, with five more prioritised for further investigation, at Wagga Wagga, Yass, Tamworth, Marulan and Albury. Combined, the six projects have the potential to unlock approximately 8.5GW of network hosting capacity through targeted network upgrades.

At 30 June 2025, Essential Energy had approximately 6GW of connection enquiries from renewable energy proponents looking to connect to various locations in Essential Energy's distribution network.

Dynamic network management

As renewable energy generation continues to grow, it is becoming increasingly important to actively manage energy loads on the network, to balance supply and demand. Essential Energy is partnering with electricity retailers to trial dynamic load control technologies that shift household energy use to align with periods of peak solar generation.

One such trial, launched in late 2024 in partnership with Origin Energy, involves remotely controlling participating customers' hot water systems using their smart meters, following an agreed schedule. This allows hot water heating to occur during the middle of the day when solar output is high, helping to reduce evening peak demand and improve network stability, while maintaining safe operational limits.

The trial is currently open to all retailers and is planned for expansion in 2025–26, supporting the transition to a smarter, more flexible and decarbonised energy system. Retailers benefit from better alignment of customer demand with low wholesale electricity prices during solar peaks, while customers may see cost savings and emissions reductions.

Backstop Control Capabilities

The Backstop Control Capabilities initiative, which commenced during 2024–25, is establishing the technical infrastructure required to enable backstop control of Consumer Energy Resources (CER), such as rooftop solar and batteries, required to maintain power system security. Backstop control allows distribution networks to manage the amount of energy being exported into the grid by customers' CER, to maintain grid stability when export from CER is high and grid demand is low. Essential Energy would only use backstop control when directed to do so by the Australian Energy Market Operator (AEMO).

When completed in 2026, backstop control will also deliver a secure, scalable foundation for managing CER exports in real time, supporting both customer energy participation and system reliability.

Pillar 3: Facilitate electric vehicle adoption

2024–25 HIGHLIGHTS

1st
electric semi-trailer joins our fleet

25
depot, office and warehouse locations with electric vehicle chargers

Pilot
bi-directional chargers for electric vehicles, with CSIRO

Essential Energy has a strong role in supporting customers who choose to move to electric vehicles (EVs), including connecting charging infrastructure to the network. EVs are an important and unique future source of electricity demand and supply; and when properly harnessed, can support the network and provide immense value for customers.

Transitioning our fleet

Essential Energy's fleet contains more than 2,000 vehicles. EV availability varies between vehicle types, with more availability for passenger vehicles and less for heavy vehicles. The transition of the fleet to EVs from internal combustion engines (ICE) is continuing, as suitable vehicles become available and where it is safe and practical to do so.

As of 30 June 2025, there were 68 EVs in the fleet: 32 light commercial and passenger EVs and 36 forklifts and operational EVs. This includes Essential Energy's first EV semi-trailer, a Volvo FH Electric Truck, which started delivering tools and equipment to depots on the NSW North Coast in February 2025, from Dungog to Tweed Heads – a distance of more than 600km.

Supporting this shift, the network of EV chargers in Essential Energy depots expanded during 2024–25. EV chargers are operational at 25 locations as of 30 June 2025, including eight new fast chargers.

Supporting charging infrastructure across regional NSW

Access to charging infrastructure is important to EV drivers and the regional NSW economy. Essential Energy's role is to work with charging point operators and local government to support the installation and innovation of charging infrastructure across our network.

During the year, we collaborated with the University of New South Wales (UNSW) and RACE2030 to complete a feasibility study that revealed significant untapped capacity available from transformers to address some of the challenges of EV fast charging. This early work shows that by using this untapped capacity, transformers can be overloaded for short periods to accommodate peak EV loads without adversely affecting transformer lifespan, scheduled maintenance or retirement. We plan to test this on two purpose-built transformers, which will be equipped with thermal sensing and deployed at new fast charger sites in our network area for data collection and further learning.

We also continued to progress work to integrate EV chargers into streetlight poles, using insights from our award-winning trial during 2023–24 to refine the product for a longer-term rollout.



CASE STUDY

Vehicle-to-grid (V2G) enables energy sharing between EV batteries, houses and the grid

Our first V2G trial began in 2023 with a customer using their new EV for power storage and transportation – successfully powering their home for two years and providing information about V2G benefits and challenges.

This year, we partnered with the CSIRO to trial a range of EVs and bi-directional chargers at our Innovation Hub in Port Macquarie, to better understand V2G integration and identify obstacles for broad adoption. In an Australian first, in April 2025 we jointly announced with the CSIRO that V2G technology is market ready, having successfully connected AUSEV's Ford F-150 Lightning with a combined charging system (CCS2) DC bi-directional charger and the Clean Energy Council approved Sigenergy storage system. Under this partnership we are continuing to investigate the compatibility of V2G with vehicles from other manufacturers.



Pillar 4: Enable smart communities and new customer solutions

2024–25 HIGHLIGHTS

13
new large-scale renewable generation facilities connected to the network in 2024–25

85
high-potential electrification sites mapped and prioritised

3
new Stand Alone Power Systems designed and ready for construction

We are focusing on expanding our commercial activities, products and services to support regional and rural NSW through the energy transition.

Enabling renewable energy connections

During the year, 13 new large-scale[1] renewable energy generation facilities were connected to the Essential Energy network. Combined, they added 65MW of renewable generation capacity connected to the Essential Energy network. Three of the facilities also have Battery Energy Storage Systems.

In total, 69 large-scale renewable facilities, with 1.56GW of generation capacity, are connected to the network (at 30 June 2025).

Electrification

During the year, a network-wide study identified 85 high-potential electrification sites, including high-energy users such as breweries, dairy facilities, abattoirs and food processors – aligned to government decarbonisation priorities.

We engaged over 25 large customers on plans and constraints, modelled network impacts from fuel-switching, and advanced tariff innovation and dynamic access to network capacity to support higher network utilisation and incentivise off-peak electrification. With several customers, we tested the business case for electric thermal energy storage (thermal batteries) that use spare local capacity to avoid augmentation, supported by flexible-load tariffs.

As a result, a trial is underway to install a large thermal battery under our AER-approved large flexible-load tariff (approved on 1 July) with a high-voltage dynamic connection agreement. We continue to co-design solutions that cut emissions, improve affordability and unlock long-term demand.

Stand Alone Power Systems

Stand Alone Power Systems (SAPS) provide a safe, reliable and efficient energy solution for customers in remote locations. For those located at the end of long powerlines in remote locations, SAPS offer a cost-effective alternative to traditional network supply, providing dependable and improved electricity services without the need for poles and wires. For eligible customers, Essential Energy installs, maintains and operates these systems at no additional cost.

As of June 2025, four SAPS are operational. Construction is ready to commence at three sites, detailed designs have been completed for nine new SAPS, and 23 additional systems are in the investment pipeline for deployment within the next two years.

Beyond improving reliability for remote customers, SAPS also reduce long-term network maintenance costs and bushfire risk. These systems support a more sustainable and resilient network and align with Essential Energy's strategy to modernise infrastructure and enable tailored, community-focused energy solutions.

Composite poles

Essential Energy is transitioning to composite poles for all new and replacement installations, with more than 55,000 composite poles to be supplied between 2024 and 2029. Compared to timber poles, these locally sourced poles are lighter, non-conductive, and resistant to rot, termites, corrosion and fire, making them ideal for bushfire-prone areas. Approximately 13,000 composite poles are already in service, and we are also proactively replacing 11,000 timber poles in high bushfire risk zones over the next five years, supporting network resilience.

Telecommunications

Essential Energy continues to respond to growing demand for safe, fast and resilient telecommunications by unlocking the full potential of our infrastructure. This includes leveraging the 170 radio and telecommunications sites across our network.

We are supporting the next phase of 5G rollout by identifying 750 suitable sites across our network for small-cell deployment. Stakeholder engagement has helped accelerate site selection and delivery in high-demand areas.

Through agreements with major carriers, we're progressing land lease opportunities to eliminate mobile black spots and improve service coverage. These partnerships are also helping advance digital equity across our network area.

1 Large-scale renewable generation facilities are dedicated to providing electricity into the grid, rather than offsetting onsite electricity consumption. Small-scale systems are mostly rooftop solar.

Pillar 5: Digital transition

2024–25 HIGHLIGHTS

250+
Starlink devices deployed for remote digital connectivity

AI
being used to identify asset defects more efficiently

Award
for Emerging Technology Leader of the Year, 2025 iTnews Awards

Essential Energy is embracing digitalisation to modernise the way we operate and protect our network, interact with our workforce, and engage with customers. Planned investment involves the deployment of new digital systems and tools, leveraging data to enhance decisions and improve connectivity for field crews across regional and rural NSW.

During the year, we continued to focus on our digital resilience program, which will bolster cyber security, improve system resilience and enable more renewable energy on the network.

Recognition of our digital transition progress included Brad Flanagan, Digital Operations Manager, being awarded the Emerging Technology Leader of the Year at the 2025 iTnews Awards. These awards recognise the people who have inspired industry through growth, change and adversity, as well as the best IT projects in Australia.

Harnessing Artificial Intelligence

The exploration and use of Artificial Intelligence (AI) across the business has continued to grow in momentum throughout the year with a range of specific pilots in areas such as asset inspection, customer communications and asset management. Alongside this we have established and strengthened our risk, governance and compliance around the responsible use of AI. The use of Microsoft Copilot has also expanded significantly across the business with users in both field and office-based roles taking advantage of the efficiencies it brings to everyday operations and tasks.

The focus over the next 12 months for AI will be to further develop our policy settings, strategy and responsible use of AI in line with our core business processes – enabling us to work smarter for the benefit of our customers as well as employee and public safety, while uplifting the efficiency of our operations.

Improving digital connectivity

To improve digital access and reliability in the field, more than 250 Starlink devices have been deployed to teams across the network since January 2025. The Starlink low Earth orbit satellite internet service enhances internet coverage in rural and remote locations, which is essential as we digitise our operations. Reliable internet coverage also improves the safety and efficiency of our crews in the field. The deployment followed a successful trial of the devices in 2023–24.

Meter to Cash program

The Meter to Cash (M2C) program is a high-priority initiative to replace our billing and market systems with a modern, fit-for-purpose solution. M2C will enable Essential Energy to meet emerging regulatory and business requirements while improving the efficiency of our customer and market interactions.

M2C covers the end-to-end process from electricity and water meter data collection through to market transactions, network billing to retailers, water billing to customers, and the receipt and processing of payments.

Detailed project planning was completed in early 2025, and the business case formally approved. The program has entered the delivery phase, with solution design, build and testing activities underway. The program is expected to be completed during 2026–27.

Strengthening cyber security

In 2024–25, we strengthened our cyber security posture through the continued execution of a comprehensive action plan addressing regulatory compliance, identity and access management, data protection, incident response and recovery, and enterprise standards.

We embedded cyber security considerations into enterprise-wide project and delivery practices, supported by targeted education initiatives to reinforce employee awareness and accountability. Notably, we advanced the development of secure architecture patterns to support operational technology (OT) environments, including solar, Stand Alone Power Systems, and other distributed energy resources.

These initiatives align with and respond to evolving regulatory requirements, including updates to the *Security of Critical Infrastructure Act 2018* (Cth) and version 2 of the Australian Energy Sector Cyber Security Framework (AESCSF).

Improving information for customers

We are leveraging our digital systems to improve customer information, including during power outages, when timely information matters most. During 2024–25, this included launching a new automated Estimated Time of Restoration (ETR) feature, to deliver faster power restoration estimates for customers. Using location information, incident type and category, the tool automatically calculates an ETR, and shares this information with customers via the power outages page on the Essential Energy website.

Operations and performance

We operate our network with a focus on safety, reliability and cost-efficiency to support customers and communities. Our people play a key role in maintaining performance and delivering capital projects that expand network capacity.

2024–25 HIGHLIGHTS

342,000
power pole inspections

0
Major Lost Time Injuries

95%
satisfaction rate from customers following Customer Contact centre interactions

New
Essential Grants program, funding community initiatives

Our operations



2024–25 HIGHLIGHTS

1,194,632
asset inspection photos taken

12,724
crossarms replaced

423,923
pre-operational fleet inspections

342,123
power pole inspections

Our robust operational programs enable the safe and reliable delivery of power through proactive maintenance, timely upgrades and rapid responses to faults and emergencies, supported by investment in innovation to shape the network of the future.

Network maintenance

Maintenance efforts continue to play a critical role in supporting network reliability and safety across our operations. In 2024–25, more than 145,000 maintenance tasks were completed, compared to more than 150,000 in the previous year. Significant challenges throughout the year, including multiple severe weather events and prolonged Protected Industrial Action, led to a network maintenance backlog of over 7,000 tasks, compared to 2,000 tasks the year earlier. Protected Industrial Action had a particularly notable impact on planned outage works, while other contributing factors included an increase in the number of assets inspected and asset defection rates. A recovery strategy is underway to address this backlog.

Field crews responded to more than 30,000 unplanned outages across the network, including a record number of 17 Major Event Days, demonstrating the team's capability and adaptability in managing extreme conditions.

Despite a challenging period, public lighting compliance improved, with faster average rectification times for both general and priority faults, and fewer councils experiencing service level breaches. The backlog of urgent defects was reduced on the previous year's results, reflecting improved responsiveness and defect management. Vegetation management also remained a key operational priority. Strengthened resourcing and scheduling enabled strong progress in high-risk areas, with minimal overdue tasks at year end, and none classified as Fall in Risk.

These outcomes reflect Essential Energy's ongoing commitment to operational resilience and ensure the network remains well positioned to meet future demand and challenges.

A record number of 17 Major Event Days demonstrated the team's capability and adaptability in managing extreme conditions.

2024–25 Network highlights

Asset inspection

342,123
power pole inspections – up from 304,600 last year

38,761
kilometres of powerlines inspected via drone inspections – up from 38,187km last year

67,949
drone flights by asset inspectors – down from 77,190 last year

1,194,632
inspection photos taken – up from 965,643 last year

Maintenance, capital improvement and fault and emergency

16,978
planned outages – down from 19,712 last year

30,234
unplanned outages – up from 27,935 last year

10,290
zone substation preventative maintenance work tasks – up from 8,940 last year

9,549
service mains overhead replacements (contractors) – down from 9,858 last year

12,724
crossarm replacements – down from 14,346 last year

1,153
construction milestones – up from 1,014 last year

8,290
pole replacements – down from 10,452 last year

Fleet

423,923
pre-operational fleet inspections – up from 420,783 last year

36,720,529
kilometres travelled – up from 36,516,918 km last year

Meter reading

95%
of meter reads to schedule – down from 98% last year

Vegetation management

219,393
powerline bays with vegetation treated – up from 194,788 last year

Severe weather events

Multiple severe weather events impacted Essential Energy's customers and the network during 2024–25. In response, local and visiting field crews from across the State came together to support affected communities and safely restore power for customers.

Far West NSW windstorm and outage

An extreme windstorm in Far West NSW significantly damaged Transgrid transmission towers, with around 12,700 customers losing power early on 17 October 2024. Seven towers collapsed, with a further two towers and a key transmission line to outlying communities damaged by the storm.

We deployed temporary generators for customers, powering life support and other critical equipment and commissioned an additional 3.5MVA of generation at the Pinnacles Place Zone Substation as a dedicated power supply to outlying communities.

Working closely with Transgrid, power was restored to Broken Hill customers the following day and two days after the storm for rural customers. Unfortunately, customers experienced intermittent outages until Transgrid was able to bring its transmission line back into operation.

We kept customers updated through SMS notifications, website updates, social media posts, and through the media. A NSW Government support package provided payments for impacted households and small-to-medium businesses, with food hampers and food and fuel vouchers distributed by the Government and community organisations.

Seventy field employees contributed to the Essential Energy response, supporting customers throughout the outage.

Tropical Cyclone Alfred

Communities across the NSW Far North Coast, Northern Rivers, Mid North Coast and Northern Tablelands and parts of Southern Queensland were impacted by Tropical Cyclone Alfred in March 2025, including heavy winds, significant rainfall and flooding. Almost 100,000 customers were without power due to fallen trees, toppled power poles and damaged powerlines and electrical assets.

> Our crews worked tirelessly to restore power as quickly and safely as possible.

We mobilised equipment and teams in the lead-up to the cyclone, so we could restore power to customers faster when weather conditions permitted. Helicopters, excavators and all-terrain vehicles assisted local and visiting crews in extremely humid working conditions, while our operations team provided accommodation and logistics support. Crews in more than 400 Essential Energy vehicles covered over 360,000km to prepare for and respond to the cyclone's impacts.

Our Customer Contact team kept customers updated over the phone, while our Community Relations team provided information, internet access and phone charging at local community hubs. Our crews completed almost 1,500 individual repairs and replacements across the network, alongside a whole-of-business effort to support our customers and communities.

Mid North Coast floods

Heavy rainfall and severe flooding affected the Mid North Coast in mid-May 2025, with more than 46,000 customers affected by power outages and, in some cases, extensive damage to their homes and businesses.

Our Mid North Coast teams monitored conditions and de-energised the electricity network where required for safety as floodwaters rose, before working to restore power once it was safe to do so. Floodwaters had washed away power poles and electrical equipment, including streetlights, while the weather brought down trees over powerlines and equipment. More than 100 crew members worked to restore the network and resupply customers, often in challenging conditions. Aerial and all-terrain inspections helped to survey the network and support our restoration efforts, while overlaying flood maps on our digital twin of network assets informed decision-making.

Our customer support teams assisted impacted customers in person at Taree, Port Macquarie, Kempsey and Macksville, and through our contact centre and website – compassionately assisting customers in a difficult time.



Severe storms

Several severe storms affected communities on the network during spring and summer 2024–25, causing significant localised damage to the network. Communities were impacted throughout the Riverina, Central West, Northern Rivers, Far North Coast and Mid North Coast areas of NSW – with thousands of customers losing power in the various events. Some storms occurred within days of each other, with strong winds felling trees and making the task of restoring power to affected customers particularly difficult.

After each storm, our crews worked to assess the damage with an initial focus on keeping the community safe from damaged electricity infrastructure such as fallen powerlines, while locating faults in the network. Customers received estimated time of restoration updates via SMS and our website as information became available, with our crews working tirelessly to restore power as quickly and safely as possible.

Major projects

DESCRIPTION	LOCATION	BEFORE 2024–25 (DIRECT/INDIRECT PROJECT $000)	2024–25 (DIRECT/INDIRECT PROJECT $000)	TOTAL COST (DIRECT PROJECT $000)	COMPLETION DATE
Major Works					
New Works					
Essential Energy Property – relocation of Lismore Depot[1]	Lismore	–	$2,999	$2,999	Jun-27
Essential Water	Various	$4,424	$13,191	$17,614	Jun-35
Intium Unregulated business Build Own Operate and Maintain (BOOM) assets[2]	Various	$3,493	$7,450	$10,943	Jun-35
Substation[2]	Various	–	$21,506	$21,506	Jun-35
Total, New Works		**$7,917**	**$45,146**	**$53,062**	

1 Delays in building compared to budget.
2 Projects are highly reliant on the customer and their timing in executing the project agreement for works to begin.

PROJECT DESCRIPTION	LOCATION	START	COMPLETE	TOTAL COSTS $000	ACTUAL SPEND 30-06-24 $000	ACTUAL SPEND 2024–25 $000
Essential Energy Property – relocation of Lismore Depot[1]	Lismore	2025	2027	$2,999	–	$2,999
Moree Special Activation Precinct[1]	Moree	2023	2026	$1,490	$89	$1,401
Quorn Park Solar Farm[1]	Parkes	2023	2026	$12,214	$5,014	$7,200
Essential Water	Various	2014	Various	$18,484	$5,294	$13,191
Substations	Various	2014	Various	$5,635,001	$4,997,374	$637,627
Total, Major Works	**Various**	**Various**	**Various**	**$5,670,188**	**$5,007,770**	**$662,418**
Total, Minor Works	**Various**	**Various**	**Various**			**$119,846**
Total						**$782,265**

1 Individual projects costs exclude indirect costs.

Major projects

Essential Energy delivered its first brand new zone substation in a decade with the energisation of the South Jerrabomberra Zone Substation and 132kV transmission line on 28 February 2025. This major infrastructure project powers one of the region's fastest-growing precincts, supporting residential, commercial and industrial development in Queanbeyan and surrounding areas. The build strengthens network capacity and improves reliability for a rapidly urbanising community.

Located on the border of New South Wales and the Australian Capital Territory, the substation was designed to suit its urban surroundings, incorporating architectural and urban design features. Despite a complex delivery environment, the project was completed on time and to a high standard. This milestone reflects Essential Energy's commitment to delivering resilient, future-focused infrastructure that meets the evolving needs of regional communities.



Early fault detection

Early fault detection (EFD) technologies are being used to proactively identify and address network issues before they can cause shocks, fire ignitions or outages.

Overhead network early fault detection pilot

Essential Energy is preparing a two-year pilot of EFD technology to identify emerging faults on overhead power lines. Six feeders across five depot areas have been selected, targeting locations in high bushfire risk zones. Nearly 70 sensors will be deployed across the pilot sites, providing a coverage of 179km of the network.

When a sensor detects a potential fault, the system generates an alert that is reviewed, classified and prioritised for field inspection. This information is shared with crews, to enable timely site visits and proactive fault resolution.

Underground network voltage detection survey

Essential Energy is partnering with Osmose to detect low voltage faults on streetlights connected to our underground network. A mobile asset assessment vehicle conducts surveys while streetlights are operating at night, and can detect voltage on poles, metal fences and pillar bases, as well as ground level voltages on road verges. Where voltage is detected, we inspect the underground assets and address any faults.

The program launched in Albury in April 2025 and will visit 76 depots over a six-month period. From April to June 2025, 74 events were detected and resolved across 19 depot areas, reflecting our commitment to taking proactive steps that help maintain a safe and reliable network for our customers.

Vegetation management

Essential Energy trims or removes trees and other vegetation that could impact powerlines and start a bushfire, cause a power outage or create an electrical safety risk. During 2024–25, Essential Energy and its contracted service providers treated 219,393 bays containing vegetation.

Machine learning and spatial measurements from LiDAR data are being used within a digital twin platform to help monitor and manage vegetation across our extensive network. The platform allows us to model areas of the network that require 'clear to the sky' vegetation treatment, enabling us to forecast the time and cost of the work more accurately. This evolution of our approach is helping us navigate rising costs, resource challenges and climate and weather changes while leveraging innovation and technology to maintain network safety and reliability.

We are continuing to engage with local councils to manage vegetation across the network. Three new memoranda of understanding (MOUs) were put in place during the year, with Berrigan, Bega Valley and Narromine Shire Councils. There are 17 vegetation management MOUs in place across the network, supporting communication, enhanced understanding and positive outcomes in regional communities.

Bushfire preparation

Powerlines can be a source of fire ignition, a risk that is elevated on high fire risk days. Essential Energy invests significant effort and resources into reducing ignition risk as far as practicable.

We undertake formal fire risk safety assessments and identify treatment controls to reduce ignition risk and apply sophisticated risk modelling to understand the impact of investments, climate change and fire behaviour in the landscape, under different weather scenarios.

During the year, we realigned our asset inspection, asset maintenance and vegetation management activities with our updated bushfire priority zones. These zones were informed by bushfire risk modelling completed by the University of Melbourne in 2023–24. Completing all vegetation management activities across the newly identified high priority risk areas is expected to take eight years, and the Australian Energy Regulator (AER) approved funding for this work in June 2025.

Work in these high priority vegetation management areas is underway, with approximately 4% treated as of 30 June 2025. These initiatives will help us mitigate network-initiated fire risk and manage asset resilience in line with the updated bushfire risk model. In April 2025 Essential Energy won the Asset Management Council's 'Cost, Risk, Performance' Excellence award for the design of the eight-year transition plan with supporting modelling.

Ahead of the 2025–26 bushfire season, we introduced and tested new Enhanced Powerline Safety Settings which have reduced the potential for fire ignition due to faults on the network. Under these settings, upgraded network switching devices in rural locations can be managed remotely on days of heightened fire risk.

Participating in industry consultations and research helps to enhance our understanding of risks and risk treatment options, while sharing our experiences and insights. We joined a new national research project with the Natural Hazards



Research Australia to consider the impact of windstorms on overhead power networks, which commenced in 2025. We contributed to research and initiatives by the CSIRO, Australian Fire Agencies Council and the University of Melbourne. We also contribute to the International Wildfire Risk Management Consortium and continue to work closely with the NSW Rural Fire Service, NSW Reconstruction Authority and telecommunications companies to build our understanding and collaborate on fire-related projects.

Public lighting

Essential Energy is responsible for the management and maintenance of approximately 171,000 public lighting assets for 99 customers, such as local councils. Essential Energy owns approximately 168,000 of these assets, 98% of which use energy-efficient LED lights.

We supported local councils by completing 16 public lighting minor capital projects to improve public safety. We also partnered with Albury City Council on a six-month traffic sensor trial across two busy intersections. The trial, which concluded in June 2025, aimed to assess traffic volumes and identify opportunities to reduce energy use and carbon emissions.

Remote area internet access

Reliable internet access is essential for our field crews when working in remote areas, to support their safety and provide access to digital business tools. Following the successful pilot in 2023–24, additional devices were provided to crews during the year, taking the total number to more than 250 devices across the network. The devices also kept crews connected while supporting the recovery from severe weather events, including Tropical Cyclone Alfred and the Mid North Coast floods.

Starlink devices are now an important component of our field crew toolkit. Feedback from employees has been positive, with survey responses highlighting the importance of internet connectivity in the field to job satisfaction.



Research and development

Essential Energy invested in a range of innovative research and development[1] activities during 2024–25, to enable the energy transition and develop the network of the future.

Enabling the energy transition

We are investing in technologies and innovations necessary to enable the energy transition, including:

- co-developing Australia's first combined charging system (CCS2) V2G network and market ready solution with partners. The solution advances the integration of Consumer Energy Resources (CER) into the network, provides customers with increased network connection value and unlocks the flexible storage capabilities of EVs (see 'Pillar 3: Facilitate electric vehicle adoption', page 19)
- commencing a five-year partnership with the CSIRO to continue the co-development and advancement of V2G technology and research
- scaling up our pole-mounted EV charging solutions trial
- working with partners to develop and scale integrated AC EV chargers in existing street furniture, such as composite streetlights and power poles
- completing Part 1 of an industry study of the impacts of EV fast chargers on network infrastructure, in partnership with UNSW and RACE 2030 (see 'Pillar 3: Facilitate electric vehicle adoption', page 19)
- expanding the capability of our NEXUS innovation test facility to support more advanced testing of V2G, energy optimisation, renewable energy forecasting, CER and load dispatch capabilities
- continuing to co-develop a prototype lower noise ground-mounted battery with an Australian battery supplier
- deploying an early fault detection technology trial for bushfire risk reduction and inverter-led system fault detection (see 'Early fault detection', page 26 for details).

Future networks

Our future networks activities focus on developing capabilities to modernise the electricity grid as the energy landscape changes and maintaining agility to respond as new developments emerge.

During the year, we focused on optimising two-way energy flows for customers by:

- continuing to transition from 240V to 230V, reducing high voltage issues across the network and unlocking solar hosting capacity for more households. In June 2025, only 8.38% of customers network-wide experienced voltage excursions, down by more than 50% since the program commenced in 2023
- establishing an interim dynamic connections solution with the Australian National University (ANU), which will offer dynamic connections for customers through a distributed energy resource management system (DERMS) while our permanent solution is developed. Supporting this solution, we launched a Telemetry Hub to handle large data and perform calculations that can be sent to pole-mounted batteries
- procuring and progressing delivery of a new Utility Server to enable a DERMS to communicate with solar systems for flexible exports (see 'Pillar 5: Digital transition', page 21)
- commencing the backstop control capabilities project to deliver an emergency backstop mechanism (see 'Pillar 2: Drive connections and load', page 17).

We have continued to focus on alternative energy supply, evaluating and developing alternative load and generation technologies to present more cost-effective ways of managing network and customer needs than traditional network solutions. These include:

- reviewing the challenges and opportunities in implementing islandable microgrids to address local level supply and demand needs
- scoping options to enable storage-based microgrids on rural high voltage network segments as a solution to improve network reliability and resilience at Malparinka and Packsaddle (see 'Pillar 2: Drive connections and load', page 17)
- developing solutions at Ivanhoe and Tibooburra for hybrid zone substation microgrid options
- going live with manually-updated dynamic operating envelopes for a high voltage connection (the 1MW/2MWh network battery at Sovereign Hills, near Port Macquarie in May 2025) – to enable the flexibility to change within the season if network usage is changing
- delivering information on existing and forecast network load and generation to increase asset utilisation and connect customers quicker and at lower cost
- implementing Stand Alone Power Systems to deliver reliable, safe and efficient energy solutions where appropriate to support existing sites and customers
- applying alternative load control settings (moving from a 240V standard to 230V) to use excess generation from solar panels, and trialling on-load tap changer voltage regulation technology
- changing business processes and assumptions using new technical tools to release excess reserved network capacity for load and generation and to forecast network constraints in different scenarios
- dynamic load control management to shift hot water loads via smart meters and take advantage of peak solar generation while reducing network demand (see 'Pillar 2: Drive connections and load', page 17).

1 Research is defined as original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development is defined as the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production.

Company Scorecard

The Company Scorecard includes performance against targets in the Essential Energy 2024–25 Final Statement of Corporate Intent, along with performance for other key metrics.

AREA	MEASURE	TARGET	OUTCOME
Safety	Major Lost Time Injury Frequency Rates (MLTIFR)	1.0	**0.0**
	Serious Claim Frequency Rate (SCFR)	≤3.8	**2.2**
	Total Recordable Injury Frequency Rate (TRIFR)	≤13.8	**12.4**
	High Potential Incident Frequency Rate (HPIFR)	Monitor only	**3.4**
People	Employee Culture Index	≥3.89	**4.05**
Corporate Strategy	Pillar 1 – Average completed tasks per full-time equivalent employee	≥12.4	**12.8**
	Pillar 2a – Total network load and generation (GWh)	≥18,300	**18,267**
	Pillar 2b – Total network capacity (GVA)	≤11.4	**11.3**
	Pillar 3 – Number of public EV fast-chargers deployed on Essential Energy network	≥403	**413**
	Pillar 4a – Incremental revenue Intium	≥$0.8M	**$2.5M**
	Pillar 4b – Incremental revenue ($M)	≥$60M	**$81.3M**
Customer Experience	Customer Satisfaction Index[1]	Monitor only	**59%**
	System Average Interruption Duration Index (SAIDI) (minutes)	≤226.4	**230.0**
Regulatory	Material Reportable Regulatory Breaches	0	**0**
Financial	Return on Capital Employed (ROCE)	≥3.2%	**3.3%**
	Regulated Operating Expenditure (OPEX)	≤$721.8M	**$729.6M**
	Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	≥$856.3M	**$859.1M**
	Network Program Value Delivered	100%	**93%**

1 New Customer Satisfaction Index is now in place and is significantly different to the previous metric.

Our people

2024–25 HIGHLIGHTS

160
new apprentices, trainees and graduates

Awards
Formally recognised for excellence in apprentice training, equality, and graduate employment.

Uplift
in employee engagement and survey participation

0
major lost time injuries, strengthening safety and risk management

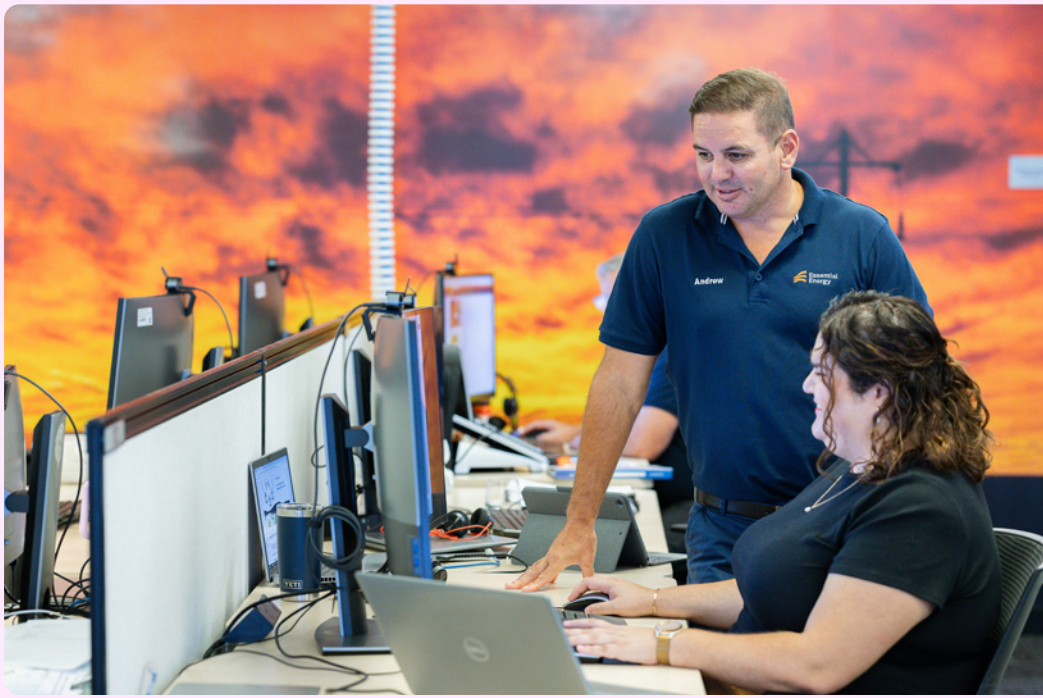
Our people are instrumental in delivering a safe, reliable and resilient electricity network for regional, rural and remote communities; and their safety, wellbeing and development is our priority. By fostering a diverse, inclusive and development-focused workforce, we are building a team that reflects our communities and is equipped to meet the challenges of a changing energy landscape.

Health and safety

Health and Safety Strategy 2022–2025

Essential Energy's Safety Strategy 2022–2025 focused on embedding a culture where safety is a shared value and personal responsibility. Moving beyond compliance, the strategy is anchored in the principle, 'We keep ourselves and others safe, for what matters most'.

This principle underpins our organisational commitment to creating a safer, healthier and more resilient workplace.



Significant strides were achieved in strengthening the organisational safety culture, embedding personal accountability, and enhancing wellbeing across our operations.

During the year, we focused on strengthening three foundational pillars:

- **safety mindset and leadership behaviours** – empowering leaders and individuals to model and reinforce proactive safety behaviours at all levels
- **serious injury prevention** – prioritising high-impact risk controls and learning from high-potential incidents to prevent harm before it occurs
- **health and wellbeing** – promoting holistic wellbeing initiatives that support physical and psychological safety.

Focusing on these pillars resulted in measurable improvements in safety performance and engagement, reinforcing our collective commitment to protect what matters most. Significant strides were achieved in strengthening the organisational safety culture, embedding personal accountability and enhancing wellbeing across our operations. Through simplified systems, targeted programs and a sharpened focus on critical risks, we also delivered measurable improvements in public protection.

Key achievements during 2024–25 include:

- introducing the 'Leading Safely Every Day' program and 'Making Safety Your Own' video campaign to embed safety ownership at every level of the organisation
- Mental Health First Aid training to 509 leaders, addressing psychosocial hazards and refreshing the Hazardous Manual Tasks program to support injury prevention and wellbeing
- re-establishing the Towards Zero Road Safety Working Group, enhancing visibility of In-Vehicle Monitoring System (IVMS) reporting and upgrading vehicle specifications to reduce transport-related risks and improve driver safety
- introducing the Learning Team framework which focuses on collaborative operational safety learning outcomes
- improving visibility of critical control effectiveness and enhancing TotalSAFE system functionality to support proactive risk management
- strengthening safety-focused external stakeholder engagement, improving network visibility and collaborating on public safety campaigns to raise awareness and reduce harm
- identifying and implementing critical controls for all Network Fatal Risks (NFR), developing a risk profile for Essential Water, and launching targeted communications to reinforce NFR Critical Controls.

Managing psychological safety

Essential Energy has invested in initiatives to identify and manage psychosocial hazards, in line with the *NSW SafeWork Code of Practice*, to promote holistic health and wellbeing. Essential Energy's approach includes identifying, assessing, controlling and reviewing measures to eliminate or minimise risks. Identification includes both proactive identification as well as assessing potential risks raised by workers.



CASE STUDY

Embedding a proactive safety culture

Health and Wellbeing Manager Cathy Connors and Fleet Manager Michael Mills have each demonstrated how safety leadership can drive meaningful outcomes, with their efforts recognised at two prestigious industry awards.

Cathy was named Psychosocial Risk Management Professional of the Year at the national 2024 Women in Safety Awards. Cathy was recognised for her understanding of workplace risks that can impact employees' mental wellbeing, and for facilitating support programs to address these risks, together with her team. See 'Managing psychological safety', (pages 31 to 32) for details of initiatives Cathy has introduced to ensure we provide the right support for our team.

Michael was named 2025 Fleet Manager of the Year at the Australasian Fleet Management Association awards. Michael led Essential Energy's fleet – one of Australia's largest – through an ambitious operational transformation by implementing the Fleet Improvement Program V2.0 (FLIPv2). FLIPv2 delivered holistic and lasting results, including a 78% reduction in asset health incidents, a 51% decrease in accident claims, and an app integrated with the Computerised Maintenance Management System and In-Vehicle Monitoring System – as well as reductions in operational costs and greenhouse gas emissions.

These achievements reflect our business-wide commitment to proactive safety management and show our safety-first culture in action.

Proactive steps include:

- conducting an annual psychosocial safety risk assessment survey
- implementing action planning workgroups for each unique group of survey respondents to address identified risks and embed appropriate responses, following consultation with workers
- completing a psychosocial hazards infrastructure review and implementing its recommendations
- engaging with our Health and Safety Representatives – a committee of peer elected employees – about our progress implementing the infrastructure review recommendations and survey action plans
- updating the internal TotalSAFE reporting system to identify psychosocial factors and manage report privacy and confidentiality
- ongoing psychosocial hazards education sessions for all employees, featuring external experts.

Safety performance

The safety of our people remained a core priority in 2024–25, with performance outcomes that reflect our commitment to continuous improvement and a proactive safety culture. No major lost time injuries were recorded during the year. Key safety metrics also improved significantly compared to 2023–24, with the high potential incident frequency rate decreasing by 17.1%, the total recordable injury frequency rate reducing by 11.4%, and the serious claims frequency rate dropping by 47.6%. The total number of notifiable incidents to SafeWork NSW under the *Work Health and Safety Act 2011* (WHS Act) also decreased significantly, from 14 incidents in 2023–24 to eight in 2024–25. Consistent with last year, there were no prosecutions under the WHS Act in 2024–25.

These results reflect targeted actions across the business and the collective efforts of our people to embed safe behaviours and practices. Our injury prevention and recovery at work programs continue to evolve, supporting employee wellbeing and enabling early intervention. Leading indicators from assurance activities provide valuable insights into potential risks, allowing for proactive measures to prevent harm.

We remain focused on learning from incidents, with responses designed to identify root causes and drive continuous improvement. A newly established Injury Review Program is helping us better understand the contributing factors behind workplace injuries. The goal is to embed those learnings into our systems, processes and behaviours, to support a safer, more resilient workforce, reinforcing our commitment to safety leadership.

Contractor safety

We completed a comprehensive review of our contractor management practices during the year, which resulted in a two-stage improvement program to enhance safety systems and capability. These improvements are designed to streamline processes, clarify responsibilities and ensure alignment with evolving safety standards and legal obligations. Stage one is currently in the testing phase, with full implementation planned for September 2025.

To support this program, we delivered training sessions for key contractors that focused on managing safety more effectively and consistently. Several safe driving sessions were jointly delivered with contractors, sharing lessons from incidents and reinforcing key procedures. Employee training was also provided to Frontline Supervisor teams, with voluntary sessions for Major Projects teams and all other employees.



The safety of our people remained a core priority in 2024–25, with performance outcomes that reflect our commitment to continuous improvement and a proactive safety culture.

Attracting, retaining and developing our workforce

We're committed to meeting our current and future resourcing needs through the early identification of future workforce requirements and being a first-choice employer for existing and potential employees. The Talent Acquisition Strategy defines how our employees are engaged and retained throughout their career with Essential Energy and focuses on four key areas: candidate attraction; recruitment; retention; and technology, data and governance.

We are building our employer brand to retain and attract employees with the existing and future skills identified in our workforce plan to support the energy transition and our corporate strategy. Enhancing the focus on inclusion and offering diverse assessment and selection approaches also strengthen the recruitment experience for candidates.

To retain and attract a skilled, engaged and committed workforce, Essential Energy offers competitive remuneration and benefits together with learning and career development opportunities, and strives for strong employee engagement. Our efforts are informed by increasingly data-driven insights and reporting that uses technology to streamline and improve the employee experience.

Inclusion and diversity

Essential Energy is actively building an inclusive and diverse workforce that reflects the communities we serve. Our 2024–27 Inclusion and Diversity Strategy sets three priorities for the coming years:

- **High levels of inclusive leadership capability** – by developing inclusive leadership capability and skill in leading diverse teams, at all levels of leadership
- **An inclusive workplace culture** – by fostering a workplace culture that is inclusive, collaborative and empowered, and celebrates the talent and diversity of our people
- **A diverse workforce** – by attracting, developing and retaining a diverse workforce that reflects and enhances the communities we serve.

Key outcomes during 2024–25 included:

- building inclusive leadership capability, with a masterclass for over 50 people leaders and resources about inclusive teams, neurodiversity and LGBTQIA+ inclusion for all employees
- maintaining our diversity-focused internal reference groups and introducing support communities focused on women's health, neurodiversity and carers
- receiving two awards at the WORK180 Equitable Workplace Awards 2025 (see 'Case study: Advancing workplace equity and flexibility', page 34)
- achieving Bronze Tier Employer status in the 2025 Australian Workplace Equality Index, which recognises LGBTQIA+ workplace inclusion
- holding an internal Women from the Field Conference attended by more than 70 of our female employees in field-related roles, and sending a cohort of existing and future female leaders to an external Women in Leadership summit, with an internal alumni formed to continue their development
- commencing the Australian Disability Network Disability Confident Recruiter program, with our Talent Acquisition team working towards accreditation over a 12-month period
- accepting an invitation to participate in the National Employer Network for Refugee Inclusion, which aims to improve refugee economic participation in Australia by fostering collaboration to develop policies and inclusive practices that support refugees and asylum seekers into jobs
- participating in events such as NAIDOC Week, Wagga Wagga Mardi Gras, Broken Heel Festival, Harmony Day, Diwali, Walk for Autism, IDAHOBIT, Wear it Purple, International Day of People with Disability, Go Red for Dyslexia, Carers Week and International Women's Day.

During the year, Essential Energy progressed its Diversity and Inclusion Action Plan (DIAP) by participating in the Disability Confident Recruiter program, delivered by the Australian Disability Network. Accreditation is expected by mid 2026, supporting our commitment to inclusive and accessible recruitment practices.

Scholarships

Our Inclusion and Diversity program supports university students studying across Essential Energy's network area to expand their career opportunities, including offering paid work experience and potential employment after their studies are complete.

First Nations scholars receive financial support for the duration of their degree and are invited to participate in Essential Energy's inclusion and diversity reference groups, meet the team most relevant to their studies, and participate in our Internship Program during semester breaks. During 2024–25, five First Nations students were supported, studying law, engineering and media/communications at Charles Sturt University and Southern Cross University.

A female engineering scholarship was also provided and an LGBTQIA+ scholarship, both through Southern Cross University. Scholarship amounts for the past five years are in table A9, Appendices (page 137).



CASE STUDY

Family Inclusive Workplace certification

Our family-friendly and supportive work practices led to our certification as a Family Inclusive Workplace. Conducted by Family Friendly Workplaces, the certification recognises Essential Energy's commitment to the work-life wellbeing of our employees, including practices such as flexible work, parental leave, family care and family wellbeing.

Family Friendly Workplaces is a partnership between Parents At Work and UNICEF Australia that provides workplace benchmarking and certification. Participating in this process contributes to our Talent Acquisition and Retention Strategy, helping us to identify opportunities to further support our people and continue improving the employee experience.



CASE STUDY

Advancing workplace equity and flexibility

Our efforts to build an inclusive and diverse workforce were recognised at the 2025 WORK180 Equitable Workplace Awards, where we received two awards. We received the Large Enterprise – Mining, Resources and Energy Award for our industry-leading approach to workplace equity and inclusion, and the Flexible Working Arrangements Large Enterprise Award for creating a workplace that supports balance, productivity and inclusivity for all employees.

These awards follow our recognition in 2024, where Essential Energy received awards for pay equity and diversity, equity and inclusion in the mining, resources and energy category.

We continue to advance corporate inclusion with female representation, including females in senior leadership positions increasing year-on-year. Targeted graduate roles strengthened partnerships and key certifications like Family Friendly Workplace support our progress, along with our enhanced gender neutral paid parental leave. We celebrate female talent through initiatives like the Women in Leadership Summit and recognise employees by sharing their stories and successes.

During the year, the program was extended to provide new scholarships for:

- one female engineering student studying Civil Engineering
- one LGBTQIA+ student studying Information Technology, in partnership with the Pinnacle Foundation.

See Table A9 in the Appendices of this Annual Report for financial information.

Employee engagement

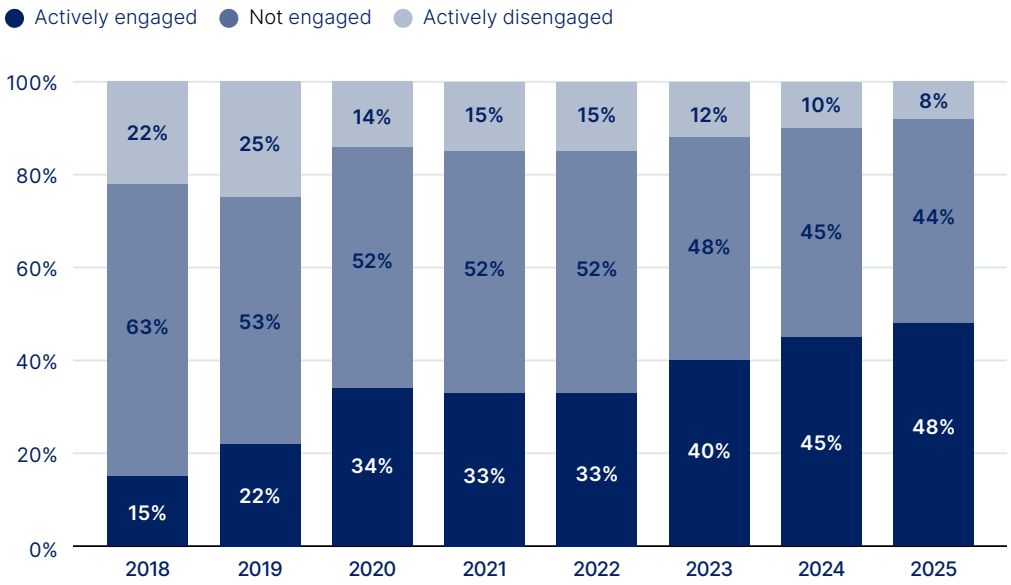
Our annual engagement survey was conducted in June 2025, with 81% of employees sharing their perspectives on our work environment. The participation rate increased by 3% compared to the prior year, with 3,179 people having their say in 2025 (up from 2,964 in 2024).

The overall engagement score was 4.05 (out of five), an increase of 0.07 from 2024 and a steady year-on-year improvement since 2022 (3.75).

Actively engaged employees accounted for 48% of respondents, up from 45% in 2024. Actively disengaged employees decreased to 8%, 2% lower than 2024 – providing further encouragement that engagement is improving across our workforce.

Employees told us that Essential Energy is performing well as a great place to work, with its recognition and praise of employees, and with conversations about individual progress. Overall, the results are a positive reflection of the culture of Essential Energy.

FIGURE 1. Employee engagement results



Training and development

Apprentices, trainees and graduates

Through our commitment to training and development, we are building a workforce that reflects the customers and communities we serve while establishing the organisational capability needed for the evolving energy industry.

Essential Energy welcomed 160 people into apprentice, trainee and graduate roles in the first half of 2025: 114 apprentices, 21 field-based trainees, eight First Nations Identified business services trainees and 17 graduates.

As of 30 June 2025, the total number of people in such roles was 500: 424 apprentices, 21 field-based trainees, nine First Nations Identified business services trainees, 42 graduates and four school-based trainees.

Apprentices undertake a four-year program combining formal training with on-the-job experience and activities that build interpersonal skills and community connection. The 2025 cohort consists of 80 powerline workers, 15 cable jointers and 18 zone substation electricians and one boiler maker.

Trainees complete a 12-month training program, with 19 asset inspectors and two supply chain operations trainees commencing this year and eight non-field-based trainees.

Our graduate program continues to grow, attracting recruits from disciplines including engineering, infrastructure, cyber security, technology and data, human resources, communication, finance, procurement, legal, and risk and audit. The three-year program includes rotational placements in functional business areas and a two-year professional development course with Engineers Australia.

Essential Energy was included in the 2025 Top 100 Graduate Employers list. We were named the number one graduate employer for energy and utilities, and ranked 22nd overall.

Essential Energy was named 2024 NSW Apprentice Employer of the Year and two of our current apprentices are finalists for the 2025 NSW Apprentice of the Year award. See ‘Case study: Growing careers through our apprenticeship program’, (right).

Future skills training

We are continuing to introduce programs that build the capability we need to manage the impact of the energy transition on our network. This includes developing electricity supply industry (ESI) courses to evaluate and certify the specialist skills of our employees through nationally recognised qualifications.

The new Certificate IV in ESI – Network Systems qualification uplifts skills for high voltage live line powerline workers, field switching specialists and high voltage sub-transmission cable jointers. The course was developed during the year, with courses starting in 2025–26.

A Certificate IV in ESI – Substations qualification is being developed to enhance the skills of new substation electrical technicians, with training also expected to begin next year. This qualification will be complemented by an assessable unit in substation construction. A zone substation training centre was established at our Orange Depot, providing a specialist learning environment in which employees can gain these skills.

We are continuing to provide SAPS and EV training for our employees. Three depots completed the SAPS Entry and Fault and Emergency Response course, gaining skills to confidently support customers with SAPS equipment.



CASE STUDY

Growing careers through our apprenticeship program

The Essential Energy apprenticeship program has been celebrated as leading practice, receiving two prestigious industry awards in 2024.

Essential Energy was named the NSW Apprentice Employer of the Year, a distinguished award recognising our commitment to developing a skilled, safe and future-ready workforce across regional and remote NSW.

We also received the Australian Apprenticeships Employer Award at the 2024 Australian Training Awards, where our program was commended for its innovation, cutting-edge training, higher education partnerships and focus on future skills.

Our apprenticeship program provides technical excellence and real-world experience, while fostering personal growth and community connection. Its 93% completion rate is significantly above the 63% national average, and more than 90% of our apprentices stay with Essential Energy after completing their training – creating genuine career opportunities across regional, rural and remote NSW.

In 2024–25, Essential Energy also advanced plans for a new Training Academy to help address critical skills shortages and support the energy transition across regional NSW. The Academy will offer nationally recognised qualifications and short programs, aiming to train up to 1,000 students annually from 2026. A flagship facility is planned for Tamworth, with operations expected to commence in July 2027.

The initiative is subject to regulatory approvals, including a ring-fencing waiver currently under review by the Australian Energy Regulator. Once established, the Academy will enhance workforce capability, strengthen regional economies and promote greater diversity within the energy sector.

Network training and assessment

Network training and assessment equips the people authorised to work on or near the network with the skills to do so safely. During 2024–25, we authorised or reauthorised 2055 Essential Energy employees, 2,565 external Accredited Service Providers (ASPs) and 1,059 Contract Service Providers (CSPs) – a critical step for ASP and CSP safety while working with us.



We also provided 296 new employees with role-specific inductions, 2,953 internal participants with refresher training on regulatory safety and switching skills, and 352 employees with live low voltage refresher training during the year.

Leadership development

We are continuing to build a sustainable pipeline of future leaders through our leadership development programs. More than 2,000 employees completed these programs during the year, across all levels of the organisation.

329 leaders completed a face to face training module as part of the Operations Leadership program. More than 1,700 employees attended the masterclass leadership series, which launched last year for frontline leaders and all employees.

36 leaders completed our new mid-level leader program, 'Hello Monday'. The program provides customised coaching based on targeted leadership capabilities including inclusive leadership, building resilience and leading change.

Employee capability development

Our new Enterprise Capability Framework defines the skills we need now and want to build in our future workforce. Informed by stakeholder and industry engagement, it categorises capabilities into three domains: people partnerships, delivering value and future ready. Each capability is defined by five core skills that align with our values and target behaviours. Implementing this capability framework will enable us to provide targeted learning and development opportunities that build key skills and provide clear career pathways to retain talented people.

LinkedIn Learning provides all employees with customised learning pathways aligned to individual objectives. Forty-five per cent of employees have accessed the platform and completed 610 courses during the year. Employees attended 561 seats in the Learn and Grow virtual classroom workshops on professional development, leadership and digital skills.

Essential Energy provides financial support for employees to pursue formal study. We cover the full cost of courses for role-based progression and critical future skills including renewable energy, data and digital. Partial support is provided for other course topics that support career development.

69 employees completed supported study during 2024–25, in disciplines including work health and safety, project management, commerce, leadership and management, and electrical engineering.

As at 30 June 2025, 257 employees were completing a qualification, with 122 (47%) studying electrical or power engineering and 135 (53%) studying business, management or leadership – all core skills for our organisation.

Employee benefits

Our Total Reward Strategy aims to attract and retain key talent by providing benefit options that align with the needs and priorities of the different generations and individual circumstances within our workforce. Talent attraction and retention enables Essential Energy's continued engagement with the energy transition.

During the year, we further enhanced our employee benefit options, providing a balanced and holistic approach that caters to varied preferences and priorities. We introduced an employee benefits platform with over 100 new retailer discounts, complementing existing offerings. We expanded our corporate partnerships program, continued our Boarding School Scholarships program to support critical frontline employees, and introduced a wellbeing subsidy to support physical and mental wellbeing.

Employee relations

The *Essential Energy Enterprise Agreement 2024* became operational on 20 April 2025 after receiving the majority of employee votes and Fair Work Commission approval. The Agreement reflects Essential Energy's commitment to providing both fair and sustainable wage increases for our employees, while ensuring that the organisation can continue to meet the needs of our customers and other stakeholders.

The *Essential Energy Far West (Electricity) Enterprise Agreement 2024* became operational on 2 September 2025 after receiving the majority of employee votes and Fair Work Commission approval.

The *Essential Water Enterprise Agreement 2022* has a nominal expiry date of 29 October 2025. Negotiations have commenced with the relevant unions and workplace delegates for a new Agreement.

Our customers

2024–25 HIGHLIGHTS

257,295
calls received to our Customer Contact Centre

86,542
new smart meters installed across the network during the period

95.4%
satisfaction rate from customers following interactions with Contact Centre team members

Refreshed
Customer Strategy focused on embedding customer voice, boosting community engagement and driving continuous improvement

We proactively engage with our customers and collaborate across the energy sector so that our network meets evolving needs. By listening to our customers and the community, we deliver better service.

The Energy Charter

The Energy Charter is a sector-wide initiative working to achieve better energy outcomes for customers and communities across Australia. Meaningful change is achieved through cross-industry knowledge sharing and collaboration on #BetterTogether initiatives.

As a Charter signatory, we are involved in the following initiatives:

- Ag + Energy Social Licence Roundtable
- Better Protections for Life Support Customers
- Community Energy Resilience
- Customer-led Tariffs
- First Nations Engagement
- Knock to Stay Connected
- Landholder and Community Social Engagement Training
- Smart Meter Customer Code.



The Energy Charter is a sector-wide initiative working to achieve better energy outcomes for customers and communities across Australia. As a Charter signatory, Essential Energy is committed to embedding a customer-centric culture.

In September 2024, Essential Energy co-led the Energy Charter #BetterTogether Life Support Customer Rule Change request to the Australian Energy Market Commission. The Rule Change request seeks to clearly define and enable the identification of critical life support customers and enable energy retailers and distributors to more effectively deliver timely assistance to customers for whom planned and unplanned power outages can be life threatening or cause lifelong, irreversible injuries.

We launched our internal continual improvement program, Elevate, with employees from 14 teams working to understand and address customer challenges.

We also co-led the award-winning Energy Charter 'When it happens to you, know what to do' campaign. We encouraged our life support customers and their carers to provide feedback on draft resources to help them understand and plan for power outages.

As a Charter signatory, Essential Energy is committed to embedding a customer-centric culture based on its five principles. Our 2024–25 Energy Charter Disclosure details our performance and was shared with our Customer Advocacy Group and Essential People's Panel for review. It was published on our website for public comment in September 2025.

Customer strategy

We refreshed our Customer Strategy in October 2024. The strategy addresses four focus areas: customer-centricity growth, customer and community engagement, vulnerable customers and understanding the capabilities of AI in customer service.

We expanded our Voice of Customer survey program during the year to better understand our customers' experience, with additional surveys introduced to collect feedback after different interactions. We also introduced the Voice of Team survey program, which gathers employee feedback on the service provided internally by key business units to identify factors shaping our culture.

We completed our deep dive commercial customer and partner research in late 2024. This research focused less on the experience related to a specific service event and more on relationships that enable the energy transition. Outcomes continue to inform initiatives across the business such as setting up a centralised support approach for connection applications and assessment enquiries.

We also launched our internal continual improvement program, Elevate, with employees from 14 teams working to understand and address customer challenges using Voice of Customer survey data. The program is building our customer-centric culture by encouraging service improvements in each team and across the business, supported by regular meetings, learning events and cross-functional collaboration.

Customer service performance

Customer Service Incentive Scheme

The Customer Service Incentive Scheme (CSIS) is a financial measure proposed in our 2024–29 Regulatory Proposal and set by the Australian Energy Regulator to encourage customer service improvements across metrics that customers determined as the most important focus areas for our business. The measures include ease of phone interactions (surveys), time to resolve complaints, and the number of unplanned outages that have an estimated time to restore communicated to customers.

The CSIS commenced on 1 July 2024 and replaced the contact centre Service Target Performance Incentive Scheme (STPIS), which measured phone answer time performance.

CSIS performance results in either a financial reward for achieving each target or a penalty for underperformance. In the first year, performance was mixed across the three targets resulting in a small reward outcome. We continue to focus on improving across all three metrics and an initiative planned for 2025–26 is expected to significantly improve performance around the provision of estimated times to restore outages which will improve our customers' experience during outages.

Customer research and insight

Our new Voice of Customer survey program saw steady improvements throughout the year. The new measure, which is defined as the percentage of customers saying they were either satisfied or extremely satisfied, moved from 55% in the first half of the year to 62.5% in the second half with an overall year end cumulative result of 59%.



Customer Contact Centre performance

Our Customer Contact Centre received 257,295 calls during 2024–25. On average, these calls were answered within 105 seconds. Our self-service automated interactive voice system was used by 57% of customers to obtain outage information. Post-call surveys indicate that 95.4% of customers are satisfied with their interaction with Customer Contact Centre team members.

Translation services

During 2024–25, we provided interpreting services to 14 customers in four different languages. No employees used their language skills in their daily roles or received the NSW Community Language Allowance Scheme allowance.



CASE STUDY

Excellence in customer service

Essential Energy was recognised as an industry leader in customer service at the 2024 Australian Service Excellence Awards. Hosted by the Customer Service Institute of Australia, the awards showcase organisations and individuals who have delivered outstanding customer service performance and innovation.

Essential Energy was a finalist in the Government/Not For Profit category, which recognised our Voice of Customer and Elevate programs and extensive ongoing consultation with residential and small business customers through the energy transition.

Our Head of Customer, Mike Cole, said the award recognised the huge strides being made through customer service initiatives across the business: "The nature of our business means we have to find ways to deliver cost effective customer service excellence, balancing great service with legislative requirements and our focus on keeping downward pressure on our part of customers' bills."

Complaints to the Energy and Water Ombudsman

The Energy and Water Ombudsman NSW received 314 complaints relating to Essential Energy during 2024–25. This is 3.2 complaints per 10,000 customers. It represents an increase on previous years due to significant network activity from storms and floods and planned outage dissatisfaction following industrial action. Previous years were 2.4 per 10,000 customers in 2023–24 and 2.8 per 10,000 customers in 2022–23.

National Energy Customer Framework

Essential Energy is committed to improving customer service and safety as defined by the National Energy Retail Law and Rules. In 2024–25, there was one quarterly reportable breach and no immediately reportable breaches reported to the Australian Energy Regulator (AER). The quarterly reportable breach occurred in August 2024 and related to the incorrect de-energisation of a customer's premises. From 1 April 2025, the AER began requiring reports of material and immediately reportable breaches under the National Energy Customer Framework. Essential Energy reported no material breaches in the final quarter of 2024–25.

Life support customers

Life support customers rely on a continuous supply of electricity to run medical equipment. Essential Energy has mobile phone numbers for many customers at registered life support premises, obtained through a registration process. Our automated SMS messaging service notifies customers within 30 seconds of Essential Energy confirming an unplanned outage affecting their premises. Additional messages provide estimated power restoration times, outage updates and notifications when power is restored.

During the year, we resolved an issue where some life support customers were receiving multiple automated SMS messages, so that we provide accurate and timely updates.

We also co-led an Energy Charter #BetterTogether initiative which aims to improve outcomes for the most vulnerable life support customers across Australia by being able to better identify those most at risk during outages.

We also worked with other energy businesses, the medical community, stakeholders and lived experience customers to co-design back-up planning templates for these customers and a national awareness campaign.

Smart meters

Smart meters increase customers' visibility of their energy use at different times of the day, which allows them to optimise their use of appliances during lower-cost periods. Smart meters also benefit customers by enabling the installation of solar panels and batteries, and access to retailer offers and technologies that can help manage energy bills.

Smart meters provide Essential Energy with data to inform network performance optimisation and investment planning – both of which can help to reduce customer network charges. They also enable remote meter reading.

During the year, 86,542 smart meters were installed for customers connected to the Essential Energy network, bringing the total number to 500,542 across the network.

To accelerate the deployment of smart meters, the Australian Energy Market Commission (AEMC) has declared that all legacy meters (Type 5 and 6 meters) within NSW are to be replaced by smart meters by 2030. As a result, Essential Energy has developed a Legacy Meter Replacement Program, in consultation with stakeholders.

Customer engagement forums

Customer Advocacy Group

The Customer Advocacy Group (CAG) is a forum that shares external insights and feedback to inform our business decisions. CAG members represent residential and business customers including tenants, culturally and linguistically diverse customers, First Nations communities, customers experiencing disadvantage, rural and remote communities, small and large businesses, primary producers, industrial businesses, and local governments.

During 2024–25, the CAG:

- provided feedback on our initiatives to accommodate and encourage solar, storage and electrification
- discussed our approach to public safety and customer communications during major events
- monitored our implementation of the 2024–29 Regulatory Proposal commitments.

The CAG met four times during the year, with one meeting held at our Albury depot to hear directly about local initiatives, projects and challenges. Members visited Albury's growth areas to hear from customers and our team about the opportunities and actions being taken to facilitate regional growth.

Essential People's Panel

We engage directly with customers on topical issues through the Essential People's Panel, a diverse group of 20 customers from across our network area.

The Panel met three times during the year to explore community and customer perspectives on local network batteries, flexible connection agreements and the emergency backstop mechanism, EV charging, the Essential Grants program, and communications with customers during major network outages.

Feedback from the Panel has informed business decisions, regulatory advocacy positions and improved how we communicate with our customers.

Partnering with local councils

There are 86 local councils within the Essential Energy network area. To maintain and strengthen relationships, we meet with a selection of councils every month to progressively meet the full list of councils. We hear directly from executive management teams and mayors about potential improvements and discuss how we can work together more effectively for our communities.

We met with 29 local councils during the year and extended a further 23 formal offers to meet. We also attended meetings of the NSW Country Mayors Association and the Central NSW Joint Organisation to provide information on our efforts to deliver safe, reliable energy for regional communities, and to outline specific parts of our innovation program of interest to local government.



Feedback from the Essential People's Panel has informed business decisions, regulatory advocacy positions and improved how we communicate with our customers.

Our communities

2024–25 HIGHLIGHTS

8.2%
decrease in public safety incidents

3,400
people benefited from in-person or online safety awareness presentations

$867,912
provided to community groups and charities

New
Essential Grants program, funding community initiatives focused on the environment, education, resilience and the energy transition



Essential Grants recipient Bandon Grove School of Arts serves a critical function in building community connectedness and resilience. Funding will be applied towards a solar and battery system to ensure back-up power in emergencies.

We connect and empower our regional, rural and remote communities through safety awareness, partnerships and giving. By supporting education, charities and local organisations, we help build resilient, connected and future-ready communities across our network.

Public safety

Essential Energy is committed to the safety of community members and for everyone to live and work safely around the electricity network.

Public safety incidents (public general and public workers) decreased by 8.2%, a reduction of 78 incidents compared to 2023–24. While reported injuries rose by 33% (11 more than the previous year), there was a 20% decrease in fatalities, with four recorded (one fewer than the previous year), and life-threatening injuries dropped by 66%, with one recorded (two fewer than the previous year).

During the year, our public safety campaigns and activities focused on the risks across the top three at-risk segments:

- agricultural equipment and machinery contacting overhead powerlines
- motor vehicles contacting power poles and powerlines
- construction machinery contacting the underground electricity network.

Public safety incidents decreased by 8.2%, compared to the previous year. While reported injuries rose (11, 33% more than last year), there were fewer fatalities (four, 20% fewer than last year) and life-threatening injuries (one, 66% fewer than last year).

Essential Energy is committed to the safety of community members and for everyone to live and work safely around the electricity network.

Injuries involving members of the public (excluding public sector workers) increased by 29%, an increase of eight incidents compared to 2023–24. Fatalities and life-threatening injuries resulting from motor vehicle accidents decreased by 50%, with 3 fewer incidents than the previous year. No injuries were recorded in agribusiness or aviation settings involving the general public.

Campaigns and education targeting the general public and agribusiness segments have focused on reducing fatalities and life-threatening events, and these risks have decreased as a result. A new treatment plan will maintain our agribusiness activities and increase targeted activities for the aviation segment in partnership with industry bodies.

The public use of drones around the network, and encroachments to our network in caravan parks, are two identified emerging risks. Actions to address these emerging risks were included in our June 2025 risk review to implement for future education activity.



Public safety presentations

In-person safety awareness talks were provided to more than 3,200 people during the year. Participants represented a range of industry sectors, including construction, emergency services, transport, local government, engineering and telecommunications. These talks provided sector-specific risk and incident awareness and education, including tools and resources available to manage and mitigate workplace electricity safety risks.

Three free webinars were delivered during National Safe Work Month 2024. The webinars addressed the theme 'Safety is everyone's business' for three at-risk segments: agribusiness, building and construction, and emergency services and first responders. The webinars provided the opportunity to share electrical safety information with new audiences. There were approximately 200 registrations for webinars, with registrants representing organisations including councils, construction and agricultural companies, tertiary education institutions, and fire and rescue agencies.

Agricultural safety research

In collaboration with SafeWork NSW, Deakin University, and the National Centre for Farmer Health, research was undertaken of the risk perceptions of electrical hazards on Australian farms. The research, which included 253 online survey participants and 50 face to face interviews, found:

- approximately 30% of respondents (n=240) had experienced, or knew someone who had experienced, an electrical incident causing fatality or injury, with overhead powerlines the primary hazard



CASE STUDY

The Resilience Canopy

Essential Energy is partnering with The Resilience Canopy and Kempsey Shire Council to support local solutions that build the community's long-term sustainability and resilience. We provided grant funding to community groups that are working to help communities be better equipped to overcome challenges and flourish in the future.

The first round of grants was awarded in March 2025, to:

- **Stuarts Point and District Community Organisation (SPaDCO)** – an established community group who will guide the community to develop actions to address disaster vulnerability and physical or social isolation
- **Macleay Youth Rising** – a collective of young people and community development practitioners who want to give Macleay youth a voice in their future
- **Kempsey Business Community** – which will work with business owners, customers and industry experts to secure a sustainable, vibrant retail sector together with the Macleay Valley Business Chamber.

Initial grants were $5,000 to each group, with an additional $20,000 per group to be provided as the initiatives progress. Each community group will engage with stakeholders to conduct research and gather information before designing events and workshops to generate ideas and community feedback on their initiatives.

The grants have taken on additional importance since the region was affected by the Mid North Coast Floods (see 'Severe weather events', page 25).

Pictured above: Representatives from grant recipients and partner agencies, in Kempsey to sign grant agreements.

- farmers generally understand the risks posed by electricity; however, familiarity and frequency of exposure often lead to complacency
- respondents felt that electricity safety is under-represented in farm safety discussions compared to other hazards.

The findings reinforced our focus on prioritising electricity safety education and awareness in the agribusiness sector. We are continuing to work with industry associations and participate in industry events to share safety information with agricultural sector participants both in person and online.

General public safety

The theme 'Stay. Call. Wait.' shaped our general public campaign activities, helping people to remain safe if their vehicle comes into contact with the electricity network. The theme encourages people to stay in their vehicle, call triple zero for help, and wait for emergency services to arrive and give the all-clear before they exit. The campaign was delivered across news and social media, along with video content.

Additional awareness campaigns targeting community safety during storms and floods were also promoted across radio and digital advertising, combined with 'always on' commentary through social media networks. These messages were re-emphasised during the severe weather events that impacted many communities during the year.

Electrical Safety Week

Each year, Electricity Safety Week teaches students from Kindergarten to Year Six how to be safe around electricity and raises awareness of electrical hazards. The education program is run each September, providing schools with curriculum-aligned teaching resources developed in collaboration with the NSW Department of Education.

In 2024, 876 schools (97% of primary schools from our network area) registered for the program. The program included new messages focused on safety around renewable energy sources and storage, such as solar power and community batteries. New classroom activities were introduced to support teacher and student engagement with these topics.

We are continuing to work with industry associations and participate in industry events to share safety information in person and online.

Supporting community organisations and charities

Essential Energy supports community groups and charities to empower the diverse regional communities we serve by fostering collaboration, enhancing local infrastructure and promoting sustainable practices.

Financial support is provided directly by Essential Energy and by enabling and encouraging employee giving. A total of $867,912 was provided to community groups and charities during 2024–25 – through Essential Grants; sponsorships, partnerships and donations; employee giving; and employee requests for funding.



CASE STUDY

Essential Grants

Essential Grants provide financial support to community groups across our network area.

The program launched during the year, providing 13 community organisations with $151,400 for projects focused on the environment, education, resilience and the energy transition.

Grant recipients included:

- **Repurposing for Resilience Eurobodalla** – the grant will be used to implement a solar-powered mobile dishwashing unit that will decrease single-use packaging at events on the NSW South Coast.
- **Halfway Creek Community Hall** – a vital facility for local events, markets, meetings, and community refuge during extreme weather. The grant will be used to install solar panels and a battery with blackout backup, to enhance resilience.
- **Three Rivers Aboriginal Corporation (TRAC)** – an Aboriginal-led organisation committed to cultural preservation, environmental stewardship and youth empowerment. Ngarru Yanha – Bee's Journey, TRAC's youth-led, sustainable beekeeping and land regeneration project. The grant will be used to install solar panels and battery storage to underpin a sustainable, off-grid hive monitoring system.

Other grant recipients were: Albury Women's Shed, BackTrack Youth Works (Armidale), Bandon Grove School of Arts, Broken Hill Little Athletics, Carinya Court Complex (Boorowa), Deniliquin Local Aboriginal Land Council, LeaderLife (Dubbo), Police Citizens Youth Club (Parkes), Realising Every Dream (Lismore), Tintinhull Public School Parents and Citizens Association.

Essential Grants replaced the previous Community Choices and Community Halls programs, with a stronger focus on supporting community initiatives aligned with Essential Energy's corporate and sustainability strategies.

Pictured above: BackTrack Youth Works (Armidale) supports young people with challenges such as education disengagement and justice system contact.

Sponsorships, partnerships and donations

Essential Energy provided $336,533 to 45 community groups during 2024–25 through sponsorships, partnerships and donations. This funding supported initiatives that provide support such as care for people in vulnerable circumstances, promotion of social cohesion, cultural enrichment and sustainability, education opportunities, and community and environmental resilience.

Groups and initiatives that were supported included:

- **Uniting Financial Counselling** – to support customers in vulnerable circumstances by offering financial advice and tailored counselling programs
- **Clontarf Foundation** – to help improve the education, discipline, life skills, self-esteem and employment prospects for young First Nations men.

Essential Energy supports community groups and charities to empower the diverse regional communities we serve by fostering collaboration, enhancing local infrastructure and promoting sustainable practices.

- **Stars Foundation** – to support First Nations girls and young women to attend and remain engaged at school, complete Year 12 and move into work or further study
- **Deadly Science** – to support the delivery of STEM educational resources and programs to First Nations learners nationwide
- **Pinnacle Foundation** – to provide educational scholarships, mentoring and opportunities for young LGBTQIA+ Australians
- **Boys to the Bush** – to support experience-based events for primary school students, centred around core values of engagement, respect and community
- **Australian Business and Community Network (ABCN)** – our employees volunteer as program mentors, supporting economically disadvantaged students in our network area
- **The Resilience Canop**y – to support community groups in developing strategies for adapting to challenges such as natural disasters and social isolation, together with Kempsey Shire Council (see case study on page 42 for more information)
- **Landcare** – to support several Landcare groups within our network area in promoting local biodiversity and community engagement.

Employee giving

The Essential Giving Program (EGP), Essential Energy's workplace donation initiative, supports eight charity partners: Garvan Institute, Variety – the Children's Charity, Lifeline, Can Assist, Westpac Rescue Helicopter Service, ozED (Australian Ectodermal Dysplasia Support Group), the Children's Tumour Foundation, and Royal Far West.

Our employees contributed $69,966 through pre-tax payroll deductions during 2024–25, which Essential Energy matched and supplemented up to $150,000, bringing total donations to $219,966 for the year.

Employee giving for the past five years is included in Appendices, table A8, page 137.

Employee Request for Funding

The Employee Request for Funding (ERF) program encourages employees to personally fundraise for registered not-for-profit and charity organisations, with Essential Energy dollar-matching employee fundraising up to $1,000.

During the year, employee-initiated fundraising totalled $80,185 and Essential Energy provided $11,946 in dollar-matching. Employees supported initiatives including the Cancer Council's Seven Bridges Walk, CanAssist's CANDo Challenge, Movember, Soldier On, and Cure Brain Cancer.

Employee requests for funding for the past five years is included in Appendices, table A8, page 137.



CASE STUDY

The Children's Tumour Foundation

Our employees and the organisation support the Children's Tumour Foundation (CTF) through the Essential Giving Program. CTF supports people and carers affected by neurofibromatosis, a rare and complex genetic condition that currently has no cure. The Foundation offers support, resources and assistance navigating medical care, and fosters a sense of community for those affected, across Australia.

Through employee giving and contributions from Essential Energy, more than $115,000 has been donated to CTF since the partnership began in 2017. Our employees also participate in fundraising initiatives, such as Run Fest in Port Macquarie, to raise awareness and funds to support CTF.

Revenue and pricing

The Australian Energy Regulator (AER) approves the revenues and prices for the distribution network services provided by Essential Energy, in accordance with the National Electricity Rules (NER).

This is done through the five-yearly regulatory determination process; the AER sets revenue that can be earned from customers through distribution network charges, based on AER-approved capital and operational spending allowances. The AER also sets the fees that Essential Energy can charge for ancillary network services (ANS) and public lighting. ANS are customer-specific or customer-requested services, including cost-recovery for new connections to the network. Annual price changes are approved by the AER in line with five-yearly determinations and incorporate any other AER-approved revenue adjustments. The current five-year period is 1 July 2024 to 30 June 2029.

Network charges

Total network charges, which Essential Energy passes to electricity retailers who recover these costs from customers through electricity bills, include:

- **Essential Energy's distribution network charges** – revenue Essential Energy can recover from customers to fund network investment and maintenance
- **Metering charges** – which relate to legacy meters and were previously collected through Alternative Control Services fees
- **Transmission network charges** – from transmission network businesses
- **Levies from government programs** – including for the NSW Government Climate Change Fund, NSW Electricity Infrastructure Roadmap, and the Queensland Solar Scheme.

Retailers choose how they bundle the costs of these components into customers' electricity bills.

Network charges make up about half of customers' total retail bills, with generation and retailer charges making up the other half.

Essential Energy continues to work to keep customers' network charges as low as possible. In real $2024–25 terms, a typical residential customer's annual distribution network charge reduced to $854 in 2024–25, which was a saving of $543 per annum (39%) from the 2012–13 peak of $1,397. Over the same period, a typical small business customer's annual distribution network charge reduced by $2,430 (39%), decreasing to $3,743 in 2024–25, from $6,173 in 2012–13.

2025–26 prices

Essential Energy's proposed price increases for 2025–26 were approved by the AER and took effect on 1 July 2025. The increases incorporate the total network charges listed on this page. If passed on in full by retailers, compared to 2024–25, customers' annual network electricity bills will increase by an average of $74 (7.5%) for residential customers and $203 (6.4%) for small business customers. More than half of this increase (55%) is due to increases in the costs that Essential Energy collects on behalf of others (transmission network charges and levies from government programs). The levies collected on behalf of the NSW Government go towards addressing climate change and promoting the energy transition for a lower emissions future.

2025–26 price increases for ancillary network services and public lighting were also approved by the AER, although overall the price increases approved for 2025–26 are lower than the cost-reflective prices of supplying these services. Ancillary network service fees increased by 3.95% from 1 July 2025 across both quoted service labour rates and fixed fees. This increase includes the Consumer Price Index (CPI) and the approved revenue path from the 2024–29 AER approved Final Determination. Public Lighting charges increased by 2.42%, in line with CPI and the AER approved Determination.

The AER also approved expenditure for an eight-year project to address bushfire risk in newly identified high risk areas.

Two-way tariffs

Two-way pricing tariff structures encourage customers who generate energy behind the meter (such as from solar panels and batteries) to use the energy themselves when grid demand is low and to export into the network when grid demand is high. This is done by offering a rebate for exports into the grid during the evening peak and applying a charge for exports during the middle of the day (above a free basic export level).

Essential Energy introduced two-way pricing tariff structures from 1 July 2024, as part of the AER-approved Tariff Structure Statement (TSS) for 2024–29. Two-way pricing tariffs applied to all storage (battery) connections from 1 July 2024. They were also applied as the default Sun Soaker tariff from 1 July 2024 for all new customers, customers with meter changes, and new or updated consumer energy resources (such as solar panels). For these customers, export pricing commenced on 1 July 2025. Customers assigned to a Sun Soaker tariff can choose to switch to the Opt In Demand Time of Use tariff, a cost reflective tariff that includes a demand component without the export charge.

With 34% of our customers having solar panels, the two-way tariff structure is designed so that only customers who export electricity fund the network upgrades necessary to support this two-way flow of electricity. Funds received will be used to offset export rebates to customers and supplement the costs of upgrading the network.

Trial tariffs

As part of the ongoing energy transition, tariff trials are crucial for Essential Energy to design and test network charges that reflect the characteristics of our network and customers – addressing network challenges and embracing new technologies in cost-effective ways. Trials are undertaken in collaboration with customers and stakeholders, to facilitate new ideas, a shared understanding of the need for change, and consideration of the value proposition for all stakeholders. This approach also maintains flexibility for designing and implementing trial tariffs at a time of shifting government policy and rapid technological and regulatory change.

Two trial tariffs will operate in 2025–26:

1. **Grid Connected Storage Tariffs (High Voltage (HV) and Low Voltage (LV) versions)** – two tariffs that encourage the efficient use of storage technologies to assist with managing network issues.
2. **Flexible Load Tariff** – to support customers with highly flexible loads, including both large LV and HV customers, on dynamic connection agreements.

Learnings from these trials will inform our 2029–34 TSS engagement program.

Essential Water revenue and pricing information is provided on page 46.

Intium, Essential Energy's commercial subsidiary (see page 47), receives revenue from projects completed for customers.

Essential Water

Overview

Essential Water is part of Essential Energy's Operations, People and Safety division, servicing approximately 18,000 people in Far West NSW.

Essential Water provides a secure water supply to approximately 10,500 customers in Broken Hill, Menindee, Silverton and Sunset Strip, as well as rural customers. Reliable sewerage services are provided to approximately 9,700 customers in Broken Hill.

The Essential Water network includes dams, reservoirs, pumping stations, treatment plants and pipelines.

Operations and performance

Water Treatment

Essential Water is continuing to optimise the Broken Hill Water Treatment Plant, automating chemical dosing and flow rates using instantaneous water quality analysis to reduce raw water quality variations. The program will continue as new technology and processes are developed.

New Wastewater Treatment Plant

Designs for a replacement Wastewater Treatment Plant for Broken Hill were completed in September 2025. The detailed construction estimate of $80 million is $5 million higher than the preliminary estimate and more than double the original estimate provided in 2019, due to rising construction costs. Construction is expected to commence in late 2026.

Meter to Cash

The new Meter to Cash (M2C) system is being developed to streamline water metre readings, billing and payments for Essential Water customers. M2C will manage meter and smart meter data, meter asset information, customer information and billing operations. It will eliminate manual processes and enhance the customer experience while ensuring continued regulatory compliance and cyber security, when implemented in the first half of 2025–26. See 'Pillar 5: Digital transition', page 21.

Pricing

Essential Water prepared its 2026–31 pricing proposal for IPART, which was submitted in September 2025. The proposal is reviewed by IPART who will make their determination for prices to commence from 1 July 2026. The pricing proposal included forecasted operational and infrastructure investment requirements for the five years from July 2026 to June 2031. The existing price determination for July 2022 to June 2026 remains in effect.

Water consumption and operations works

Customers experienced below average rainfall and average temperatures across 2024–25.

In 2024–25 Essential Water delivered 5,060ML of potable water to customers, a decrease of 199ML compared with the previous year. Delivery of raw water rose by 34ML to 1,042ML.

The Operational Works Program included:

- 939 metres of water mains renewed
- 30,138 metres of sewer mains rodded
- 20 mains bursts repaired
- No water extracted from Stephens Creek Reservoir.

Essential Water continued to provide safe and reliable water and sewerage services during the Far West NSW windstorm major power outage (see 'Severe weather events', page 25) in October 2024. Generators were in place to ensure uninterrupted service to customers.

Customer service performance

During 2024–25, we received 4,998 customer calls, including 23 customer complaints, which were all responded to according to our customer enquiries response processes.

Essential water financial performance

Essential Water's profit before interest and tax was $3.6 million, against a target loss of $11.1 million. This result was driven by:

- depreciation and impairment favourable $10.3 million due to below target delivery in the capital program
- operating expenditure unfavourable $3.6 million due to timing of bulk water supply agreement (BWSA) expenses ($1.6 million) and higher operational costs due to lower capital expenditure.

Essential Water invested $7.7 million in capital programs in 2024–25 including works.

Management and accountability

Essential Water has 63 full-time equivalent employees (as of 30 June 2025). During the year, nine new employees joined Essential Water across all business areas. Succession planning and recruitment remains a key focus, as around 20% of the Essential Water workforce is aged over 60 years.

Other information relating to Essential Water is consolidated into relevant sections of this Essential Energy Annual Report.



Intium

Overview

Intium is a wholly-owned subsidiary of Essential Energy, incorporated in January 2023 to provide innovative energy solutions that support Australia's transition to net zero.

Intium's mission is to transform Australia for a clean energy future, by pioneering transformative change in complex and emerging energy services, that create a sustainable impact.

Intium's mission is to transform Australia for a clean energy future, by pioneering transformative change in complex and emerging energy services, that create a sustainable impact.

Intium focuses on clients across Australia that are navigating the complexities of emerging energy projects and need innovative energy solutions and support. Intium's services enable integration of energy generation and large load projects into the electricity network, and support the set-up and operation of public and commercial EV charging infrastructure.

Strategy

Intium's expertise spans the full emerging energy project cycle – from strategic planning, grid connections and design to construction, operation and maintenance – and brings the latest thinking and innovative strategies to all phases.

Intium Corporate Strategy pillars:

- **High voltage electrical infrastructure** – supporting energy generation and greenfield load connections
- **EV charging infrastructure** – planning, designing, installing and maintaining complex charging infrastructure
- **Energy solutions** – supporting electrification for industrial and commercial enterprises.

Operations and performance

As a start-up business, Intium is focused on growth opportunities. Operating and capital costs were incurred during FY25 and are incorporated into the 'Consolidated Financial Statements' (page 81), and provided in the 'Accompanying Financial Statements to the Essential Energy Annual Report 2025' document.

Management and accountability

Board of Directors

Under the *Corporations Act 2001* (Cth), and in accordance with Intium Pty Ltd's Constitution, all decisions relating to the operation of Intium are to be made by or under the authority of its Board.

In turn, the Board may, upon terms and conditions and with any restrictions it sees fit, confer on an Executive Officer any of the powers that the Directors can exercise. The Board is accountable for governance and, ultimately, the performance of the Company. The Board gives direction and exercises judgement in setting the Company's strategy and objectives and oversees the implementation of these by management.

Intium Board of Directors: John Cleland (Chair), Martin English (Director and Company Secretary) and Justin Hillier (Director). Charlie Boyes resigned as Director of Intium on 27 June 2025.

John Cleland is also a member of the Essential Energy Board (see 'Essential Energy Board of Directors', page 70 for details).

All members of the Intium Board are also members of Essential Energy's ELT (see 'Executive Leadership Team', page 72 for responsibilities and qualifications). The Directors manage any conflicts of interest in accordance with the Constitution of Intium and also by complying with the AER's Ring-fencing Guideline, applying defined frameworks and operating models between Essential Energy and Intium.

Board members do not receive any salary or other paid benefits in addition to their remuneration as Essential Energy ELT members.

Executive management

Nathan Rhodes is Intium's Executive General Manager and has been in the role since November 2023. Nathan Rhodes' qualifications: MComLaw, BECivil (Hons), BA (Political Science), GAICD.

Other information relating to Intium is consolidated into relevant sections of this Essential Energy Annual Report.

Sustainability

An energy business for the future must be environmentally, economically and socially sustainable. We continue to evolve our sustainability approach to capture our ambition, meet stakeholder expectations and empower communities.

2024–25 HIGHLIGHTS

36%
of total Essential Energy network load was met by renewable generation connected to the Essential Energy network

$867,912
provided to community groups and charities

1st
mandatory climate-related financial disclosure

>95%
of spend with suppliers who have completed Modern Slavery Supplier Assurance

The Iberdrola Flyers Creek Wind Farm is a major renewable energy project connected to the Essential Energy network near Orange, NSW.

Sustainability Strategy

The Essential Energy Sustainability Strategy has three pillars, reflecting a holistic approach to sustainability:

- **Responding to climate change**
- **Empowering our people**
- **Enabling regional development and resilient communities.**

The strategy guides the approach to generating positive value for customers and communities, our people and the environment. It builds on the Corporate Strategy and operational strategies, highlighting the sustainability priorities important to Essential Energy and our stakeholders.

Essential Energy is committed to supporting the transition to a net zero economy while continuing to focus on the safety and wellbeing of workers and communities, as well as championing an inclusive, supportive and growth-oriented culture. We contribute to regional communities through our partnerships, advocacy, engagement and tech-enabled solutions.

Pillar 1: Responding to climate change

Pillar 1 commitments:

- **Facilitating the net zero transition** – by supporting electrification, including electric vehicle (EV) penetration and scaling and optimising renewable generation connections to the electricity network.
- **Building climate resilience and partnering to minimise disruptions during crises** – by future-proofing assets, providing customers with alternate energy solutions and responding to climate events.
- **Decarbonising our operations** – by electrifying our fleet, leveraging renewables and actively managing distribution network losses in the way we build, operate and maintain the network.

Climate-related risks and opportunities that are material to Essential Energy are detailed in the 'Climate-related financial disclosure', pages 54 to 64, along with governance approaches, business responses, risk and opportunity management processes, and associated metrics and targets. This includes details of Essential Energy's greenhouse gas emissions.

The Corporate Strategy drives our efforts to respond to climate change and progress the energy transition, with significant progress made over the past year. Highlights are included in 'Strategy', pages 15 to 21.



Essential Energy's pole-mounted EV charger trial in Kew used existing infrastructure to deliver accessible, future-ready charging

Business-as-usual programs also contribute to building climate resilience and partnering to minimise disruptions during crises, particularly ongoing bushfire mitigation activities. See 'Bushfire preparation', page 27.

Progress facilitating the net zero transition is demonstrated by continuing growth in renewable generation connections to the Essential Energy network. During the year, 13 new large-scale[1] facilities were connected, along with more than 14,000 new small-scale systems (mostly rooftop solar). Total capacity was 1.56GW for connected large-scale renewables and 2.28GW for small-scale renewables, at 30 June 2025. Renewable generation connected to the Essential Energy network delivered 36.6% of the network load, building on more than a decade of continued growth (see figure 2).

Essential Energy continues to decarbonise its operations and reduce its environmental impact. Pathways for transitioning away from using sulphur hexafluoride (SF6) gas in our network infrastructure continue to be investigated. SF6 is a very potent greenhouse gas widely used in electricity assets for insulation and arc-quenching. Progress during the year included ordering 18 Siemens 132kV SF6-free circuit breakers, for installation across our network – using vacuum interrupters and clean air insulation instead of SF6.

1 Large-scale renewable generation facilities are dedicated to providing electricity into the grid, rather than offsetting on-site electricity consumption. Small-scale systems are mostly rooftop solar.

Growth in renewable generation connections to the Essential Energy network

LARGE-SCALE CONNECTIONS (AS AT 30 JUNE 2025)

69
total connections – 13 new connections in 2024–25[1]

1.56GW
total capacity – 4.0% increase in 2024–25[2]

3,397GWh
delivered – 9.9% increase in 2024–25

24.9%
energy delivered of total Essential Energy network load – 1.8% increase in 2024–25

SMALL-SCALE CONNECTIONS (AS AT 30 JUNE 2025)

307,005
total connections – 4.9% increase in 2024–25

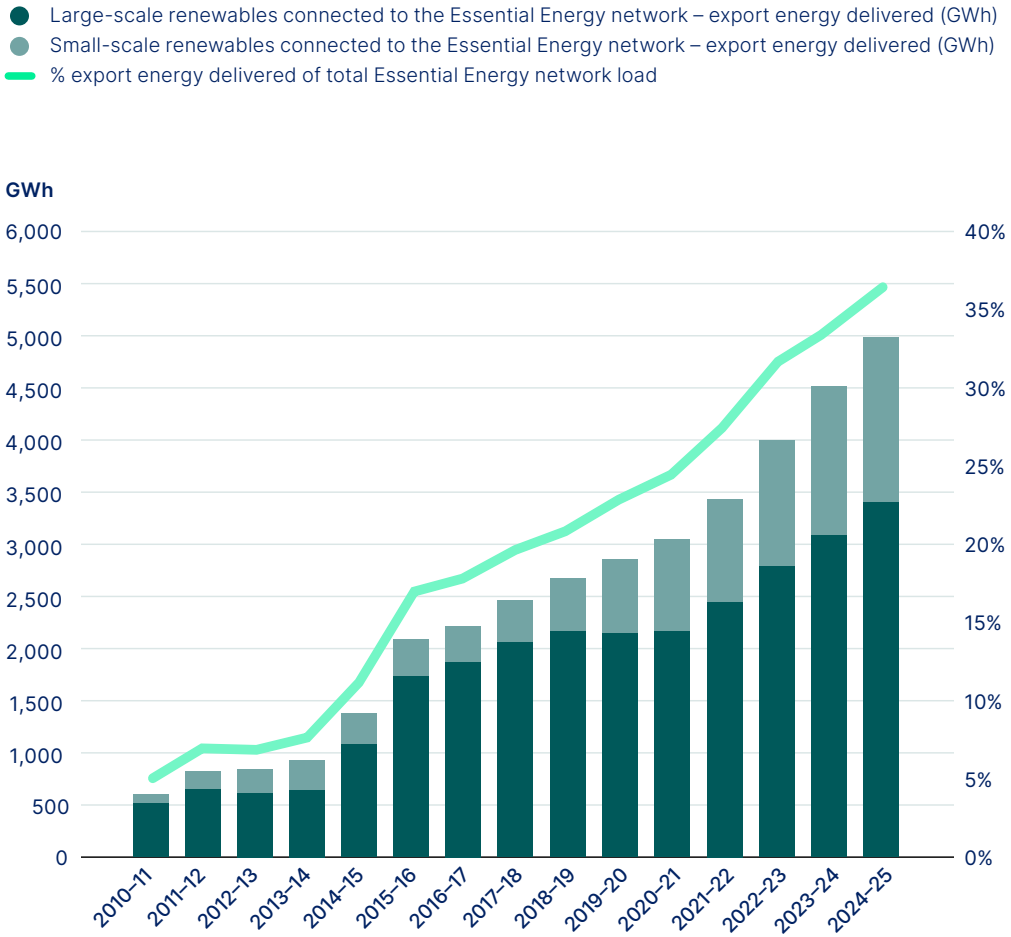
34.0%
of total customers – 1.4% increase in 2024–25

2.28GW
total capacity – 9.6% increase in 2024–25

1,595GWh
delivered – 12.6% increase in 2024–25

11.7%
energy delivered of total Essential Energy network load – 1.1% increase in 2024–25

FIGURE 2: Growth in export energy delivered to the Essential Energy network from large-scale and small-scale renewables



1 The 2023–24 Annual Report incorrectly stated that 57 large-scale renewable generation facilities were connected to the Essential Energy network as of 30 June 2024. The correct figure was 56. A facility that was connected in early July 2024 was incorrectly included in 2023–24 total.

2 The 2023–24 Annual Report incorrectly stated that large-scale renewable facilities connected to the Essential Energy network as of 30 June 2024 had a total capacity of 1.54GW. The correct figure, 1.50GW, was used to calculate the percentage increase during 2024–25

Pillar 2: Empowering our people

Pillar 2 commitments:

- **Ensuring the safety and wellbeing of employees** – through our health and wellbeing program and leading health and safety standards.
- **Championing an inclusive, supportive and growth-oriented culture** – by promoting our values and building a diverse and accountable workplace.

Endeavours to empower our people are guided by our people strategies – for Organisational Safety, Inclusion and Diversity, and Talent Acquisition. Progress during the year is detailed in 'Our people', pages 30 to 36, and 'Reconciliation', pages 12 to 13.



Pillar 3: Enabling regional development and resilient communities

Pillar 3 commitments:

- **Assisting regional business and communities** – through partnerships, advocacy, engagement and tech-enabled solutions, to provide reliable and efficient connections.
- **Ensuring sustainable and resilient supply chains** – by responding to social and environmental vulnerabilities in our supply chains and integrating sustainability into our procurement decisions.
- **Protecting cultural heritage** – through engagement with First Nations groups, guardians and landowners and managing risks in culturally significant areas.

We assist regional business and communities by implementing the Corporate Strategy, with all initiatives focused on delivering benefits to regional customers and communities. See 'Strategy', pages 14 to 21 for details. Providing safe and reliable power to customers and communities is key, with 2024–25 activities and performance detailed in 'Our operations', pages 23 to 28. The Customer Strategy underpins the service we provide, with performance described in 'Our customers', pages 37 to 40.

We also provide financial support for community organisations and charities across our network area. We gave more than $867,000 to community groups, stakeholders and charity organisations during the year – combined contributions from Essential Energy and our generous employees. See 'Supporting community organisations and charities', pages 43 to 44 for more information.

Our efforts to ensure sustainable and resilient supply chains are guided by the Procurement Sustainability Strategy. Under this strategy, sustainability requirements are applied to all sourcing activities worth more than $500,000. These requirements were refreshed during the year, increasing the number of available questions for suppliers from five to 18, across economic, environmental and social sustainability – to support more informed decision making.

We also procured $4.42 million worth of goods and services from registered Aboriginal and Torres Strait Islander enterprises during the year. See 'Reconciliation', pages 12 to 13, for more information.

Essential Energy's 2024–25 Modern Slavery Statement is a key report for sustainable and resilient supply chains, and will be released in December 2025. Highlights from the year include:

- 95.9% of addressable expenditure was with suppliers who have completed the Modern Slavery Supplier Assurance qualification, successfully meeting our target of 95%.
- Conducting a deep dive into the global supply chains for solar panels. This will inform future procurement decisions, targeted supplier engagement, and traceability efforts so that our work to facilitate the energy transition does not compromise human rights.
- Reviewing the effectiveness of our grievance mechanism to confirm alignment with United Nations Guiding Principles on Business and Human Rights.

We contribute to regional communities through our partnerships, advocacy, engagement and tech-enabled solutions.

The important work of protecting cultural heritage by engaging with First Nations groups continued during the year, with key activities outlined in 'Reconciliation', pages 12 to 13.

Sustainability governance

The Essential Energy Board has ultimate accountability for, and oversight of, the Sustainability Strategy. The Executive Leadership Team (ELT) has accountability for specific commitments within the Strategy. The ELT is in turn supported by the Sustainability Working Group and Climate Working Group, which contain subject experts from relevant business areas. The sustainability function works with business areas to champion sustainability-related issues and opportunities, drive performance and ensure transparent reporting.

Sustainability materiality

Materiality assessments are conducted periodically to inform the Sustainability Strategy, priorities, activities and investment. The most recent assessment, undertaken during 2023–24, identified eight sustainability priorities:

- Adapting our business to the clean energy future
- Supporting an affordable and inclusive clean energy transition
- Strengthening resilience to climate change
- Minimising our environmental impact
- Protecting the safety and wellbeing of our people and communities
- Investing in workforce development, retention and agility
- Modernising and securing digital infrastructure
- Supporting regional communities and First Nations.

Details of the materiality assessment process and priorities were included in the 2023–24 Annual Report. The priorities are guiding current sustainability initiatives and will inform a future refresh of the Sustainability Strategy.

Circular economy and waste management

Embedding circular economy principles and enhancing waste reporting practices across the organisation progressed over the past year, reflecting our commitment to protect the environment. For many years, we have been working to increase reuse, repair, refurbishment and recycling of materials from our network and operations. We are continuing to develop and implement plans to reduce waste, lower reliance on raw materials, and contribute positively to climate goals and reducing greenhouse gas emissions from waste.

A sustainability-focused Board Strategy Day, held in March 2025, included discussions on circular economy and the opportunities that exist for Essential Energy and the energy sector. The session included a deep dive into circular economy practices, review of national and State policy frameworks and discussion of Essential Energy's ambition and role – helping to align leadership for this important aspect of sustainability.

Circularity project

A circularity assessment was completed during the year, focused on depots in south-eastern NSW (Bega, Moruya and Jindabyne). The project increased understanding of the current state of circularity and waste management across operations. It also identified and prioritised improvement opportunities that are relevant for both the pilot depots and for rolling out across the whole network.

Waste reporting improvements

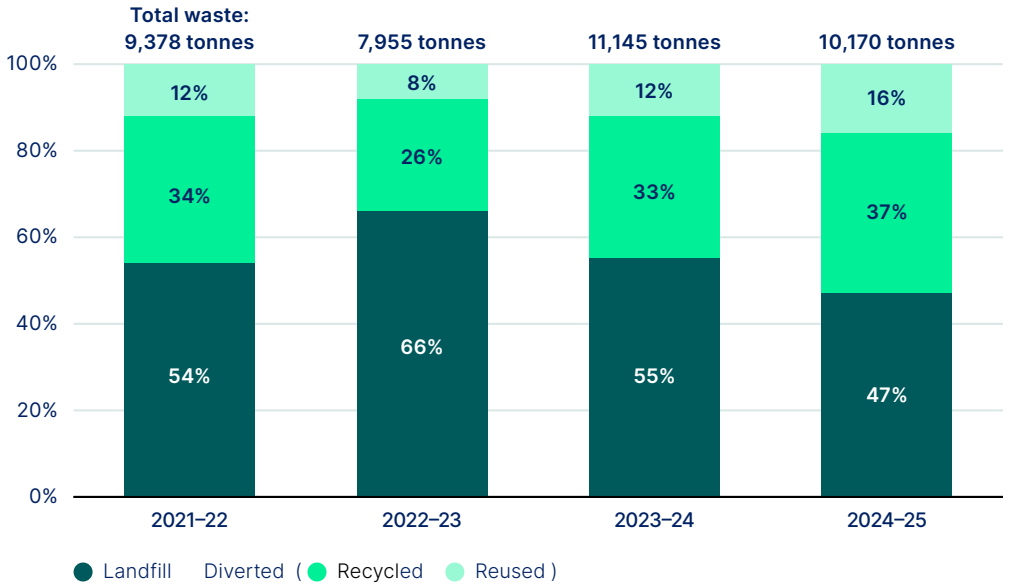
To strengthen our waste reporting processes, a detailed waste data review was conducted. The project involved cross-functional input on current waste and circular economy processes, an evaluation of sustainability reporting frameworks, and compilation of all waste data from 2021–22 to 2024–25. This initiative supported our transition toward more robust and transparent waste reporting, which aligns with evolving regulatory expectations and internal sustainability goals.

Across the year 10,170 tonnes of waste were generated. Of this, 53% was diverted from landfill, with 3,806t recycled and 1,590t reused – including scrap metal, poles, network assets and digital devices. Figure 3 shows diversion rates for the past four years and table A20 in the Appendices has more details.

Partnership with Bega Circular Valley

Essential Energy is a foundation member of the Regional Circularity Cooperative, which has launched a collaborative circular program known as Bega Circular Valley. This 10-year program aims to identify, accelerate and implement enabling projects to enhance the delivery of circularity and stimulate a regional circular marketplace and a vibrant economy. We are working with the Cooperative to identify projects in the region to accelerate clean energy and collaboration to drive sustainable outcomes.

FIGURE 3. Percentage waste to landfill and diverted (recycled and reused)



Environmental compliance

Essential Energy's Environmental Management System (EMS) is used to identify the environmental impact of our business activities, ensure compliance with environmental policies and procedures, and improve performance. The EMS applies across our operations and is certified to the international standard ISO14001.

Environmental incidents are recorded and reported in accordance with the EMS. Incident severity is categorised using an Incident Classification Rating (ICR), with category one being the highest severity and category five the lowest. Ratings reflect the overall significance of the incident across environmental, people and property impacts. This enables consistent classification of safety and environmental incidents based on Essential Energy and external regulatory requirements.

There were 436 environmental incidents during 2024–25, of which 434 were either minor in nature (category four or five), near misses or incidents where classification was not required.

Two separate incidents were classified category three due to environmental and safety concerns. The first involved a minor oil spill from a pole-mounted transformer. Although the volume was limited, the proximity to a stormwater drain presented a potential pollution risk, warranting category three classification. The spill was promptly addressed, mitigating any environmental impact.

The second incident occurred when a major storm damaged multiple power poles. One pole-top transformer failed and an adjacent pole contributed to a house fire. As the anticipated clean-up cost exceeded $10,000, the incident was deemed reportable to NSW's Environment Protection Authority. The transformer oil spill was confined to a yard and remediated in consultation with an independent consultant, to the satisfaction of the property owner.

During the year, significant progress was made across a range of environmental initiatives and projects. A total of 32 environmental impact assessments were completed for major projects, and complex customer connections. Notable projects included zone substations at Kings Forest, Brolgan, Bomen, Moree and Geurie, as well as Kings Forest Underground Sub Transmission Line, Geurie Zone Substation Southern Powerline, and the Dubbo 132kV Feeder Replacement Project.

Engagement with the Department of Planning, Housing and Infrastructure resulted in successful progress toward statutory changes to planning instruments, to facilitate more efficient infrastructure delivery. Changes included providing a consistent and certain approval pathway for minor impact infrastructure works within certain mapped areas, streamlining the efficient delivery of critical infrastructure.



TABLE 1: Environmental incidents

	NUMBER OF INCIDENTS		
INCIDENT CLASSIFICATION	2022–23	2023–24	2024–25
Category 1 (high)	0	0	0
Category 2	10	1	0
Category 3	1	1	2
Category 4	17	14	13
Category 5 (low)	457	428	410
Not applicable	3	4	11
Total	**488**	**448**	**436**

Climate-related financial disclosure

This disclosure describes Essential Energy's material climate-related risks and opportunities, along with governance approaches, business responses, risk and opportunity management processes, and associated metrics and targets. It complies with the *Reporting Framework for Climate-related Financial Disclosures* for New South Wales (NSW) Government entities (TPG24-33), which is primarily based on the *Australian Sustainability Reporting Standard – Climate-related Disclosures* (AASB S2).

TPG24-33 contains some modifications and exclusions from AASB S2.

Modifications include describing the effects of climate-related risks and opportunities on an entity's 'business model', rather than 'business model and value chain'.

Exclusions mean that NSW Government entities are not required to disclose information for:

- performance metrics in remuneration policies
- resilience of the entity's strategy and business model to climate change
- scenario analyses
- quantitative financial information about the effects of climate-related risks and opportunities
- Scope 3 greenhouse gas (GHG) emissions.

This disclosure voluntarily contains information for Scope 3 GHG emissions, in alignment with AASB S2.

This disclosure is for the consolidated entity, with information for Essential Water[1] and Intium[2] incorporated, unless otherwise noted.

This is Essential Energy's first mandatory disclosure according to TPG24-33, building on voluntary disclosures for the previous three financial years, which were aligned with the Taskforce on Climate-related Financial Disclosure (TCFD).

Governance

Governance bodies

The Board (see pages 68 to 71) is responsible for overseeing climate-related risks and opportunities, as well as sustainability ambition and initiatives. It is also responsible for considering, approving and monitoring the progress and performance of the Sustainability Strategy, including in relation to climate change.

Some oversight responsibilities are delegated to Board sub-committees:

- Safety, Human Resources and Environment Committee: review the effectiveness of sustainability strategies, plans and initiatives and monitor sustainability performance – via quarterly Sustainability Strategy updates, which are also provided to the Board.
- Risk and Cyber Security Committee: ensure an appropriate framework for identifying and managing risks arising from climate change (including physical and transition risks), and monitor strategic and business risks, including climate change and other sustainability and environmental risks.
- Audit Committee: oversee, review and endorse for Board approval annual climate-related financial disclosures.
- Nominations Committee: review and make recommendations in relation to the Board's balance of skills, knowledge, experience, independence and diversity – including via an annual review of the Board's skills matrix.

These Board and Board sub-committee responsibilities are documented in the Board and Board Committee Charters.

Essential Energy's responsibility to provide safe and reliable electricity supply, combined with the strategic objective to facilitate the net zero transition, mean climate-related risks and opportunities are central to the sustainability of the business. As such, response approaches and initiatives are core to the Corporate Strategy, Regulatory Proposal, Sustainability Strategy and operational strategies and plans – including for bushfire prevention and vegetation management.

The Corporate Strategy is approved by the Board and addresses multiple climate-related transition opportunities, including supporting the uptake of renewable energy solutions, facilitating electric vehicle (EV) adoption, and enabling smart energy solutions for regional communities. External factors relevant to the Corporate Strategy are monitored and reviewed by the Board every six months.

Essential Energy's Regulatory Proposal is reviewed and approved by the Board every five years, with proposals containing plans, initiatives and funding for the five-year regulatory period for submission to the economic regulator, the Australian Energy Regulator (AER). The AER's determination for the 2024–29 period contained $205 million approved funding for network and community resilience initiatives, in response to climate change.

Climate-related physical risks and transition risks and opportunities arising from regulation, policy, market activity or technology advancements are also considered and addressed by the Board as part of business-as-usual strategic and financial planning. This includes considering trade-offs associated with climate-related risks and opportunities. For example, during 2024–25 the Board approved a Bushfire Priority Zone Transition plan, which was informed by bushfire risk modelling and balances effective and efficient allocation of vegetation management resources. The plan will reduce the bushfire risk in newly identified high priority areas and is expected to take eight years to complete.

The current Sustainability Strategy was approved by the Board in 2021–22. It includes the 'Responding to climate change' strategic pillar and three commitments: Building climate resilience; Facilitating the net zero transition; and Decarbonising our operations. This pillar remains relevant and will be updated when significant changes are required. Climate-related and other sustainability metrics and targets were set by the Board after the Sustainability Strategy was approved. Metrics and targets were established by working with subject matter experts and in consultation with the Sustainability Working Group and Executive Leadership Team (ELT). They are reviewed, approved and monitored by the Board annually. See 'Metrics and targets' (page 62) for more information.

The full list and description of material climate-related risks and opportunities are reviewed and approved by the Audit Committee and Board annually, as part of the climate disclosure approval process.

1 Essential Water is part of Essential Energy and provides water and sewerage services to Far West NSW.

2 Intium is a wholly owned commercial subsidiary of Essential Energy and provides innovative energy solutions that support Australia's transition to net zero.

The Board continues to increase its understanding of the implications of climate-related risks and opportunities faced by Essential Energy via the reporting to sub-committees noted above, as well as specific strategic education sessions. During March 2025, a sustainability-focused Board strategy workshop included an education session on the evolution of sustainability reporting and Board responsibilities. These education activities position the Board to continue steering the organisation's preparations for and responses to climate- and sustainability-related risks and opportunities.

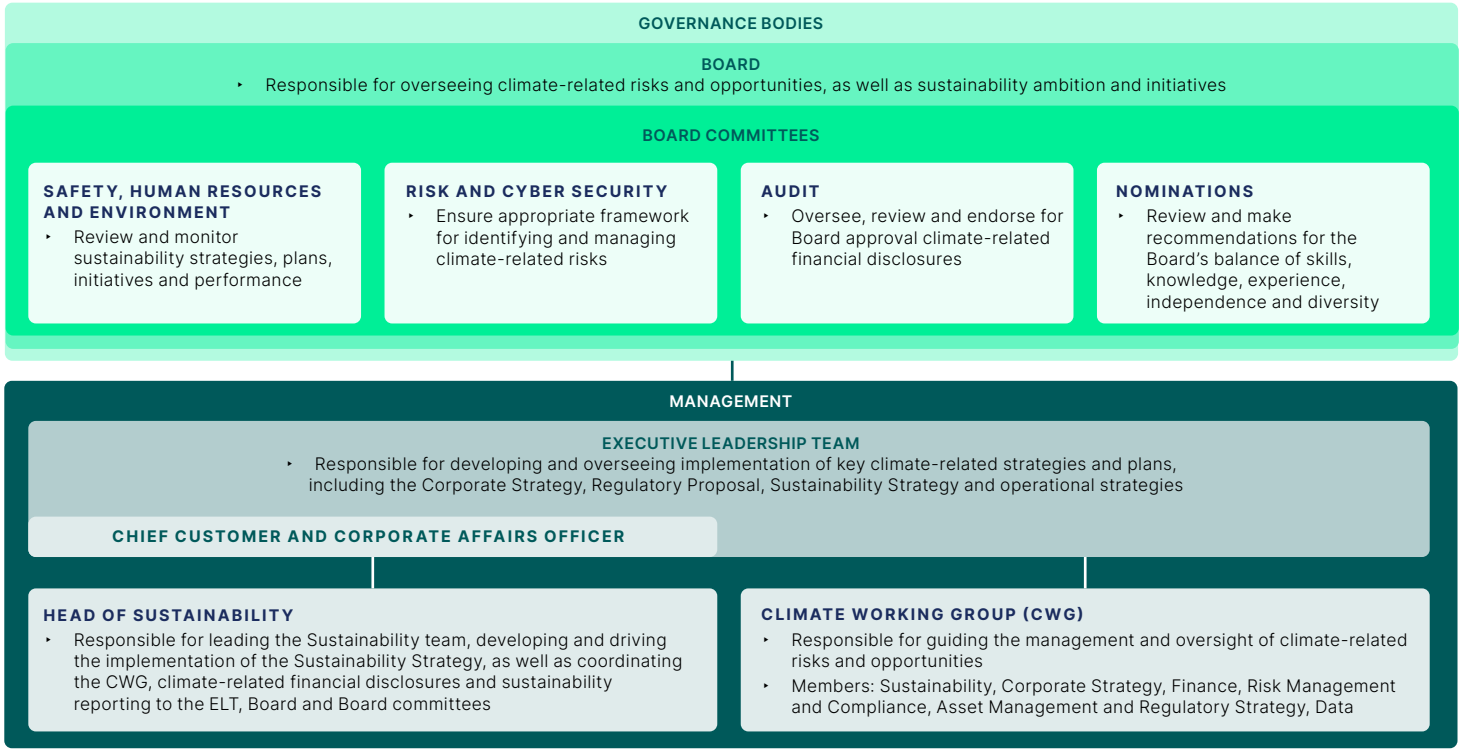
Management

The Executive Leadership Team (ELT) (see pages 72 to 73) is the highest decision-making body within the management structure, and is responsible for developing and overseeing implementation of key climate-related strategies and plans, including the Corporate Strategy, Regulatory Proposal, Sustainability Strategy and operational strategies.

Like the Board, the ELT monitors and reviews external factors relevant to the Corporate Strategy every six months, considers climate-related risks and opportunities as part of business-as-usual strategic and financial planning for operational strategies, and reviews and endorses the Regulatory Proposal every five years. The ELT reviews progress for and performance against the Sustainability Strategy via quarterly updates.

The Climate Working Group (CWG) is responsible for providing effective guidance for the management and oversight of climate-related risks and opportunities, within the context of the Sustainability Strategy. This includes ensuring compliance with climate-related reporting obligations. Members include representatives from Corporate Strategy, Finance, Risk Management and Compliance, Asset Management and Regulatory Strategy, Data, and Sustainability. The group implemented monthly meetings from January 2025, having met approximately quarterly following formation in late 2023–24. The group reports to the ELT.

FIGURE 4. Governance structure for overseeing and managing climate-related risks and opportunities



The Head of Sustainability reports to the Chief Customer and Corporate Affairs Officer, and is responsible for leading the Sustainability team and developing the Sustainability Strategy and associated initiatives, including the 'Responding to climate change' pillar, as well as driving implementation and monitoring progress. The role also coordinates the CWG and sustainability reporting to the ELT and Board, and manages the compilation of climate-related financial disclosures.

Controls and procedures used by Management to support the oversight of climate-related risks and opportunities, as well as integration with other internal functions, include:

- regular Corporate Strategy and Sustainability Strategy updates to the ELT (as detailed above)
- a sustainability section in the template for ELT and Board papers that seeks information on how the paper is aligned to the Sustainability Strategy and climate-related financial disclosure requirements
- cross-functional representation in the CWG.

Essential Energy's climate-related risks and opportunities overlap with enterprise risks and opportunities. For example, climate change is an escalation factor for the physical risk of bushfires. Also, energy transition opportunities are key to the Corporate Strategy. Work to integrate climate-related risks and opportunities with processes for managing enterprise risks and opportunities commenced during 2024–25 and is planned to continue during 2025–26. This will assist Management and the Board to manage and oversee climate-related risks and opportunities in a more holistic and integrated way.

For all procurement activities worth more than $500,000, vendors are required to address a set of sustainability requirements. These include actions in response to climate change, as well as broader economic, environmental and social sustainability considerations – to support more informed procurement decision making.

Strategy

Table 2 describes the climate-related risks and opportunities that could reasonably be expected to affect Essential Energy's prospects. They focus on Essential Energy's regulated electricity business, with some effects for Essential Water and Intium incorporated. More detailed analysis for Essential Water and Intium is planned for 2025–26.

TABLE 2: Climate-related risks and opportunities

ID	RISK/OPPORTUNITY	DESCRIPTION
Physical risks		
R1	**Extreme weather events**	Climate change will generate more frequent and severe weather events (floods, windstorms, droughts and heatwaves), exacerbating existing impacts from weather events on Essential Energy, customers and stakeholders. The primary impact is major power outages, due to damage to network infrastructure, possibly becoming more frequent and severe. Possible flow-on impacts include increased community and worker safety incidents, decreased network reliability, reputational damage, and increased emergency response and maintenance costs.
R2	**Bushfires**	More frequent and severe bushfires due to climate change will generate impacts similar to R1. Additionally, there is a causal factor to this risk if bushfires are started by vegetation interacting with Essential Energy's electricity network. This factor could have additional legal, reputational and insurance impacts for Essential Energy.
Transition risks		
R3	**Increased cost of electricity**	High (and increasing) costs for the provision of electricity distribution services as part of the energy transition could lead to electricity price increases for customers (including network charge increases), with resulting loss of social licence for the energy transition, reduced social fairness within the transition, and societal and regulatory pressure to limit price increases, all of which which may limit Essential Energy's ability to recover costs.
R4	**Competition for energy transition resources**	Global and national competition for energy transition resources (skilled workers, equipment and materials) could increase Essential Energy's costs for maintaining and upgrading the network, and for building new network infrastructure. An increase in overall transition and maintenance costs, which may be exaggerated for Essential Energy as a regional business, may create budgetary pressures, reduce electricity reliability and affordability, and delay the construction of new infrastructure – limiting the degree to which Essential Energy is able to contribute to the energy transition.
R5	**Rapid and disorderly energy transition**	A rapid and disorderly energy transition may create challenges for Essential Energy to maintain reliable and safe electricity supply, due to the risk of major power outages possibly increasing, affecting customers and resulting in decreased network reliability, reputational damage and financial penalties. Also, if Essential Energy is not able to respond quickly enough to meet transition demands – which may be influenced by the ability of the regulatory environment to adapt quickly – Essential Energy could be seen as delaying the energy transition. Consequences could include reputational damage and customers disconnecting from the grid, which could result in increasing connection costs for those who remain connected.
Transition opportunities		
O1	**Better utilisation of Essential Energy's network and assets**	The electricity market transitioning to lower-emissions energy sources may result in increased customer demand for Essential Energy and more efficient use of distribution network assets. Distribution networks can play a significant role in the energy transition by utilising available capacity and connecting more renewable generation faster. This could result in Essential Energy, customers and stakeholders receiving greater value from the network and its assets, moderating total system costs associated with the energy transition.
O2	**Dynamic network management**	The decentralisation of the electricity industry is an opportunity for Essential Energy to provide more value for customers by enabling dynamic two-way energy flows – allowing customers to generate and store electricity, and so earn revenue from their investments. Dynamic network management may also support electricity reliability and reduce or defer the need to construct new network infrastructure, while boosting network and community resilience in response to climate change (mitigating several climate-related risks).
O3	**Reduced environmental impact from operations**	The transition to lower-emissions energy sources will result in operational efficiency improvements for Essential Energy, and reduce Essential Energy's greenhouse gas emissions and environmental impacts. For example, shifting to electric fleet vehicles could reduce operational costs and reduce emissions.
O4	**New energy solutions for customers**	The energy transition is creating opportunities for Essential Energy to provide new energy solutions for customers, in the regulated and unregulated markets. These solutions may assist with achieving the other transition opportunities and help to mitigate the physical and transition risks. Examples include Stand Alone Power Systems (SAPS), microgrids, network batteries, innovative EV charging infrastructure and vehicle-to-grid for EVs.

Responding to climate-related risks and opportunities

Risks and opportunities

Physical risks

Physical risks	Impacts
Extreme weather events	Network outages, Financial costs
Bushfires	Network outages, Bushfire ignition, Financial costs

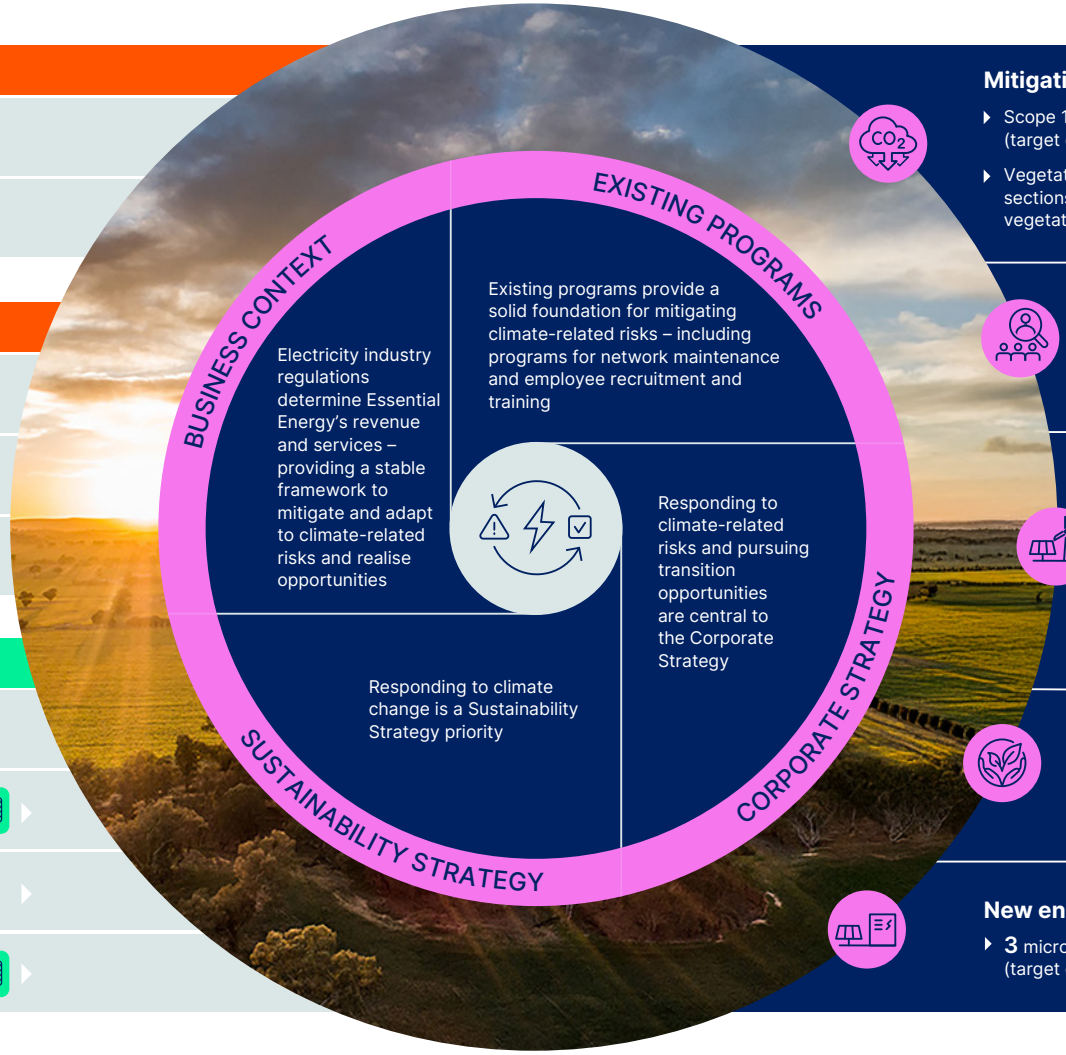
Transition risks

Transition risks	Impacts
Increased cost of electricity	Social fairness, Energy transition, Financial costs
Competition for energy transition resources	Network outages, Energy transition, Financial costs
Rapid and disorderly energy transition	Network outages, Energy transition, Financial costs

Transition opportunities

Transition opportunities	Benefits
Better utilisation of Essential Energy's network and assets	Network use, Energy transition, Financial benefits
Dynamic network management	Two-way energy, Energy transition, Network and community resilience, Financial benefits
Reduced environmental impact from operations	Environmental benefits, Energy transition, Financial benefits
New energy solutions for customers	New services, Energy transition, Network and community resilience, Financial benefits

Responses



2024-25 response highlights

Mitigating physical risks

- Scope 1+2 emissions **19%** lower than 2020–21 (target of 50% lower by 2030)
- Vegetation trimmed for **214,068** powerline sections between poles, reducing the risk of vegetation causing power outages and bushfires

Mitigating competition for energy transition resources

- **500** apprentices, trainees and graduates – recruiting and training skilled workers

Better utilisation of Essential Energy's network and assets

- **3.8GW** of renewable generation connected to the network (90% of target, 4.2GW by 2029–30)
- **40** network and community batteries (target achieved, 29 batteries by 2029–30)

Reduced environmental impact from operations

- **First** EV semi-trailer added to the fleet, for depot deliveries on the NSW north coast

New energy solutions for customers

- **3** microgrid projects commenced (target of 6 by 2028–29)

IMPACTS: Network outages; Bushfire ignition; Social fairness; Energy transition; Financial costs

BENEFITS: Network use; Energy transition; Two-way energy; Network and community resilience; Environmental benefits; New services; Financial benefits

Time horizons

Essential Energy defines short term as zero to five years, medium term as five to 10 years, and long term as beyond 10 years. This aligns with the five-yearly funding cycle for electricity regulatory determinations and water pricing determinations. Network infrastructure investment decisions are long term, as infrastructure assets have multi-decade lifespans.

Physical risks

Effects from extreme weather events, including bushfires, have always been a material risk for Essential Energy. These are likely to increase over the short, medium and long term, as climate change progresses. The effects will increase even under low emissions scenarios, with more severe increases under high emissions scenarios.

Transition risks

Effects from the three transition risks are already being felt across the energy industry, with energy transition costs impacting customers' bills and competition for resources increasing construction costs. The speed of the transition is also raising network reliability challenges, such as the increasing need to balance two-way energy flows from consumer energy resources (particularly rooftop solar). These impacts are likely to increase over the short, medium and long term as the energy transition progresses; and be more pronounced under lower emissions scenarios, which require a more rapid transition.

Transition opportunities

The four transition opportunities are all in the early stages of realisation. In some cases, trials are being undertaken. In other cases, business-as-usual activities are shifting. Benefits are likely to increase over the short, medium and long terms as the transition progresses. Transition impacts will be greater and faster under low emissions scenarios. However, within these scenarios the risk of failing to capture the full benefit of opportunities will also be greater, if Essential Energy is not able to adapt quickly to a rapid and disorderly transition.

Business model

As an electricity distribution network service provider, Essential Energy can access and has accessed multiple funding pathways to absorb and respond to climate-related risks and opportunities without jeopardising the business model.

Pathways include:

- The five-yearly regulatory determination process, which sets revenue that can be earned, based on capital and operational spending allowances, including to manage network resilience initiatives and to enable consumer energy resources. This is the primary funding pathway. The current five-year period includes $205 million for climate-related network resilience initiatives (see 'Case study: Mitigating physical risks' for details, page 61).
- Cost pass through mechanisms, for unexpected costs associated with certain defined categories, such as those involved in responding to extreme weather events.



- Contingent projects, which provide for cost recovery if certain conditions are met. These are for capital projects which may be required during the course of a regulatory determination period, but not certain at the time the regulatory determination was made.
- Cost recovery from renewable energy generation and storage proponents for new infrastructure to connect large-scale renewable generation and storage facilities to the network.
- Funding under the *Electricity Infrastructure Investment Act 2020* (NSW) (EII Act) for major and identified priority network infrastructure projects.
- Government grants for initiatives that respond to climate-related risks and opportunities.

These funding pathways are subject to approval by the AER. For the first three pathways, revenue is collected from all customers connected to Essential Energy's distribution network via network charges, as a component of customers' electricity bills. Revenue for major or identified priority infrastructure projects funded under the EII Act is collected from all NSW electricity customers (regional and metropolitan) connected to the three distribution networks. AER regulation provides Essential Energy with a solid framework to mitigate and adapt to climate-related risks and realise opportunities.

As a State Owned Corporation, Essential Energy's business model also extends beyond finances, creating value for society through:

- Safe and reliable electricity supply to residential and commercial customers and community services, along with safe and reliable water and sewerage services for Far West NSW
- Careers for people across the regional, rural and remote network area
- Supporting regional communities to benefit from the energy transition
- Helping the network and communities to be resilient in response to climate change and the energy transition.

Impacts on the business model

Physical risks

The two physical risks (R1, R2) affect the business model by requiring increased operational expenditure (both preventative and recovery costs), while also requiring increased investment in additional protection and solutions for network and community resilience. These operating and investment costs are recovered from our customers as increased revenue (pending AER approval) or are funded through government grants. These physical risks also create more challenging conditions for providing safe and reliable electricity, as well as providing reliable water and sewerage services (the latter two for Essential Water in Far West NSW).

Our physical risks apply to the entire physical network, as severe weather events and bushfires can and do occur across all parts of the network area. However, Climate Impact Assessment (CIA) modelling for bushfires, floods and windstorms, under future climate change scenarios, shows the likelihood and severity of these risks will vary across the network area. This modelling is being used to prioritise mitigation activities. See 'Case study: Mitigating physical risks' for details, page 61.

Transition risks

Skills and materials shortages (R4) may affect the business model by increasing operating and investment costs. Where efficient, these additional costs can be approved for recovery by the AER, but in doing so they affect the cost of providing electricity distribution services (R3), and through higher prices could impact our customers and potentially jeopardise revenue over longer timeframes.

Both the cost of electricity (R3) and skills and materials shortages (R4) may be further exacerbated in conditions where the energy transition is rapid and disorderly (R5), or where Essential Energy's role is constrained by the economic regulatory framework. This may raise operating and investment costs, and could limit Essential Energy's role in enabling the energy transition.

The transition risks impact Essential Energy's sources of non-financial value, including providing regional careers (R4) and helping communities remain resilient to climate change, while also providing safe and reliable electricity and regional benefits from the energy transition (R3 to R5).

These risks apply to all customers and across the entire distribution network area. However, they may be felt more keenly by financially vulnerable customers and by those not able to benefit directly from energy transition opportunities (such as rooftop solar and home batteries). Geographically, competition for skilled electricity workers may be greater in more remote parts of the network area, due to challenges attracting people to live and work in these areas.

Transition opportunities

The four transition opportunities have the potential to increase the value of Essential Energy's network and associated assets, retain and bring online additional sources of revenue, lower overall energy transition investment costs (than they would otherwise be) and reduce emissions. They can also play a mitigating role for the climate-related risks.

There are also non-financial benefits, as all four opportunities have the potential to boost network and community resilience to climate impacts, while providing opportunities for regional communities to benefit from the energy transition.

The transition opportunities apply in principle across the whole network. However, some element of concentration is present. For example, some parts of the network have greater capacity for increased use. Also, some parts of the network will benefit more from alternative solutions such as microgrids and SAPS, particularly remote areas.

Strategy and decision making

Essential Energy's responses to identified climate-related risks and opportunities (table 2) are led by, and integrated into, the Corporate Strategy, Sustainability Strategy and business-as-usual programs.

Physical risks

Physical climate-related risks are primarily operational and are already present, which means Essential Energy has significant experience adapting to and mitigating these risks. During 2024–25 our crews responded to numerous severe weather events (see page 25). Operational adaptation and mitigation responses include:

- Network maintenance – policies, processes and systems for network planning, asset inspection and maintenance, vegetation management, bushfire preparations, and fault and emergency response (see pages 23 to 55)
- Worker safety – support to ensure employees are fit to deploy during extreme weather events, and recover well from these deployments, including processes and information for fatigue management, hydration, nutrition and proactive management of mental health through the Employee Assistance Program (see page 30 to page 32); as well as deploying solutions for internet access in remote areas (see page 27)
- Public safety – annual public safety activities seek to raise awareness for electricity hazards, as well as awareness of how to minimise public safety risks, including during storms and floods (see pages 41 to 43).

Strategic adaptions and mitigations include: deploying SAPS (see page 20) and microgrids (see page 17) for customers and communities in remote locations; developing a digital twin of the physical network, to inform targeted and risk-based decision making (see page 16); and trialling automated approaches for early detection of network faults (see page 26).

Transition risks and opportunities

Responses to transition risks and opportunities are addressed holistically by the Corporate Strategy, which sets a clear direction for how Essential Energy can create greater value for the business, customers and stakeholders from the energy transition, while also mitigating energy transition risks. Corporate Strategy progress during 2024–25 is summarised on pages 15 to 21 and relevant climate-related metrics and targets are included in tables A14 and A15.

Business-as-usual programs also mitigate competition for energy transition resources (R4), including:

- Competition for skilled workers:
  - Early Talent Pathways Program for apprentices, trainees and graduates – recruiting, training and creating careers for people in regional locations (see page 35)
  - Future skills training programs for existing employees (see page 35)
  - Employee benefits scheme – to help attract and retain workers (see page 36).
- Competition for materials and equipment:
  - Procurement initiatives to strengthen local supply chains through long-term partnerships, diversifying suppliers, improving and increasing inventory holdings, and monitoring market and economic conditions.

Transition planning

Development of a transition plan, focused on the regulated Essential Energy business, commenced during 2024–25, and will continue during 2025–26. Many elements are already well developed, including a Scope 1 and 2 emissions reduction target, risk and opportunity responses, and strategic clarity on Essential Energy's role in the energy transition.

Resourcing

For the regulated electricity distribution network business, current and anticipated responses to all nine climate-related risks and opportunities are, and will continue to be, resourced via Corporate Strategy initiatives, Sustainability Strategy initiatives, and business-as-usual programs. These are primarily funded by regulated revenue from the provision of distribution services, plus funding from renewable energy generation proponents for connections infrastructure, and some funding from government grants. Future resourcing is expected to come from these same sources, and may also include EII Act funding for major infrastructure projects.

Worker resourcing is existing employees, with annual recruitment programs for apprentices, trainees and graduates, as well as future energy skills training for existing employees. Contractors may also be used as required.

Unregulated market opportunities are resourced through Intium, with funding from commercial revenue for projects. Worker resourcing is Intium employees, with shared services support from Essential Energy, and contractors as required.

Financial position, performance and cash flows

The financial impacts of climate-related risks and opportunities during 2024–25 have not been quantified. For this to occur, baseline financial information needs to be set for each risk and opportunity, and then increases or decreases due to climate change tracked within financial reporting. For example, extreme weather events have always been a physical risk for Essential Energy, so baseline impacts need to be determined before changes due to climate change can be tracked. This baselining work will commence during 2025–26 as part of plans to improve the integration of climate-related risks and opportunities into existing business processes.

Currently, there is no expected risk of material adjustment to the carrying amounts of assets and liabilities in the 2025–26 financial year. Every three years a fair value assessment of Essential Energy's distribution network assets to ensure net carrying value remains materially consistent with fair value is undertaken by external experts for Essential Energy. A valuation was undertaken during 2024–25, confirming the carrying value of assets remains consistent with fair value.

In assessing the potential financial impacts of climate-related risks and opportunities, key judgements and estimates will consider the impact of climate change on the range of economic conditions forecast over the remaining useful lives of assets, including expectations about future operations, the outlook for commodity prices, discount rates, capital expenditure requirements and market supply and demand profiles. This is dependent on climate-related scenario analysis, which is yet to be undertaken.



From a financial perspective, the items and considerations that could be impacted by climate-related risks and opportunities in the medium to long term include:

- Useful lives of property, plant and equipment – possible increased maintenance and capital spend due to shorter useful lives. When reviewing the expected useful lives of assets, climate-related matters are considered, such as restriction on use of assets or assets requiring significant capital or maintenance works.
- Fair value and impairment of non-financial assets – possible increased expenditure to adhere to more stringent or new climate-related requirements as well as increased revenue due to forecast opportunities are included in the cash flow forecasts used to access fair values and impairments of assets.

In the short term, climate-related risks and opportunities are not anticipated to have a significant impact on Essential Energy's overall financial position and performance. This assessment is based, firstly, on the fact that strategic direction and activities, set in the Corporate Strategy, Sustainability Strategy and business-as-usual programs, are strongly consistent with responding to climate-related risks and opportunities. In addition, as a regulated business, Essential Energy has the ability to seek recovery from the AER through multiple pathways for costs associated with climate-related risk and opportunity responses. Finally, as a crucial enabler of the energy transition, Essential Energy can receive government grants to pursue climate resilience and transition initiatives.

Over the medium to longer term, the financial effects of climate-related risks and opportunities are harder to assess. The impact of climate-related risks and opportunities will depend on any changes to the regulatory framework under which Essential Energy operates, the magnitude and frequency of climate-related events, future infrastructure investment, technological advancement, change in legislation and public expectation. Essential Energy is closely monitoring relevant changes and developments across these areas.

Risk management

Essential Energy's processes to identify, assess, prioritise and monitor climate-related risks and opportunities have matured over recent years, with key activities including:

- Business-as-usual risk management processes for physical climate-related risks, including for network planning, asset inspection and maintenance, vegetation management, bushfire preparations, and fault and emergency response (see 'Our operations', pages 23 to 28). These have been in place for many years and are managed via enterprise risk management processes.
- Climate Impact Assessment for physical risks, which quantified the nature, likelihood and magnitude of bushfires, floods and windstorms, and was completed by external specialists during 2021–22. The assessment has informed network resilience planning (see 'Case study: Mitigating physical risks' for details).
- Corporate Strategy development and review – pillars one to four of the Corporate Strategy were developed in 2021–22, following an extensive review by the ELT and Board of the external landscape, technological possibilities, economic trends, and enabling NSW policy. Pillar five was added in 2023–24, recognising the importance of the digital transition to the broader energy transition. Factors informing the Corporate Strategy are reviewed by the ELT and Board every three months.
- Sustainability double materiality assessment, undertaken during 2023–24 – to determine the sustainability-related topics most likely to impact the business and stakeholders, including climate-related risks and opportunities.
- Annual disclosure of risks and opportunities in climate disclosures since 2021–22 – with these risks and opportunities descriptions being developed by relevant internal subject experts (from Corporate Strategy, Risk Management and Compliance, Asset Management and Regulatory Strategy, Finance and Sustainability) and reviewed and approved by the ELT, Board Audit Committee and Board.



CASE STUDY:

Mitigating physical risks

A Climate Impact Assessment, undertaken by external risk modelling experts during 2021–22, quantified financial and non-financial impacts of physical climate events (bushfires, floods and windstorms) on Essential Energy's network assets. Future climate scenarios were considered, using Intergovernmental Panel on Climate Change emission trajectories Representative Concentration Pathways 4.5 and 8.5 over the time horizons of 2050, 2070 and 2090. Integration of modelling outcomes into asset management systems commenced during 2023–24, to inform ongoing long-term planning. The modelling was also extended to include property assets during 2023–24.

This modelling informed the 2024–29 Regulatory Proposal, resulting in approval by the AER of $205 million for network resilience initiatives over the 2024–29 period. Initiatives included: installation of composite poles in areas with a high bushfire risk; installation of SAPS and microgrids; relocating the Lismore depot and substation away from flood-prone land; and laying selected powerlines underground in high-risk bushfire and windstorm areas.

This is a good example of climate-related risk analysis influencing business strategy, decision making, funding and resource allocation to mitigate physical climate risks.

The risks and opportunities in this disclosure (table 2) are a refinement of those included in the 2023–24 disclosure. Key refinement activities included:

- Transition risks and opportunities workshop – to identify and describe Essential Energy's most significant transition risks and opportunities. This involved internal subject experts from Corporate Strategy, Risk Management and Compliance, and Sustainability. A range of risk factors were considered, including: policy and legal, technology, markets, and reputation. A range of opportunity factors were also considered, including: resource efficiency, energy sources, products and services, markets, and resilience. The identified risks and opportunities were then reviewed by the CWG.
- More detailed assessment of transition risks and opportunities – considering the nature of these risks and opportunities, likelihood and materiality informed by Essential Energy's enterprise risk matrix, and including current and anticipated responses. This was undertaken by the Sustainability team and reviewed by the CWG.
- Review and approval of these risks and opportunities by the ELT, and then by the Board Audit Committee and Board (as part of reviewing and approving this disclosure).

Physical risks were not considered for refinement in the workshop as the two identified risks have been well understood as material risks for Essential Energy for many years. They were however reviewed and approved by the CWG, ELT and Board Audit Committee and Board as part of reviewing and approving this disclosure.

Climate-related physical risks and transition risks and opportunities are prioritised as part of business-as-usual strategic and financial planning. An example is the shift from timber to composite materials for power poles, to reduce the risk of bushfires impacting the network. See page 20 for more information.

Climate-related risks and opportunities are monitored by the ELT and Board through six-monthly monitoring of the factors underpinning the Corporate Strategy, quarterly sustainability updates, annual review of sustainability metrics and targets in the Sustainability Strategy (see tables A14, A16 and A18), and annual reviews of enterprise risks.

Essential Energy's overall approach to managing enterprise risks includes a Risk Management Board Governance Policy, Risk Management Company Procedure, and Corporate Risk Matrix. A risk management data system is also in place, to capture information about enterprise risks. This approach supports enterprise risk oversight by the Board, as well as risk management by the ELT and business areas responsible for risks.

During 2024–25, climate-related risks were cross-referenced with enterprise risks. Many climate risks are escalation factors for existing enterprise risks. For example, bushfires is an existing enterprise risk and climate change will increase the likelihood of bushfires as well as the severity of impacts. Investigations into how best to incorporate climate-related risks into the risk management data system also commenced.

Plans are in place for 2025–26 to improve the integration of climate-related risks and opportunities into existing approaches for enterprise risks and opportunities.

Metrics and targets

Scope 1 and 2 greenhouse gas emissions

Essential Energy reports Scope 1 and 2 greenhouse gas (GHG) emissions annually in accordance with the *National Greenhouse and Energy Reporting (NGER) Act 2007* (Cth). As such, NGER methodologies and emissions factors are used to calculate Scope 1 and 2 emissions.

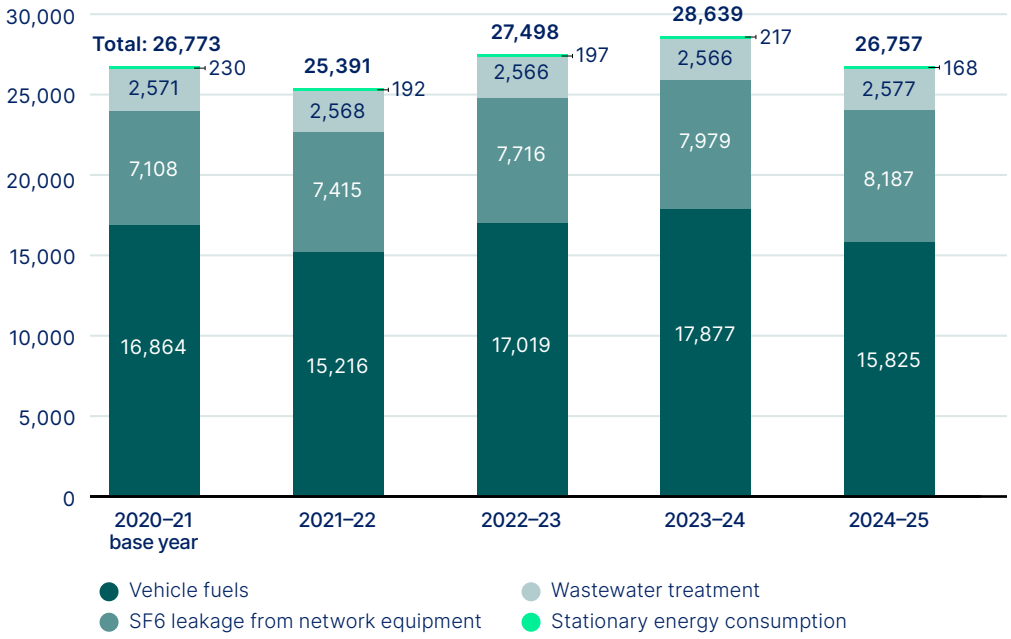
The information included in this section, and the associated tables in Appendices, also aligns with *Greenhouse Gas Emissions Accounting and Reporting Guidelines* for NSW Government entities.

Essential Energy's Scope 1 emissions are from: vehicle fuels (59% in 2024–25); Sulphur Hexafluoride (SF6) leakage from electricity network equipment (31%); Essential Water's wastewater treatment (10%); and stationary energy combustion (<1%). See figure 5.

Vehicle fuel emissions decreased by 11% in 2024–25, compared to the previous year. This was primarily due to more fuel-efficient driving by Essential Energy's employees. A state-of-the-art and award-winning In-Vehicle Monitoring System (IVMS), installed in all fleet vehicles, enables the tracking and improvement of driver behaviour, with resulting efficiency and safety improvements.

SF6 is commonly used in electricity network equipment, such as circuit breakers and switchgear, due to its effectiveness for

FIGURE 5. Scope 1 GHG emissions by category (tCO2-e)



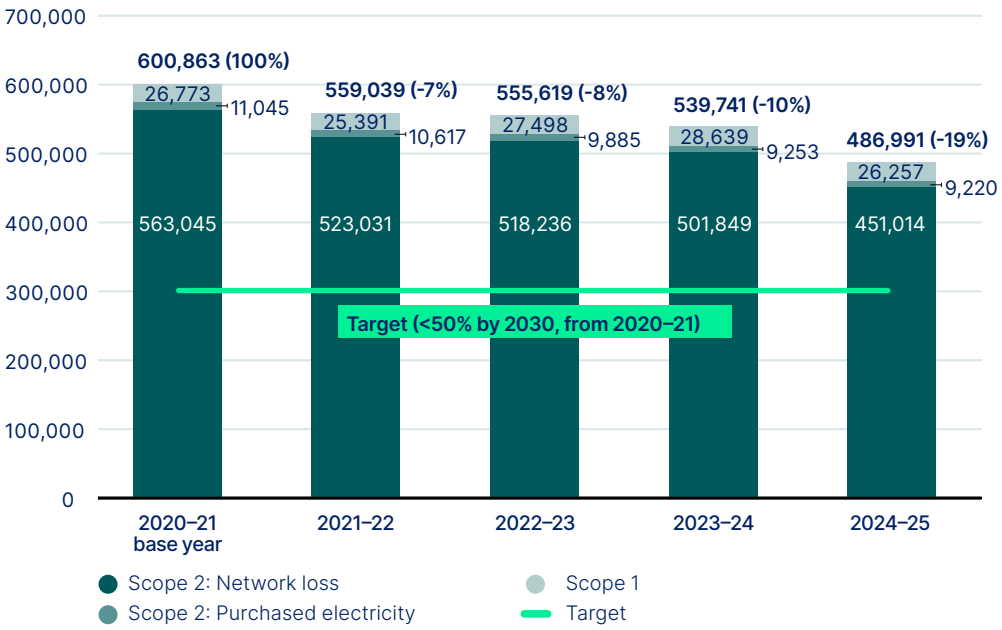
electrical insulation and arc-quenching. Over time, SF6 can leak from equipment and has a Global Warming Potential (GWP) 23,500 times greater than carbon dioxide. Manufacturers of high voltage electricity network equipment are developing SF6-free alternatives, which Essential Energy is starting to use as alternatives become available. For example, in June 2025, 18 Siemens 132kV SF6-free circuit breakers were procured for use on the network – using vacuum interrupters and clean air insulation instead of SF6.

Total Scope 1 emissions for 2020–21 to 2023–24 are approximately 1,000 to 2,000 tCO2-e higher per year in figures 5 and 6 and table A11 compared to the totals reported in the 2023–24 Annual Report. This is due to a recalculation of SF6 leakage emissions, following data system improvements during 2024–25, which resulted in a better understanding of the amount of SF6 on the network. Work to improve data quality across all emissions sources will continue during 2025–26.

Scope 1 emissions include emissions from Essential Energy, Essential Water and Intium.

Scope 2 emissions dominate Essential Energy's total emissions (95% of combined Scope 1 and 2 emissions in 2024–25), particularly emissions that are due to loss of electricity from the distribution network (see figure 6). As electricity moves through the network, some is lost due to electrical resistance and the heating of powerlines and other equipment. With more than 183,000km of overhead powerlines, network losses are underpinned by the significant distances over which electricity is distributed across the regional, rural and remote network area. In 2024–25, 93% of Essential Energy's combined Scope 1 and 2 emissions were due to distribution network loss.

FIGURE 6. Scope 1 and 2 GHG emissions (tCO2-e)



In 2024–25, network loss emissions decreased by more than 10%, compared to the previous year. This was due to the continuing growth of renewable generation, both as a proportion of total National Electricity Market (NEM) generation and generation from systems connected to the Essential Energy network. Emissions are only attributable to network loss if the generation source creates emissions, from fossil fuel generation. As renewable generation increases, emissions due to network loss decrease. Additionally, with more renewable generation systems connecting to Essential Energy's network, losses are decreasing due to the shorter distances electricity needs to travel from generation to customers. See 'Growth in renewables connections over the past year', page 50, for more information.

Emissions from network losses apply to Essential Energy only, as they relate to the management of the distribution network.

Other Scope 2 emissions are from purchased electricity for Essential Energy, Essential Water and Intium buildings, sites and EVs. These have decreased by 17% over the past five years.

Scope 1 and 2 emissions target

Essential Energy's target is to reduce combined absolute gross Scope 1 and 2 emissions by 50% by 2030, compared to 2020–21. It was set by the Board in 2022–23. The target was informed by electricity grid decarbonisation modelling through to 2050, with advice provided by external sustainability experts. It contributes to the NSW Government's whole-of-government target to reduce Scope 1 and 2 emissions by 50% by 2030.

The target is forecast to be achieved primarily through reduced emissions from distribution network loss, due to growth in renewable generation, in the NEM and in systems connected to Essential Energy's network. Transitioning Essential Energy's fleet to EVs will also contribute, as will installing solar panels on depots. Work is also being done to reduce the use of SF6 on the network. As of 2024–25, combined gross Scope 1 and 2 emissions reduced by 19% compared 2020–21.

Progress toward the target is monitored by the Board, and the Board Audit and SHRE committees, annually as part of review and approval of climate-related financial disclosures. A possible update to the target will be considered during 2025–26 as part of work to develop a transition plan, including setting a net zero target.

The target applies to the regulated business only (Essential Energy and Essential Water), as it was set before Intium commenced operations.

Essential Energy does not currently use carbon offsets nor removals and does not plan to use these to help achieve the 2030 target.

Additional details for Scope 1 and 2 emissions, including emissions for individual source categories, as well as measurement approaches, inputs and assumptions, are in tables A10 and A11 in Appendices (pages 138 to 140).

Scope 3 greenhouse gas emissions

Essential Energy's Scope 3 emissions are primarily due to Category 1: emissions from purchased goods and services (78% in 2024–25), followed by Category 3: fuel and energy-related activities (14%). Remaining emissions are from Categories 4 to 7 (upstream transportation and distribution, waste generated in operations, business travel, and employee commute) (8% combined). See figure 7.

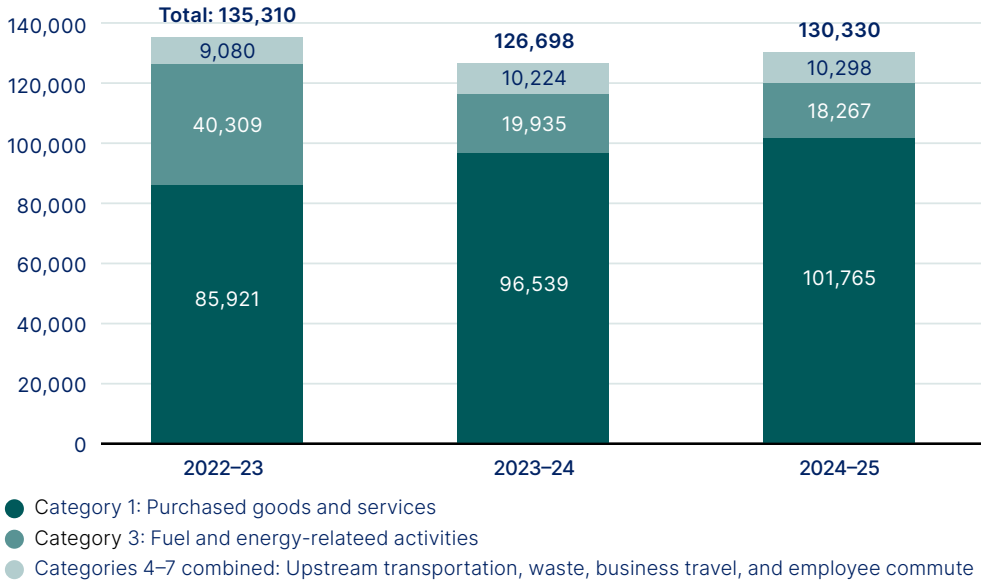
Initiatives to improve Scope 3 data quality are being implemented. In 2024–25, a waste data review was undertaken, improving the data quality for 2021–22 to 2024–25. See 'Circular economy and waste management' for details, page 52.

As a result, emissions due to 'Category 5: waste generated in operations' are restated for 2022–23 and 2023–24 in table A12, compared to the emissions included in the 2023–24 Annual Report. See 'Circular economy and waste management' for details, page 52.

Emissions from the purchase of capital goods are included in Category 1, rather than separately as Category 2. Categories 8 to 15 are not applicable to Essential Energy.

NSW Government entities are not required to include Scope 3 emissions in 2024–25 climate disclosures. Essential Energy's Scope 3 emissions are included in this disclosure to continue voluntary reporting, which started in the 2022–23 disclosure. The information included aligns with the Scope 3 requirements within AASB S2.

FIGURE 7. Scope 3 GHG emissions by category (tCO2-e)[1]



1 2022-23 and 2023-24 emissions differ slightly (not materially) from those reported in the 2023-24 Annual Report due to data improvements.

Additional details for Scope 3 emissions, including emissions for individual source categories, as well as measurement approaches, inputs and assumptions are in tables A12 and A13 in Appendices (pages 141 to 142).

Other climate-related metrics and targets

Due to the importance of climate-related risks and opportunities to Essential Energy's Corporate and Sustainability strategies, additional metrics and targets have been defined. These are aligned to the three 'Responding to climate change' commitments within the Sustainability Strategy: Facilitating the net zero transition; Building climate resilience; and Decarbonising our operations. Specific metrics and targets, along with progress since 2021–22 and measurement approaches, are listed in tables A14 to A19 in Appendices, pages 143 to 146.

Progress from 2024–25 includes:

- The target for the number of Essential Energy Battery Energy Storage Systems (BESS) connected to the Essential Energy network – 29 connections by 2029-30 – was reached during 2024–25. As of 30 June 2025, 40 BESS were connected. A new target will be considered during 2025–26.
- The target for the number of GW of renewable energy generation connected to the Essential Energy network – 4.2GW by 2029–30 – is on track to be met. As of 30 June 2025, 3.83GW were connected, an increase of 49% since 2021–22.
- The target for the number of SAPS projects commenced is under review as updated quantitative modelling has reduced the number of locations for which SAPS are an economic and practical alternative to electricity supply via the distribution network. The original target, set in 2021–22, was 400 SAPS by 2028–29.
- The target of the number of EVs in the fleet is also under review, due to vehicle availability challenges, particularly for EVs that meet Essential Energy's operational needs, as well as slower than expected development of charging infrastructure across regional NSW. The original target, set in 2021–22, was 850 light vehicles and 104 heavy vehicles moved to EVs by 2028–29.
- The number of Major Event Days (MEDs) – tracking only – increased to 17 in 2024–25, from two in the previous year. MEDs are days when electricity network system stresses are beyond normal operating conditions, due to events such as extreme weather. This was due to the large number of extreme weather events that impacted the network during 2024–25. See 'Severe weather events', page 25.

The original set of additional metrics and targets was approved by the Board in 2021–22. The complete set and any adjustments are reviewed and approved by the Board annually.

The other metrics and targets for 'Facilitating the net zero transition' and 'Building climate resilience' apply to Essential Energy operations only. They do not apply to Essential Water as they are energy related. They do not apply to Intium as they are related to management of the distribution network.

The other metrics and targets for 'Decarbonising our operations' are for the regulated business only (Essential Energy and Essential Water); they do not apply to Intium.

Metrics and targets specifically for Essential Water and Intium are yet to be defined.

Independent Practitioner's Limited Assurance report

INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT

On selected climate-related financial disclosures

Essential Energy

To the Board

Limited Assurance Conclusion

I have conducted a limited assurance engagement on the selected climate-related financial disclosures (the Subject Matter Information) included in Essential Energy's (the Corporation) Annual Report for the year ended 30 June 2025. The Subject Matter Information comprises disclosures for the consolidated entity which includes the Corporation and the entities it controlled at the year's end or from time to time during the financial year.

Based on the procedures I have performed and the evidence I have obtained, nothing has come to my attention that causes me to believe that the Subject Matter Information below has not been prepared and fairly presented, in all material respects, in accordance with the Criteria as established by Treasurer's Direction TD 25-04 'Climate-related financial disclosures' and NSW Treasury Policy and Guidelines Paper TPG 24-33 'Reporting framework for climate-related financial disclosures':

- Governance (Sections 'Governance bodies' and 'Management' on pages 54 to 55) in accordance with requirements G1 – G3 of TPG 24-33
- Strategy – Risks and Opportunities (Sections 'Climate risks and opportunities' on page 56) in accordance with requirements S1 – S2 of TPG 24-33
- Scope 1 and 2 greenhouse gas emissions (GHG) (Section 'Scope 1 and 2 Greenhouse gas emissions' on pages 62 to 63 and 138 to 140) in accordance with requirements MT1 – MT4 of TPG 24-33.

Other than the Subject Matter Information described in the previous paragraph, I have not performed assurance procedures on any other disclosure included in the Sustainability chapter of the Corporation's Annual Report. And accordingly, do not express an opinion on the following Criteria:

- Strategy (Sections 'Time horizon', 'Business model', 'Strategy and decision making', 'Financial position, performance and cash flows' on pages 58 to 61) in accordance with requirements S3 – S12 of TPG 24-33
- Risk Management (on pages 61 to 62) in accordance with requirements R1 – R4 of TPG 24-33
- Metrics and Targets (Sections 'Scope 3 Greenhouse gas emissions', 'Other climate related metrics and targets' on pages 64 and to 141 to 146) in accordance with requirements MT5 – MT9 of TPG 24-33.

Basis for Limited Assurance Conclusion

I conducted my limited assurance engagement in accordance with Australian Standard on Sustainability Assurance ASSA 5000 'General Requirements for Sustainability Assurance Engagements', issued by the Australian Auditing and Assurance Standards Board.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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My responsibilities under this standard are further described in the 'Practitioner's Responsibilities' section of my report.

I am independent of the Corporation and the consolidated entity in accordance with the applicable requirements of Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' issued by the Accounting Professional & Ethical Standards Board (November 2018 incorporating all amendments to June 2024) (the Code) that are relevant to my assurance engagement of the Subject Matter Information in Australia.

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The Audit Office of New South Wales applies Australian Standard on Quality Management 1 'Quality Management for Firms that Perform Audits or Reviews of Financial Reports, or Other Assurance or Related Services Engagements', which requires the Office to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-assurance services.

I believe the evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Other Matter

The comparative information for the Subject Matter Information relating to requirements MT1 – MT4 of TPG 24-33, comprising total scope 1 and 2 greenhouse gas emissions for the period 2020–21 to 2023–24, was not subject to assurance in the prior year. As a result, no assurance is provided over these comparative disclosures.

Other Information

The Corporation's annual report includes other information in addition to the Subject Matter Information and my Independent Limited Assurance Practitioner's Report thereon. The Board is responsible for the other information. At the date of this report, the other information I have received comprises:

- the Corporation's general purpose financial statements
- climate-related financial disclosures in the Sustainability chapter and Appendices other than the Subject Matter Information.

My conclusion on the Subject Matter Information does not cover the other information. Accordingly, I do not express any form of assurance conclusion thereon. However, as required by the *Government Sector Audit Act 1983*, I have separately expressed an opinion on the Corporation's general purpose financial statements.

In connection with my limited assurance engagement on the Subject Matter Information, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Subject Matter Information, or my knowledge obtained during the assurance engagement, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

Board's Responsibilities for the Subject Matter Information

The Board is responsible for:

- the preparation and fair presentation of the Subject Matter Information in accordance with the Criteria as established by the Treasurer's Direction and TPG 24-33
- designing, implementing and maintaining such internal control that the Board determines is necessary to enable the preparation and fair presentation of the Subject Matter Information, in accordance with the Criteria as established by the Treasurer's Direction and TPG 24-33 that is free from material misstatement, whether due to fraud or error.

Practitioner's Responsibilities

My objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes my conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Subject Matter Information.

As part of the limited assurance engagement in accordance with ASSA 5000, I exercised professional judgement and maintained professional scepticism throughout the engagement. I also:

- performed risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the consolidated entity's internal control
- designed and performed procedures responsive to assessed risks of material misstatement at the disclosure level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the Work Performed

A limited assurance engagement involves performing procedures to obtain evidence about the Subject Matter Information. The nature, timing, and extent of the procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error.

My limited assurance engagement consisted of making enquiries, primarily with persons responsible for preparing the Subject Matter Information, and applying analytical and other appropriate procedures. The procedures I performed included, but were not limited to, the following:

- Overall subject matter information:
  - obtained an understanding of the reporting boundary and how management aggregated the information for the consolidated group, determined that all entities have been included in the consolidated Subject Matter Information as required by TPG 24-33
  - reviewed the Subject Matter Information against the criteria as established by TPG 24-33 and my overall knowledge of the engagement to assess whether the Subject Matter Information is fairly presented
- Governance:
  - obtained an understanding of the governance arrangements the Corporation established including processes, controls and procedures used to oversight and monitor climate-related risks and opportunities
  - corroborated governance arrangements through enquiries and inspection of documents.
- Strategy – Risks and Opportunities:
  - obtained an understanding of the process to identify climate risks and opportunities
  - assessed the completeness of material risks and opportunities disclosures
  - corroborated risks and opportunities through enquiries and inspection of documentation
- Scope 1 and 2 emissions:
  - obtained an understanding of the measurement approach, inputs and assumptions applied and the process and controls in place to capture all sources of emissions
  - evaluated the appropriateness of key assumptions and estimates relating to the measurement approach and inputs
  - performed analytical procedures to determine the reasonableness of the emissions reported.

Bradley Medina
Assistant Auditor-General, Financial Audit

Delegate of the Auditor-General for New South Wales

XX October 2025
SYDNEY

Management and accountability

Essential Energy maintains the highest standards of governance and accountability to ensure that our business continues to meet the needs of our customers, regulator, communities and other stakeholders.

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Governance

Essential Energy is a State Owned Corporation established under the *Energy Services Corporations Act 1995* (NSW) and the *State Owned Corporations Act 1989* (NSW) to provide services critical to the economy and infrastructure for New South Wales.

It is governed, principally, by those two statutes and its Constitution, and operates under the *Electricity Supply Act 1995* (NSW).

Good governance is critical for organisations. It provides a platform for a sustainable future and demonstrates commitment to high standards of business integrity, ethics and professionalism across all activities.

It also underpins the delivery of outcomes sought by shareholders; supports people and business operations; and provides a foundation for sound ethical, financial and risk management practices to benefit customers and shareholders, as well as effective compliance and auditing programs.

Essential Energy's Code of Conduct and Statement of Business Ethics set out expectations for employee behaviour that are fundamental to Essential Energy's success. The Code encourages a culture of responsibility and accountability that promotes ethical and responsible decision making.

Board of Directors

The Board has a maximum of six non-executive directors plus the Chief Executive Officer (CEO) and is responsible for governance and, ultimately, the performance of Essential Energy. It gives direction and exercises judgement in setting Essential Energy's strategic objectives and is responsible for overseeing the implementation of these.

The CEO is responsible to the Board for the day-to-day management of Essential Energy and leads the Executive Leadership Team (ELT) in delivering the strategy and achieving the performance targets set by the Board.

The Board operates in accordance with its Charter, which provides an overarching statement of authority and accountability for governance and management of Essential Energy, consistent with the Constitution, applicable legislation, government policy and Essential Energy's Code of Conduct and Statement of Business Ethics.

All directors on the Board of Essential Energy, apart from the CEO, are appointed by the voting shareholders – the Treasurer of NSW and the Minister for Finance.

Appointments may be renewed by the voting shareholders, who may appoint other directors at their discretion. Each non-executive director's remuneration is determined by the voting shareholders and is paid out of Essential Energy's funds. The CEO is not entitled to additional remuneration for being an executive director.

Conflicts of interest

The Board considers all current non-executive directors to be independent. To ensure their independent status, all directors of Essential Energy are subject to statutory duties and prohibitions regarding conflicts of interest. Directors identify and disclose issues which may give rise to any conflict of interest.

The Company Secretary maintains the Register of Interests and Standing Conflicts of Interest, which is reviewed at each Board meeting.

Board committees

The role of the Board is to provide strategic guidance to and effective oversight of management. In undertaking this role, the Board has established five committees, as outlined below. Each Committee acts in accordance with a charter endorsed by that committee and approved by the Board setting out matters relevant to the composition, responsibilities, authority and reporting of the Committee.

Audit Committee

The Audit Committee meets at least four times per year. The Committee assists the Board in fulfilling its responsibilities regarding matters relating to Essential Energy's financial statements and reporting, as well as the oversight of internal and external audits and internal controls. In addition, the Committee examines any other matters referred to it by the Board.

Board Regulatory Committee

The Board Regulatory Committee meets at least four times per year. The Committee assists the Board in fulfilling its responsibilities in seeking strong and sustainable customer and shareholder outcomes in regulatory-related matters, monitoring regulatory risk in its oversight of regulatory strategy, compliance and stakeholder engagement activities, and regulatory proposals and submissions. In addition, the Committee examines any other matters referred to it by the Board.

Nominations Committee

The Nominations Committee meets at least once per year. The Committee assists the Board in fulfilling its responsibilities in relation to Board succession planning, particularly regarding the balance of skills, knowledge, experience, independence and diversity on the Board, director induction, and professional development programs and succession planning for the CEO and ELT.

Risk and Cyber Security Committee

The Risk and Cyber Security Committee meets at least four times per year. The Committee assists the Board in fulfilling its responsibilities regarding matters relating to Essential Energy's risk management, compliance, governance practices, litigation, and probity, ethics, and corruption prevention. In addition, the Committee examines any other matters referred to it by the Board.

Safety, Human Resources and Environment Committee

This Committee assists the Board in fulfilling its responsibilities regarding work, health, safety and environmental practices, and in its oversight and corporate governance in relation to people, safety and wellbeing, and environmental matters. In addition, the Committee examines any other matters referred to it by the Board.

Directors' Remuneration

Under the *State Owned Corporations Act 1989* (NSW), the voting shareholders determine the remuneration of State Owned Corporation Chairs and Directors. At the Premier's request, the Statutory and Other Offices Remuneration Tribunal (SOORT) recommends such remuneration as set out in Table 3 below, which is based on the SOORT 2007 determination.

The fee amounts have been unchanged since 1 July 2007, and are the same as the amounts specified for Essential Energy's predecessor company, Country Energy, in 2007 by the SOORT at that time.

TABLE 3. Directors' remuneration

CHAIR/MEMBER SUB-COMMITTEE REMUNERATION	ANNUAL FEE
Board Chair	$106,900
Director	$60,600
Chair, Audit Committee and Chair, Risk and Cyber Security Committee[2]	$7,460
Members, Audit Committee and Risk and Cyber Security Committee[2]	$5,330
Chairs, Other Committees[2]	$5,330
Members, Other Committees[1]	$3,000

1. All directors have the right to attend all Committee meetings, as per the Committee Charters, except when the Committee Chair determines conflict of interest in relation to matters to be discussed by the Committee.
2. The CEO is a member of the Board Regulatory Committee and attends all other Committee meetings.

Essential Energy Board of Directors

DOUG HALLEY

BCom MBA, FAICD

Chair



Commenced: 25 August 2020
Current Term: 28 August 2024 to 27 August 2027

Committees:
- Nominations Committee, Chair
- Audit Committee, Member

Other Directorships:
- Nil

TERRY BENSON

BCom MBA, FAICD

Chair



Commenced: 28 April 2022
Concluded: 30 November 2024
Term: 28 April 2022 to 30 November 2024

Committees:
- Audit Committee, Chair (until 30 November 2024)
- Nominations Committee, Member
- Risk and Cyber Security Committee, Member

Other Directorships:
- Birdon Group, Managing Director

JENNIFER DOUGLAS

BSc/LLB LLM MBA GAICD

Non-Executive Director



Commenced: 15 March 2018
Current Term: 15 March 2025 to 14 March 2026

Committees:
- Board Regulatory Committee, Chair
- Nominations Committee, Member
- Risk and Cyber Security Committee, Member

Other Directorships:
- Judo Bank Pty Ltd, Director
- Amotiv Limited, Director
- Peter MacCallum Cancer Foundation, Director
- St Kilda Football Club, Vice President

GRANT EVERY-BURNS

BE (Hons), FAICD

Non-Executive Director



Commenced: 31 October 2023
Current Term: 31 October 2023 to 30 October 2026

Committees:
- Risk and Cyber Security Committee, Chair (until 25 June 2025)
- Risk and Cyber Security Committee, Member (from 25 June 2025)
- Nominations Committee, Member
- Audit Committee, Chair (from 30 November 2024)
- Safety, Human Resources and Environment Committee, Member

Other Directorships:
- Nil

THE HONOURABLE DUNCAN GAY AM

Non-Executive Director



Commenced: 25 August 2020
Current Term: 28 August 2023 to 28 August 2026

Committees:
- Safety, Human Resources and Environment Committee, Chair
- Nominations Committee, Member
- Board Regulatory Committee, Member

Other Directorships:
- National Heavy Vehicle Regulator, Chair
- Bush Children's Education Foundation, Director
- Ministerial Advisory Committee on Freight, Chair
- Sir Earle Page Trust, Director
- MU Group, Executive Advisor

MICHELLE LAWSON

BCom (Accounting), FCA, FGIA, GAICD, FAusIMM, JPD

Non-Executive Director



Commenced: 6 June 2025
Current Term: 6 June 2025 to 5 June 2028

Committees:
- Audit Committee, Member (effective 25 June 2025)
- Safety, Human Resources and Environment Committee, Member (effective 25 June 2025)
- Nominations Committee, Member

Other Directorships:
- Banksia Villages, Director
- Mark Hughes Foundation, Director
- Australasian Institute of Mining & Metallurgy, Director
- Catholic Diocese of Maitland-Newcastle, Chief Financial Officer and Diocesan Financial Administrator
- Central Coast Council, independent external member

KATE POUNDER

BA, International Studies and Politics (Hons), Tinline Scholar

Non-Executive Director



Commenced: 6 June 2025
Current Term: 6 June 2025 to 5 June 2028

Committees:
- Risk and Cyber Security Committee, Chair (effective 25 June 2025)
- Board Regulatory Committee, Member (effective 25 June 2025)
- Nominations Committee, Member

Other Directorships:
- RNA Australia, Director
- NSW Museum of Applied Arts & Sciences (Powerhouse), Director
- Tech Policy Design Institute, Director

JOHN CLELAND

BEc DipFinMan CA FFin, GAICD

CEO and Executive Director



Commenced: 18 July 2016

Committees:
- Board Regulatory Committee, Member

Other Directorships:
- Energy Networks Australia, Chair
- Intium, Chair

Indemnity and insurance

Under the NSW Treasury Commercial Policy Framework, section 7 of TPP18-04 Directors and Officers Indemnity Policy for State Owned Corporations provides that State Owned Corporations must disclose indemnity and insurance details for directors and officers in their Annual Reports.

All directors are indemnified by Essential Energy to the extent permitted under their existing indemnities, all of which were approved by NSW Treasury at the time they were granted.

Essential Energy maintains Directors' and Officers' insurance cover in relation to legal liabilities that may be incurred by its directors and senior officers.

Board and Board Committee meetings held in 2024–25

TABLE 4. Directors' attendance schedule (1 July 2024 to 30 June 2025)

	BOARD OF DIRECTORS' MEETINGS		AUDIT COMMITTEE MEETINGS		BOARD REGULATORY COMMITTEE MEETINGS		NOMINATIONS COMMITTEE MEETINGS		RISK AND CYBER SECURITY COMMITTEE MEETINGS		SAFETY, HUMAN RESOURCES AND ENVIRONMENT COMMITTEE MEETINGS	
Director[1]	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
D Halley	10	10	5	5	–	4	2	2	–	3	–	3
T Benson	5	5	2	2	–	–	2	2	4	2	–	–
J Douglas	10	9	–	1	4	4	2	2	4	4	–	–
D Gay	10	10	–	1	4	3	2	2	–	–	4	4
G Every-Burns	10	10	5	5	–	4	2	2	4	4	4	4
Michelle Lawson	1	1	–	1	–	–	–	–	–	–	–	–
Kate Pounder	1	1	–	1	–	–	–	–	–	–	–	–
J Cleland[2]	10	9	5	4	4	3	2	2	4	3	4	4

A. Indicates number of meetings held during the period the director was entitled to attend as a member of the Board or relevant Committee.

B Indicates the number of meetings attended by the director during the period.

1. All directors have the right to attend all Committee meetings, as per the Committee Charters, except when the Committee Chair determines conflict of interest in relation to matters to be discussed by the Committee.

2. The CEO is a member of the Board Regulatory Committee and attends all other Committee meetings.

Executive Leadership Team

Organisation structure as at 30 June 2025

BOARD OF DIRECTORS

CHIEF EXECUTIVE OFFICER

John Cleland

ASSETS AND DIGITAL	CUSTOMER AND CORPORATE AFFAIRS	COMMERCIAL	GOVERNANCE AND CORPORATE SERVICES (INC. INTIUM)	OPERATIONS, PEOPLE AND SAFETY	FINANCE
Luke Jenner Chief Assets and Digital Officer	**Annie Pearson** Chief Customer and Corporate Affairs Officer	**Justin Hillier** Chief Commercial Officer	**Martin English** General Counsel and Company Secretary	**Amalie Smith** Chief Operations, People and Safety Officer	**Luke Jenner** Acting Chief Financial Officer
‣ Asset Management and Engineering ‣ Network Investment and Maintenance ‣ System Control ‣ Digital Strategy, Architecture and Data ‣ Digital Solutions ‣ Digital Operations	‣ Communications ‣ Corporate Strategy and Sustainability ‣ Regulatory Affairs ‣ Stakeholder Relations ‣ Customer	‣ Commercial ‣ Commercial Development ‣ Commercial Strategy ‣ Corporate Services Transformation ‣ Telecommunications Business Unit ‣ Projects – Renewable Distribution Program	‣ Legal ‣ Secretariat ‣ Risk and Compliance ‣ Internal Audit ‣ Business Change ‣ Portfolio Services ‣ Property Services ‣ Intium Pty Ltd	‣ Operations ‣ Major Projects and Transmission Services ‣ Vegetation and Specialised Services ‣ People and Wellbeing ‣ Organisational Safety ‣ Future Skills and Capability	‣ Corporate Finance ‣ Financial Accounting ‣ Finance Business Partnering ‣ Financial Improvements and Projects ‣ Financial Operations ‣ Financial Planning and Analysis ‣ Procurement ‣ Tax ‣ Treasury ‣ Network Regulation ‣ Projects – Meter to Cash

Essential Energy's Executive Leadership Team as at 30 June 2025



JOHN CLELAND
BEc DipFinMan CA FFin, GAICD
Chief Executive Officer



MARTIN ENGLISH
BFA LLB (Honours Class 1), FGIA, GAICD
General Counsel and Company Secretary



JUSTIN HILLIER
BBus, CA, GDipAppFinInv, FINSIA, GAICD
Chief Commercial Officer



LUKE JENNER
B (BEng) (Hons), EMBA, GAICD
Chief Assets and Digital Officer
Acting Chief Financial Officer



ANNIE PEARSON
BA LLB (Hons), GAICD
Chief Customer and Corporate Affairs Officer



AMALIE SMITH
MBA (Log&SupChaMgt), GradCertBusMgt, GAICD
Chief Operations, People and Safety Officer

The management of Essential Energy is led by the CEO and Executive Leadership Team (ELT).

The CEO has the authority and responsibility for managing Essential Energy in accordance with the strategy, plans, practices, delegations and policies approved by the Board to achieve agreed objectives. In doing so, the CEO is accountable to the Board for the governance of the operations of the Company, delivery of the agreed strategy and reform initiatives, and leads the ELT.

The ELT provides management and oversight for matters of significance in relation to policy, strategy and governance frameworks for Essential Energy.

Senior Managers

At the end of the reporting period, Essential Energy employed 436 officers. Total remuneration packages are outlined in table 5.

General principles for remuneration of senior managers

Essential Energy's remuneration strategies are designed to achieve the following objectives:

- attract, retain and motivate top calibre talent
- ensure high standards of behaviour are in line with Essential Energy's values
- align executive rewards to drive business performance.

This approach incorporates the following points:

- Essential Energy's Senior Managers are employed on individual, performance-based employment contracts
- total remuneration for on-target performance is positioned to the market in consideration of performance and position criticality. Mercer CED methodology is used to grade positions and establish benefit levels and broad banded ranges
- remuneration consists of the following components:
  - Fixed Annual Remuneration (base and superannuation)
  - Variable (at risk) Remuneration – annual Short Term Incentive.

Fixed remuneration

As a condition of employment, fixed remuneration of Senior Managers is reviewed in line with market trends annually effective 1 July and is based on a performance assessment of each Senior Manager. Variations are also occasionally made at other times of the year in response to market and job scope adjustments. In approving increases to the fixed remuneration of Senior Managers, the Board considers economic conditions, energy sector employment market, market benchmarks, the movement in the superannuation guarantee rate and outcomes of performance assessments.

Annual short term incentive payments

Annual Short Term Incentive Payments are made to eligible Senior Managers based on assessed performance against agreed measures and targets aligned to Essential Energy's Corporate Plan and Statement of Corporate Intent (SCI). Payment is contingent on achieving minimum quantitative threshold organisational Key Result Areas, assessment of individual leadership performance and the delivery of Priority Actions.

The Board reviews the performance assessments and approves all annual performance payments for the CEO and ELT. The remaining Senior Managers are reviewed by either the CEO or relevant Executive. All payments are subject to Board discretion, with payment outcomes approved in consideration of organisational and individual performance.

TABLE 5. Senior managers by band (gender and average remuneration)

	GENDER 30 JUNE 2024		GENDER 30 JUNE 2025		AVERAGE REMUNERATION 30 JUNE 2024	AVERAGE REMUNERATION 30 JUNE 2025
Band	**F**	**M**	**F**	**M**		
Above Band 4	3	5	3	6	$809,744	$899,917
Band 4	–	1	–	2	$569,617	$547,264
Band 3	5	12	7	14	$410,770	$417,719
Band 2	14	43	19	60	$312,834	$316,549
Band 1	72	201	96	229	$233,629	$235,805
Totals	**94**	**262**	**125**	**311**		

Remuneration percentages

From 1 July 2024, Senior Manager fixed remuneration was increased overall by 5.0%. The fixed annual remuneration review is completed in consideration of equal pay. Total remuneration for Senior Managers, including Short Term Incentive payments, accounted for 16.4% of Essential Energy's employee-related expenditure in 2024–25, compared with 15.1% in 2023–24.

Risk management and compliance

Code of conduct

Essential Energy's Code of Conduct sets out the corporate values and behaviours expected of employees. Supporting the Code is the Statement of Business Ethics, which sets out the business principles for Essential Energy's dealings with suppliers.

Both documents are available online at Essential Energy's website.

Continued communications via internal publications provide employees with an understanding of ethical behaviour, their obligations and rights in reporting behaviour that is not in keeping with Essential Energy's Code of Conduct, and of the protections available to them if their report is assessed to be a Public Interest Disclosure pursuant to the *Public Interest Disclosures Act 2022* (NSW) (PID Act). This encourages a positive reporting culture and a workforce that is well educated on behavioural and ethical expectations.

Summary of 'If Not, Why Not' reporting

The NSW Treasury Commercial Policy Framework: Guidelines for Governing Boards of Government Businesses TPP17-10 includes recommendations for corporate governance, and a requirement for 'if not, why not' reporting where these recommendations have not been adopted. Essential Energy reviews its practices regularly and has adopted all recommendations.

Risk management

Essential Energy's Risk Management Framework is designed to meet stakeholder expectations for a safe, affordable and reliable electricity supply.

Essential Energy's risk management principles are designed to:

- provide a healthy and safe environment for employees and for the public
- promote a culture which empowers employees to effectively manage safety risks
- provide affordable and reliable electricity to customers through continuous improvement in operations, prioritising allocation of resources to activities that deliver the greatest value
- manage reliability risks through planning
- empower employees to achieve organisational objectives and to attract, retain and develop qualified and commercially capable people
- manage operations and partner with stakeholders to protect and enhance the environment
- develop objectives and plans in response to opportunities and risks in the environment
- embed appropriate governance and monitoring to support the delivery of benefits from initiatives and change programs
- comply with obligations and ensure timely and appropriate action plans are in place to support known regulatory changes or in response to actual or potential compliance and regulatory issues
- proactively engage with stakeholders including customers, the community, suppliers, government and regulators
- ensure the business' priorities appropriately balance stakeholder expectations and concerns
- maintain appropriate controls and reporting to support sound financial management and stewardship of resources and satisfactory returns for shareholders.

TABLE 6. Business risk categories

Safety	Fatality/serious injury of employee or member of public
Network	Significant customer impact related to network reliability
Customer	Significant customer impact related to other customer service targets
Finance	Significant unbudgeted financial loss
Compliance	Liability associated with a dispute or material breach of legislation or licence
Reputation	Sustained public criticism of Essential Energy
Environment	Significant environmental incident
People	Failure to deliver performance due to lack of key employees or skills
Strategy	Strategic objectives are not delivered, and business opportunities are lost
ICT	Significant information, communication or technology system failure

Essential Energy's risk management practices are aligned to the NSW Treasury's Risk Management Toolkit for NSW Public Sector Agencies, the Audit Office of NSW Governance Lighthouse Model and AS/NZS ISO 31000:2009 – Risk Management – Principles and Guidelines.

Incident management and business resilience

Essential Energy is committed to identifying, assessing and managing risks to continuity of supply and business functions during incidents.

Essential Energy's Business Resilience Framework (BRF) is aligned to ISO 22313 – Societal security – Business continuity management systems and encompasses business continuity, incident management, and ICT disaster recovery. Collectively, these activities are key controls in relation to incident response as part of Essential Energy's risk management framework and are supported by awareness of relevant plans, scheduled tests and exercises, and periodic updates to plans for improvements identified from incidents and exercises.

Insurance

Essential Energy reviews the adequacy of insurance policy coverage and limits annually, as a key control for the 'Finance' business risk category. Risks are insured through either the commercial insurance market or Insurance and Care NSW where appropriate. Management processes are in place to ensure effective governance of claims.

Compliance

Essential Energy's Compliance Management Plan (CMP) is aligned to the International Standard ISO 37301:2021 Compliance Management Systems – Guidelines, as well as the Audit Office of NSW Governance Lighthouse Strategic Early Warning System, and is a key control for the business risk category 'Compliance'. The CMP documents Essential Energy's approach to compliance management and the minimisation of the risk of non-compliance.

Fraud and corruption management

The Essential Energy Fraud and Corruption Control System (FCCS) is a key control for business risk categories – including Finance, Compliance and Reputation – and sets out the key initiatives for risk-based fraud and corruption control activities at Essential Energy. The FCCS applies to all employees and any other person undertaking work in the Company.

Public interest disclosures

Essential Energy is committed to the values, standards and principles outlined in its Code of Conduct, including whistleblowing protections available to individuals who report wrongdoing. In compliance with the PID Act, Essential Energy has a whistleblowing policy for receiving, assessing and investigating reports of misconduct or Public Interest Disclosures (PIDs).

Privacy and personal information protection compliance

Essential Energy is regulated by the *Privacy Act 1988* (Cth). The *Privacy and Personal Information Protection Act 1998* (NSW) does not apply to Essential Energy.

Internal audit

The Board and ELT are committed to ensuring the independence and effectiveness of the internal audit function.

Internal audits increase management's understanding of, and confidence in, Essential Energy's ability to achieve its objectives by adopting a risk-based approach to evaluating controls and improving processes.

During the year, Essential Energy completed 10 internal audits across the organisation, with suitable actions implemented to address key issues identified. Essential Energy's Internal Audit function undertakes yearly quality reviews in accordance with the function's quality assurance and improvement program, generally confirming conformance to the requirements of the International Professional Practices Framework and the accompanying Standards.

The Audit Committee reviews and approves the outcomes of internal audit activity.

External audit

The NSW Auditor-General provides independent external audit services through the NSW Audit Office.

The Auditor-General does not provide other services to Essential Energy.

The Audit Committee reviews the NSW Audit Office Annual Engagement Plan, issues raised in the Engagement Closing Report and Management Letter, and the results of the annual audit of financial statements.

Financial performance



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Summary of financial performance

During the reporting period, Essential Energy generated $699.2 million in operating earnings before interest, tax, depreciation and amortisation. While this is a solid result, it was $157.1 million below the target set in our Statement of Corporate Intent.

This outcome was mainly due to lower revenue from customer projects and gifted assets (down by $50.1 million), and higher labour costs, following wage increases agreed through the Enterprise Agreement process.

After accounting for all expenses and taxes, the Company recorded a net loss of $95.8 million, which was $80.6 million more than expected, largely driven by the lower operating earnings.

Essential Energy remains focused on delivering stable returns for stakeholders, while providing safe, reliable energy to our communities and continuing to invest in the network.

Finance report

TABLE 7. KEY FINANCIAL MEASURES

	2024–25 result	2023–24 result	2024–25 SCI[1]	Variation to prior year – Fav/(Unfav)	Variation to SCI – Fav/(Unfav)
Revenue ($M)	1,906.0	1,793.7	1,918.5	112.3	(12.5)
Operating Expenditure ($M)	(1,206.8)	(985.2)	(1,062.2)	(221.6)	(144.6)
Earnings before interest, tax, depreciation and amortisation (EBITDA) ($M)	699.2	808.5	856.3	(109.3)	(157.1)
Earnings before interest and tax (EBIT) ($M)	202.0	271.9	336.2	(69.9)	(134.2)
Operating loss before tax ($M)	(136.7)	(59.6)	(21.7)	(77.1)	(115.0)
Operating loss after tax ($M)	(95.8)	(46.2)	(15.2)	(49.6)	(80.6)
Total Government Distributions (dividend + current tax paid (received) + government guarantee fee on accrual basis) ($M)	109.5	117.0	103.4	(7.5)	6.1
Return on capital employed (%)[2]	2.0%	2.7%	3.2%	(0.7%)	(1.2%)
Return on assets (%)[2]	1.7%	2.4%	2.9%	(0.7%)	(1.2%)
Return on equity (%)[2]	(2.7%)	(1.3%)	(0.4%)	(1.4%)	(2.3%)
Capital Expenditure ($M)[3]	782.3	691.8	839.5	90.5	(57.2)
Gearing (%)	66.5%	65.2%	66.0%	1.3%	0.5%

1. SCI – Statement of Corporate Intent.
2. Return ratios include customer contributions (including gifted assets).
3. Capital Expenditure excludes gifted assets.

Performance against prior year

The operating loss after tax for the year was $95.8 million, compared to a $46.2 million loss in 2023–24. The increased operating loss was primarily a result of:

- Higher operating expenditure of $221.6 million, including higher employee costs, increased NSW Electricity Infrastructure Roadmap Contributions and higher transmission network costs. Loss on disposal of property, plant and equipment was also higher at $59.0 million (2023–24: $20.2 million), due to the retirement of system assets identified as no longer in service.
- This was partly offset by higher revenue of $112.3 million, including increased network revenue of $112.9 million, due to tariff increases, higher consumption and an increase in pass through revenue for transmission services and the NSW Electricity Infrastructure Roadmap Contributions.
- Depreciation, amortisation and impairment costs decreased by $39.4 million, as the prior year included higher impairments of the Public Lighting assets.

The decrease in EBITDA of $109.3 million from the prior year was mainly a result of the higher operating expenditure noted above.

Capital expenditure was $90.5 million higher than the prior year mainly reflecting an increase in major connections works and a higher level of fleet replacement expenditure as well as higher labour costs following Enterprise Agreement wage and allowance increases.

Finance report (continued)

Borrowings

Total borrowings increased by $233.8 million over the year (including capitalised indexation and movements in deferred interest, premiums and discounts) to fund the planned capital expenditure program. The gearing ratio, calculated as net debt divided by debt plus equity at year end, increased from 65.2% to 66.5% due to the high capital investment in the year. The debt strategy is to achieve a 10-year trailing average portfolio aligned to the Australian Energy Regulator's allowances. This results in approximately 90% of debt being non-current.

Shareholder return

Return on capital employed, return on assets, and return on equity all decreased compared to the 2023–24 returns due to the decrease in profitability for the year.

Essential Energy's distributions to the NSW Government for 2024-25 decreased to $109.5 million compared to $117.0 million in 2023–24, due to lower tax paid and lower government guarantee fee.

Distributions consisted of a government guarantee fee on debt of $105.5 million partly offset by current tax paid of $4.0 million, (excludes tax refunds relating to prior period (2020 to 2023) amended income tax returns of $112.2 million). No dividend was paid or provided for in 2024–25.

Performance against Statement of Corporate Intent

Essential Energy is required by legislation to submit a Statement of Corporate Intent (SCI) to the shareholders.

The SCI encompasses the budget and represents the performance agreement between Essential Energy and its shareholders, outlining its objectives and defining its obligations to shareholders.

A key focus for Essential Energy is on achieving best practice levels of efficiency to deliver real and sustainable reductions in network charges and achieving a satisfactory return on capital employed.

The loss after tax of $95.8 million against a budgeted loss of $15.2 million was a result of:

- Unfavourable revenue of $12.5 million, mainly due to lower gifted and customer contributed assets, driven by lower volumes of assets commissioned in the period, as well as lower customer contributions revenue due to delays in a number of projects.
- Unfavourable operating expenses of $144.6 million, mainly due to higher employee costs and increased pass through costs.
- A decrease in depreciation, amortisation and impairment of $22.9 million due to lower Water and Public Lighting asset impairments.
- Favourable finance costs of $19.1 million and lower income tax of $34.3 million.

Capital expenditure was $57.2 million lower than budget mainly due to delays in customer capital projects and water projects.

Investment and Liability Management Performance

Essential Energy does not have surplus funds invested.

FIGURE 8. TOTAL REVENUE ($M)

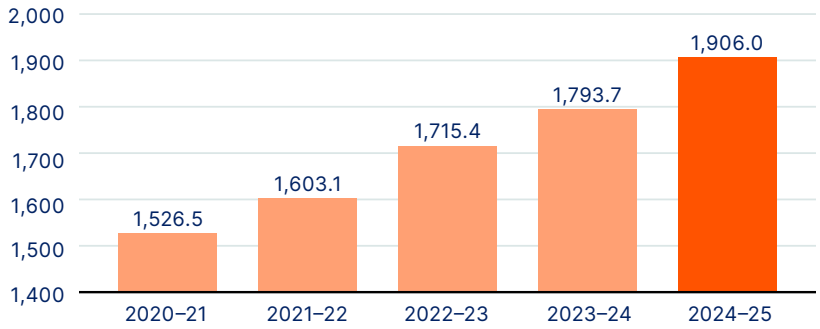


FIGURE 9: EBITDA ($M)

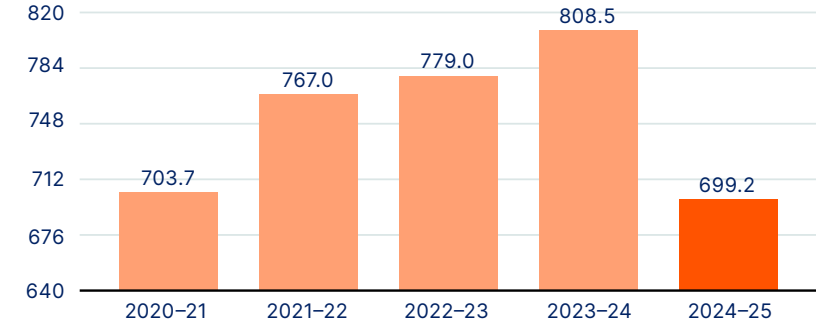
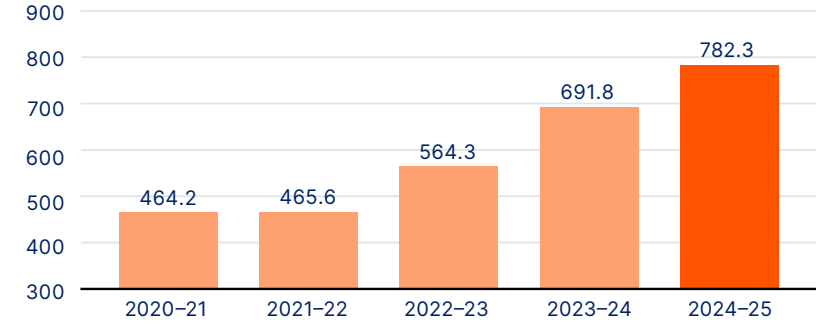


FIGURE 10: CAPEX ($M)



Independent Auditor's report

INDEPENDENT AUDITOR'S REPORT

Essential Energy

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Essential Energy (the Corporation), which comprise the Statement by Directors, the Statement of Comprehensive Income for the year ended 30 June 2025, the Statement of Financial Position as at 30 June 2025, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, and notes to the financial statements, including Material Accounting Policies and Significant Changes, and other explanatory information of the Corporation and the consolidated entity. The consolidated entity comprises the Corporation and the entity it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the Government Sector Finance Regulation 2024 (GSF Regulation) and the Treasurer's Directions
- presents fairly the financial position, financial performance and cash flows of the Corporation and the consolidated entity.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Corporation and the consolidated entity in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements for the year ended 30 June 2025. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters. I have determined the matters described below to be the key audit matters to be communicated in my report.

Key Audit Matter	How my audit addressed the matter
Fair value of distribution network assets	
The Corporation reported $10.5 billion in system assets, $100.6 million in easements and $329.6 million in land and buildings (collectively 'distribution network assets') at 30 June 2025. Distribution network assets are highly specialised and accounted for 97 per cent of the total property, plant and equipment and intangible assets balance. These assets are measured at fair value, which is determined by applying the income approach valuation technique. This valuation technique is based on a discounted cash flow (DCF) model, which is re-assessed at each reporting date. We consider this to be a key audit issue because: • the DCF model is complex and involves significant judgements and assumptions • changes in assumptions, such as the discount rate, the terminal Regulated Asset Base multiple and forecast cash flows, can significantly affect the fair value.	Key audit procedures included: • obtaining an understanding of management's approach to estimating the fair value of distribution network assets • assessing the competence and objectivity of the valuation expert engaged by the Corporation to perform a comprehensive review of the valuation • assessing the: – appropriateness of the valuation methodology, the DCF model and key assumptions and inputs used in the valuation – the reasonableness of the key assumptions and sensitivity of the valuation to changes in these assumptions • reviewing the model's mathematical accuracy • assessing the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards.
Accrued revenue from unread meters	
The Corporation's recorded accrued revenue from unread meters of $196.8 million at 30 June 2025. Network use of system revenue is recognised when electricity is used by customers. Electricity usage is billed on the basis of periodic meter readings. At year end, customers may have electricity usage which will not have been subject to a meter read. The Corporation uses a model to estimate the revenue accrual for unread meters. We consider this to be a key audit matter because the model used to estimate the revenue accrual is complex and there are significant judgements and uncertainty involved in calculating this accrual, such as: • the amount of electricity loss in transit between the distribution network and customers (Distribution Loss Factors (DLF)) • sensitivity of accrued revenue to minor movements in DLF • different rates and types of revenue charges for residential and commercial customers • some inputs including energy consumption are based on historical data trends.	Key audit procedures included: • obtaining an understanding of management's approach and key controls to estimate the revenue accrual • assessing the reasonableness of key assumptions on energy consumption, charges and DLF to determine the unbilled network usage charges • assessing the historical accuracy of the estimate against subsequent actual billings • assessing the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards.

Independent Auditor's report (continued)

Other Information

The Corporation's annual report for the year ended 30 June 2025 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Directors of the Corporation are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received includes the Corporation's climate-related financial disclosures within the Corporation's annual report as part of the Sustainability chapter.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

Directors Responsibilities for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and Treasurer's Directions and the *State Owned Corporations Act 1989*. The Directors responsibility also includes such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the ability of the Corporation and the consolidated entity Corporation to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar6.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Corporation carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Bradley Medina
Assistant Auditor-General, Financial Audit

Delegate of the Auditor-General for New South Wales

16 September 2025
SYDNEY

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2025 $M	2024 $M
Profit or loss			
Network revenue from contracts with customers	2(a)	**1,582.6**	1,469.7
Other revenue from contracts with customers	2(b)	**293.4**	296.3
Total revenue from contracts with customers		**1,876.0**	1,766.0
Other revenue	2(c)	**30.0**	27.7
Total revenue		**1,906.0**	1,793.7
Pass through costs	3(a)	**(424.1)**	(312.9)
Operating expenses	3(b)	**(723.7)**	(652.1)
Loss on disposal or write-off of non-financial assets	3(c)	**(59.0)**	(20.2)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)		**699.2**	808.5
Depreciation, amortisation and impairment	3(d)	**(497.2)**	(536.6)
Earnings before interest and taxation (EBIT)		**202.0**	271.9
Net finance costs	3(e)	**(338.7)**	(331.5)
Loss before income tax		**(136.7)**	(59.6)
Income tax benefit	4(a)	**40.9**	13.4
Loss for the year		**(95.8)**	(46.2)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement gains (losses) on defined benefit superannuation plans	21(f)	**2.3**	(8.9)
Revaluation of assets	7 & 8	**–**	–
Income tax (expense)/benefit relating to these items	4(b)	**(0.7)**	2.7
Total other comprehensive income for the year		**1.6**	(6.2)
Total comprehensive income for the year		**(94.2)**	(52.4)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2025

	Notes	2025 $M	2024 $M
Assets			
Current assets			
Cash and cash equivalents	5	**12.0**	3.3
Receivables	6	**296.3**	263.2
Inventories		**93.6**	84.2
Income tax receivable		**12.7**	–
Total current assets		**414.6**	350.7
Non-current assets			
Receivables		**3.8**	0.3
Property, plant and equipment	7	**11,189.0**	10,856.4
Intangible assets	8	**162.3**	176.0
Right-of-use assets	19	**30.8**	32.0
Other non-current assets		**0.3**	0.2
Total non-current assets		**11,386.2**	11,064.9
Total Assets		**11,800.8**	11,415.6
Liabilities			
Current liabilities			
Payables	9	**353.1**	305.0
Contract liabilities	10	**19.0**	47.0
Interest bearing liabilities	11	**671.2**	615.1
Current tax liabilities		**–**	14.4
Provisions	12	**268.1**	218.4
Total current liabilities		**1,311.4**	1,199.9

Consolidated Statement of Financial Position continued

	Notes	2025 $M	2024 $M
Non-current liabilities			
Contract liabilities	10	**134.2**	41.0
Interest bearing liabilities	11	**6,201.3**	6,023.6
Deferred tax liabilities	4(c)	**662.3**	567.2
Provisions	12	**41.9**	40.0
Total non-current liabilities		**7,039.7**	6,671.8
Total Liabilities		**8,351.1**	7,871.7
Net Assets		**3,449.7**	3,543.9
Equity			
Contributed equity		**130.5**	130.5
Reserves		**2,319.1**	2,340.7
Retained earnings		**1,000.1**	1,072.7
Total Equity		**3,449.7**	3,543.9

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2025

	Contributed Equity $M	Asset Revaluation Reserve $M	Hedge Revaluation Reserve $M	Retained Earnings $M	Total Equity $M
Balance at 1 July 2024	**130.5**	**2,340.7**	**–**	**1,072.7**	**3,543.9**
Loss for the year	–	–	–	(95.8)	(95.8)
Other comprehensive income					
Actuarial gains on remeasurement of superannuation defined benefits net of tax	–	–	–	1.6	1.6
Reclassification on disposal of assets net of tax	–	(21.6)	–	21.6	–
Total comprehensive income	**–**	**(21.6)**	**–**	**(72.6)**	**(94.2)**
Balance at 30 June 2025	**130.5**	**2,319.1**	**–**	**1,000.1**	**3,449.7**
Balance at 1 July 2023	**130.5**	**2,341.6**	**–**	**1,124.2**	**3,596.3**
Loss for the year	**–**	**–**	**–**	**(46.2)**	**(46.2)**
Other comprehensive income					
Actuarial losses on remeasurement of superannuation defined benefits net of tax	**–**	**–**	**–**	**(6.2)**	**(6.2)**
Reclassification on disposal of assets net of tax	**–**	**(0.9)**	**–**	**0.9**	**–**
Total comprehensive income	**–**	**(0.9)**	**–**	**(51.5)**	**(52.4)**
Balance at 30 June 2024	**130.5**	**2,340.7**	**–**	**1,072.7**	**3,543.9**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2025 $M	2024 $M
Cash flows from operating activities			
Receipts from customers		**1,827.5**	1,839.0
Payments to suppliers and employees		**(1,061.1)**	(1,125.2)
Net interest paid		**(266.2)**	(275.6)
Income tax refund received/(tax paid)		**108.2**	(9.6)
Net cash inflow from operating activities	20	**608.4**	428.6
Cash flows from investing activities			
Payments for property, plant and equipment and intangible assets		**(761.3)**	(678.3)
Proceeds from sale of property, plant and equipment		**6.1**	8.8
Net cash outflow from investing activities		**(755.2)**	(669.5)
Cash flows from financing activities			
Proceeds from borrowings		**162.5**	248.0
Payment of principal portion of lease liabilities		**(7.0)**	(6.3)
Net cash inflow from financing activities	11	**155.5**	241.7
Net increase in cash and cash equivalents		**8.7**	0.8
Cash and cash equivalents at the beginning of the year		**3.3**	2.5
Cash and cash equivalents at the end of the year	5	**12.0**	3.3

The accompanying notes form part of these financial statements.

Notes to the consolidated financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

1. Reporting Entity, Basis of Preparation, Material Accounting Policies and Significant Changes

Reporting Entity

Essential Energy (the Corporation) is a New South Wales (NSW) statutory State-owned corporation incorporated under the *State-Owned Corporations Act 1989*. The Corporation is controlled by the State of NSW, which is the ultimate parent. Accordingly, the Corporation's financial statements form part of the consolidated NSW Total State Sector Accounts.

The Corporation is classified as a for-profit entity for the purposes of the application of Australian Accounting Standards and after consideration of all factors contained in NSW Treasury Policy TPP21-7 *Distinguishing For-Profit from Not-For-Profit Entities*. The Corporation's principal activities involve the distribution of electricity, mainly in regional NSW and delivery of water services within Far West NSW.

The Corporation as a reporting entity, comprises the controlled entity, Intium Pty Limited, which is wholly owned by the Corporation and incorporated in Australia. In the process of preparing the consolidated financial statements for the economic entity, consisting of the controlling and controlled entity, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies. No separate disclosures of parent entity balances are required as transactions for Intium Pty Limited are not material for both financial years.

Basis of Preparation

The consolidated financial statements comprise a general purpose financial report which has been prepared in accordance with Australian Accounting Standards Board standards (AASBs) (including the Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board, the requirements of the *Government Sector Finance Act 2018*, the *Government Sector Finance Regulation 2024*, and the Treasurer's directions issued under the *Government Sector Finance Act 2018*. The consolidated financial statements also comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board.

Items of property, plant and equipment and intangible assets are stated at their fair value. Other financial statement items are prepared on a historical cost basis except where specified otherwise.

Unless otherwise indicated, the accounting policies set out below have been applied consistently to all periods presented in the financial statements.

When the presentation or classification of items in the financial statements is amended in respect of changes in the current year, the comparative amounts are reclassified to enhance comparability unless the reclassification is impracticable.

The financial statements are presented in Australian dollars which is the Corporation's presentation and functional currency. The amounts shown in the financial statements have been rounded to the nearest tenth of a million dollars, unless otherwise stated. Foreign currency transactions are converted to Australian currency at the exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted to Australian currency at the exchange rates at the end of the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items measured at fair value in a foreign currency are translated to Australian currency using the exchange rates at the date when the fair value is determined.

Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of AASBs that have significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed in the respective notes.

Climate-Related Matters

The Corporation is committed to supporting the transition to a net zero economy and managing the impacts of climate change. Climate change and its associated transition path to net zero presents the Corporation with a unique portfolio of risks and opportunities. The Corporation's approach to managing the risks and opportunities associated with climate-related matters will be detailed in the Corporation's Climate-related Financial Disclosure.

In preparing the financial report, the key judgements and estimates consider the range of economic conditions that are forecast to exist over the remaining useful lives of assets, including expectations about future operations, the current outlook for commodity prices, discount rates, capital expenditure requirements and market supply and demand profiles. Even though climate-related risks might not currently have a significant impact on measurement, the Corporation is closely monitoring relevant changes and developments. The items and considerations that are most directly impacted by climate-related matters are:

- Property, plant and equipment – useful lives. When reviewing the expected useful lives of assets, the Corporation considers climate-related matters, e.g. restriction on use of assets or requiring significant capital or maintenance works (Note 7(v))
- Fair value and impairment of non-financial assets. Increased expenditure to adhere more stringent or new climate-related requirements as well as increased revenues due to forecast opportunities are included in the cash flow forecasts used to assess fair values and impairments of assets. (Note 7(ii), (iii) and (iv)).

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the average purchase price of each item.

Share Capital

The Corporation is incorporated under the *State-Owned Corporations Act 1989* with issued capital of two fully paid $1 ordinary shares.

Current shareholders are the Treasurer and the Minister for Finance, Natural Resources, Domestic Manufacturing and Government Procurement on behalf of the NSW Government. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Corporation. The $2 share capital is included in Contributed Equity in the Statement of Financial Position.

Other Accounting Policies

Material accounting policies that summarise the recognition and measurement basis used and are relevant to an understanding of material information in the financial statements are provided throughout the notes to the financial statements.

New and Revised Accounting Standards and Australian Accounting Interpretations

No new accounting standards and interpretations apply for the first time in the 2025 financial year. One new accounting standard amendment applies: AASB 2022-6 *Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants* amends AASB 101 *Presentation of Financial Statements* to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least 12 months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. The Corporation does not hold any non-current liabilities that have covenants attached.

AASB 18 *Presentation and Disclosure in Financial Statements* is applicable for annual reporting periods beginning on or after 1 January 2027. This standard replaces **AASB 101** *Presentation of Financial Statements* and sets out the requirements for the structure of the financial statements, including the application of fundamental concepts such as materiality. Management performance measures are also required to be disclosed. The presentation of the Corporation's primary statements will be changed along with some additional disclosures, however there will be no effect on the reported position or performance.

Notes to the consolidated financial statements continued

2. Revenue

	Notes	2025 $M	2024 $M
Revenue from contracts with customers			
(a) Network revenue from contracts with customers			
Electricity distribution		**1,555.7**	1,445.3
Water and sewerage treatment services		**26.9**	24.4
		1,582.6	1,469.7
(b) Other revenue from contracts with customers			
Ancillary Services		**45.6**	45.2
Metering Services		**54.3**	30.1
Public Lighting		**12.1**	13.3
Gifted assets		**114.9**	173.9
Customer contributions		**37.3**	11.0
Recognition of prepaid capital contributions	10	**0.1**	0.5
Recoverable capital works		**14.2**	6.5
Other revenue		**14.9**	15.8
		293.4	296.3
Total revenue from contracts with customers		**1,876.0**	1,766.0
(c) Other revenue			
Government grants and subsidies		**25.4**	24.3
Lease revenue		**4.6**	3.4
		30.0	27.7

Notes to the consolidated financial statements continued

Recognition and Measurement

Revenue from contracts with customers is recognised when control of the goods and services is transferred to the customer at an amount that the Corporation expects to be entitled in exchange for those goods or services. The Corporation has concluded that it is the principal in its revenue arrangements. Revenue is measured with reference to the fair value of the consideration received or receivable. There are no material incremental costs of obtaining contracts in any of the arrangements. The Corporation does not adjust the consideration for the effects of a financing component as it receives payment at or shortly after the point of sale. Revenue is recognised for the major business activities as follows:

(i) Electricity Distribution, Ancillary Services, Metering, Public Lighting and Water and Sewerage Treatment ('Water') Revenue

The Corporation derives Electricity Distribution, Ancillary Services, Metering, Public Lighting and Water revenue from the provision of electricity distribution and provision of public lighting, meter reading and servicing, water and other network-related services. Tariffs are set by regulators and generally include a fixed component and an amount based on the amount of electricity or water used by the customer. The performance obligation in these arrangements is satisfied over time because the customer simultaneously receives and consumes the benefits as the Corporation provides the service. Sales revenue is recorded based on the regulatory approved tariff and volumes distributed.

Unbilled electricity distribution and water revenue (unread meters) is estimated based on the historical consumption of customers and prices per customer class. The key assumption applied in calculating the unread meters revenue accrual for electricity is the Distribution Loss Factors (DLF). The DLF is an estimation of energy lost between the Transmission network connection points and the end customer or end use meter.

The determination of inputs used is based on historical trends and revenue accrued is materially sensitive to minor movements in DLF. An increase in half of one percentage point in the DLF will result in a change in accrued revenue of $6.8 million (2024: $6.2 million).

The Corporation is subject to a regulatory revenue cap and recovery of certain pass-through costs. No liability or asset is recognised for any adjustment that may be made to future prices to reflect any excess or shortfall in revenue as such an adjustment relates to the provision of future services. The following charges within electricity distribution revenue are subject to a revenue cap or a pass-through restriction which may result in an adjustment to future prices:

- Distribution Use of System Revenue: This is subject to the revenue cap pricing framework or Maximum Allowed Revenue the Corporation can charge for services as determined by the Australian Energy Regulator (AER) for each year of a determination period.
- Transmission Use of System Revenue: This relates to transmission charges, which are passed through to customers in relation to actual transmission costs paid to transmission network service providers and embedded generators.
- Climate Change Fund and NSW Electricity Infrastructure Roadmap Revenue: This relates to charges levied in relation to the Corporation's contribution to the Climate Change Fund and the Electricity Infrastructure Fund (Scheme Financial Vehicle Pty Ltd), which operates as a pass-through cost to customers based on the actual contributions paid to the NSW Department of Climate Change, Energy, the Environment and Water and the Electricity Infrastructure Fund.

(ii) Gifted Assets and Customer Contributions

The Corporation receives cash and non-cash contributions from customers and developers, mainly towards the capital cost of network connections and public lighting.

The performance obligation in these arrangements is satisfied at a point in time, being at the time the customer is connected to the network or the Corporation takes control of the asset. Cash capital contributions ('Customer Contributions') are initially recorded as liabilities. Once the network asset is completed or modified and connected to the network as outlined in the terms of the contract, the contribution amount is transferred to revenue.

Contributions of non-current assets are recognised as gifted asset revenue and an asset when the Corporation gains control of the asset. The fair value of contributed assets is recognised as property, plant and equipment at the date at which control is gained and the assets are ready for use.

(iii) Other Revenue from Contracts with Customers

The Corporation provides other services such as connection services and unregulated meter services. The revenue for one-off services is recognised at a point in time and the revenue for on-going services is recognised over time as the services are performed. Assessment of whether a contract meets the criteria for recognition at a point in time or over time is performed at contract inception. The Corporation also sells inventory items and scrap and recovers the cost of certain works from customers. These are recognised at a point in time once the items have been delivered or the construction work is complete.

(iv) Other Revenue

Government Grant Revenue

Government grants represent assistance by NSW Government and NSW Government agencies in cash and cash equivalents or non-cash resources in return for past or future compliance with certain conditions. Where government grants are received in advance, they are initially recognised in the Statement of Financial Position as deferred revenue and are subsequently recognised as revenue when the Corporation complies with the conditions attaching to them, in accordance with AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*.

Grants that compensate the Corporation for the cost of an asset or revenue foregone are recognised in profit or loss as revenue on a systematic basis over the useful life of the asset.

Grants that compensate the Corporation for expenses incurred are recognised as revenue in profit or loss in the same period in which the expenses are incurred.

Non-cash resources are recognised at their fair value.

Revenue grants of $24.5 million (2024: $23.5 million) have been received from NSW Treasury which administers the Restart NSW Fund. The grant is for the bulk water supply charge being levied by Water NSW associated with a pipeline from Wentworth to Broken Hill which is not recovered through water tariffs.

Notes to the consolidated financial statements continued

3. Expenses

	Notes	2025 $M	2024 $M
(a) Pass through costs			
Transmission Use of System		**296.1**	225.2
Climate Change Fund contributions		**61.3**	59.9
NSW Electricity Infrastructure Roadmap contributions		**66.7**	27.8
Total pass through costs		**424.1**	312.9
(b) Operating expenses			
Employee benefits[1]			
Defined contribution superannuation		**70.2**	57.1
Defined benefit superannuation		**1.3**	0.9
Other employee benefits		**327.8**	272.3
Other costs of distribution of energy and other services		**323.1**	320.7
Debt write-offs and expected credit losses on receivables		**1.3**	1.1
Total operating expenses		**723.7**	652.1
(c) Loss on disposal or write-off of non-financial assets			
Loss on disposal of property, plant and equipment		**59.1**	19.9
(Gains)/losses on modification of leases[2]		**(0.1)**	0.3
Total loss on disposal or write-off of non-financial assets		**59.0**	20.2
(d) Depreciation, amortisation and impairment			
Depreciation of property, plant and equipment	7	**481.0**	474.0
Depreciation of right-of-use assets	19	**5.5**	5.0
Plant and equipment depreciation capitalised[3]		**(20.4)**	(20.3)
Depreciation expense		**466.1**	458.7
Amortisation of intangible assets	8	**16.3**	17.9
Impairment losses[4]	7	**14.8**	60.0
Total depreciation, amortisation and impairment		**497.2**	536.6

1. Employee benefits expense excludes $333.3 million (2024: $254.7 million) capitalised as part of property, plant and equipment and intangible assets.
2. The expense reflects gains or losses arising from amendment of lease terms and expected option periods.
3. The depreciation of heavy vehicles and the related plant and equipment used in the construction and maintenance of the electricity network is allocated to cost of construction and maintenance projects through a plant use allocation and where the project is capital in nature the depreciation is capitalised as part of the constructed network assets.
4. The expense reflects the impairment of water and public lighting assets.

Recognition and Measurement

(i) Cloud Computing Arrangements

Cloud computing arrangements are service contracts providing the Corporation with the right to access the cloud provider's application software over the contract period. A right to receive future access to the supplier's software does not give the customer control of the software and the power to obtain the future economic benefits flowing from the software itself and to restrict others' access to those benefits. Therefore, the Corporation does not recognise such software as an intangible asset.

Fees for use of application software and customisation costs are recognised as an operating expense over the term of the service contract. Costs incurred on configuration, data conversion and migration, testing and training are recognised as an operating expense as the service is recognised.

Costs incurred for the development of software code that enhances or modifies, or creates additional capability to, existing on-premises systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets. Refer to Note 8.

The individual circumstances of the arrangement are considered with the primary test being whether the Corporation has control of the software or whether a controlled asset is created from an activity connected with the software. Consideration is given to whether the related costs are separately identifiable and whether the integration software would be migratable to an alternative cloud system.

(ii) Depreciation, Amortisation, and Impairment

Refer to Notes 7, 8 and 19 for recognition and measurement policies on depreciation, amortisation and impairment.

	2025 $M	2024 $M
(e) Net Finance Costs		
Interest Income	**2.8**	–
Total Interest Income	**2.8**	–
Interest and finance charges paid or payable on loans	**233.3**	221.9
NSW Government competitive neutrality fee (Note 16(d))	**105.5**	107.4
Interest expense from lease liabilities (Note 19)	**1.8**	1.6
Unwinding of discount on provisions (Note 12)	**0.9**	0.6
Total Finance Costs	**341.5**	331.5
Net Finance Costs	**338.7**	331.5

Notes to the consolidated financial statements continued

Recognition and Measurement

Finance costs are recognised as expenses in profit or loss in the period in which they are incurred.

Interest and finance costs paid and payable on loans include:

- Interest expenses calculated using the effective interest method as described in AASB 9, for example, interest on overdrafts and short-term and long-term borrowings, including amounts paid or received on interest rate swaps, amortisation of discounts or premiums relating to borrowings and indexation adjustments on CPI indexed bonds.
- Amortisation of ancillary costs incurred in connection with the arrangement of borrowings.
- A government loan guarantee fee assessed by NSW Treasury.
- Discount expense applied to provisions and amortised assets.

The amount excludes finance costs relating to qualifying assets, in which case they are capitalised as part of the cost of those assets in accordance with AASB 123 *Borrowing Costs*. Qualifying assets are assets that take a substantial time to get ready for their intended use. The Corporation considers this to be 12 months or more.

Capitalisation of borrowing costs is undertaken where a direct relationship can be established between the borrowings and the relevant projects giving rise to qualifying assets. These are typically those projects where the expected total project expenditure is approximately $10 million or greater. Borrowing costs of $0.2 million were capitalised during the year (2024: $nil).

	2025 $M	2024 $M
(f) Maintenance expenses (included in (b) above)		
Employee benefits expense	**339.4**	293.5
Contracted labour and other (non-employee related) expenses	**265.7**	245.7
Total maintenance expenses (included in (b) above)	**605.1**	539.2

Notes to the consolidated financial statements continued

4. Income Tax

	2025 $M	2024 $M
(a) Income tax recognised in profit or loss		
Current tax (benefit)/expense		
Current year	**(2.7)**	28.2
Adjustments for prior years[1]	**–**	1.5
	(2.7)	29.7
Deferred tax expense/(credit)		
Origination and reversal of temporary differences	**(38.2)**	(46.0)
Adjustments for prior years[1]	**–**	2.9
	(38.2)	(43.1)
Total income tax expense in profit or loss	**(40.9)**	(13.4)
Numerical reconciliation between tax expense and pre-tax net profit		
Loss before tax	**(136.7)**	(59.6)
Income tax at the statutory tax rate of 30% (2024: 30%)	**(41.0)**	(17.9)
Increase in income tax expense due to:		
Over provided in previous years	**–**	4.4
Non-deductible expenses	**0.1**	0.1
Income tax benefit on pre-tax net profit	**(40.9)**	(13.4)
(b) Income tax recognised in other comprehensive income		
Items not to be reclassified subsequently to profit or loss:		
‣ Actuarial gains or losses on remeasurement of defined benefits superannuation	**0.7**	(2.7)
‣ Revaluation of system assets and land and buildings	**–**	–
‣ Revaluation reserve reversal	**–**	–
Income tax charged/(credited) directly to other comprehensive income	**0.7**	(2.7)

1. The tax returns for the 2020 to 2023 financial years were amended to deduct the cost of replacement expenditures previously treated as depreciating assets. This resulted in a decrease in current tax and an increase in deferred tax; and a refund of income tax previously paid for the 2020 to 2023 financial years being received.

Notes to the consolidated financial statements continued

	2025 $M	2024 $M
(c) Recognised deferred tax assets and liabilities		
Deferred tax (assets) and liabilities are attributable to the following:		
‣ Property, plant and equipment and intangible assets	**1,010.8**	658.5
‣ Defined benefit superannuation benefits	**0.2**	(0.2)
‣ Other liabilities and provisions	**(94.2)**	(79.0)
‣ Carry forward of unused tax losses	**(233.9)**	–
‣ Other items	**(20.6)**	(12.1)
Net deferred tax liabilities	**662.3**	567.2

Movement in deferred taxes

	1 July 2024 $M	Recognised in profit or loss $M	Recognised on change of tax treatment $M	Recognised in other comprehensive income $M	30 June 2025 $M
Property, plant and equipment and intangible assets	**658.5**	**43.6**	**308.7**	**–**	**1,010.8**
Defined benefit superannuation liabilities	**(0.2)**	**(0.3)**	**–**	**0.7**	**0.2**
Other liabilities and provisions	**(79.0)**	**(15.7)**	**0.5**	**–**	**(94.2)**
Carry forward of unused tax losses	**–**	**(57.2)**	**(176.7)**	**–**	**(233.9)**
Other items	**(12.1)**	**(8.6)**	**0.1**	**–**	**(20.6)**
Net deferred tax liability	**567.2**	**(38.2)**	**132.6**	**0.7**	**662.3**

	1 July 2023 $M	Recognised in profit or loss $M	Recognised on change of tax treatment $M	Recognised in other comprehensive income $M	30 June 2024 $M
Property, plant and equipment and intangible assets	692.5	(34.0)	–	–	658.5
Defined benefit superannuation liabilities	(1.9)	4.4	–	(2.7)	(0.2)
Other provisions	(72.8)	(6.2)	–	–	(79.0)
Other items	(4.8)	(7.3)	–	–	(12.1)
Net deferred tax liability	613.0	(43.1)	–	(2.7)	567.2

Recognition and Measurement

The Corporation is exempt from federal income tax under the Income Tax Assessment Acts; however, the Corporation is subject to the National Tax Equivalent Regime which is based on the Income Tax Assessment Acts. Tax equivalents are payable to Revenue NSW.

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

5. Cash and Cash Equivalents

	2025 $M	2024 $M
Cash and bank balances	**12.0**	3.3

The Corporation's exposure to interest rate risk and a sensitivity analysis of financial assets and financial liabilities are disclosed in Note 13.

Notes to the consolidated financial statements continued

6. Receivables – Current

	2025 $M	2024 $M
Trade receivables	**65.1**	48.8
Less: allowance for expected credit losses	**(1.5)**	(1.4)
	63.6	47.4
Accrued revenue from unread meters	**196.8**	180.4
	260.4	227.8
Prepayments	**21.8**	17.3
Other receivables	**16.0**	20.1
Less: allowance for expected credit losses	**(1.9)**	(2.0)
	296.3	263.2
The movement in the allowance for expected credit losses is detailed below:		
Opening balance at 1 July	**3.4**	3.6
Provision for expected credit losses	**1.1**	1.1
Write-off of debts previously included in the allowance	**(1.1)**	(1.3)
Closing balance at 30 June	**3.4**	3.4

The Corporation's exposure to credit risks related to trade and other receivables is disclosed in Note 13.

Refer to Note 2 for disclosure in relation to estimating the accrued revenue from unread meters (unbilled electricity distribution and water revenue).

Notes to the consolidated financial statements continued

7. Property, Plant and Equipment

	Notes	Land and buildings $M	System assets $M	Plant and equipment $M	Total $M
Year ended 30 June 2025					
Gross carrying amount		**343.2**	**12,028.9**	**720.2**	**13,092.3**
Accumulated depreciation and impairment		**(13.6)**	**(1,497.7)**	**(392.0)**	**(1,903.3)**
Net carrying amount		**329.6**	**10,531.2**	**328.2**	**11,189.0**
Net carrying amount at start of year		**302.1**	**10,239.7**	**314.6**	**10,856.4**
Additions		**25.8**	**764.9**	**94.1**	**884.8**
Recategorisations		**7.7**	**20.5**	**(19.5)**	**8.7**
Disposals and write offs		**–**	**(61.7)**	**(3.4)**	**(65.1)**
Depreciation expense	3(d)	**(6.0)**	**(417.4)**	**(57.6)**	**(481.0)**
Impairment	3(d)	**–**	**(14.8)**	**–**	**(14.8)**
Net carrying amount at end of year		**329.6**	**10,531.2**	**328.2**	**11,189.0**
Year ended 30 June 2024					
Gross carrying amount		319.6	11,158.7	671.6	12,149.9
Accumulated depreciation and impairment		(17.5)	(919.0)	(357.0)	(1,293.5)
Net carrying amount		302.1	10,239.7	314.6	10,856.4
Net carrying amount at start of year		301.3	10,041.2	250.9	10,593.4
Additions		21.5	732.6	89.7	843.8
Recategorisations		(5.6)	(52.2)	38.8	(19.0)
Disposals and write offs		(0.5)	(24.6)	(2.7)	(27.8)
Depreciation expense	3(d)	(14.6)	(397.3)	(62.1)	(474.0)
Impairment	3(d)	–	(60.0)	–	(60.0)
Net carrying amount at end of year		302.1	10,239.7	314.6	10,856.4

Notes to the consolidated financial statements continued

	2025 $M	2024 $M
Assets under construction		
Expenditure on construction in progress at the end of the year	**771.4**	646.2
Historic cost of revalued assets		
The carrying amount of assets had they been carried under the cost model is:		
‣ Land and buildings	**265.1**	236.2
‣ System assets	**9,144.2**	8,183.9
‣ Plant and equipment	**320.1**	306.8
Total carrying amount	**9,729.4**	8,726.9

Land and buildings include assets where a third party has an operating lease or licence to use or access a property, for example for radio towers or land surrounding a substation; but not the exclusive use of the asset. These are generally incidental to the Corporation's use of the asset. The Corporation has no material assets under exclusive operating lease arrangements.

Recognition and Measurement

(i) Initial Recognition

Items of property, plant and equipment purchased or constructed are initially recognised at cost. Such costs include the cost of replacing part of the plant and equipment. Cost includes expenditures directly attributable to the acquisition and/or construction of the asset including materials, services, and direct labour. This also includes the initial estimate, where relevant, of costs of dismantling and removing items and restoring the site on which they are located and an allocated proportion of supporting overhead costs. Capitalised costs also include borrowing costs where appropriate. Non-system assets purchased below $1,000 are expensed as acquired.

Judgement is required in the assessment of the types of costs that are directly attributable to the construction of the Corporation's property, plant and equipment. Satisfying the directly attributable criteria requires an assessment of those unavoidable costs that, if not incurred, would result in the property, plant and equipment not being constructed. Directly attributable overheads are allocated to the cost of construction of an asset based on the direct costs of capital projects.

Property, plant and equipment transferred from customers, developers or Government agencies is initially measured at fair value at the date on which control is obtained.

(ii) Measurement after Initial Recognition

After initial recognition as an asset, items of property, plant and equipment are measured at fair value.

System Assets and Land and Buildings

System assets comprise physical assets which make up infrastructure used directly for the distribution of electricity, provision of public lighting, and water and sewerage infrastructure. System assets also include infrastructure assets constructed for use by specific customers which do not form part of a broader network.

System assets and land and buildings are stated at fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. The fair value of system assets and land and buildings is determined using an income approach.

The valuation methodology reflects a discounted cash flow methodology to value the Corporation, and a calculation to subtract the value of other business assets and liabilities to arrive at a value for the Corporation's system assets and land and buildings.

The income approach is based on a discounted cash flow model using the following methods and assumptions:

- An estimate of likely future cash flows for five years to be derived based on financial forecasts.
- The time value of money, represented by the current market risk-free rate and the price for bearing the uncertainty inherent in the asset, as encapsulated in the discount rate.
- A multiple of the forecast regulated asset base (RAB) at the end of the forecast period used as a proxy for the terminal value. The terminal RAB multiple is determined with reference to market observable multiples.

The Corporation continues to assess the potential impacts of climate change and the transition towards a net zero economy. The five-year cash flow forecasts include expected revenue and expenditure resulting from these impacts.

System assets and land and buildings are comprehensively valued at least every three years. In other years an interim management valuation is performed at each reporting date to ensure the net carrying value of system assets and land and buildings does not differ materially from their fair value. An interim formal valuation is undertaken where there is an indication that the valuation may differ materially from the carrying value. A comprehensive valuation was completed as at 30 June 2025. Annually the finance department of the Corporation performs the valuation of system assets and land and buildings required for financial reporting purposes.

The distribution network, comprising system assets, land and buildings, and easements, as a whole is considered to be a 'single asset' for the purposes of valuation. This is because all components within the network must work together to reliably supply electricity. Further, due to the specialised nature of the Corporation's network, system assets, land and buildings and easements cannot be readily sold to third parties for different uses.

Plant and Equipment

Plant and equipment assets comprise non-specialised assets with short useful lives, including motor vehicles, tools, Information Technology hardware, communications equipment and furniture and fittings. These assets are deemed to be stated at fair value which is equivalent to their depreciated historical cost.

Notes to the consolidated financial statements continued

(iii) Revaluations

Revaluation increments are recognised in other comprehensive income and credited directly to the asset revaluation reserve; except where an increment reverses a revaluation decrement in respect of that asset class which was previously recognised as an expense in net profit or loss, the increment is recognised immediately in profit or loss. Revaluation decrements are recognised in profit or loss, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same asset, they are debited directly to the asset revaluation reserve. Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Gains and losses on disposal of revalued assets are included in profit or loss for the year. Any related revaluation increments in the asset revaluation reserve are transferred to Retained Earnings upon disposal.

(iv) Impairment of Property, Plant and Equipment and Intangible Assets

The Corporation assesses the carrying amounts of non-financial assets at the end of each reporting period by evaluating conditions that may indicate potential impairment of assets. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units or CGUs).

The recoverable amount of the Water CGU was estimated to be $nil as at 30 June 2025 (2024: $nil) as the business is not forecast to generate positive cash flows within the foreseeable future. Accordingly, no value is carried in the books of the Corporation in respect of the Water CGU assets. All assets acquired or constructed are fully impaired immediately after initial recognition. The impairment for the year was $9.2 million (2024: $4.4 million) which was recognised in profit or loss.

The recoverable amount of the Public Lighting CGU's system assets was estimated at $nil as at 30 June 2025 (2024: $nil) as the business is not forecast to generate positive cash flows within the foreseeable future. An impairment charge of $5.6 million (2024: $55.5 million) has been recognised in profit or loss during the current period. The valuation processes are described in Note 14.

The Corporation has considered the potential impacts of climate change in relation to impairment assessments with no specific impacts identified.

(v) Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Land is not depreciated. Depreciation methods and useful lives are reviewed at each reporting date and adjusted prospectively, if appropriate.

The estimated useful lives are as follows:

Buildings	40 years
Leasehold improvements	Lesser of term of lease or useful life[1]
System assets	10 to 55 years[2]
Plant and equipment	3 to 20 years

The Corporation has considered the potential impacts of climate change in determining the estimated useful lives of assets. At this stage the Corporation has not changed the useful lives of its assets but will continue to review this assumption in future periods.

1. The leases greater than five years are mainly leases with no fixed term contract and are expected to continue for an indefinite period.
2. Extended by up to 20 years on each refurbishment where the asset has less than 20 years of useful life remaining, limited to a maximum total life of 100 years.

Notes to the consolidated financial statements continued

8. Intangible Assets

	Notes	Easements $M	Computer software $M	Other $M	Total $M
Year ended 30 June 2025					
Gross carrying amount		**100.6**	**84.4**	**90.9**	**275.9**
Accumulated amortisation		**–**	**(66.7)**	**(46.9)**	**(113.6)**
Net carrying amount		**100.6**	**17.7**	**44.0**	**162.3**
Net carrying amount at start of year		**100.5**	**33.3**	**42.2**	**176.0**
Additions		**–**	**1.3**	**10.0**	**11.3**
Recategorisations		**0.1**	**(8.8)**	**–**	**(8.7)**
Amortisation	3(d)	**–**	**(8.1)**	**(8.2)**	**(16.3)**
Net carrying amount at end of year		**100.6**	**17.7**	**44.0**	**162.3**
Year ended 30 June 2024					
Gross carrying amount		100.5	98.9	80.8	280.2
Accumulated amortisation		–	(65.6)	(38.6)	(104.2)
Net carrying amount		100.5	33.3	42.2	176.0
Net carrying amount at start of year		100.3	33.7	29.6	163.6
Additions		–	7.0	15.0	22.0
Recategorisations		0.2	4.7	4.3	9.2
Amortisation	3(d)	–	(11.2)	(6.7)	(17.9)
Write off of assets		–	(0.9)	–	(0.9)
Net carrying amount at end of year		100.5	33.3	42.2	176.0

Notes to the consolidated financial statements continued

	2025 $M	2024 $M
Intangible Assets under Construction		
Expenditure on development or purchase of intangible assets in progress at the end of the year:	**0.5**	26.6
Historic cost of revalued assets		
The carrying amount of assets had they been carried under the cost model is:		
‣ Easements	**82.5**	82.4
‣ Computer Equipment	**17.7**	33.3
‣ Other	**44.0**	42.2
Total carrying amount	**144.2**	157.9

Recognition and Measurement

Intangible assets that are acquired externally or internally generated by the Corporation are stated at cost less accumulated amortisation and impairment losses.

Refer to Note 3(i) for the accounting policy for cloud computing costs.

Easements, which are an interest in land allowing access to network assets, are not amortised as they are granted for an unlimited time. Easements are valued annually together with system assets and land and buildings as described in Note 7(ii).

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are tested for impairment at each reporting date. Amortisation methods and useful lives are reviewed at each reporting date and adjusted prospectively, if appropriate.

The estimated useful lives in the current and comparative periods are as follows:

Easements	Indefinite
Computer software	4 to 10 years
Other intangibles	10 years

Notes to the consolidated financial statements continued

9. Payables

	2025 $M	2024 $M
Trade payables	**40.3**	35.1
Interest payable	**152.1**	154.5
Accruals	**117.0**	80.9
Payroll-related payables	**33.5**	25.0
Other payables	**10.2**	9.5
	353.1	305.0

Details regarding liquidity risk including a maturity analysis of the above payables are disclosed in Note 13(f).

10. Contract Liabilities

	2025 $M	2024 $M
Contract liabilities		
Current	**19.0**	47.0
Non-current	**134.2**	41.0
	153.2	88.0

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Corporation has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Corporation transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Corporation satisfies the performance obligation under the contract.

Contract liabilities include amounts invoiced to customers for the construction of assets where the Corporation has yet to perform all contract obligations. Also included are contributions by public lighting customers up to 30 June 2009 intended to fund the replacement of assets at the end of their life $0.4 million (2024: $0.5 million). For public lighting the revenue is recognised once the Corporation has replaced the asset.

11. Interest Bearing Liabilities

	Notes	2025 $M	2024 $M
Current liabilities			
TCorp borrowings		**663.8**	608.1
Lease liability	19	**7.4**	7.0
Current portion of borrowings		**671.2**	615.1
Non-current liabilities			
TCorp borrowings		**6,166.9**	5,987.8
Lease liability	19	**34.4**	35.8
Non-current portion of borrowings		**6,201.3**	6,023.6

	2025 $M	2024 $M
Changes in liabilities arising from financing activities		
Total interest-bearing liabilities at beginning of year	**6,638.7**	6,346.8
Net cash flows from proceeds from and repayments of borrowings and lease liabilities	**155.5**	241.7
Capitalisation of indexed bonds indexation	**12.5**	20.5
Movement and settlement of deferred interest	**59.8**	29.7
Recognition and unwinding of lease liabilities	**6.0**	–
Total interest bearing liabilities at end of year	**6,872.5**	6,638.7

Borrowings are unsecured and repayable in full on various maturity dates. For more information about the Corporation's exposure to interest rate risk and liquidity risk see Note 13.

Recognition and Measurement

Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. This includes capital indexed bonds where the carrying amount is restated at each reporting date by way of an indexation adjustment based on the Consumer Price Index (CPI) in Australia.

Amortised cost is calculated by accounting for any discount or premium on settlement. The difference between the face value and the capital value of these debt securities is amortised over the life of the specific instrument. Interest associated with these instruments is brought to account on an accrual basis. Indexation adjustments on CPI indexed bonds are also recognised as part of finance costs in profit or loss.

Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the amortisation process.

Borrowings shown as a current liability are nominally due for repayment within 12 months. Due to the availability of roll-over facilities supported by the NSW Treasury approved core debt limit and the liquidity of the underlying debt instruments, the Corporation may not necessarily need to repay these borrowings within 12 months.

Notes to the consolidated financial statements continued

12. Provisions

	Employee benefits $M	Environmental and asset remediation $M	Workers' compensation $M	Other $M	Total $M
At 1 July 2024	**219.5**	**30.1**	**7.9**	**0.9**	**258.4**
Additional provisions	**108.0**	**4.3**	**6.5**	**1.1**	**119.9**
Amounts used	**(54.1)**	**(5.5)**	**(3.2)**	**(0.8)**	**(63.6)**
Amounts reversed	**–**	**(1.1)**	**(4.4)**	**(0.1)**	**(5.6)**
Unwinding of discount	**–**	**0.9**	**–**	**–**	**0.9**
At 30 June 2025	**273.4**	**28.7**	**6.8**	**1.1**	**310.0**
30 June 2025					
Current	**251.7**	**12.3**	**3.0**	**1.1**	**268.1**
Non-current	**21.7**	**16.4**	**3.8**	**–**	**41.9**
30 June 2024					
Current	205.4	6.2	5.9	0.9	218.4
Non-current	14.1	23.9	2.0	–	40.0

Recognition and Measurement

A provision is recognised in the Statement of Financial Position when the Corporation has a present legal or constructive obligation because of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the obligation can be reliably measured. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The Corporation applies the market yields on high quality corporate bonds (HQCB) for employee-related provisions and government bond rates for other provisions matching the expected duration of the provision. The following reflects specific policies and other information regarding the key provisions:

(i) Employee Benefits

All liabilities for employee benefits that are expected to be paid for services provided up to the reporting date by employees represent present obligations and are fully provided for in the financial statements.

Liabilities for employee benefits for wages, salaries, annual leave, preserved sick leave and long service leave that are expected to be wholly settled within 12 months of the reporting date are calculated at undiscounted amounts based on remuneration wage and salary rates that the Corporation expects to pay as at reporting date including related on-costs, such as workers' compensation, insurance and payroll tax.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments using the projected unit credit method (an actuarial technique). Consideration is given to expected future wage and salary levels, experience of employees' departures and periods of service.

Expected future payments (over 12 months) are discounted using market yields on HQCBs as at reporting date with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Notes to the consolidated financial statements continued

Actuarial assessment of preserved sick leave, annual leave and long service leave was calculated in March 2025 by Cumpston Sarjeant Pty Ltd. This was used as a basis for calculating the current year's provision by applying a methodology supplied by the actuary. Long service leave and the component of annual leave not expected to be wholly settled within 12 months have both been discounted using HQCB yields as at reporting date. Employee benefits are recorded in the Statement of Financial Position as current liabilities where the Corporation has no unconditional right to defer settlement. Amounts provided for in relation to defined benefit superannuation obligations are based on an actuarial assessment. All other employee benefit amounts expected to be settled within 12 months have been measured at the amounts expected to be paid when the liabilities are settled.

The current provision for employee benefits includes accrued annual leave, preserved sick leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision for accrued annual leave, vesting sick leave and unconditional entitlements to long service leave of $251.7 million (2024: $205.4 million) is presented as current, since the Corporation does not have an unconditional right to defer settlement for any of these obligations. However, based on experience, the Corporation does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts, included in the current provision for employee benefits, reflect leave that is not expected to be taken or paid within the next 12 months.

	2025 $M	2024 $M
Current employee entitlements which are expected to be settled after 12 months	**192.0**	157.1

The non-current provision for employee benefits includes $0.2 million (2024: $1.2 million) relating to the defined benefit superannuation liability.

(ii) Environmental and Asset Rectification

This provision category includes three main items:

- A provision to remediate meters which are no longer compliant with current regulations of $22.0 million (2024: $27.6 million). The provision is based on one of several options which assumes a completion date of 2028 with a discount rate of 3.26% applied (2024: 3.95%).
- Provision for lease make good costs expected to be incurred on termination of existing leases of $2.5 million (2024: $2.5 million).
- Provision for flood rectification works of $4.3 million (2024: $nil).

(iii) Workers' Compensation

The Corporation is on a Loss Prevention and Recovery Scheme for its workers' compensation insurance. The scheme structure involves a premium calculation which is finalised over a four-year period finishing in 2029 for the 2025 financial year cover period. The calculation includes a hindsight adjustment mechanism taking into account the Corporation's claims experience (incurred cost of claims) over the four-year period. A discount rate of 5.2% (2024: 5.2%) has been applied.

13. Financial Risk Management

(a) Financial Risk Management Objectives and Policies

Financial instruments comprise cash, trade debtors, trade creditors, short-term deposits, borrowings and derivatives. The main purpose of borrowings and short-term deposits is to raise finance or invest surplus cash for the Corporation's operations while derivatives are used to manage exposure to price movements.

The Corporation's treasury function, leadership team and Board manage the Corporation's exposure to key financial risks including credit risk, currency risk, interest rate risk, liquidity risk and commodity price risk, in accordance with the Board's financial risk management policies. The Board sets policies for managing each of the key financial risks.

Derivative financial instruments can be used to hedge exposure to fluctuations in foreign exchange rates, commodity prices and interest rates.

(b) Credit Risk

Credit risk is the risk of financial loss arising if counterparties fail to meet their financial obligations to the Corporation under a financial instrument or customer contract.

The exposure to credit risk on trade and other receivables, and accrued income from unread meters of the Corporation that have been recognised in the Statement of Financial Position, is generally the carrying amount, net of any provision for expected credit losses.

The Corporation manages the credit risk of trade receivables through requiring customers to pay in accordance with agreed payment terms. The payment terms are generally 15 to 30 days. The credit risk related to distribution network customers (retailers) is the risk of a retailer defaulting on their obligations. The Corporation operates in accordance with the National Electricity Rules under the National Electricity Law which provides credit support guidelines. Under these guidelines the Corporation can obtain credit support from a retailer in certain circumstances where the retailer defaults. In the event of significant retailer failure, an application to recoup such losses under general pass-through provisions available through the AER would be considered. As at 30 June 2025 the Corporation had trade receivables of $47.0 million (2024: $48.7 million) from retailers. Three retailers represented 75.0% (2024: 72.3%) of these trade receivables.

The Corporation's credit risk on other assets is minimised as it transacts predominantly with other government-owned entities. Where the counterparty is a non-government-owned corporation its credit worthiness is established in accordance with the Corporation's risk management policies which includes the use of external credit ratings which are used to derive risk limits as approved by the Board.

Set out below is information about the credit risk exposure of the Corporation's trade and other receivables using a provision matrix:

	2025		2024	
Days past due	Carrying Amount $M	Expected Credit Loss $M	Carrying Amount $M	Expected Credit Loss $M
Current	**44.6**	**–**	58.0	–
Less than 30 days	**29.9**	**0.3**	5.0	0.3
30 to 90 days	**1.8**	**0.2**	0.6	0.1
91 to 180 days	**1.0**	**0.3**	0.6	0.2
Over 180	**3.8**	**2.6**	4.7	2.8
Total	**81.1**	**3.4**	68.9	3.4

Notes to the consolidated financial statements continued

An impairment review is performed at each reporting date considering the days past due for the groupings of customer segments with similar loss patterns; for example, retailers and sundry debtors. The review considers the probability of collection, and reasonable and supportable information that is available at the reporting date. Most receivables relate to reg;lated retailers with payments required within 30 days of billing, with defaults being unpredictable at the time of billing, therefore expected credit losses for retailers are assessed based on observable default events. For non-retail receivables the ageing of the debtors is the key indicator of credit risk and the Corporation's historical credit loss experience is used to determine the expected credit loss. Normal fluctuations in economic conditions are not viewed as a factor that has an observable impact on the expected losses; however abnormal changes in economic conditions, such as significant increases in electricity prices, are considered. As such the Corporation's historical credit loss experience may not be representative of customers' actual default in the future.

(c) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Corporation considers using forward exchange contracts to hedge its foreign currency risk for all committed foreign exchange exposures that exceed A$500,000 in value. At reporting date the Corporation had $2.9 million of foreign currency denominated hedges in place (2024: $nil).

There are no other significant assets or liabilities denominated in currencies other than Australian dollars.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Corporation adopts a policy of ensuring that its debt portfolio is managed within a Board approved risk management framework. Interest rate risk is managed through a combination of fixed rate long term duration debt, inflation linked securities, floating rate debt and interest rate derivative instruments.

The interest rate profile for the Corporation's interest-bearing financial instruments at the reporting date was:

Carrying amount	2025 $M	2024 $M
Fixed rate		
Financial liabilities	**(6,330.4)**	(6,033.3)
Floating rate		
Financial assets	**12.0**	3.3
Financial liabilities	**–**	(11.2)
	12.0	(7.9)
Inflation Indexed		
Financial liabilities	**(542.1)**	(594.2)

The Corporation does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. The Corporation had $12.0 million (2024: $3.3 million) of floating rate financial assets at year end and it is estimated that a change in interest rates by one percentage point at reporting date in relation to these assets would have an immaterial impact on the Corporation's profit before tax.

In addition, the Corporation had $nil (2024: $11.2 million) floating rate financial liabilities at year end, and it is estimated that a change in interest rates by one percentage point in relation to these liabilities at reporting date would have an immaterial impact on profit before tax. Changes in inflation also affect the Corporation's finance costs due to its holdings of indexed financial liabilities. A change in inflation rates of half of one per cent is estimated to impact the annual profit before tax by $2.7 million (2024: $3.0 million).

Notes to the consolidated financial statements continued

(e) Capital Risk Management

The Corporation's objectives are to establish and maintain an efficient capital structure based on a target credit rating. The target capital structure to achieve the target credit rating over the medium term is negotiated between Shareholders and the Corporation as part of the Statement of Corporate Intent process.

The Corporation monitors debt levels using the gearing ratio. The gearing ratio is calculated as net debt divided by total capital as shown below.

	2025 $M	2024 $M
Total borrowings	**6,872.5**	6,638.7
Less: cash at bank	**12.0**	3.3
Net debt	**6,860.5**	6,635.4
Total equity	**3,449.7**	3,543.9
Total capital	**10,310.2**	10,179.3
Gearing ratio	**66.5%**	65.2%

(f) Liquidity Risk

Liquidity risk is the risk of difficulty in ensuring the availability of sufficient funds to meet obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Corporation's liquidity risks are managed by the Corporation's treasury function considering cash flow forecasts against the availability of readily accessible standby facilities and other funding arrangements.

As at 30 June 2025 the Corporation had an approved core debt borrowing limit of $8,200.0 million (2024: $7,110.0 million) of which $1,369.4 million was not utilised as at 30 June 2025 (2024: $525.3 million). The Corporation also has an approved New South Wales Treasury Corporation (TCorp) Come and Go Facility limit of $250.0 million (2024: $250.0 million). An offset banking arrangement exists with NSW Treasury which allows for the account to be overdrawn without penalty, but this is not considered to be available funding. Planned future capital expenditure will be funded through TCorp borrowings. Future committed expenditure is disclosed in Note 18.

While current liabilities are greater than current assets at 30 June 2025 the Corporation continues to trade as a going concern. The TCorp Come and Go Facility had $250.0 million (2024: $238.8 million) not utilised at 30 June 2025. The core debt and Come and Go Facility borrowing limits have no expiry date.

The Corporation's funding requirement and strategy is reviewed annually and monitored on an ongoing basis. There were no defaults or breaches on any borrowings payable and no assets have been pledged as collateral. The Corporation maintains a balance between continuity of funding and flexibility using bank overdrafts and debt. The Corporation manages debt using a portfolio approach.

Notes to the consolidated financial statements continued

The contractual maturities of the Corporation's fixed and floating rate financial liabilities, including lease liabilities, are shown in the following table.

	Carrying amount $M	Contractual cash flows Total $M	1 year or less $M	1 to 5 years $M	More than 5 years $M
30 June 2025					
Fixed rate borrowings	**6,330.4**	**7,686.3**	**433.1**	**3,368.9**	**3,884.3**
Floating rate borrowings	**–**	**–**	**–**	**–**	**–**
Inflation indexed borrowings	**542.1**	**594.0**	**411.6**	**50.8**	**131.6**
Trade and other payables (excluding statutory payables)	**328.8**	**328.8**	**328.8**	**–**	**–**
Financial Liabilities	**7,201.3**	**8,609.1**	**1,173.5**	**3,419.7**	**4,015.9**

	Carrying amount $M	Contractual cash flows Total $M	1 year or less $M	1 to 5 years $M	More than 5 years $M
30 June 2024					
Fixed rate borrowings	6,033.3	7,220.4	689.4	2,840.6	3,690.4
Floating rate borrowings	11.2	11.2	11.2	–	–
Inflation indexed borrowings	594.2	688.8	82.2	419.1	187.5
Trade and other payables (excluding statutory payables)	282.2	282.2	282.2	–	–
Financial Liabilities	6,920.9	8,202.6	1,065.0	3,259.7	3,877.9

The amounts disclosed above for borrowings are the contractual undiscounted cash flows. These disclosed contractually committed cash flows will not differ from the timing and the amounts expected to be incurred for these liabilities, however liabilities will change for floating rate borrowings and inflation indexed borrowings due to changes in market rates and CPI inflation rates.

(g) Derecognition of Financial Instruments

The Corporation derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Corporation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Corporation continues to recognise the financial asset and the associated liability.

The Corporation derecognises a financial liability when, and only when, its obligation specified in the contract is discharged, cancelled or expired.

14. Fair Value Measurements

This note provides information about how the Corporation determines fair value of all assets and liabilities for which fair value is measured or disclosed in the financial statements.

The Corporation measures items of property, plant and equipment and intangible assets at fair value at reporting date and the fair values of financial instruments measured at amortised cost are disclosed.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Corporation.

The fair value of an asset or liability is measured using assumptions that market participants would use when pricing the asset or liability if market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Corporation uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described below, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Corporation determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(a) Recognised Fair Value Measurements

The Corporation measures and recognises the following assets and liabilities at fair value on a recurring basis:

- System assets (including related communications equipment)
- Land and buildings
- Easements

System assets, land and buildings and easements are valued using techniques described in Note 7. All resulting fair value estimates for system assets and land and buildings are included in Level 3.

(b) Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

(i) Transfers between Levels 2 and 3 and Changes in Valuation Techniques

There were no transfers between Level 2 and 3 and no changes in valuation techniques during the current and prior year. The movements and balances for Level 3 items, being land and buildings, system assets and easements, are disclosed in Note 7 and Note 8.

(ii) Valuation Processes

Annually the Corporation performs an internal valuation of system assets and land and buildings required for financial reporting purposes. A comprehensive independent valuation is performed and reviewed at least every three years. An interim formal valuation is undertaken where there is an indication that the valuation may materially differ from the carrying value. The most recent comprehensive valuation was performed as at 30 June 2025, in which the Corporation engaged external, independent and qualified valuers to review the valuation prepared by management.

The main level 3 inputs used by the Corporation for the 30 June 2025 valuation were as follows:

- A discounted cash flow model was used applying assumptions to derive future cash flows over a five-year period, including revenue, operating expenditure and capital expenditure, inflation rates and discount rates to determine fair value. A terminal value based on a RAB multiple was also derived in year five. There is uncertainty in forecasting future cash flows used for the valuation.
- The cash flows were discounted using a discount rate of 5.3% (2024: 5.5%) which is based upon several inputs, primarily the risk-free rate, market risk premium, debt to equity ratio and debt risk premium. The risk-free rate is observable data based on government bond rates, the market risk premium is determined from analysis of comparable listed corporations and the debt risk premium data is obtained from observable data of corporate bond yields and spreads and is adjusted as required for use in the model. There is greater uncertainty on the discount rate to be applied due to the significant volatility in risk-free rates, market equity prices and debt risk premiums that resulted from inflationary pressures experienced in 2024 and 2025 and expected in 2026.
- The terminal RAB multiple is determined with reference to market observable multiples.

(iii) Valuation Inputs and Relationships to Fair Value

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements of system assets, land and buildings and easements which had a fair value of $10,961.4 million.

Unobservable Inputs	Range of Inputs (probability weighted average)	Relationship of Unobservable Inputs to Fair Value
Discount rate	+/-50 basis points	The higher the discount rate, the lower the fair value. A 50 basis point movement in the discount rate results in a $267.4 million change in the fair value.
Consumer Price Index (CPI)	+/- 50 basis points	The higher the CPI rate, the higher the fair value. A 50 basis point movement in the CPI rate results in a $179.9 million change in the fair value.
Five-year forecast revenue	+/-10%	The higher the revenue, the higher the fair value. A 10% movement in the revenue results in a $488.8 million change in the fair value.
Five-year forecast operating expenditure	+/-10%	The higher the operating expenditure, the lower the fair value. A 10% movement in the operating expenditure results in a $213.8 million change in the fair value.
Five-year forecast capital expenditure	+/-10%	The higher the capital expenditure, the lower the fair value. A 10% movement in the capital expenditure results in an $11.6 million change in the fair value.
Forecast terminal RAB multiple	+/-5 basis points	The higher the terminal RAB multiple, the higher the fair value. A 5 basis point movement in terminal RAB multiple results in a $509.5 million change in fair value.

Notes to the consolidated financial statements continued

(c) Disclosed Fair Values

The Corporation also has financial assets and liabilities which are not measured at fair value, but for which fair values are disclosed.

The carrying amounts and fair values of financial assets and liabilities are materially the same other than interest bearing liabilities which are shown below:

	Note	2025 Carrying Amount $M	2025 Fair Value $M	2024 Carrying Amount $M	2024 Fair Value $M
Financial liabilities carried at amortised cost					
Interest bearing liabilities	11	**6,872.5**	**6,761.5**	6,638.7	6,306.2

Fair value of borrowings is calculated based on discounted expected future principal and interest cash flows at the current market interest rates that are available to the Corporation for similar financial instruments. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant (Level 2).

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

(d) Interest Rates used for determining Fair Value

The Corporation uses the NSW Treasury Corporation (TCorp) yield curve as at 30 June 2025 to discount financial instruments. The interest rates used are in the following ranges:

	2025	2024
Borrowings	**2.0% to 5.4%**	3.8% to 13.4%

(e) Other Non-financial Assets

The carrying amounts of non-financial assets, other than inventories, derivatives and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated annually irrespective of any indication of impairment. The recoverable amount of an asset or cash-generating unit (CGU) is the greater of their fair value less costs to sell and value in use. Refer to Note 7 for the method of calculation of the recoverable amount. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the previous revaluation with any excess recognised through profit or loss.

Impairment losses recognised in respect of a CGU are applied to the carrying amount of the system assets and land and buildings and indefinite life intangible assets of the CGU on a pro rata basis.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised for the asset in prior years.

15. Key Management Personnel Disclosure

Key management personnel comprise members of the Board and the Corporation's leadership management team. The shareholding ministers, the NSW Treasurer and the Minister for Finance, Natural Resources, Domestic Manufacturing and Government Procurement, and the portfolio minister, Minister for Energy, Climate Change, Environment and Heritage are also considered to be key management personnel.

Key Management Personnel Remuneration

In addition to their salaries, the Corporation also provides post-employment benefits to directors and executive officers. Post-employment benefits for directors relates to compulsory superannuation contributions.

The shareholding ministers and the portfolio minister receive no remuneration from, or on behalf of, the Corporation for their services to the Corporation.

The key management personnel compensation included in employee benefits expense (Note 3(b)) is as follows:

	2025 $M	2024 $M
Short-term employee benefits	**8.2**	5.9
Long-term benefits	**0.3**	0.3
Post-employment benefits	**0.2**	0.2
Termination benefits	**–**	–
	8.7	6.4

16. Related Party Transactions

(a) State Owned Parties

The Corporation is a NSW Government owned corporation, with shares held by the shareholding ministers on behalf of the State of NSW. All State of NSW controlled entities, and entities in which the State of NSW has significant influence over, are considered to be related parties of the Corporation.

(b) Directors and the Corporation's Leadership Management Team

Some directors of the Corporation are also directors of other companies or have an interest in other companies or entities that may have undertaken transactions with the Corporation during the year. A Register of Directors' Interests is maintained by the Company Secretary and updated as required during the year. In particular, in accordance with the Board Charter and the Corporation's Code of Conduct, directors have declared any potential conflicts of interest in matters discussed at the meetings. The members of the leadership management team are also required to declare any interests including related party transactions. All transactions with directors and the leadership management team and their related parties that occurred during the current year were insignificant and were under normal commercial terms.

(c) NSW Premier and NSW Cabinet Ministers

The NSW Premier and the NSW Cabinet Ministers, as well as any companies that they have control or significant influence over, and their close family members, are related parties of the Corporation. Any identified material transactions between the Corporation and these related parties are disclosed. Enquiries are made of the Premier and Cabinet Ministers by NSW Treasury for this purpose.

(d) Transactions with Related Parties

The following related party transactions occurred with State-owned entities or entities over which the State had significant influence:

NSW Treasury

NSW Treasury provides a NSW Government guarantee on the borrowings of the Corporation allowing the Corporation to borrow at lower interest rates. NSW Treasury levies a competitive neutrality fee at a fixed rate on the borrowings for which it has provided the guarantee. This is paid annually in September. The fee relating to the current year was $105.5 million (2024: $107.4 million). NSW Treasury also administers the Climate Change Fund. The Corporation is required to contribute a gazetted annual amount to NSW Treasury for the Climate Change Fund. An expense of $61.3 million was recognised for the current year (2024: $59.9 million) for the Climate Change Fund contribution, with $nil owing at 30 June 2025 (2024: $nil).

NSW Treasury Corporation (TCorp)

TCorp is a wholly owned entity of the State of NSW and is the central financing agency for the NSW public sector. TCorp provides debt and investments and provides other financial services to the NSW public sector. TCorp has also provided guarantees relating to workers' compensation insurance and prudential requirements for the Australian Energy Market Operator. Details of borrowings are disclosed in Note 11; interest costs on these borrowings were $233.3 million (2024: $221.9 million) of which $46.6 million (2024: $47.1 million) was owing at year end. Borrowing facilities provided by TCorp are disclosed in Note 13.

Restart NSW Fund

Revenue grants from the NSW Government which operates the Restart NSW fund of $24.5 million (2024: $23.5 million) have been recognised with $nil owing by NSW Government at 30 June 2025 (2024: $2.0 million). The grant is for the bulk water supply charge levied by Water NSW associated with the Water pipeline from Wentworth to Broken Hill which is not recovered through water tariffs.

Water NSW

Water NSW, a NSW State Owned Corporation, operates and maintains a pipeline originating in Wentworth supplying water to Broken Hill. Since completion in April 2019, Water NSW has charged the Corporation for the bulk water supplied to Broken Hill through the pipeline. A bulk water supply expense of $25.2 million was recognised in 2025 (2024: $22.2 million) of which $4.0 million (2024: $3.6 million) remained owing to Water NSW at 30 June 2025.

Other NSW Government-Related Entities

The Corporation has transactions and balances with other NSW Government-related entities, as both a supplier and purchaser. These include supply of power and water services, audit services, State taxes, licence fees, levies, rates, grants for capital and other works, and lease rental income and expenses. Other than grants, these transactions and their settlement are on terms and conditions consistent with normal commercial terms and conditions.

Receivables and payables exist at reporting date in respect of some of the above related party transactions. No impairment provision in respect of receivables has been raised in relation to any outstanding balances, and no other expense has been recognised in respect of impaired receivables from related parties. Amounts receivable and amounts payable are unsecured and made on normal commercial terms and conditions.

17. Remuneration of Auditor

	2025 $M	2024 $M
Audit Office of New South Wales		
Audit of financial statements	**0.5**	0.5

18. Capital Commitments

	2025 $M	2024 $M
Commitments for the acquisition of property, plant and equipment contracted for at the reporting date but not recognised as liabilities (including GST)	**28.3**	68.7
GST credits	**2.6**	6.2

19. Leases

(a) The Corporation as a Lessee

The Corporation leases various properties, including land, buildings, radio sites and transmission lines. Lease contracts vary from one to 100 years and may have extension options, mainly between one and five years. Most leased sites are occupied by the Corporation for long periods of time. Extension options on higher value leases allow the Corporation flexibility to manage the portfolio to align with business needs. Lease terms for the higher value contracts are negotiated on an individual basis. Extension and termination options are included in several property leases and are generally exercisable by the Corporation and not by the respective lessor. Extension options, generally between one and five years, are included in the lease term unless the Corporation has a specific plan to not continue the lease. Many of the leases have contingent rentals either based on CPI or other fixed percentage. The assessment of lease term is reviewed at least annually. No changes were made to the lease term assumption during the year.

The Corporation has many low value leases, mainly comprising licence arrangements for the non-exclusive right to erect radio equipment on a site. The Corporation has elected to recognise payments for short term leases and low value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability.

AASB 16 *Leases* (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The right-of-use asset and corresponding liability are initially measured at the present value of the future lease payments. The right-of-use assets are subsequently measured at cost. Right-of-use assets are generally depreciated over the lease term which is one to 15 years. The impairment review of right-of-use assets is performed as part of the impairment reviews at the CGU level (refer to Note 7).

Right-of-use Assets under Leases

The following table presents right-of use assets under leases.

	Land and buildings	
	2025 $M	2024 $M
Balance at start of year	**32.0**	31.1
Additions	**4.3**	5.5
Retirements and lease modifications	**–**	0.4
Depreciation expense	**(5.5)**	(5.0)
Balance at end of year	**30.8**	32.0

Notes to the consolidated financial statements continued

Lease Liabilities

The following table presents liabilities under leases.

	2025 $M	2024 $M
Balance at start of year	**42.8**	41.7
Additions	**4.2**	5.5
Interest expense	**1.8**	1.6
Lease modifications	**–**	0.3
Payments	**(7.0)**	(6.3)
Balance at end of year	**41.8**	42.8

The following amounts were recognised in the Statement of Comprehensive Income in respect of leases where the Corporation is the lessee:

	2025 $M	2024 $M
Depreciation expense of right-of-use assets	**5.5**	5.0
Interest expense on lease liabilities	**1.8**	1.6
Total amount recognised in the Statement Of Comprehensive Income	**7.3**	6.6

The Corporation has total cash outflows for leases of $7.0 million for the year ended 30 June 2025 (2024: $6.3 million).

The future minimum lease payments under non-cancellable leases are as follows:

	2025 $M	2024 $M
Within 12 months	**7.8**	7.4
Twelve months or longer and not longer than five years	**26.1**	25.8
Longer than five years	**20.2**	22.0
Total (including GST)	**54.1**	55.2
GST credits	**4.9**	5.0

Notes to the consolidated financial statements continued

(b) The Corporation as Lessor

The Corporation leases out its properties, including premises, land and communications towers and fiber network, under operating lease agreements at market rentals, predominantly on a fixed term basis. The future minimum lease payments under non-cancellable leases are as follows:

	2025 $M	2024 $M
Within twelve months	**2.6**	2.2
Twelve months or longer and not longer than five years	**2.7**	2.3
Longer than five years	**1.1**	0.4
Total (including GST)	**6.4**	4.9
GST debits	**0.6**	0.4

During the year ended 30 June 2025 $4.6 million (2024: $3.4 million) was recognised as lease income in profit or loss.

Notes to the consolidated financial statements continued

20. Reconciliation of Cash Flows from Operating Activities

	2025 $M	2024 $M
Loss for the year	**(95.8)**	(46.2)
Add/(less) non-cash items:		
Depreciation, amortisation, impairment and write-off of owned non-financial assets	**497.2**	536.6
Gifted assets and capital grants	**(114.9)**	(173.9)
Non-cash superannuation expenses	**(1.9)**	(2.4)
Net loss on disposal and write-off of property, plant and equipment	**59.0**	20.2
Amortisation of deferred interest (income)/expense	**59.8**	29.7
Capitalisation of indexed bonds indexation	**12.5**	20.4
Changes in assets and liabilities:		
Decrease/(increase) in accrued revenue from unread meters	**(16.4)**	(6.5)
Increase/(decrease) in other receivables	**(16.2)**	13.0
Increase in inventories	**(9.4)**	(16.4)
Increase in accrued operating expenditure	**48.1**	7.2
Increase/(decrease) in current tax balances	**(27.1)**	20.1
Increase/(decrease) in deferred tax liabilities[1]	**94.4**	(43.1)
(Decrease)/increase in other provisions	**53.9**	23.2
Increase/(decrease) in contract liabilities	**65.2**	46.7
Decrease in deferred revenue	**–**	–
Net cash from operating activities	**608.4**	428.6

1. Adjusted for items taken directly to reserves.

21. Superannuation – Defined Benefit Plans

The Corporation has defined benefit superannuation plans covering a significant number of current and past employees, which requires contributions to be made to separately administered funds.

The net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The discount rate is the market yields on HQCBs that have maturity dates approximating to the terms of the Corporation's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

All remeasurements arising from defined benefit plans are recognised in other comprehensive income in the year in which they occur.

Where the calculation results in a benefit to the Corporation, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

The Corporation has classified the defined benefits schemes wholly as a non-current asset or liability to reflect the appropriate timing of the obligation.

(a) Nature of the Benefits Provided by the Funds

In 1997 predecessor entities now forming part of the Corporation contributed to three defined benefits schemes, namely the State Authorities Superannuation Scheme (SASS), the State Authorities Non-Contributory Superannuation Scheme (SANCS) and the State Superannuation Scheme (SSS). On 1 July 1997 the bulk of employees' benefits were transferred from these superannuation schemes to three divisions of the Energy Industries Superannuation Scheme (EISS) as follows:

- SASS – Division B
- SANCS – Division C
- SSS – Division D

The Energy Industries Superannuation Scheme (EISS) was divided into seven divisions, of which Divisions B, C and D provide defined benefits; that is at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal. Divisions B, C and D are closed to new members except for members of eligible schemes who can transfer their entitlements into the Scheme.

On 12 May 2023, EISS merged with the Construction and Building Unions Superannuation fund (Cbus). As a result, all EISS members transferred to Cbus and all EISS products closed. Members of Division B, C and D of EISS were transferred to Division B, C and D under the Pool B subdivision of the defined benefits section of Cbus under a 'successor fund' arrangement, which ensured that the defined benefit members' benefits were carried over to Cbus on an equivalency basis. Cbus's trustee is United Super Pty Ltd.

In addition, the Corporation has some employees remaining in defined benefit superannuation plans through SASS, SSS and SANCS.

The SAS Trustee Corporation (STC) Pooled Fund (the Pooled Fund) holds in trust the investments of the above closed NSW public sector superannuation schemes. These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

The Corporation has determined that no separate disclosure of movements in plan assets and obligations and details of plan assets of the defined benefit schemes of SASS, SANCS and SSS (eight members) will not materially influence the users of the financial statements.

These schemes together with the Cbus schemes are referred to collectively as 'the Schemes' hereafter.

(b) Description of the Regulatory Framework

Cbus

Cbus is regulated primarily by the *Superannuation Industry (Supervision) Act 1993* (Cth) (the SIS Act) but is also subject to regulation under the *Superannuation Administration Act 1996* (NSW).

The SIS legislation governs the superannuation industry and provides the framework within which superannuation plans operate. The SIS Regulations require an actuarial valuation to be performed for each defined benefit superannuation plan every three years, or every year if the plan pays defined benefit pensions, unless an exemption has been obtained.

The prudential regulator, the Australian Prudential Regulation Authority (APRA), licenses and supervises regulated superannuation plans. Actuarial investigations are required annually unless an exemption is obtained from APRA. The actuarial valuations are managed by the Trustee and are generally available by December each year. The next investigation will be performed to cover the year ended 30 June 2025. The APRA required actuarial valuations are performed on a different basis to an actuarial valuation performed in accordance with AASB 119 *Employee Benefits* for financial reporting purposes.

SASS, SSS and SANCS

The schemes in the Pooled Fund are established and governed by the following NSW legislation: *Superannuation Act 1916*, *State Authorities Superannuation Act 1987*, *Police Regulation (Superannuation) Act 1906*, *State Authorities Non-Contributory Superannuation Scheme Act 1987*, and their associated regulations.

The schemes in the Pooled Fund are exempt public-sector superannuation schemes under the SIS Legislation. The SIS Legislation treats exempt public-sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years as required by APRA. The last actuarial investigation was performed as at 30 June 2024. The next actuarial valuation is due to cover the year ended 30 June 2027.

(c) Risk Exposure

There are several risks to which the Funds expose the Employer. The more significant risks relating to the defined benefits are:

- Investment Risk – The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
- Longevity Risk – The risk that pensioners live longer than assumed, resulting in pensions being paid for a longer period and thereby requiring additional employer contributions.
- Pension Indexation Risk – The risk that pensions will increase at a rate greater than assumed, increasing future pensions and thereby requiring additional employer contributions.
- Salary Growth Risk – The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- Legislative Risk – The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix.

(d) Description of other entities' responsibilities for the governance of the funds

The Schemes' Trustees are responsible for the governance of the Schemes. The Trustees have a legal obligation to act solely in the best interests of the Schemes' beneficiaries. The Trustees have the following roles:

- Administration of the Scheme and payment to the beneficiaries from Scheme assets when required in accordance with the Scheme rules
- Management and investment of the Scheme assets
- Compliance with other applicable regulations, and
- Compliance with the Trust Deed.

(e) Description of significant events

There were no significant events in the current financial year.

(f) Net Defined Benefit (Liability)/Asset and reconciliation of movements in balances

The following tables summarise the net asset/(liability) recognised in the Statement of Financial Position within non-current assets and non-current provisions.

	30 June 2025			30 June 2024		
	Present Value of Obligation $M	Fair Value of Plan Asset $M	Scheme Surplus/ (deficit) $M	Present Value of Obligation $M	Fair Value of Plan Asset $M	Scheme Surplus/ (deficit) $M
Cbus	**(281.7)**	**285.0**	**3.3**	(281.6)	280.7	(0.9)
SASS	**(4.5)**	**4.7**	**0.2**	(5.0)	5.3	0.3
SANCS	**(0.2)**	**–**	**(0.2)**	(0.3)	–	(0.3)
SSS	**(1.5)**	**1.5**	**–**	(1.5)	1.5	–
Total	**(287.9)**	**291.2**	**3.3**	(288.4)	287.5	(0.9)

Notes to the consolidated financial statements continued

The following tables summarise the components of net benefit expenses recognised in the profit or loss, actuarial gains and losses recognised in other comprehensive income, and funded status and amounts recognised in the Statement of Financial Position for all the plans.

	2025			2024		
	Present Value of Obligation $M	Fair Value of Plan Asset $M	Net Surplus/ (Deficit) $M	Present Value of Obligation $M	Fair Value of Plan Asset $M	Net Surplus/ (Deficit) $M
At 1 July	**(288.3)**	**287.4**	**(0.9)**	(269.0)	274.6	5.6
(Expense)/income recognised in profit or loss						
Current service cost	**(1.3)**	**–**	**(1.3)**	(1.3)	–	(1.3)
Interest (expense)/income	**(15.2)**	**15.2**	**–**	(14.6)	15.0	0.4
	(16.5)	**15.2**	**(1.3)**	(15.9)	15.0	(0.9)
Income/(expense) recognised in other comprehensive income						
Remeasurements						
Return on plan assets, excluding amounts included in interest (expense)/income	**–**	**11.5**	**11.5**	–	6.1	6.1
Gain/(loss) from change in demographic assumptions	**(1.4)**	**–**	**(1.4)**	(1.4)	–	(1.4)
Gain/(loss) from change in financial assumptions	**(5.1)**	**–**	**(5.1)**	(9.1)	–	(9.1)
Gain/(loss) from change in liability experience	**(2.4)**	**–**	**(2.4)**	(10.3)	–	(10.3)
	(8.9)	**11.5**	**2.6**	(20.8)	6.1	(14.7)
Adjustment for effect of asset ceiling[1]	**–**	**(0.3)**	**(0.3)**	–	5.8	5.8
	(8.9)	**11.2**	**2.3**	(20.8)	11.9	(8.9)
Contributions by Fund participants						
Employers	**–**	**3.2**	**3.2**	–	3.3	3.3
Plan participants	**(1.3)**	**1.3**	**–**	(1.4)	1.4	–
	(1.3)	**4.5**	**3.2**	(1.4)	4.7	3.3
Benefits paid	**25.9**	**(25.9)**	**–**	17.6	(17.6)	–
Taxes, premiums and expenses paid	**1.2**	**(1.2)**	**–**	1.2	(1.2)	–
At 30 June	**(287.9)**	**291.2**	**3.3**	(288.3)	287.4	(0.9)

1. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan or other plans. The adjustment for the effect of asset ceiling has been determined based on the change in the maximum economic benefit available to the Corporation in the form of reductions in future employer contributions.

(g) Fair Value of Fund Assets

The Fund's assets are invested in four reserves (an Employer Reserve, a Contributor Reserve, a Deferred Reserve and an Other Reserve). The Trustee decides on the investment strategy for the Employer Reserve (i.e. by formulating a Strategic Asset Allocation (SAA) for these assets). The SAA is essentially a long-term 'benchmark' allocation, which also allows for minor short-term deviations from the benchmark. The current SAA of the Employer Reserve reflects a benchmark exposure of 55% to growth-type assets and 45% to defensive-type assets (see asset class table below for the percentages invested in each asset class at 30 April 2025). There are no Employer 'sub-funds' in the Fund; however, the Fund's administrator maintains a notional defined benefit asset account in respect of each Employer, which facilitates tracking of each Employer's funding status and contribution requirements. The bulk of the assets held in the other reserves are invested in accordance with members' investment choices.

The percentage invested in each asset class at the reporting date is:

As at	30 June 2025	30 June 2024
Australian listed equities	**17%**	17%
Overseas listed equities	**22%**	22%
Property	**10%**	11%
Global Credit	**8%**	8%
Infrastructure	**14%**	13%
Alternatives	**–**	–
Fixed income	**22%**	22%
Cash and short-term securities	**7%**	7%
Total	**100.0%**	100.0%

The trustees invest all scheme assets at arm's length through independent fund managers.

For Cbus derivatives can be used by investment managers, however strict investment guidelines detail all limits approved on the use of derivatives. The use of derivatives is governed by the investment policies, which permit the use of derivatives to change the Fund's exposure to particular assets. The Trustee requires derivative financial instruments are not entered into for speculative purposes or to gear the Fund, and that all derivatives positions (a) are fully cash covered; (b) are offset to existing assets; or (c) are used to alter the exposures in underlying asset classes. Compliance with policies and exposure limits is reviewed by the Trustee on a continual basis. As such the investment managers make limited use of derivatives.

(h) Fair Value of the Corporation's own Financial Instruments

The fair value of Plan assets includes no amounts relating to:

- any of the Corporation's own financial instruments
- any property occupied by, or other assets used by, the Corporation.

Notes to the consolidated financial statements continued

(i) Significant Actuarial Assumptions at the Reporting Date

	2025	2024
Expected salary increase rate (excluding promotional increases)	**4.5% for 2025/26; 3.5% for 2026/27; then 2.5% pa thereafter.**	5.0% for 2024/25; 4.0% for 2025/26; 3.5% for 2026/27; then 2.66% pa thereafter.
Rate of CPI increase	**2.5% for 2025/26; 3.0% for 2026/27; 2.6% for 2027/28; then 2.50% pa thereafter.**	4.25% for 2024/25; 3.0% for 2025/26; 2.75% for 2026/27; then 2.50% pa thereafter.
Discount rate	**5.16% pa**	5.48% pa
Pensioner mortality	**Mercer standard pensioner mortality tables have been used. These rates are based on the mortality experience of Australian Public Sector pensioners over the years 2017 to 2022, including improvement rates based on an average of the 25-year and the 125-year improvement factors from the Australian Life Tables 2015–17.**	Mercer standard pensioner mortality tables have been used. These rates are based on the mortality experience of Australian Public Sector pensioners over the years 2012 to 2017, including improvement rates based on Australian Life Tables 2015–17.

(j) Sensitivity Analysis

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, while retaining all other assumptions. The sensitivity of the Corporation's total defined benefit obligation as at 30 June 2025 to the significant actuarial assumptions is presented below. The impacts shown are with other assumptions being retained.

Actuarial Assumption	Scenario of Change in Assumption	Relationship of Unobservable Inputs to Defined Benefit Obligation
Discount rate	+/- 100 basis points	The higher the discount rate the lower the defined benefit obligation. A 100 basis point increase in discount rate results in a $16.3 million reduction in defined benefit obligation. A 100 basis point decrease in discount rate results in a $21.6 million increase in defined benefit obligation.
CPI	+/- 50 basis points	The higher the CPI rate the higher the defined benefit obligation. A 50 basis point increase in CPI rate results in a $6.1 million increase in defined benefit obligation. A 50 basis point decrease in CPI rate results in a $5.3 million decrease in defined benefit obligation.
Salary increases rate	+/- 0.5%	The higher the salary increase the higher the defined benefit obligation. A 0.5 per cent increase in salary increase results in a $4.4 million increase in defined benefit obligation. A 0.5 per cent decrease in salary increase rate results in a $4.0 million decrease in defined benefit obligation.
Pensioner mortality	+/- 5%	The higher the pensioner mortality rate the lower the defined benefit obligation. An increase in pensioner mortality rates using the assumption that mortality rates, including future improvements, are as if the pensioner were three years younger than actual, results in a $9.5 million increase in defined benefit obligation with a similar decrease resulting in a $8.9 million decrease in defined benefit obligation, where assumed as if three years older than actual.

Notes to the consolidated financial statements continued

(k) Asset-Liability Matching Strategies

The Employer Reserve assets are managed via a framework designed to gradually reduce investment risk as the defined benefit liabilities mature over time.

In respect of the STC Pooled Fund the Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cash flows to manage liquidity requirements. No explicit asset-liability matching strategy is used by the Trustee.

(l) Funding Arrangements

Funding arrangements are reviewed yearly, with the most recent review occurring as at 30 June 2024, following completion of Cbus's first actuarial investigation of the Fund. Contribution rates are set after discussions between the Employers and the Trustee. In the case of the STC Pooled Fund, NSW Treasury is consulted.

Funding positions are reviewed annually, and funding arrangements may be adjusted as required after each annual review.

Surplus/(deficit)

The following is a summary of the 30 June 2025 financial position of the Fund calculated in accordance with AASB 1056 *Superannuation Entities*:

	Cbus		Other		Total	
	2025 $M	2024 $M	2025 $M	2024 $M	2025 $M	2024 $M
Net market value of Fund assets	**285.0**	280.7	**12.3**	12.2	**297.3**	292.9
Accrued benefits	**(273.2)**	(268.6)	**(5.5)**	(6.0)	**(278.7)**	(274.6)
Net surplus	**11.8**	12.1	**6.8**	6.2	**18.6**	18.3

Contribution Recommendations

Recommended contribution rates for the Corporation to the main scheme (Cbus) are:

Division B Multiple of Member Contributions	Division C Per Cent Member Salary	Division D Multiple of Member Contributions	Additional Lump Sum $M per Annum
1.9	2.5%	1.64	nil

Recommended contribution rates for the Corporation to the Pooled Fund are $nil.

Notes to the consolidated financial statements continued

(m) Significant Actuarial Assumptions at the Reporting Date

The economic assumptions adopted for the AASB 1056 financial position calculations are:

Weighted-Average Assumptions	Cbus	Other
Expected rate of return on Fund assets backing current pension liabilities	5.7% pa	7.0% pa
Expected rate of return on Fund assets backing other liabilities	5.7% pa	6.2% pa
Expected salary increase rate	3.4% for 2025/26; 3.1% for 2026/27; 3.5% pa thereafter.	3.47% for 2025/26; 3.56% for 2026/27; 3.58% for 2027/28; 3.50% pa thereafter.
Expected rate of CPI increase	2.5% pa	1.90% for 24/25; 2.50% pa thereafter.

The above economic assumptions were adopted for the 30 June 2025 annual funding update.

(n) Sensitivity Analysis – AASB 1056

The assumptions for CPI, Salary and demographics are broadly the same under both AASB 119 and AASB 1056. While the underlying liability amounts for AASB 1056 are lower than for AASB 119, the sensitivity of results under AASB 119 gives an indication to the directional and proportional impact of the changes in these assumptions.

The one assumption that differs substantially under the two standards is the expected rate of return on the fund assets (discount rate). Due to this variation and the potential for material variation in the rate of return on Cbus's assets in current financial conditions, sensitivities to this assumption for the 30 June 2025 AASB 1056 results are presented below.

Actuarial Assumption	Scenario of Change in Assumption	Relationship of Unobservable Inputs to Defined Benefit Obligation
Expected rate of return on Fund assets backing current pension liabilities and other liabilities (discount rate)	+/- 50 basis points	The higher the discount rate the lower the defined benefit obligation. A 50 basis point increase in discount rate results in a $7.8 million reduction in defined benefit obligation. A 50 basis point decrease in discount rate results in a $8.4 million increase in defined benefit obligation.

Expected contributions

	Financial Year to 30 June 2025 $M
Expected employer contributions	
‣ Cbus	**2.9**
‣ Other	**–**

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is nine years (2024: nine years) for the Cbus scheme, while it is 11.4 years (2024: 10.9 years) for the Pooled fund.

(o) Nature of Asset/Liability

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of Fund assets and the defined benefit obligation.

22. Events Subsequent to Reporting Date

The financial statements of the Corporation for the year ended 30 June 2025 were authorised for issue in accordance with a resolution of the Board on 15 September 2025.

There are no known events that would impact on the state of affairs of the Corporation or have a material impact on these statements at this date.

End of audited financial statements

Statement by Directors

FOR THE YEAR ENDED 30 JUNE 2025

Pursuant to Section 7.6(4) of the *Government Sector Finance Act 2018*, we state that in the opinion of the Directors of Essential Energy:

(a) The accompanying financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (including Australian Accounting interpretations adopted by the Australian Accounting Standards Board), requirements of the *Government Sector Finance Act 2018*, the *Government Sector Finance Regulation 2024*, the *State Owned Corporations Act* and the Treasurer's Direction issued under the *Government Sector Finance Act 2018*. The financial statements of the Corporation also comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board and presents fairly the financial position of the Corporation as at 30 June 2025, and its financial performance and cash flows for the year ended on that date;

(b) At the date of this statement, there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they become due and payable; and

(c) We are not aware of any circumstances at the date of this statement that would render any particulars included in the financial statements to be misleading or inaccurate.

This declaration is made in accordance with a resolution of the Board.

John Cleland	**Doug Halley**
Chief Executive Officer	Chair
Dated: 15 September 2025	15 September 2025

Appendices



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Compliance Index

Heading	Compliance Disclosure	Basis for, or source of requirement	Completed	Page
Operations and performance	Major works	TPG25-10a	Yes	26
	Implementation of price determination	TPG25-10a	Yes	45–46
Management and accountability	Numbers and remuneration of senior executives	TPG25-10a	Yes	73–74
	People	TPG25-10a	Yes	30
	Consultants	TPG25-10a	Yes	136
	International travel	TPG25-10a	Yes	133
	Privacy and Personal Information Protection Act (PIPP Act) requirements	TPG25-10a	Yes	75
	Government Information (Public Access) Act 2009 (GIPA Act) requirements	TPG25-10a	Yes	148–151
Sustainability	Climate-related financial disclosure	TPG24-33	Yes	54–64; 138–146
	Disability inclusion action plans	TPG25-10a	Yes	33
	Modern Slavery Act 2018 requirements	TPG25-10a	Yes	51
	Work health and safety	TPG25-10a	Yes	32, 135
	Workforce diversity	TPG25-10a	Yes	134
Financial performance	Cost and benefits associated with machinery of government changes	TPG25-10a	N/A	

Summary of international travel

TABLE A1: International Travel 2024–25

Purpose of travel	Number of employees/ officers on the trip	Role titles/Operational areas/ Teams participating	Country	Date of departure from Australia	Date of return into Australia
Site visits: State Grid Corporation of China, China Electricity Council	9	Executive Leadership Team; Board	China	10/10/2024	23/10/2024
Oracle World Conference	3	Enterprise Applications	United States of America, Paris, China	7/09/2024	22/09/2024
Pacific Power Association Conference	2	Organisational Safety	New Zealand, Tonga, Fiji	29/09/2024	5/10/2024
Site visit: Kraken	4	Executive Leadership; Revenue and Market Systems; Digital Delivery	England	6/04/2025	13/04/2025
International Wildfire Risk Mitigation Consortium, Distributech conference, and site visits: Hawaii Electrical, Portland General Electric, Pacific Gas and Electric Company	3	Asset Management and Engineering; Network Risk and Performance	United States of America	19/03/2025	4/04/2025
GE Vernova GridOS Customer Conference	2	System Control Management; Critical Platforms	United States of America	8/06/2025	15/06/2025
Factory acceptance testing Intium: Siemens	3	Substation Engineering	China	18/01/2025	27/01/2025
Oracle Edge Summit	3	Digital Solutions Management; Enterprise Asset Management	United States of America	26/02/2025	8/03/2025
CEO Leadership course: MIT Management Executive Education and IESE Business School University Emirates, Navarra	1	Chief Operating Officer	Singapore	17/01/2025	25/01/2025
CEO Leadership course: MIT Management Executive Education and IESE Business School University Emirates, Navarra	1	Chief Operating Officer	United States of America	25/10/2024	2/11/2024
CEO Leadership course: MIT Management Executive Education and IESE Business School University Emirates, Navarra	1	Chief Operating Officer	Spain	16/05/2025	25/05/2025
Conference; Accenture, Kraken	2	Chief Executive Officer; Business Improvement and Artificial Intelligence	United States of America	23/05/2025	3/06/2025
Factory acceptance testing (FAT)-Brolgan ZS 11kv Switchboard, Huatech	2	Substation Engineering	China	3/05/2025	11/05/2025
Step-Up Leadership Program; Institute for Strategic Leadership	1	Asset Management and Engineering	New Zealand	13/09/2024	21/09/2024
Site visit: Kwetta	4	Intium	New Zealand	19/02/2025	22/02/2025
Strategic Leadership Program: Institute for Strategic Leadership	1	Major Projects and Transmission Services	New Zealand	1/11/2024	10/11/2024

Workforce statistics

TABLE A2: Number of officers and employees by category – full-time equivalent (FTE)[1]

Category	30 JUNE 2021		30 JUNE 2022		30 JUNE 2023		30 JUNE 2024		30 JUNE 2025	
Gender	**M**	**F**	**M**	**F**	**M**	**F**	**M**	**F**	**M**	**F**
Executive Leadership Team	7	2	6	3	5	3	5	3	5	2
Non-executives	2,510	525	2,536	539	2,693	578	2,945	694	3,100	809
Total	**2,517**	**527**	**2,542**	**542**	**2,698**	**581**	**2,950**	**697**	**3,105**	**811**

TABLE A3: Number of officers and employees by category – headcount[1]

Category	30 JUNE 2021		30 JUNE 2022		30 JUNE 2023		30 JUNE 2024		30 JUNE 2025	
Gender	**M**	**F**	**M**	**F**	**M**	**F**	**M**	**F**	**M**	**F**
Executive Leadership Team	7	2	5	3	5	3	5	3	5	2
Non-executives	2,513	545	2,542	564	2,700	602	2,952	721	3,107	825
Total	**2,520**	**547**	**2,547**	**567**	**2,705**	**605**	**2,957**	**724**	**3,112**	**827**

Workforce diversity

TABLE A4: Workforce diversity targets and progress as at 30 June 2025[2]

Workforce diversity group	Benchmark	2021	2022	2023	2024	2025
Women	50%[3]	17.6%	17.9%	17.7%	19.4%	21.0%
Aboriginal and/or Torres Strait Islander People	3.3%[4]	4.2%	4.5%	4.9%	4.1%	6.0%
People whose First Language Spoken as a Child was not English	23.2%[5]	1.9%	1.8%	1.7%	2.3%	3.2%
People with Disability	5.6%[6]	1.6%	1.5%	1.3%	1.1%	1.8%
People with Disability Requiring Work-Related Adjustment	N/A	0.4%	0.4%	0.7%	0.1%	0.2%

TABLE A5: Trends in the distribution of workforce diversity groups (Distribution Index scores)

WORKFORCE DIVERSITY GROUP	Benchmark	2021	2022	2023	2024	2025
Women	100[7]	101	104	106	106	104
Aboriginal and/or Torres Strait Islander People	100	83	84	84	86	83
People whose First Language Spoken as a Child was not English	100	113	116	119	119	119
People with Disability	100	98	98	102	104	101
People with Disability Requiring Work-Related Adjustment	100	N/A[8]	N/A	N/A	N/A	N/A

1 A small number of employees (<0.2% of total workforce) did not identify as male or female. These employees have been excluded from the gender composition data to protect their privacy.
2 Workforce diversity statistics the same as those provided to the Public Service Commission, which uses the reference period 21 June 2024 to 19 June 2025.
3 The benchmark of 50% for representation of women across the sector is intended to reflect the gender composition of the NSW community.
4 The NSW Public Sector Aboriginal Employment Strategy 2019 to 2025 takes a career pathway approach in that it sets an ambitious target of 3% Aboriginal employment at each non-executive grade of the public sector by 2025.
5 A benchmark from the Australian Bureau of Statistics (ABS) Census of Population and Housing has been included for People whose First Language Spoken as a Child was not English. The ABS Census does not provide information about first language, but does provide information about country of birth. The benchmark of 23.2% is the percentage of the NSW general population born in a country where English is not the predominant language.
6 In December 2017 the NSW Government announced the target of doubling the representation of people with disability in the NSW public sector from an estimated 2.7% to 5.6% by 2027. More information can be found at: Jobs for People with Disability: A plan for the NSW public sector. The benchmark for 'People with Disability Requiring Work-Related Adjustment' was not updated.
7 A Distribution Index score of 100 indicates that the distribution of members of the Workforce Diversity group across salary bands is equivalent to that of the rest of the workforce. A score less than 100 means that members of the Workforce Diversity group tend to be more concentrated at lower salary bands than is the case for other staff. The more pronounced this tendency is, the lower the score will be. In some cases, the index may be more than 100, indicating that members of the Workforce Diversity group tend to be more concentrated at higher salary bands than is the case for other staff.
8 The Distribution Index is not calculated when the number of employees in the Workforce Diversity group is less than 20 or when the number of other employees is less than 20.

Work health and safety

TABLE A6: Number of reportable workers' compensation claims by category/mechanism of injury

Category/Mechanism of injury	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025
Body Stressing	57	41	48	55	55
Falls, Trips and Slips of a Person	15	22	14	27	16
Being Hit by Moving Objects	17	18	9	12	21
Hitting Objects with a Part of the Body	18	10	10	17	11
Vehicle Incidents and Other	5	2	3	4	2
Other and Unspecified Mechanisms of Injury	16	12	5	7	6
Chemicals and Other Substances	2	1	0	5	3
Heat, Radiation and Electricity	2	5	0	4	1
Mental Stress	0	0	1	0	1
Other (Psychological Injuries)	1	1	3	4	5
Sounds and Pressure	2	3	5	6	2

Consultants

TABLE A7: Payments to consultants costing equal to or greater than $50,000 during 2024–25

Consultant[1]	Project/activity	2024–25 costs
LEK Consulting Australia Pty Ltd	Vegetation Management Strategy	$936,204
PricewaterhouseCoopers Securities Ltd	Project COMET – to accelerate the connection of renewables to the Essential Energy network	$401,681
LEK Consulting Australia Pty Ltd	Strategic Support Engagement (Organisational Design)	$315,478
PricewaterhouseCoopers Securities Ltd	Dubbo Renewable Energy Project	$309,581
Deloitte Consulting Pty Ltd	Circularity Reporting – Current State Review and Circularity Diagnostics	$237,325
Deloitte Touche Tohmatsu	Indigenous Strategy	$181,528
Capgemini Australia Pty Limited	Intium – Commercial Readiness Project	$156,180
KPMG	Intium – Organisation Design	$151,000
Nous Group Pty Ltd	Workforce Planning Analysis	$139,850
Aurecon Australasia Pty Ltd	Controlled load/demand management strategy	$116,660
Frontier Economics Pty Ltd	Essential Water Pricing Proposal 2026-31	$109,705
Aix Advisory Pty Ltd	Government advocacy, media support and general external environment advice	$94,946
Oracle Corporation Australia Pty Ltd	Synapse to Databricks Migration	$79,000
KPMG	Develop a distribution-level Integrated System Plan (D-ISP)	$76,832
Cutler Merz Pty Ltd	Vegetation Management Industry Insights	$52,635
Total		**$3,358,605**

1 A consultant is defined as a person or organisation engaged under contract on a temporary basis to provide recommendations or professional advice to assist decision making by management. Generally, it is the advisory nature of the work that differentiates a consultant from other contractors.

Payments less than $50,000 were made to five consultants, for six projects/activities, with a total cost of $155,625 during 2024–25.

Supporting community organisations and charities

Employee giving

TABLE A8: Financial giving – essential giving program (EGP) and employee request of funding (ERF)

	2020–21	2021–22	2022–23	2023–24	2024–25
EGP – employee contributions	$68,222	$76,347	$73,364	$66,062	$69,966
EGP – Essential Energy contributions	$150,000	$150,000	$146,728	$150,000	$150,000
ERF – employee-initiated fundraising	$9,200	$4,460	$20,988	$52,305	$80,185
ERF – Essential Energy contributions	$9,200	$4,460	$2,375[1]	$7,625[1]	$11,946[2]
Combined total (EGP and ERF)	$236,622	$235,267	$243,455	$275,992	$312,097

1 Maximum of $500 dollar matching per request for 2022–23 and 2023–24.
2 Maximum of $1,000 dollar matching per request for 2024–25.

Scholarships

TABLE A9: Scholarships

Scholarships	2020–21	2021–22	2022–23	2023–24	2024–25
First Nations scholarships	$20,000	$20,000	$24,768	$20,000	$49,482
Female university student to attend Australian Clean Energy Summit	–	–	$1,000	–	–
Female engineering scholarship	–	–	–	–	$10,000
LGBTQIA+ scholarship	–	–	–	–	$8,400
Total scholarships	**$20,000**	**$20,000**	**$25,768**	**$20,000**	**$67,882**

Climate-related financial disclosure – metrics and targets

Scope 1 and 2 greenhouse gas (GHG) emissions metrics and targets

TABLE A10: Scope 1 and 2 emissions

Emissions category	Emissions (2024–25) (tCO2-e)	Measurement approach	Inputs, assumptions and exclusions	Reasons for approach	Changes (2024–25)
Scope 1 emissions					
Stationary energy combustion					
Diesel	159	NGER Method 1. Emissions calculated by multiplying consumption volumes for each fuel type by National Greenhouse Accounts Factor (NGAF) emission factors.	Consumption volumes sourced from supplier invoices.	Current processes most aligned with NGER Method 1	No changes
Petrol	7				
Natural gas	2				
LPG	No LPG consumed				
Ethanol	No ethanol consumed				
Vehicle fuels (including mobile plant and equipment)					
Diesel	15,663	NGER Method 1. Emissions calculated by multiplying consumption volumes for each fuel type by NGAF emission factors.	Consumption volumes sourced from fuel card database, managed by vehicle fleet vendor. Fuel purchased via corporate credit card excluded as <3% of fuel spend, so determined to be immaterial.	Current processes most aligned with NGER Method 1	No changes
Petrol	162				
LPG	No LPG consumed				
Ethanol	No ethanol consumed				
Other emission sources (where deemed relevant and material)					
SF6 (fugitive emissions)	8,187	NGER Method 1. Emissions calculated using estimated SF6 leakage rates from electricity network assets (switchgear and circuit breakers) during the reporting period, and the Clean Energy Regulator (CER) Global Warming Potential (GWP) for SF6.	Primary data is recorded mass (kg) of SF6 in network assets. SF6 leakage during the reporting period is estimated using a CER default leakage rate (0.89% per year).	Current processes most aligned with NGER Method 1	No changes to method, however data system improvements during 2024–25 resulted in a more accurate understanding of the amount of SF6 in network assets. This increased associated emissions by 35%, so emissions for 2020–21 to 2023–24 were recalculated.

Table A10 continued

Emissions category	Emissions (2024–25) (tCO2-e)	Measurement approach	Inputs, assumptions and exclusions	Reasons for approach	Changes (2024–25)
Wastewater treatment (fugitive emissions)	2,577	NGER Method 1. Emissions estimated using population data and CER default values and emissions factor.	Primary data is number of people contributing to wastewater, from Australian Bureau of Statistics (ABS) census data. CER default values used: for total organics in wastewater, emission factor, emissions factor for methane, fraction of methane recovered, oxidation factor, and GWP of methane.	Current processes most aligned with NGER Method 1	No changes
Refrigerants	Not captured for 2024–25, nor for prior years, as data for Essential Energy assets containing refrigerants not easily accessible. Reporting to be investigated during 2025–26.				
Land use, land use change and forestry (LULUCF)	Not captured for 2024–25, nor for prior years, as robust data to quantify land use change from Essential Energy's activities not easily accessible. Reporting to be investigated during 2025–26.				
Total Scope 1 emissions	**26,757**				
Scope 2 emissions (location based)					
Electricity network loss	451,014	NGER Method 1. Emissions calculated by multiplying electricity lost from Essential Energy distribution network by NGAF emissions factor.	Primary data is the difference between the amount of electricity entering and leaving the Essential Energy distribution network at supply and connection points (MWh).	Current processes most aligned with NGER Method 1	No changes
Purchased Electricity	9,220	NGER Method 1. Emissions calculated by multiplying electricity consumed at Essential Energy sites by NGAF emissions factor.	Primary data is electricity consumed at Essential Energy sites (MWh).	Current processes most aligned with NGER Method 1	Purchase of electricity for EV charging at chargers not operated by Essential Energy included for the first time in 2024–25. Immaterial (<0.1% of purchased electricity), but expected to increase in future years.
Total Scope 2 emissions (location based)	**460,234**				
Absolute gross Scope 1 and 2 emissions	**486,991**				

Table A10 continued

Emissions category	Emissions (2024–25) (tCO2-e)	Measurement approach	Inputs, assumptions and exclusions	Reasons for approach	Changes (2024–25)
Carbon removals and offsets					
Carbon removals	Essential Energy does not use carbon removals nor carbon offsets.				
Carbon offsets					
Net total emissions (Scope 1 and 2 less sequestration)	**486,991**				

TABLE A11: Scope 1 and 2 emissions comparison to previous years and base year

	2020–21 (base year)	2021–22	2022–23	2023–24	2024–25	2024–25 % change from base year	Target
Scope 1 emissions (tCO2-e)							
Stationary energy combustion	230	192	197	217	168	-27.0%	Included in Scope 1 and 2 target
Vehicle fuels	16,864	15,216	17,019	17,877	15,825	-6.2%	
SF6 (fugitive emissions)	7,108	7,415	7,716	7,979	8,187	+15.2%	
Wastewater treatment (fugitive emissions)	2,571	2,568	2,566	2,566	2,577	+0.2%	
Total Scope 1[1]	**26,773**	**25,391**	**27,498**	**28,639**	**26,757**	**-0.1%**	
Scope 2 emissions (tCO2-e)							
Electricity network loss	563,045	523,031	518,236	501,849	451,014	-19.9%	
Purchased electricity	11,045	10,617	9,885	9,253	9,220	-16.5%	
Total Scope 2	**574,090**	**533,648**	**528,121**	**511,102**	**460,234**	**-19.9%**	
Absolute gross Scope 1 and 2 emissions	**600,863**	**559,039**	**555,619**	**539,741**	**486,991**	**-19.0%**	**Scope 1 and 2 emissions reduction of 50% by 2030, from 2020–21 base year**

1 Total Scope 1 emissions for 2020–221 to 2023–224 are approximately 8% (2,000 tCO2-e) higher per year compared to the totals reported in the 2023–224 Annual Report. This is due to a recalculation of SF6 leakage emissions, following data system improvements during 2024–225, which resulted in a better understanding of the amount of SF6 on the network. These changes also increase the combined Scope 1 and 2 emissions by approximately 2,000 tCO2-e.

Scope 3 greenhouse gas emissions

TABLE A12: Scope 3 emissions

	2022–23[1]	2023–24[1]	2024–25	Target
Scope 3 emissions (tCO2-e)				
Category 1: Purchased Goods and Services	85,921	96,539	101,765	Tracking only (target to be considered in future years)
Category 3: Fuel and Energy-related Activities	40,309	19,935	18,267	
Category 4: Upstream Transportation and Distribution	3,419	4,476	4,469	
Category 5: Waste Generated in Operations	1,723	1,615	1,241	
Category 6: Business Travel	1,174	1,173	1,402	
Category 7: Employee Commute	2,764	2,960	3,186	
Gross total Scope 3 emissions	**135,310**	**126,698**	**130,330**	

1 2022-23 and 2023-24 emissions differ slightly (not materially) from those reported in the 2023–24 Annual Report due to data improvements.

TABLE A13: Scope 3 emissions – measurement

All Scope 3 emissions calculated and validated by external climate reporting experts, using data provided by Essential Energy.

GHG Protocol category	Measurement approach (including inputs, assumptions, exclusions and reasons)
Category 1: Purchased Goods and Services	**Emissions associated with corporate business operations and capital works** GHG Protocol spend-based method. Total spend from Essential Energy's general ledger (GL), for relevant cost categories, multiplied by Climate Active (CA) emissions factors. CA emissions factors are commonly used by Essential Energy's Australian energy industry peers. Exclusions: ‣ Credit card purchases, as these are immaterial (<3%). ‣ Spend categories less than 5% of total non-production related emissions. ‣ Financial obligations (such as fines, taxes and interest payments), as these do not cause emissions. ‣ Goods and services included in another emissions scope/category. **Emissions from vegetation management service providers (transport and stationary fuel use)** GHG Protocol supplier-specific method. Fuel consumption data, from annual supplier surveys, multiplied by ANGAF emission factors. Where contractor fuel use is not available, available data is sampled to establish a benchmark ($kgCO_2$-e/$) for vegetation management suppliers, and applied to the total dollar spend for the respective contractor.

Table A13 continued

GHG Protocol category	Measurement approach (including inputs, assumptions, exclusions and reasons)
Category 3: Fuel and Energy-related Activities	Emissions associated with extraction, production, transportation and distribution of fuels and energy consumed by Essential Energy's operations. GHG Protocol average-data method. Fuel consumption multiplied by NGAF emissions factors. Exclusions: ‣ Upstream emissions associated with customer fuels, gas and electricity consumption (customer Scope 1 and 2) or otherwise outside of financial control boundary. ‣ Upstream emissions associated with diesel fuel consumption for intermittent emergency testing. ‣ Electricity network losses, as these are reported in Scope 2.
Category 4: Upstream Transportation and Distribution	Emissions associated with: ‣ transportation and distribution of products purchased by Essential Energy between tier 1 suppliers and their own operations ‣ transportation and distribution services purchased by the Essential Energy. GHG Protocol spend-based method. GL logistics category spend multiplied by CA emissions factors. Exclusions: ‣ Emissions associated with transport and distribution: in vehicles and facilities owned or controlled by Essential Energy; and of goods and services procured by Essential Energy where fuel consumption is captured under Scope 1.
Category 5: Waste Generated in Operations	Emissions associated with the disposal or diversion from landfill (recycled or re-used) and treatment of waste generated in Essential Energy's operations (in waste treatment facilities not owned or controlled by Essential Energy). GHG Protocol waste-type-specific method and average-data method. Emissions calculated by multiplying total waste disposed/diverted (tonnes), from waste reports provided by contracted waste service providers, by NGAF emissions factors (disposed) and United Kingdom Government GHG Conversation Factors for Company Reporting (diverted). Exclusions: inert and closed loop waste products, such as composted organics, waste treated by an anaerobic digestor, or waste that is recovered (such as cooking oil or grease trap waste).
Category 6: Business Travel	Emissions associated with the transportation of employees for business-related activities, using modes of travel not owned or operated by Essential Energy. International and domestic flights: GHG Protocol distance-based method used by Essential Energy's travel partner/broker. Accommodation and local travel (taxis and hire vehicles): GHG Protocol spend-based method. GL travel-related cost categories spend multiplied by CA emissions factors.
Category 7: Employee Commute	Emissions associated with the transportation of employees between their homes and worksites, in vehicles not owned or operated by Essential Energy. GHG Protocol average-data method. Estimated annual employee distance travelled (by transport mode) to main office and depot locations multiplied by CA emissions factors. Estimated annual employee distance travelled calculated from ABS census data, to determine proportion of employees travelling by transport modes and average daily distances by transport modes. Number of working days per year assumed to be 240. Exclusions: employee work-from-home emissions are excluded from the GHG inventory due to their immaterial contribution, high estimation uncertainty, and lack of reliable data inputs.

Other climate-related metrics and targets

TABLE A14: Facilitating the net zero transition

	Performance				
Metric	**2021–22**	**2022–23**	**2023–24**	**2024–25**	**Target**
Number of gigawatts (GW) of renewable assets connected to network (small-scale and large-scale)[1]	Total: 2.575 Sm: 1.375 Lg: 1.163	Total: 2.912 Sm: 1.561 Lg: 1.314	Total: 3.62 Sm: 2.084 Lg: 1.494	Total: 3.836 Sm: 2.278 Lg: 1.558	Total: 4.2GW by 2029–30 Sm: 2.4 Lg: 1.8
Number of alternative network solution projects commenced (total number of SAPS and microgrids)	SAPS: 2 M-grids: 1	SAPS: 4 M-grids: 1	SAPS: 29 M-grids: 3	SAPS: 39 M-grids: 3	SAPS: under review M-grids: 6 projects delivered by 2028–29
Number of Essential Energy Battery Energy Storage Systems (BESS) connected to the network	0	1	3	40	29 BESS by 2029–30
EV adoption percentage in regional NSW	0.04%	0.19%	0.33%	0.50%	Tracking only (Essential Energy does not have direct control for this metric)
Number of public EV fast chargers in regional NSW	127	163	288	413	Tracking only (as for EV adoption rate)

1 Total GW for large-scale renewable energy assets connected to the network updated for 2021–22 to 2023–24, compared to figures in 2023–24 Annual Report, which were: 1.2 (2021–22), 1.351 (2022–23) and 1.536 (2023–24).

TABLE A15: Facilitating the net zero transition – objectives and measurement

Metric	Objective	Relevant risks and opportunities	Measurement approach	Inputs, assumptions, exclusions	Third-party validation
Number of gigawatts (GW) of renewable assets connected to network (small-scale and large-scale)	Climate change mitigation (enabling more renewable energy generation)	O1: Better utilisation of Essential Energy's network and assets	Total size (GW) of small-scale and large-scale renewable generation systems connected to the Essential Energy network as of 30 June 2025	Primary data is GW of connected systems	No
Number of alternative network solution projects commenced (total number of SAPS and microgrids)	Climate change adaptation (increased energy resilience for fringe-of-grid customers)	R1: Extreme weather events R2: Bushfires O4: New energy solutions for customers	Number of SAPS and microgrid projects commenced as of 30 June 2025	Primary data is number of projects commenced	No
Number of Essential Energy BESS connected to the network	Climate change mitigation (enabling more storage/ firming of renewable energy generation)	O1: Better utilisation of Essential Energy's network and assets O2: Dynamic network management O4: New energy solutions for customers	Number of BESS operated by Essential Energy connected to the Essential Energy network as of 30 June 2025	Primary data is number of BESS connected	No
EV adoption percentage in regional NSW	Climate change mitigation (enabling EV uptake)	O1: Better utilisation of Essential Energy's network and assets O4: New energy solutions for customers	EV registrations as a percentage of total vehicle registrations across Essential Energy's network area, as of 30 June 2025	Primary data is Transport for NSW's Registration Snapshot Report, using data for Local Government Areas within Essential Energy's network area	No
Number of public EV fast chargers in regional NSW		O1: Better utilisation of Essential Energy's network and assets O4: New energy solutions for customers	Number of fast chargers connected to the Essential Energy network as of 30 June 2025	Primary data is EV fast chargers listed in the Plugshare app, with latitude and longitude of charger used to determine which chargers are located within the Essential Energy network area	No

TABLE A16: Building climate resilience

	Performance				
Metric	**2021–22**	**2022–23**	**2023–24**	**2024–25**	**Target**
System Average Interruption Duration Index (SAIDI) (minutes)[1]	218	222	206	230	Annual target: ≤226
System Average Interruption Frequency Index (SAIFI) (interruptions per customer per year)[2]	1.6	1.58	1.52	1.61	Annual target: ≤1.71
Major Event Days (MED) – number of and total duration threshold	12 days 5.79 MED SAIDI threshold	2 days 6.25 MED SAIDI threshold	2 days 6.22 MED SAIDI threshold	17 days 5.69 MED SAIDI threshold	MED is tracking only (Essential Energy cannot control the number of MED) 6.19 MED SAIDI threshold

1 SAIDI: average total minutes a customer is without power in a year.

2 SAIFI: average number of power interruptions per customer for the year.

TABLE A17: Building climate resilience – objectives and measurement

Metric	Objective	Relevant risks and opportunities	Measurement approach	Inputs, assumptions, exclusions	Third-party validation
SAIDI	Climate change adaptation (providing reliable power supply)	R1: Extreme weather events R2: Bushfires R5: Rapid and disorderly energy transition	Average total minutes a customer is without power in a year.	Primary data sourced from Essential Energy's network management system. Data from MEDs are excluded from SAIDI and SAIFI.	SAIDI, SAIFI and MED are electricity network reliability metrics used by the AER. They are defined in the Institute of Electrical and Electronics Engineers' (IEEE) standard 1366-2003 – *IEEE Guide for Electric Power Distribution Reliability Indices*.
SAIFI			Average number of power interruptions per customer per year.		
MED – number of and total duration threshold			MEDs represent days when electricity network system stresses are beyond normal operating conditions, due to events such as severe weather. They are defined as days on which the daily SAIDI exceeds a threshold of more than 2.5 standard deviations greater than the mean of the log normal distribution of five regulatory years' SAIDI data.		

TABLE A18: Decarbonising our operations

	Performance				
Metric	**2021–22**	**2022–23**	**2023–24**	**2024–25**	**Target**
Total energy consumption (renewable and non-renewable) within organisation (GJ)	2,662,174	2,864,865	2,964,646	2,741,444	Tracking only (target under development)
Emissions reduction activities (number of fleet EVs)[1]	0	34	55	68	Under review
Sulphur Hexafluoride (SF6) on network (kg)[2]	36,159	37,621	38,854	39,400	Tracking only (target under development)

1 The target for number of EVs is under review due to changes since the original target was set in FY22, with regard to vehicle availability, particularly for EVs that meet Essential Energy's operational needs, as well as technology developments and charging network development in regional NSW. The original target was 850 light vehicles and 104 heavy vehicles moved to EVs by 2028–29.

2 SF6 kilograms on the network for 2021–22 to 2023–24 are approximately 10,000kg greater than what was reported in the 2023–24 Annual Report, due to data management improvements implemented during 2024–25.

TABLE A19: Decarbonising our operations – objectives and measurement

Metric	**Objective**	**Relevant risks and opportunities**	**Measurement approach**	**Inputs, assumptions, exclusions**	**Third-party validation**
Total energy consumption (renewable and non-renewable) within organisation	Climate change mitigation (reducing emissions from operations)	O3: Reduced environmental impact from operations	Total energy content for all Scope 1 and 2 emissions categories, excluding SF6 leakage, and including non-combusted transformer oil (which has zero emissions). See Scope 1 and 2 emissions measurement approach.	Primary data is total energy content for all Scope 1 and 2 emissions categories, excluding SF6 leakage, and including non-combusted transformer oil (which has zero emissions).	No
Emissions reduction activities (number of EVs)			Number of EVs in the fleet as of 30 June 2025.	Primary data is number of EVs in the fleet	No
SF6 on network			Total mass of SF6 (kg) in network equipment, as per manufacturers' specifications, from Essential Energy asset management system, as at 30 June 2025.	Assumption that mass of SF6 in equipment is unchanged from manufacturers' specifications. SF6 held in stock, to replace leaked SF6 in some equipment types, excluded from calculations, due to data collection challenges and likely minimal leakage rates, so immaterial emissions.	No

Circular economy and waste management

TABLE A20: Waste categories and amount diverted from landfill

	Performance			
	2021–22	2022–23	2023–24	2024–25
Waste categories (weight in tonnes)				
General solid waste	7,763	6,989	9,223	7,313
Hazardous waste	499	280	524	1,335
Restricted solid waste	32	6	30	10
Reused items	1,079	675	1,360	1,501
Special waste	4	5	8	11
Total waste generated	**9,378**	**7,955**	**11,145**	**10,170**
Waste diverted from landfill (weight in tonnes and %)				
Recycled	3,220	2,057	3,714	3,806
Reused	1,079	675	1,360	1,590
Waste diverted from landfill – total	**4,299**	**2,732**	**5,074**	**5,396**
Total waste to landfill	5,079	5,223	6,071	4,774
Waste diverted from landfill – percentage	**46%**	**34%**	**45%**	**53%**

Government Information (Public Access) Act 2009

The *Government Information (Public Access) Act 2009* (NSW) (GIPA Act) establishes a comprehensive system for public access to government information. Essential Energy is subject to the requirements of the GIPA Act, and is committed to complying with the Act in a fair and objective manner when dealing with external requests for access to Company information.

The business supports the proactive release of information where it is in the public interest to do so.

In addition to information published in compliance with the GIPA Act, Essential Energy makes a range of information publicly available through our website to support members of the public in understanding our operations, particularly those of interest to the community.

This includes information about Essential Energy's assets and networks, policies and standards, customer connections, and public safety around electricity assets. Our website also includes a document library and approved materials list to support customers and businesses in understanding and complying with our policies, standards and requirements.

Where information is not publicly available, Essential Energy supports the informal release of information where appropriate and consistent with the GIPA Act, and reviews informal requests for information and formal applications in considering its program for release of information as per section 7(3) of the GIPA Act. There were no material changes to this program as a result of this review during financial year 2023–24.

Total number of access applications received during the year

In 2024–25 Essential Energy received 15 formal access applications for information pursuant to the GIPA Act. Fourteen of these applications were finalised in 2024–25 and one application was withdrawn. Two applications received in 2023–24 were finalised in 2024–25. Of the 16 finalised applications in this reporting period, access was provided in full on six occasions, in part on eight occasions, already available to the applicant on four occasions, not held on five occasions.

In the course of determining access applications during the financial year, Essential Energy refused to deal with one application, and did not rely on conclusive presumptions of overriding public interest against disclosure (as set out in schedule 1 of the GIPA Act) on any occasions.

Statistical information about access applications

As required by Section 8 and Schedule 2 of the *Government Information (Public Access) Regulation 2018* (NSW), the following tables provide a summary of the decisions made pursuant to the GIPA Act during the reporting year 2024–25.

GIPA TABLE A: Number of applications by type of applicant and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refused to deal with application	Refused to confirm/ deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	2	2	0	1	1	0	0	0
Not-for-profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	2	4	0	2	3	0	0	1
Members of the public (other)	2	2	0	2	0	1	0	0

More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to GIPA Table B.

GIPA TABLE B: Number of applications by type of application and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refused to deal with application	Refused to confirm/ deny whether information is held	Application withdrawn
Personal information applications[1]	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	6	8	0	5	4	0	0	1
Access applications that are partly personal information applications and partly other	0	0	0	0	0	1	0	0

1 A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

GIPA TABLE C: Invalid applications

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	0
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	0
Invalid applications that subsequently became valid applications	0

GIPA TABLE D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of the Act

Number of times consideration used[1]	
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	1
Privilege generally	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0
Information provided to High Risk Offenders Assessment Committee	0

1 More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to GIPA Table E.

GIPA TABLE E: Other public interest considerations against disclosure: matters listed in table to Section 14 of the Act

	Number of times consideration used[1]
Responsible and effective government	0
Law enforcement and security	0
Individual rights, judicial processes, and natural justice	0
Business interests of agencies and other persons	1
Environment, culture, economy, and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

1 Includes applications where access is granted in part, or refused in full.

GIPA TABLE F: Timelines

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	15
Decided after 35 days (by agreement with applicant)	1
Not decided within time (deemed refusal)	0
Total	**16**

GIPA TABLE G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

	Decision varied	Decision upheld	Total
Internal review	0	0	0
Review by Information Commissioner[1]	0	1	1
Internal review following recommendation under section 93 of Act	0	0	0
Review by NSW Civil and Administrative Tribunal (NCAT)	0	0	0
Total	**0**	**1**	**1**

1 The Information Commissioner does not have the authority to vary decisions but can make recommendations to the original decision maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made.

GIPA TABLE H: Applications for review under Part 5 of the Act (by type of applicant)

	Number of applications for review
Applications by access applicants	0
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

GIPA TABLE I: Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer)

	Number of applications transferred
Agency-initiated transfers	0
Applicant-initiated transfers	0

Legal changes

Summary of the substantial legislative changes for 1 July 2024 to 30 June 2025

Material changes to Commonwealth legislation

***Fair Work Legislation Amendment (Closing Loopholes) Act 2023* (Cth)**

On 1 January 2025, as a result of the *Fair Work Legislation Amendment (Closing Loopholes) Act 2023* (Cth), intentional underpayments of employee entitlements by employers became a criminal offence. The maximum civil penalty for certain contraventions involving underpayments by companies who are not small businesses increased to the greater of three times the underpayment amount, or $495,000. For serious contraventions, the maximum civil penalty increased to three times the underpayment amount, or $4,950,000.

***Fair Work Legislation Amendment (Closing Loopholes No. 2) Act 2024* (Cth)**

On 26 August 2024, key changes came into effect as a result of the *Fair Work Legislation Amendment (Closing Loopholes No. 2) Act 2024* (Cth) including:

- **Commencement of a new Right to Disconnect:** employees of non-small businesses gained a statutory 'right to disconnect' outside of work hours. Employees have the right to refuse to monitor, read or respond to contact (or attempted contact) from an employer or third party outside of working hours, unless that refusal is unreasonable. The changes also established a process for raising disputes regarding the right to disconnect.
- **New rules applying to casual employees**: the legislative amendments introduced a new 'Casual Employment Information Statement', a new definition of 'casual employee', a new casual conversion pathway and a prohibition of sham arrangements.
- **New rules applying to independent contractors:** new tests commenced as to the definitions for 'employee' and 'employer', versus 'independent contractors', which re-established the multi-factorial test (taking into account the operation of the contract in practice) for determining whether a person is an employee or contractor.

***Workplace Gender Equality Amendment (Setting Gender Equality Targets) Act 2025* (Cth)**

On 26 March 2025, the *Workplace Gender Equality Amendment (Setting Gender Equality Targets) Act 2025* (Cth) was passed, amending the *Workplace Gender Equality Act 2012* (Cth). It requires Australian employers with 500 or more employees to select, and achieve or make progress on, gender equality targets. Essential Energy will be required to select three gender equality targets, and report those targets to the Workplace Gender Equality Agency in its 2025–26 gender equality reporting due between 1 April and 31 May 2026. Essential Energy will have three years to achieve, or make progress on, each of its selected targets.

***Paid Parental Leave Amendment (Adding Superannuation for a More Secure Retirement) Act 2024* (Cth)**

On 19 September 2024, the *Paid Parental Leave Amendment (Adding Superannuation for a More Secure Retirement) Act 2024* (Cth) (PPL Act) was passed, amending the *Paid Parental Leave Act 2010* (Cth) and the *Small Superannuation Accounts Act 1995* (Cth) to provide a superannuation contribution for people receiving government parental leave pay in respect of children adopted or born on or after 1 July 2025. The PPL Act also amends the *Fair Work Act 2009* (Cth) to make minor technical amendments to unpaid parental leave to clarify that an employee can take 'keeping in touch' days during a period of continuous unpaid parental leave, whether or not they have previously taken flexible unpaid parental leave.

Privacy and Other Legislation Amendment Bill 2024

The *Privacy and Other Legislation Amendment Bill 2024* amends the *Privacy Act 1988* (Cth) (Privacy Act) to implement an initial tranche of reforms arising from the proposals of a review of the Privacy Act completed in 2022.

The *Privacy and Other Legislation Amendment Bill 2024* passed both houses of Parliament on 29 November and received assent on 10 December 2024. It introduces a range of measures to protect the privacy of individuals with respect to their personal information, including:

- expanding the Information Commissioner's powers
- facilitating information sharing in emergency situations or following eligible data breaches
- increasing transparency about automated decisions which use personal information
- establishing a Children's Online Privacy Code
- introducing new civil penalties
- creating a statutory tort for serious invasions of privacy.

Material changes to New South Wales Legislation and Regulations

***Work Health and Safety Amendment (Industrial Manslaughter) Act 2024* (NSW)**

The *Work Health and Safety Amendment (Industrial Manslaughter) Act 2024* (NSW) took effect on 16 September 2024. Now, a person conducting a business or undertaking (PCBU) that engages in conduct with gross negligence that constitutes a failure to comply with its duties under the *Work Health and Safety Act 2011* (NSW) (WHS Act) and causes the death of a worker or another individual to whom the duties were owed could be charged with industrial manslaughter and fined up to $20 million. An officer of a PCBU that commits the same offence could be jailed for up to 25 years.

***Industrial Relations and Other Legislation Amendment (Workplace Protections) Act 2025* (NSW)**

On 27 June 2025, the *Industrial Relations and Other Legislation Amendment (Workplace Protections) Act 2025* (NSW) passed, amending the *Industrial Relations Act 1996* (NSW) in relation to bullying at work and sexual harassment in connection with work and the WHS Act, including to:

- allow a proceeding for an offence to be brought after the end of the applicable limitation period with the leave of a court, if the court 'is satisfied the granting of the leave is in the interests of justice'
- make it mandatory for PCBUs to comply with approved codes of practice, or manage hazards and risks in a way that provides a standard of health and safety that is equivalent to or higher than the standard required under the code

- allow unions to initiate prosecutions after consultation with SafeWork NSW if it does not commence proceedings
- allow union officials to take photos, videos and measurements, or conduct tests, directly relevant to suspected work health and safety (WHS) contraventions at work sites
- mandate that PCBUs notify SafeWork NSW after being issued with a provisional improvement notice
- allow PCBUs, workers, health and safety representatives and unions to refer WHS disputes directly to the Industrial Registrar.

***Work Health and Safety Amendment (Penalty Notices) Regulation 2024* (NSW)**

On 1 July 2024, the *Work Health and Safety Amendment (Penalty Notices) Regulation 2024* (NSW) came into effect to increase the amounts payable for on-the-spot WHS fines by 25%, and to increase the number of WHS offences that can attract penalty notices from nearly 200 to nearly 300. The added offences include offences related to the work environment and workplace facilities, first aid, plant and structures and hazardous chemicals.

***Environmental Planning and Assessment Amendment (State Significant Development) Act 2024* (NSW)**

On 2 December 2024, the *Environmental Planning and Assessment Amendment (State Significant Development) Act 2024* (SSD Act) received assent. This follows the NSW Court of Appeal's decision in *Bingman Catchment Landcare Group Incorporated v Bowdens Silver Pty Ltd* [2024] NSWCA 205 and the uncertainty surrounding the definition of a 'single proposed development' for the purposes of State significant development.

The SSD Act introduced key amendments to section 4.38 of the *Environmental Planning and Assessment Act 1979* (NSW) (EP&A Act) including:

- The Planning Secretary may determine whether a particular development does or does not form part of a 'single proposed development'. If the Planning Secretary determines that the proposed development does not form part of a 'single proposed development', section 4.38(4) will not apply to that proposal.
- The SSD Act validates certain development consents granted before the commencement of the proposed legislative amendments, so long as that proposed development has not been declared by a court to be invalid. For development applications that have been lodged but are yet to be determined, an application will need to be made to the Planning Secretary for a determination on whether section 4.38(4) applies.
- The SSD Act also allows for the *Environmental Planning and Assessment Regulation 2021* (NSW) to provide for the form, procedure and circumstances in which the Planning Secretary may make determinations. These amendments have not yet been published.

***Biodiversity Conservation Amendment (Biodiversity Offsets Scheme) Act 2024* (NSW)**

The *Biodiversity Conservation Amendment (Biodiversity Offsets Scheme) Act 2024* (NSW), the first package of legislation giving effect to the NSW Government's Plan for Nature, amended the existing biodiversity offsets scheme under the *Biodiversity Conservation Act 2016* (NSW) to:

- formalise the 'avoid, minimise and offset' hierarchy
- establish a new scheme to transition to developing overall 'net positive' outcomes
- enable payments into the Biodiversity Conservation Fund in lieu of obligations to retire credits
- introduce a variety of new public registers
- revise entry thresholds for certain local development
- introduce the ability to review Biodiversity Values Maps.

Release of new planning circular and guidance for Crown Development Applications

On 26 May 2025, the NSW Department of Planning, Housing and Infrastructure released a new Planning Circular PS 25-002: Crown development applications (Circular) and supporting Guidelines for Crown Development Applications under the EP&A Act (Guidelines), relevant to Crown development applications made under part 4, division 4.6 of the EP&A Act that are considered either 'local development' or 'regionally significant development'. Noting Essential Energy is relevantly defined as the 'Crown' for the purposes of section 294 of the *Environmental Planning and Assessment Regulation 2021* (NSW), the Circular and the Guidelines will assist to clarify the processes involved in any Crown development application lodged by Essential Energy.

Climate Change Fund Order

Section 34J of the *Energy and Utilities Administration Act 1987* (NSW) provides that the Minister may, by order published in the Gazette, require any one or more licensed distributors to make an annual contribution for a specified financial year to the Climate Change Fund. In June an order was made requiring Essential Energy to make an annual contribution of $61,935,664 to the Climate Change Fund for the financial year commencing 1 July 2025. The annual contribution is to be paid by quarterly instalments (each being equal to one-fourth of the annual contribution payable) on or before the first day of August 2025, November 2025, February 2026 and May 2026.

Material changes to Queensland Legislation and Regulations

***Work Health and Safety (Sexual Harassment) Amendment Regulation 2024* (Qld)**

The *Work Health and Safety Regulation 2011* (Qld) has been amended to expressly require PCBUs to manage the risk to health or safety of workers or other persons from sexual harassment or sex or gender-based harassment at work. PCBUs are also now required to prepare a written prevention plan to manage an identified risk to health and safety from sexual harassment or sex- or gender-based harassment at work.

***Electrical Safety and Other Legislation Amendment Act 2024* (Qld)**

The *Electrical Safety and Other Legislation Amendment Act 2024* (Qld) was assented to 30 August 2024 and gives effect to a suite of recommendations from various reviews of Queensland's safety frameworks. The changes include aligning QLD's industrial manslaughter laws with other jurisdictions, changing definitions under the *Electrical Safety Act 2002* (Qld) and *Electrical Safety Regulation 2013* (Qld) to capture new and emerging technologies and expanding the Category 1 offence under the *Work Health and Safety Act 2011* (Qld) to include duty holders whose negligent conduct exposes workers to a risk of death or serious injury or illness. *The Electrical Safety and Other Legislation Amendment Regulation 2024* also commenced.

***Mobile crane Code of Practice 2024* (Qld)**

On 23 September 2024 a new Queensland WHS Code of Practice for mobile cranes commenced and replaced the 2006 Code of the same name. This code provides practical guidance to persons conducting a business or undertaking about how to manage risks associated with mobile cranes, vehicle-loading cranes and other mobile plant used as a mobile crane to raise or lower a freely suspended load.

Australian Energy Regulator (AER) determinations

New cost thresholds for the distribution regulatory investment test

On 12 November 2024, the AER released its final determination which outlines that if the estimated capital cost of an investment option:

- exceeds $7 million, a regulatory investment test for distribution (RIT-D) applies
- falls below $14 million, a RIT-D proponent can skip the 'draft project assessment report' consultation step
- falls below $28 million, a RIT-D proponent can include its 'final project assessment report' as part of its 'distribution annual planning report'
- exceeds $103 million, a regulatory investment test for transmission (RIT-T) or RIT-D proponent must include reopening triggers applying to the RIT-T or RIT-D project
- exceeds $300,000, a network business can combine information in its annual planning report for assets it expects to retire or de-rate
- exceeds $3 million, a distribution network business is required to include, in its distribution annual planning report, committed investments that address an urgent or unforeseen network issue.

AER updates cost benefit analysis and regulatory investment test guidelines

The AER reviewed and updated its cost benefit analysis (CBA) and regulatory investment test (RIT) guidelines. The updated guidelines and instruments reflect the AER's guidance on valuing emissions, its directions paper on social licence for electricity transmission projects and the AEMC's recent rule changes, such as:

- improving the workability of the feedback loop
- sharing concessional finance benefits with consumers
- enhancing community engagement in transmission building
- bringing forward early works to improve transmission planning.

Updates to AER ring-fencing guidelines

The AER released its updated version of the electricity distribution ring-fencing guideline. The amendments:

- remove the maximum length of waivers and provide the AER with discretion to determine the duration of waivers
- require distribution network businesses to prepare annual ring-fencing compliance reports accompanied by a letter signed by a director or most senior executive.

Compliance procedures and guidelines

On 26 July 2024 the AER released its final decision on its compliance procedures and guidelines:

- the guidelines set out the manner and form in which regulated entities are required to submit information and data on their compliance to the AER and the process for managing compliance audits under the National Electricity Retail Law
- the amendments are intended to improve the efficiency and effectiveness of the reporting process as a compliance monitoring tool for retailers, distributors and the AER.

Introduction of T-3 reliability instrument in NSW triggering the retail reliability obligation

The AER introduced its T-3 reliability instruments for New South Wales and Victoria:

- per section 14K of the National Electricity Law, the AER have made a T-3 reliability instrument for NSW for the forecast reliability gap period of 1 December 2027 to 29 February 2028
- approving the T-3 requests triggers the retail reliability obligation in both New South Wales and Victoria.

Final export limit guidance note

This is a non-binding document to provide clarity on the regulatory framework of export limits. The objectives of the guidance note are to:

- provide clarity on policy objectives and design principles for distribution network service providers (DNSPs) when implementing and using flexible export limits as a tool for managing network congestion and increasing available hosting capacity for exports of solar PV based generation to the grid
- provide clarity to DNSPs on the AER's expectations to support the development of expenditure to implement and use flexible export limits
- establish 'guard rails' for the development and use of flexible export limits to protect consumers.

Electricity transmission and distribution benchmarking reports

The Annual Benchmarking Reports for electricity distribution and transmission are used by the AER and industry to benchmark DNSPs, and transmission network service providers (TNSPs), productivity over time, against other networks and the economy.

- The AER found that in 2023, distribution industry productivity decreased by 2.5%
- Where the AER finds a network's cost to be materially inefficient, the AER may use the benchmarking to adjust its operating expenditure down to a more efficient level, reducing how much revenue the distribution network can recover from its customers through electricity bills.

Contribution determination for 2025–26

The AER released its third contribution determination for cost recovery under the NSW Electricity Infrastructure Roadmap. The total contribution determination amount for 2025–26 is $493.18 million. The amount required to be paid by Essential Energy is $95.70 million.

AER approves costs for Essential Energy's bushfire risk reclassification contingent project

Following a detailed assessment of Essential Energy's application, the AER approved total project capital expenditure of $63.8 million. This is a $26.2 million or 29% reduction from the $90.0 million proposed by Essential Energy. The AER's review found Essential Energy's proposed expenditure to be prudent. However, their analysis concludes the proposed project's costs are not efficient for the following reasons:

- the proposed expenditure includes contingency costs that are not efficient and in the long-term interests of consumers
- cost escalation is overstated as it applies a different and higher escalation approach than what was applied in the 2024–29 final determination
- additional labour costs are considerably more than the typical industry range
- the proposed costs did not account for a reduction in opex to reflect the reclassification to lower risk for some high-risk areas.

National Electricity Rules and National Energy Rules

New rule to reduce the risk of power outages caused by severe weather

Distribution network resilience is now explicitly recognised in the National Electricity Rules. A new framework has been introduced which includes:

- new resilience expenditure factors that distribution network service providers (DNSPs) and the AER must consider in developing and assessing expenditure proposals
- a requirement for the AER to develop, publish and maintain formal Network Resilience Guidelines
- new annual planning and reporting requirements to improve the transparency and accountability of DNSP performance, and outcomes for consumers, in severe weather events.

Improving the NEM access standards

A new rule has been introduced to improve the National Electricity Market (NEM) access standards. The final rule:

- amends the NEM access standards to apply them by plant type
- amends the access standards for generators, integrated resource systems and synchronous condensers
- amends the access standards for HVDC links
- makes other consequential NER amendments
- includes transitional provisions to allow choosing a mix of old and new standards and minimise disruption to ongoing connections.

Summary of significant judicial decisions between 1 July 2024 to 30 June 2025

Bingman Catchment Landcare Group Incorporated v Bowdens Silver Pty Ltd [2024] NSWCA 205

The NSW Court of Appeal voided a development consent for a mine, because the consent authority failed to consider the likely impacts of an off-site electricity transmission line (ETL), that was part of the single proposed development under the *Environmental Planning and Assessment Act 1979* (EP&A Act) but not included in the development application.

This overturned the decision by the NSW Land and Environment Court in *Bingman Catchment Landcare Group Incorporated v Bowdens Silver Pty Limited* [2024] NSWLEC 17, which held that the ETL was not a part of a single proposed development. Consequently, the environmental impact of the ETL was not a mandatory consideration and further, because the route for the ETL had not yet been determined, the potential impacts of its construction could not be determined, under section 4.15 of the EP&A Act.

The amendments to section 4.38(4) of the EP&A Act made by the SSD Act (referred to above) were made subsequent to the Court of Appeal's judgement.

Commonwealth of Australia v Yunupingu (on behalf of the Gumatj Clan or Estate Group) & Ors [2025] HCA 6

On 12 March 2025, the High Court handed down a significant decision on the scope of native title rights in *Commonwealth of Australia v Yunupingu (on behalf of the Gumatj Clan or Estate Group) & Ors* [2025] HCA 6.

The Gumatj Clan or Estate Group of the Yolngu People (Gumatj Clan) had applied to the Federal Court for compensation from the Commonwealth of Australia under the *Native Title Act 1993* (Cth) (Native Title Act), for past acts attributable to the Commonwealth.

The High Court held:

- The power conferred on the Commonwealth Parliament by s 122 of the Constitution to make laws for the government of a territory does not extend to making a law with respect to acquisition of property otherwise than on just terms, within the meaning of s 51(xxxi) of the Constitution which states: 'The Parliament shall, subject to this Constitution, have power to make laws for the peace, order, and good government of the Commonwealth with respect to … the acquisition of property on just terms from any State or person for any purpose in respect of which the Parliament has power to make laws'.
- Legislative extinguishment of native title does constitute an acquisition of property, within the meaning of s 51(xxxi) of the Constitution. A law is properly characterised as a law with respect to the acquisition of property otherwise than on just terms within the meaning of s 51(xxxi) of the Constitution, if and to the extent that the law purported (before the commencement of the Native Title Act) to appropriate or grant an interest in land, which was inconsistent with a native title right or interest in relation to that land then recognised at common law.
- The grant of a pastoral lease in 1903 by the Governor of South Australia under the *Northern Territory Land Act 1899* (SA) did not extinguish the Gumatj Clan's non-exclusive native title rights over minerals on or under the subject land.

EnergyAustralia Pty Ltd v ColnvestLtd [2025] VSC 100

On 25 March 2025, the Supreme Court of Victoria handed down its decision in the matter of *EnergyAustralia Pty Ltd v ColnvestLtd* [2025] VSC 100, which found that Energy Australia was covered by the Victorian portable long service leave scheme with respect to its Victorian employees who undertook maintenance and repair of plant and machinery at Energy Australia's Yallourn power station. Judge Andrew Watson found that:

- The maintenance employees were performing construction work (as defined in the rules governing the Victorian portable long service leave) and did not fall within the carveout in the rules for 'routine or minor maintenance'
- Energy Australia was operating in the construction industry, noting that while Energy Australia's enterprise is in the electricity generation industry and 'has that substantial character', this does 'not exclude the possibility that the substantial character of the enterprise may also include the maintenance or repair of the structures or works' by which it generates electricity.

Land disposal

Essential Energy did not dispose of any land with a value greater than $5.0 million in 2024–25.

Exemptions

Essential Energy did not seek any exemptions for this 2024–25 Annual Report.

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Glossary

Term	Definition
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
AI	Artificial Intelligence
ASP	Accredited Service Provider
Capex	Capital expenditure
BESS	Battery Energy Storage System
CAG	Customer Advocacy Group
CER	Consumer Energy Resources
CIA	Climate Impact Assessment
CSP	Contract Service Provider
DCA	Dynamic Connection Agreement
EAM	Enterprise Asset Management
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EGP	Employee Giving Program
ERF	Employee Request for Funding
EV	Electric vehicle
HPIFR	High Potential Injury Frequency Rate – frequency of all safety incidents that had a reasonable likelihood of resulting in a major or severe injury to any person per million hours worked
IPART	Independent Pricing and Regulatory Tribunal

Term	Definition
LiDAR	Light Detection and Ranging – a remote sensing technology that uses laser light to measure distances and create detailed 3D maps of environments
LMRP	Legacy Meter Replacement Program
MLTIFR	Major Lost Time Injury Frequency Rate – frequency of major or severe lost time injuries per million hours worked
NECF	National Energy Customer Framework
NFR	Network Fatal Risk
SAIDI	System Average Incident Duration Index – average total minutes a customer is without power in a year
SAPS	Stand Alone Power System
SCFR	Serious Claim Frequency Rate – number of accepted workers' compensation claims, for an incapacity, that results in a total absence from work of one work week or more (i.e. 40 hours) per million hours worked
SF6	Sulphur Hexafluoride
TCFD	Taskforce on Climate-related Financial Disclosure
TRIFR	Total Recordable Injury Frequency Rate – calculated as the number of recordable injuries per million hours worked
RAB	Regulated Asset Base – the regulatory valuation of electricity network assets. A key input into the AER's determinations for the revenue Essential Energy can collect from customers through network charges. Major network investments may increase the RAB and therefore revenue. The AER also uses incentive mechanisms to encourage efficient network investments – to minimise costs while maintaining or improving reliability.
V2G	Vehicle-to-Grid – enables energy sharing between EV batteries, houses and the electricity network

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Supply interruptions

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