



# ICT Customer

## Business Case

25 January 2024



Part of the Energy Queensland Group

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## 1 EXECUTIVE SUMMARY

Title		Non-Network ICT – Customer																
Application	Energex and Ergon Energy Network																	
Expenditure category	<input type="checkbox"/> Replacement <input type="checkbox"/> Augmentation <input type="checkbox"/> Connections <input type="checkbox"/> Tools and Equipment <input checked="" type="checkbox"/> Non-network ICT <input type="checkbox"/> Property <input type="checkbox"/> Fleet																	
Identified need	<input checked="" type="checkbox"/> Network resilience <input checked="" type="checkbox"/> Facilitate customer and community opportunities <input type="checkbox"/> Evolving grid infrastructure <input checked="" type="checkbox"/> Safe, efficient and affordable operations <p>The Customer business case addresses the non-network ICT investment required to support three key investment drivers: Safe, efficient and affordable operations; Facilitate customer and community opportunities; and Network resilience.</p> <p>Energex and Ergon Energy Network are dedicated to upholding compliant customer, market, and metering systems. We are also committed to supporting customers and maintaining service standards through improved digital channels, while also enhancing response and recovery efforts during emergency and major events.</p>																	
Benefits	<p>This business case realises four benefit categories: Maintain compliance to regulations and tariff reform; Maintain and improve customer standards for interactions with products and complex services; Improve awareness of new products and services for the energy transition; and Improve communications with customers during emergency and major events.</p> <p>The quantitative benefits to be realised from this investment are \$133.0M (present value \$92.6M).</p>																	
Recommended option	<p>Option 2, 'Adapt and enhance modern and integrated digital channels for customer experiences to support customers with enhanced interactions, information and meaningful insights during emergency and major events', is the recommended option. Option 2 presents a balanced investment and risk profile, which is expected to deliver the best short and medium-term outcomes for customers, communities and DNSPs.</p> <p>This option also presents the best possible prudent mitigation of significant risks, most notably non-compliance, system resilience and inability to meet customer requirements, pricing, and value expectations.</p>																	
Expenditure <sup>1</sup>	The total investment costs associated with the recommended option (\$M).																	
	<table border="1"> <thead> <tr> <th>FY26</th> <th>FY27</th> <th>FY28</th> <th>FY29</th> <th>FY30</th> <th>Total 2025-30</th> </tr> </thead> <tbody> <tr> <td style="background-color: black;"></td> <td style="background-color: black;"></td> <td style="background-color: black;"></td> <td style="background-color: black;"></td> <td style="background-color: black;"></td> <td style="background-color: black;"></td> </tr> </tbody> </table>						FY26	FY27	FY28	FY29	FY30	Total 2025-30						
FY26	FY27	FY28	FY29	FY30	Total 2025-30													

<sup>1</sup> All financial figures have been rounded and shown in dollars million (\$M) throughout this document, shown using the costing approach for non-network ICT expenditure described in the Non-network ICT Plan 2025-30, section 7.1.

## 2 DOCUMENT BACKGROUND

### 2.1 Purpose of Document

The purpose of this document is to outline the Energex and Ergon Energy Network’s proposed program of work pertaining to the Customer business capabilities for the next regulatory control period from 1 July 2025 to 30 June 2030 (2025-30).

### 2.2 References

**Table 1: Related Documents**

Date	Name	Type
19/04/2023	Energex Business Narrative Ergon Energy Network Business Narrative	Direction
25/01/2024	Non-network ICT Plan 2025-30 (Attachment 5.8.01)	Document
25/01/2024	Non-network ICT Common Glossary (Attachment 5.8.10)	Document
31/10/2023	RDP 2025 Project – Shared Assumptions	Assumptions Document
26/06/2020	Energy Queensland Low Carbon Future Statement	Document
19/07/2023	Ergon Energy Network and Energex: Demand Management Plan 2023-24	Document
25/01/2024	All other non-network ICT business cases (Attachments 5.8.02 to 5.8.08)	Document

### 2.3 Document History

**Table 2: Document History**

Version Number	Change Detail	Date	Updated by
0.1	Review and develop initial document templates	July to August 2022	EY
0.2	Scoped proposal, assessed costs and benefits, and developed options Draft 1 completed	September 2022 to January 2023 31 January 2023	Energy Queensland EY

Version Number	Change Detail	Date	Updated by
0.3	Continued refinement of messages, format and content including incorporating feedback from RRG Session 1 Draft 2 completed	February to June 2023 30 June 2023	Energy Queensland
0.4	Updated based on feedback from RRG Session 2, Residential Focus Groups, Draft Plan consultation and Strategic Review by Deloitte Draft 3 completed	July to November 2023 24 November 2023	Energy Queensland
0.5	Strengthened strategic narrative, benefits and options analysis Draft 4 completed	December 2023 to January 2024 25 January 2024	Energy Queensland Deloitte
1.0	Final submitted to the Australian Energy Regulator	31 January 2024	Energy Queensland

## 2.4 Approvals

**Table 3: Document Approvals**

Position	Name/s	Signature	Date
<b>Approver:</b> General Manager GM Customer & Emerging Platform Services			30/01/2024
<b>Final Approval:</b> EGM A/Chief Information Officer			30/01/2024
<b>Final Approval:</b> EGM Chief Engineer			30/01/2024

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## 3 STRATEGIC CONTEXT

### 3.1 Background

Our customer, market and metering systems support critical customer services and operations within the National Electricity Market (NEM) for 2.3 million network customers through Energex and Ergon Energy Network as distribution network service providers (DNSPs). For 2023, this includes approximately:

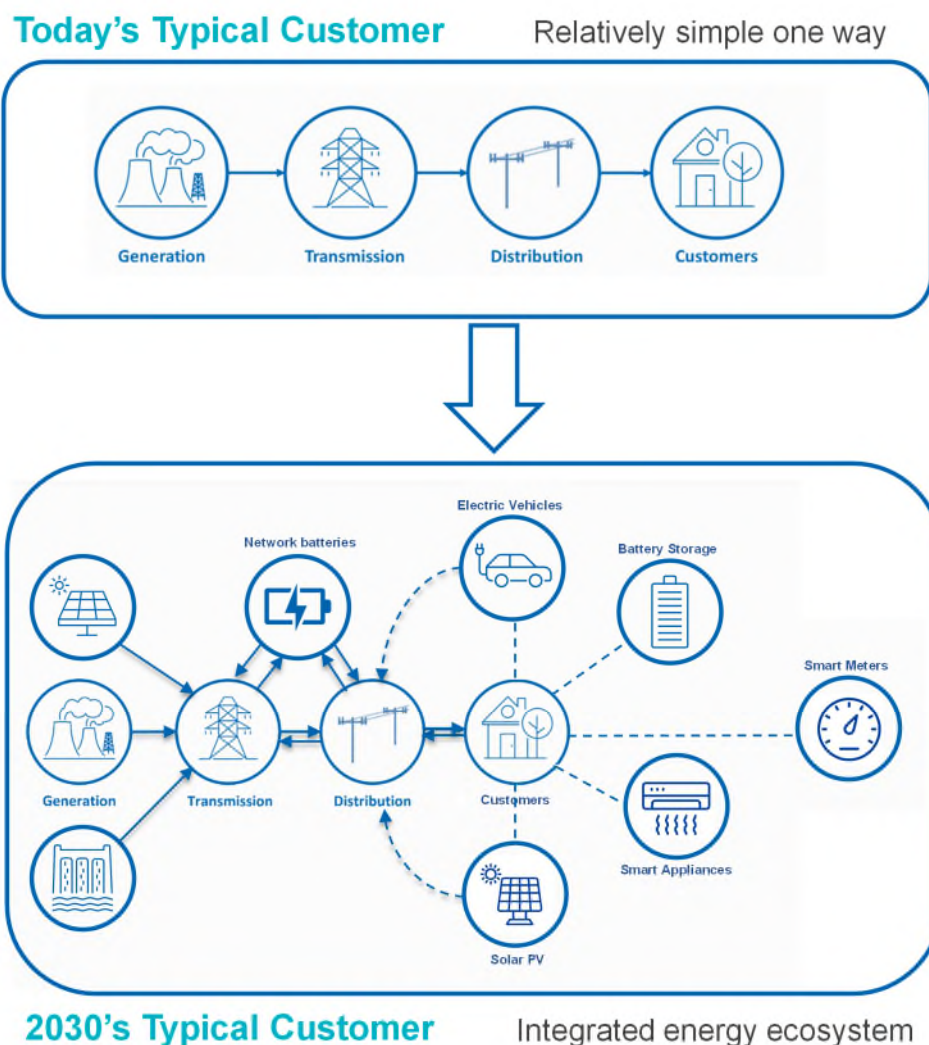
- \$4.1 billion of network billing
- 100 million meter-reads
- Over 1 million customer calls and 2 million customer emails
- Over 240 million market transactions
- 4.9 million views of outage information
- 140,000 customer surveys
- Customer and contractor interactions through such channels as contact centres, web sites, outage maps and portals.

It is paramount that we maintain and scale our critical customer, market and metering systems that support these functions to enable technology resiliency across core market and billing services, connections and customer touch points. This requires ongoing improvement and scaling of our critical customer technology infrastructure and applications to ensure resiliency is maintained in these applications and technologies. A failure of investment would not only prevent growth of positive customer experiences, it would also result in degrading customer outcomes through additional pressure on call centres, customer interaction channels and potentially sub-optimal billing outcomes.

Customer connections are forecast to grow approximately 10% during 2025-30 as Queensland's population, infrastructure and economy grow, while complexity of products and services increases, driven by the energy transition. It is critical that we continue to meet and maintain current customer, market and metering systems resiliency and standards, while maintaining alignment with compliance, regulatory and efficient customer processes, to ensure we can operate effectively and efficiently.

Furthermore, point investments in enhancing core customer technologies are required to support required changes to meet the energy transition and changing expectations of customers, particularly in times of emergency events. This includes enhancing the resiliency and functionality of emergency and major event customer facing capabilities to ensure our systems are reliable, stable and able to meet peak demands of customers in their time of need.

**Figure 1: DNSPs must revisit how to best serve the changing needs of our customers**



Additionally, DNSPs need to account for and enhance our systems to respond to increasingly frequent major incidents impacting our networks and customers, such as severe weather events increasing due to climate change, and cyber-attacks.

Customer technologies enable customer engagement, interactions, and services, including connection management, interoperability with retailers and service providers, and compliant participation in the National Electricity Market. In the 2020-25 regulatory control period we have replaced over a dozen ageing ICT systems with modernised, consolidated, and shared customer, market and metering (CMM) digital capabilities to create a resilient technological foundation. These 'as a Service' solutions that support our business functions (see Table 4) will be kept up to date and provide the opportunity for the business to adapt to changes in scale and respond to market requirements much better than traditional ICT systems.



**Table 4: Business functions supported by our Customer, Market and Metering solutions**

Meter to cash	Customer Services	Emergency Management
<ul style="list-style-type: none"> <li>Meter-to-cash billing to ensure revenue for network investment, safety &amp; operation.</li> <li>Billing for customer requested augmentation to facilitate customer connections.</li> <li>Meter reading, data management, distributed energy resources &amp; market responsibilities.</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate market requests for customer connections.</li> <li>Support regulatory &amp; industry targets and requirements of network connections and embedded generation policies management.</li> <li>Customer initiated connection &amp; agreement management.</li> <li>Support call centre and first line of customer communication channels including web.</li> </ul>	<ul style="list-style-type: none"> <li>Outage notification through personalised messaging.</li> <li>Outage information for customer and stakeholder visibility including outage maps.</li> </ul>
Regulatory & compliance		
<ul style="list-style-type: none"> <li>Keep pace with industry regulatory &amp; compliance changes that support customer outcomes wider than DNSP benefits.</li> <li>Protect vulnerable customers through broad minimum standards and safeguards.</li> </ul>		

### 3.2 Electric Life 2032 and Investment Drivers

There are four investment drivers that underpin Energy Queensland's Electric Life 2032 ambition, vision and strategic priorities which will inform development of our expenditure plans and forecasts for the 2025-30 regulatory control period, as identified in Figure 2 and which are reflected in our ICT Plan. The investment drivers are reliant on information technology to deliver the information, infrastructure, security, and capability across the breadth of our customer base, and to support the ecosystem of employees, contractors and suppliers who deliver the services that customers expect.

**Figure 2: Energy Queensland's Strategic Framework**

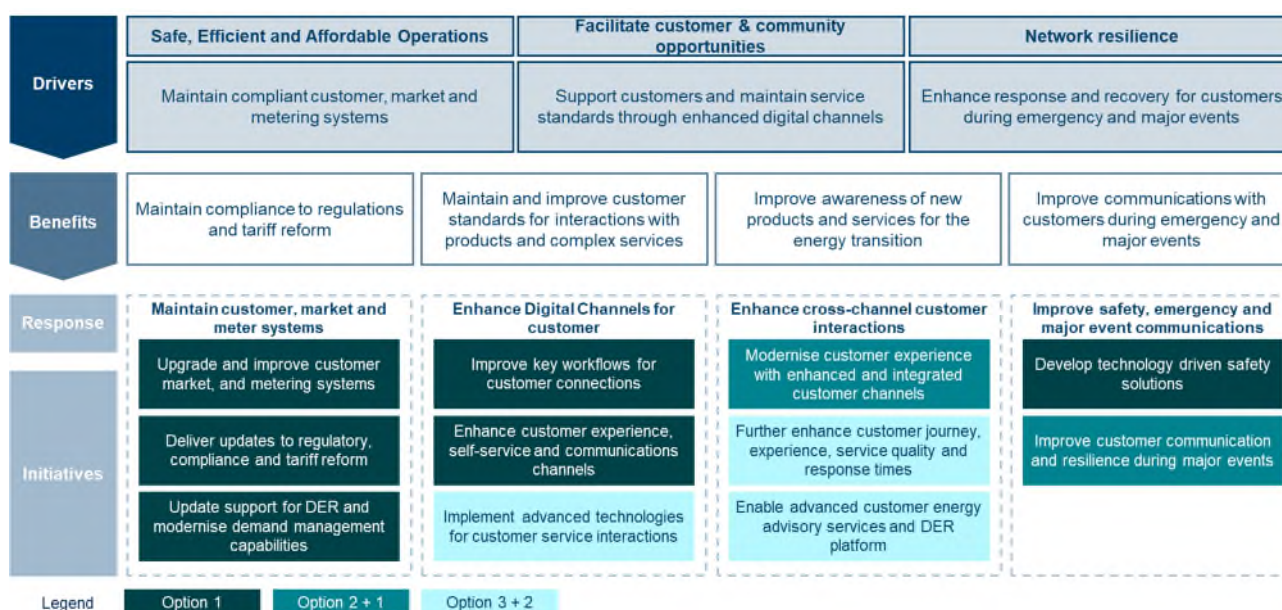
Ambition	#electriclife2032						
Vision	We energise Queensland communities						
Purpose	To safely deliver secure, affordable and sustainable energy solutions with our communities and customers						
Values	Safe	Knowledgeable	Innovative	Leading	Listening	Engaged	Diverse
Strategic building blocks & priorities	Enable				Evolve		
	<b>People &amp; culture</b> Continue to build a capable & productive workforce to ensure we deliver EQLs electric life ambition	<b>Keep the lights on</b> We will design, build and maintain a safe and reliable electricity network	<b>Financial sustainability</b> We will ensure funds spent are done so prudently and we will grow our revenue streams	<b>Safe</b> The safety of our people, customers and communities is our first priority	<b>Engage</b> Engaging our people, stakeholders, customers and communities	<b>Electrification</b> Further electrification of new loads and enabling the integration of renewables and energy solutions	<b>Environment</b> Reducing EQLs emissions, moving towards 70% renewables by 2032 and ensuring our assets are resilient
Drivers	Network resilience		Safe, efficient & affordable operations		Facilitate customer & community opportunities		Evolving grid infrastructure

This business case addresses the non-system ICT investment required to support the investment drivers 'Safe, efficient and affordable operations', 'Facilitate customer and community opportunities', and 'Network resilience', ensuring alignment with strategic objectives. Energex and Ergon Energy Network are committed to:

- Delivering electricity services in the most efficient and affordable way, with consideration for customer, community, and employee health and safety. The Customer business case provides modern digital capabilities to customers and employees by maintaining compliant systems, securing data access and technology infrastructure, ensuring device resilience, and providing integrated services.
- Facilitating customer opportunities in the transition to renewable energies removing barriers to participation and providing our customers with choice and control, without compromising network security, supply quality or performance. The Customer business case will enable customers to evolve their digital interaction and experiences with us and to benefit from our evolving services and tariff choices.
- Providing a secure, dynamic, and reliable electricity network for a rapidly changing operating environment and increased resilience to external factors that influence our planning decisions, including climate change and severe weather events. The Customer business case will ensure our services are protected and resilient against security threats, and provide improved capacity, response and recovery communications for customers and communities.

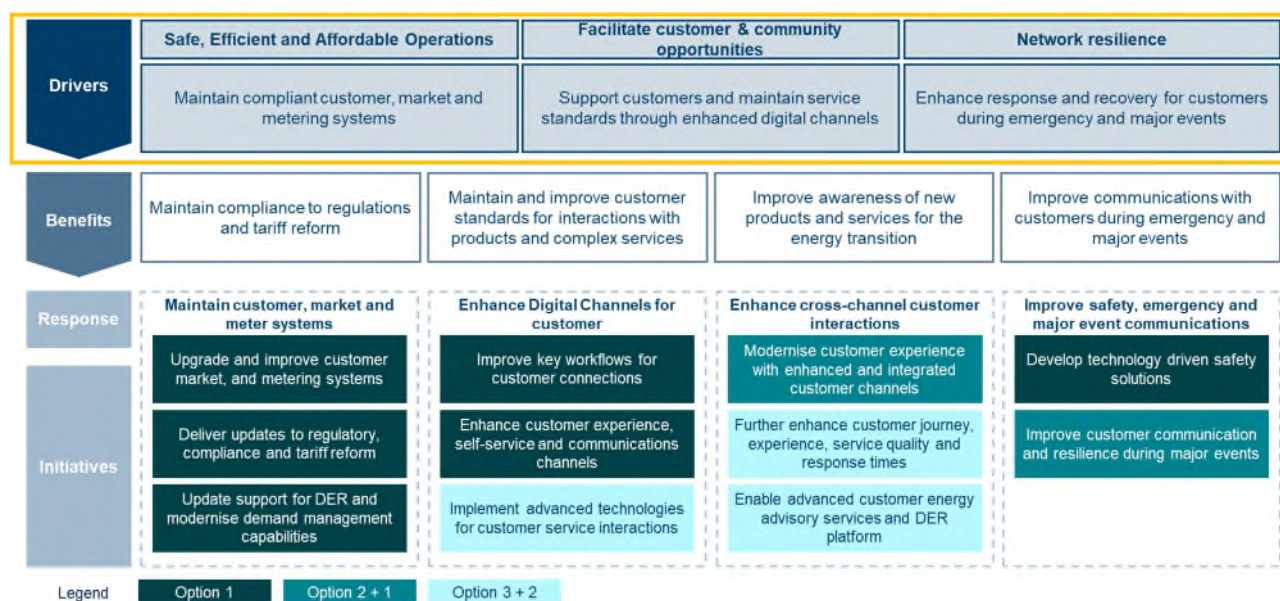
This business case identifies three sub-drivers related to the investment drivers (see Figure 3). For each of these sub-drivers, we have identified the challenges for investment, the benefits that can be realised, and the objectives that can be met and outcomes achieved through delivery of a strategic response (i.e., programs).

**Figure 3: Investment Logic Map for Customer business case**



### 3.3 Drivers and Challenges

Figure 4: Investment Logic Map identifying three sub-drivers for Customer business case

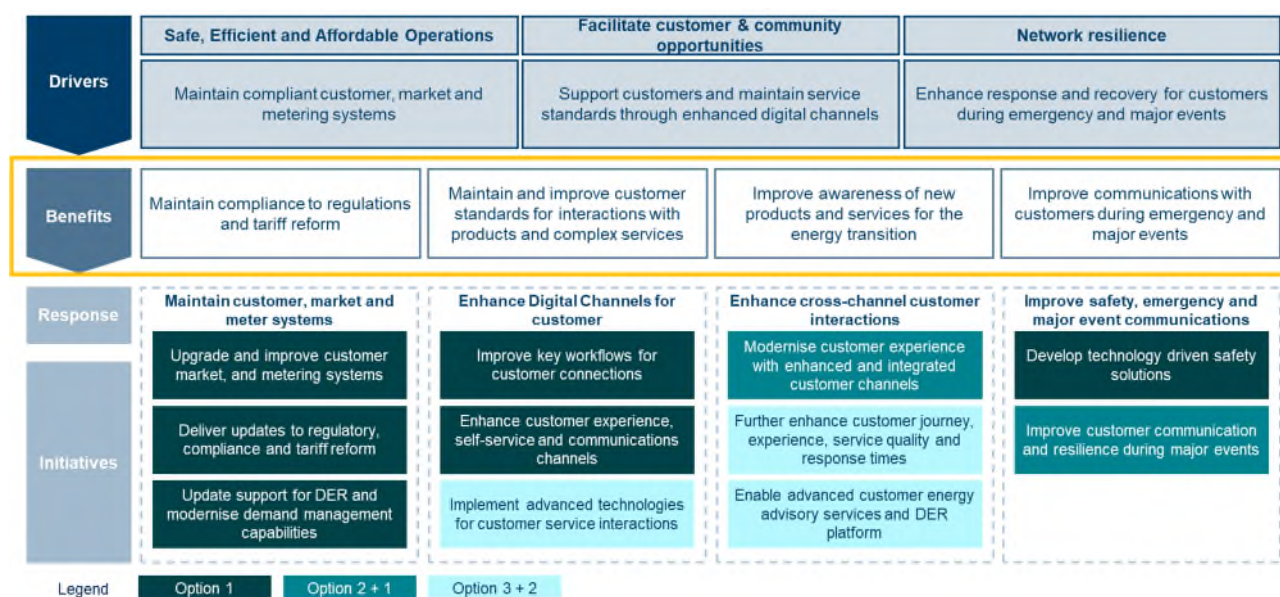


The three sub-drivers for investment for this business cases are:

- Maintain compliant customer, market and metering systems.** Maintaining and scaling existing critical customer, market and metering system platforms to enable Energex and Ergon Energy Network to preserve regulatory and compliance-aligned systems with high resiliency in critical customer and enabling services, meter to cash, and customer channels. By doing this, Energex and Ergon Energy Network can adhere to evolving regulatory requirements, minimise the direct cost of increased data, provide additional value to customers and maintain safe, efficient, and affordable operations.
- Support customers and maintain service standards through enhanced digital channels.** Delivery of digital experiences in line with customer expectations and trends is crucial to Energex and Ergon Energy Network’s ability to support the future energy system, interact with customers, and engage with the growing ecosystem of energy services providers and market participants. As the long-term costs of deploying renewable and emerging energy technologies continues to decline, their role in the energy sector is growing. As a result, customer interactions with our networks will continue to evolve through increased complexity of requests such as distributed energy resource (DER) opportunities. Additionally, customers are increasingly looking to connect on a 24/7 basis through a variety of channels such as the web, portals, and applications.
- Enhance response and recovery for customers during emergency and major events.** Support customers in their time of need through consistent quality of service, including a dependable supply of energy and access to meaningful information.

### 3.4 Way Forward and Benefits

Figure 5: Investment Logic Map identifying four benefit categories that address the drivers



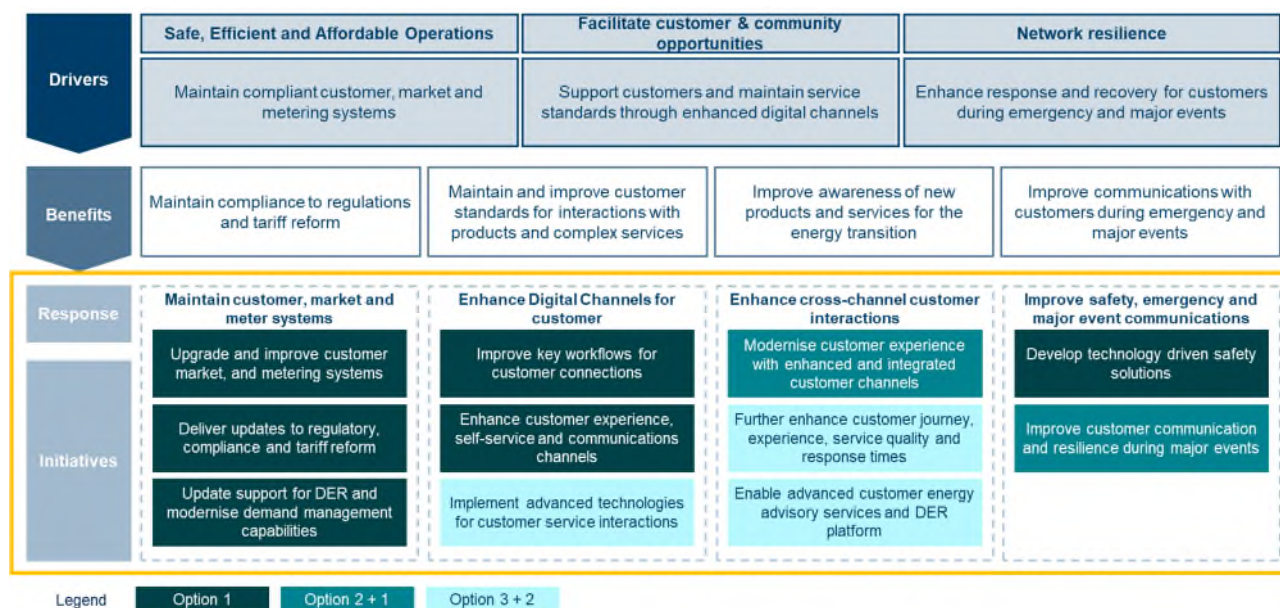
We have identified the following benefit categories for this business cases. Please refer to section 4.3 and 6.2 for an analysis of the quantifiable and qualitative benefits associated with the investment.

- **Maintain compliance to regulations and tariff reform.**
  - Ensure regulatory compliance: maintain compliance with evolving regulatory requirements and ensure the continued functionality of critical customer, market and metering systems.
  - Avoid penalties and other damages: avoid potential civil penalties, fines, reputational damage and other costs for non-compliance of customer, market and metering system.
  - Ensure alignment to network tariff rules: ensure alignment to required network tariff rules and associated system changes.
  - Ensure Cyber standards and compliance is maintained: maintain Cyber standards and ensure compliance is maintained and enhanced for Customer systems and enabling technologies.
- **Maintain and improved customer standards for interactions with products and complex services.**
  - Maintain standards for contact centre and broader customer experiences: ensure that a growing customer base, with more complex enquiries and information needs, does not increase wait times for customers to talk to call centre agents by improving how we leverage broader customer channels of choice, to support call centres being available for more complex and major matters, and other channels available to customers.

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- Enhance information accessibility: provide easy access to the relevant information through self-service and 24\*7 access to support customers out of business hours operations for general enquiries and improve channels of choice.
  - Improve communication: improve interoperability and effective communication with customers, electrical contractors and stakeholders.
  - Improve customer service delivery: through automation and reduced turnaround times for connection assessments.
  - Enhance customer journeys: enhance customer experience through real-time customer journey analytics at scale that adapt to provide a tailored customer experience.
  - **Improve awareness of new products and services for the energy transition.**
    - Empower customers: customers with the right information make better energy usage and DER investment choices and reduce cost.
    - Customer energy advisory: customer energy advisory services and platform to provide impartial advice and recommendations for basic scenarios and common questions.
    - Community engagement: continue community safety engagement with modern technology-driven proactive safety campaigns.
  - **Improve communications with customers during emergency and major events.**
    - Effective support during outages: maintain current capabilities to advise and support our customers and communities effectively during outages and before, during and after major events.
    - Resilient outage reporting: continued ability for customers to report outages, faults and emergency issues.
    - Expand emergency response offerings: including dashboards, additional communication options and proactive notifications to ensure continued resiliency and availability, and customer and community safety during emergency and major events.

### 3.5 Initiatives and Outcomes

Figure 6: Investment Logic Map identifying four responses and initiatives that realise the benefits



The following initiatives are proposed to meet our investment drivers, address the development challenges, and realise the benefits identified:

- **Maintain customer, market and metering systems.**

Maintain and upgrade customer, market and metering systems, ensuring efficiency and resilience through major releases, scaling, and necessary updates to integration and business rules. Additionally, efforts are directed towards delivering updates to regulatory and compliance requirements, as well as modernising support for DER and demand management capabilities to align with the evolving energy ecosystem and community objectives. The initiatives within this response include:

- Upgrade and improve customer, market and metering systems: Includes major releases, upgrades and scaling across critical customer, market and metering systems to maintain evergreen platforms, cater to data and transaction growth and ensure integrity of the meter to cash process. Necessary updates to integration, monitoring, logic, and business rules to ensure resiliency and concurrency are also included.
- Deliver updates to regulatory requirements, compliance requirements and tariff reform: Work required for continued alignment to market, legislative and regulatory compliance requirements, anticipated major market reform projects catering to the evolution of the energy ecosystem and expected tariff reform to incentivise energy technology and consumption alignment with community and network objectives.

- 
- Update support for DER and modernise demand management capabilities: Updates to customer, market and metering systems to support DER and consumer energy technologies, and modernised demand management capabilities to incentivise technology adoption and energy behaviours aligned to the objectives of the Australian Energy Market Operator, network and community. Examples include information and workflows relating to emerging electric vehicle and home battery control, charging and exporting being captured and managed in customer-facing solutions to inform market interaction, network activities and customer services.
  - **Enhance digital channels for customers.**

Efforts are directed towards maintaining customer service standards aligned to a growing customer base and complexity of customer needs, and enhancing digital channels for self-service, modern interactions and consolidated offerings, supported by advanced capabilities such as context-aware prompts, personalised services, and predictive analysis. The initiatives within this response include:

    - Enhance customer experience, self-service and communications channels: Enhance customer-facing solutions to enable 24\*7 interaction and self-service through the customer's preferred channels of choice fronted by modern and accessible user interfaces and consolidated service offerings. Customer interactions will be supported through behind the scenes capabilities to deliver context aware interaction prompts within agent applications, increased aggregation and personalisation of service offerings, enhanced speech, predictive and sentiment analysis underlined by data aggregation from customer, market systems to deliver advanced insights and customer value.
    - Improve key workflows for customer connections through data driven insights: Streamline service provision by improving key workflows through data driven insights and automation to enhance the customer connection process. This includes scaling the customer self-assessment in the connections process for large and complex customers, and development of emerging portal applications and integrations to improve interoperability with partners and service providers. Overall, this contributes to efficiencies for customers as well as improving investment certainty in the broader economy.
    - Implement advanced technologies for customer service interactions: Develop experiences that leverage virtual reality, extended reality and other emerging technologies to enable immersive remote technical support, customer interactions and more effective training solutions for employees and partners.

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- **Enhance cross-channel customer interactions.**

Modernise the customer experience by consolidating services, integrating customer channels and enabling advanced energy advisory services. Efforts also include enhancing customer interaction systems with advanced analytics and real-time insights to optimize the overall journey and service quality. The initiatives within this response include:

- Modernise customer experience with enhanced and integrated customer channels: Consolidation and integration of service offerings to provide a seamless and modern customer experience that enables a single point of entry, asynchronous customer interactions, interaction history and tailored insights. Includes consolidation of user accounts across services, improvements to customer data modelling, reporting and insights, as well as utilising applied analytics to ease friction in service delivery and reduce manual effort.
- Further enhance customer journey, experience, service quality and response times through emerging technology and product capabilities: Enhance customer interaction systems and underlying integrations to enhance customer journey, experience, service quality and response times through real-time customer journey analytics at scale that adapt to the customer, leveraging aggregated data and external data feeds to complement customer information, analysis and service outcomes.
- Enable advanced customer energy advisory services and DER platform: Expand basic impartial customer energy advisory services and platform to cater to more complex scenarios, offer tailored options and more personalised, contextually relevant advice. Leverage demand management and DER capabilities to enable consumers to have more control and optionality for energy consumption and grid interaction.

- **Improve safety, emergency and major event communications.**

Initiatives focus on enhancing communication during critical events, resilient outage solutions, tailored insights and interactive safety education experiences. The initiatives within this response include:

- Improve customer and community communication and resilience during emergency and major events. Review, expand and enhance emergency response and major event customer service offerings including the continued resilience of customer outage solutions, expanded dashboards providing tailored information, proactive notification options, and communications to maintain customer and community.
- Develop technology driven safety solutions. Development of interactive customer experiences to improve safety attitudes, and to educate and create awareness of safety initiatives to targeted demographics. Examples include gamification of electrical safety education, targeting younger audiences, and realistic safety learning scenarios targeting high school students reflective of potential real-world scenarios.



## 4 INVESTMENT OPTIONS

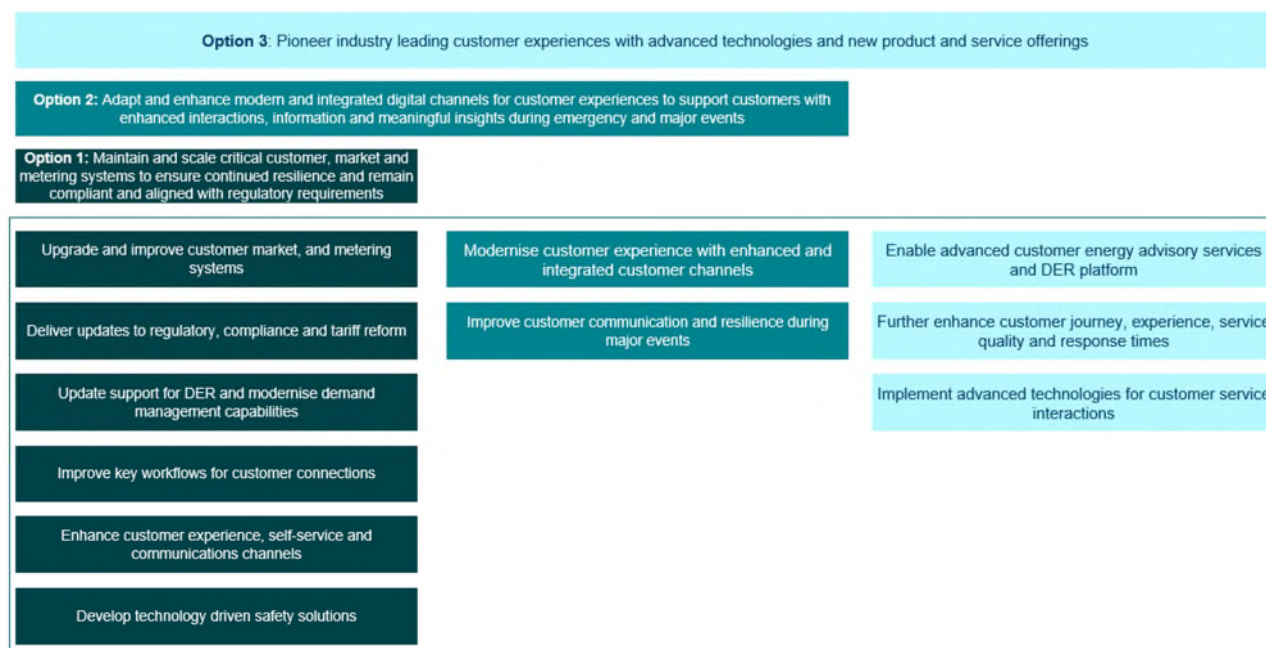
### 4.1 Options Description

Our options capture the broad feedback received from customers through our business-as-usual engagement as well as specialised sessions designed to capture feedback for our next determination. A central focus of our sessions, as well as the customer feedback, centred on ensuring our systems could scale to meet increasing energy requirements, remain reliable in our customers' times of need, and evolve as new methods of communications and new technologies become available.

In October 2023 we presented to Energex and Ergon Energy Network customer focus groups, predominately on optionality in customer communication channels with a view to explore the preferences of customers around a range of investment options and considerations. Options included investing in our contact centres to account for future growth in customer interactions, creating more customer technology channels and providing further information and education on DER as we go through the energy transition (i.e., solar and batteries).

Ergon Energy Network participants showed unanimous support for the full suite of proposed customer initiatives, while Energex participant response was mixed, with only 60% showing preference for the same features. Based on this, we have tempered advanced customer experience initiatives with a focus on improving communication channels of choice (i.e., web site, contact centres, etc) and keeping customers informed through emergency and major events.

**Figure 7: Initiatives mapped to options**



Note. each consecutive option includes initiatives from the previous option

### **Option 1: Maintain and scale critical customer, market and metering systems to ensure continued resilience and remain compliant and aligned with regulatory requirements**

The focus of Option 1 is to maintain and scale customer, market and metering systems and capabilities for efficient delivery and sustainment of our critical customer services, compliance and regulatory requirements, customer communications, community safety obligations and campaigns. This option will also ensure that expected service standards and experiences are maintained in line with growth in scale and increasing complexity of required services.

### **Option 2: Adapt and enhance modern and integrated digital channels for customer experiences to support customers with enhanced interactions, information and meaningful insights during emergency and major events**

Option 2 includes Option 1 initiatives, as well as investment to modernise and consolidate customer experiences, interactions and service delivery. These capabilities include integrated digital channels for customer experiences (i.e., web, portal, mobile, call centre) to enable improved channels of choice which are integrated to improve efficiency and effectiveness of digital channels for customers to access information and enquiries, particularly in emergencies and major events. The goal is to elevate service delivery, communication and safety for both customers and the community in critical events.

### **Option 3: Pioneer industry leading customer experiences with advanced technologies and new product and service offerings**

Option 3 advances the groundwork laid by Option 2 by pushing the boundaries of customer experiences, forging strategic partnerships, and evolving value offerings. It aims to pioneer an industry-leading customer experience by taking the lead in adopting emerging technologies. This includes employing cutting-edge tools such as virtual 3D agents to handle calls after hours and during periods of increased demand. Furthermore, the strategy incorporates advanced customer experience technologies like extended reality, virtual agents, and real-time insights to propel the organisation into the future.

## **4.2 Criteria Description**

The options were reviewed across the following four criteria to arrive at an overall assessment.

- **Risk mitigation associated with option:** Assesses the qualitative likelihood of mitigating Energex and Ergon Energy Network corporate risks (i.e., probability of risk occurring). For this criterion, a high / medium / low risk mitigation scoring is provided.
- **Financial benefits associated with option:** Assesses the financial benefits delivered to Energex and Ergon Energy Network, and the broader community from each option. For this criterion, only the total value of the financial benefits is included (if any).
- **Non-financial/non-quantified benefits associated with option:** Assesses the non-financial/not-quantified benefits delivered to Energex and Ergon Energy Network, and the broader community from each option. For this criterion, a limited / partial / full benefit realisation scoring is provided.

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- **Costs associated with option:** Assesses the quantitative non-recurrent and recurrent (capital and operating) costs associated with each option. For this criterion, only the total value of expenditure is included.

Table 5 provides a summary of the assessment of the three options, to demonstrate the recommended option for investment.

### 4.3 Summary of Options Analysis

Table 5 summarises the analysis of the three options. Detailed analysis of each option against the criteria is in the Appendix.

**Table 5: Summary of Options Analysis**

Criteria	Option 1: Maintain & Scale Customer Service Standards, Systems, Compliance, Regulation and License to Operate	Option 2: Adapt & Enhance digital capabilities to support changing customer expectations with advanced integrated customer channels	Option 3: Pioneer industry leading customer experiences with advanced technologies and new product / service offering
<b>Risk mitigation associated with the investment</b>	<p><b>Medium risk mitigation</b></p> <p>The risk mitigation associated with this option meets our compliance and regulatory change risk for our meter-to-cash systems and processes. Our ability to scale as data increases along with complexity of integrations is also met.</p>	<p><b>High risk mitigation</b></p> <p>The additional risk mitigation for Option 2 allows further resilience to be included to support our efforts during significant weather events. We will also be able to keep pace with modest customer improvements as our customers' preferences change.</p>	<p><b>High risk mitigation</b></p> <p>In addition to the risk mitigation in Option 1 and Option 2, we will invest in customer experience and new technologies to reduce the risk of falling behind other industries in customer interactions.</p>
<b>Financial benefits associated with the investment</b>	\$116.7M	\$133.0M	\$133.0M
<b>Non-financial benefits associated with the investment</b>	<p><b>Partial benefit realisation across all categories</b></p> <ul style="list-style-type: none"> <li>Maintained compliance to regulations and tariff reform.</li> <li>Maintained and improved customer standards for interactions with products and complex services.</li> <li>Improved awareness of new products and services for the energy transition.</li> </ul>	<p><b>Full benefit realisation across all categories</b></p> <ul style="list-style-type: none"> <li>Maintained compliance to regulations and tariff reform.</li> <li>Maintained and improved customer standards for interactions with products and complex services.</li> <li>Improved awareness of new products and services for the energy transition.</li> </ul>	<p><b>Full benefit realisation across all categories</b></p> <ul style="list-style-type: none"> <li>Maintained compliance to regulations and tariff reform.</li> <li>Maintained and improved customer standards for interactions with products and complex services.</li> <li>Improved awareness of new products and services for the energy transition.</li> </ul>

Criteria	Option 1: Maintain & Scale Customer Service Standards, Systems, Compliance, Regulation and License to Operate	Option 2: Adapt & Enhance digital capabilities to support changing customer expectations with advanced integrated customer channels	Option 3: Pioneer industry leading customer experiences with advanced technologies and new product / service offering
	<ul style="list-style-type: none"> <li>Improved communications with customers during emergency and major events.</li> </ul>	<ul style="list-style-type: none"> <li>Improved communications with customers during emergency and major events.</li> <li>Modernised customer experiences with enhanced and integrated customer channels.</li> <li>Expansion of emergency response offerings.</li> <li>Improved information and education to support new products and services for the energy transition.</li> </ul>	<ul style="list-style-type: none"> <li>Improved communications with customers during emergency and major events.</li> <li>Modernised customer experience with enhanced and integrated customer channels.</li> <li>Expansion of emergency response offerings.</li> <li>Improved information and education to support new products and services for the energy transition.</li> <li>Advanced customer energy advisory services.</li> <li>Further enhanced customer journeys, experiences and response times.</li> </ul>
<b>Costs associated with option</b>  <i>Note, expenditure relates to period FY26-FY30, in real terms as at December 2022</i>	<i>Total Expenditure</i> ██████████ <ul style="list-style-type: none"> <li>Recurrent capex ██████████</li> <li>Non-recurrent capex ██████████</li> </ul>	<i>Total Expenditure</i> ██████████ <ul style="list-style-type: none"> <li>Recurrent capex ██████████</li> <li>Non-recurrent capex ██████████</li> </ul>	<i>Total Expenditure</i> ██████████ <ul style="list-style-type: none"> <li>Recurrent capex ██████████</li> <li>Non-recurrent capex ██████████</li> </ul>
<b>Commercial NPV</b>	(\$10.3M)	(\$7.9M)	(\$17.6M)
<b>OVERALL ASSESSMENT</b>	<b>Not Recommended</b>	<b>Recommended</b>	<b>Not Recommended</b>

## 4.4 Recommended Option

Option 2 is the recommended option, as it presents a balanced investment and risk profile, which is expected to deliver the best short and medium-term outcomes (to 2030) for customers, communities and DNSPs.

Option 1 meets our forecast scale and complexity of systems risk as well as ensuring we remain compliant within the Australian Energy market. However, this is not the preferred option as the initiatives proposed in Option 1 will not realise the full value of modernising customer experiences, improving customer communication capabilities and service offerings that aim to elevate service delivery and safety during emergency and major events.

Option 3 is also discounted as, whilst it meets our regulatory, scale and complexity of data risks, the customer experience improvements proposed do not yet offer enough value to justify the additional costs for consumers, while presenting higher risks in development of emerging technologies and barriers to customer adoption. Our progression to improving customer experience is a goal we are actively working towards, however a step change to technologies such as virtual agents, virtual or augmented reality or other emerging customer service technologies are not yet at a point where mass customers would derive benefit.

Energex and Ergon Energy Network proposes to proceed with Option 2, for the following reasons:

- It represents a balanced investment and risk profile through prudent investment to deliver the best short and medium-term outcomes for customers, communities and DNSPs when compared to Options 1 and 3.
- It supports our organisation, 2.3 million customers and communities to navigate the complexity of the fast-changing energy industry and generate benefits through participation safely and successfully.
- We can further strengthen the resilience of our systems that are critical to emergency response, as well as iterating on our platform of customer notifications and experiences that inform our customers of critical information such as outages.
- It enables our DNSPs to keep pace with new requirements resulting from the energy transition and accelerating technology change prudently and effectively, in the next regulatory control period.
- The customer services and experiences we provide remain relevant, convenient, and easily accessible for a changing customer demographic without overinvesting in technologies that do not have mass adoption, or offer insightful customer benefits that outweigh the costs.
- It also presents the best possible prudent mitigation of significant risks, most notably non-compliance, system resilience and inability to meet customer requirements, pricing, and value expectations.

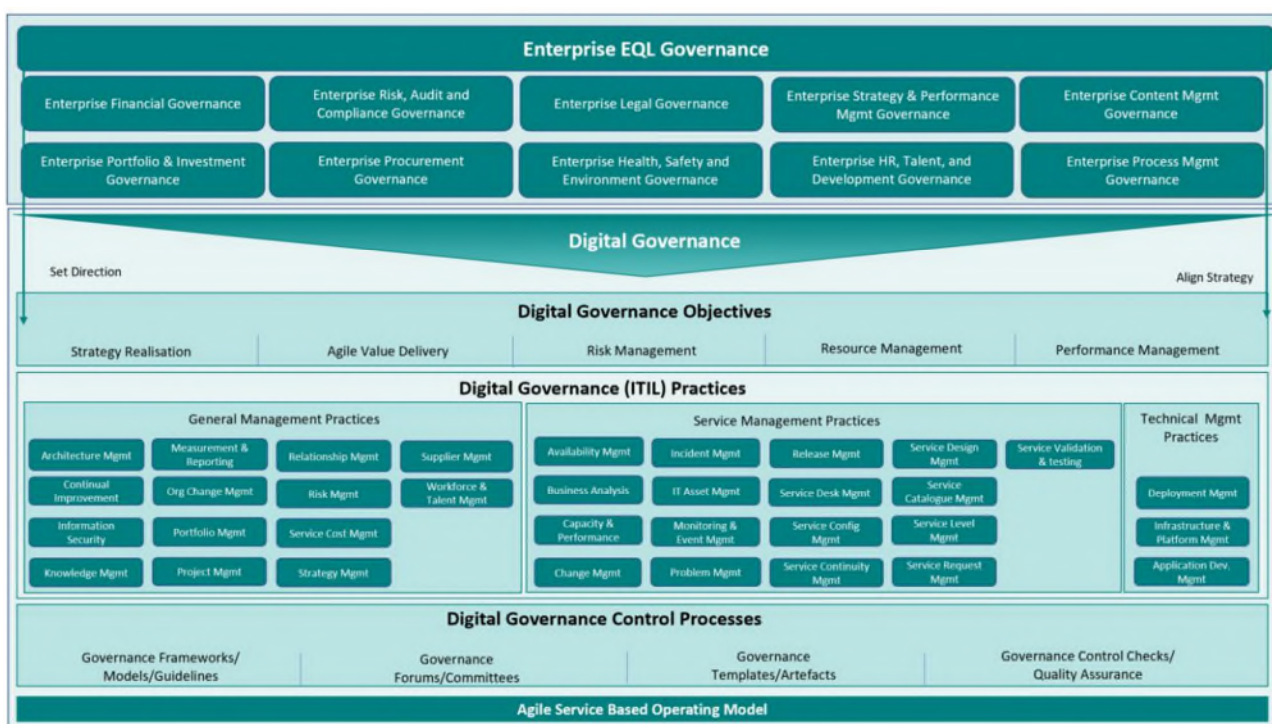
## 5 IMPLEMENTATION OF RECOMMENDED OPTION

To realise the significant benefits identified through Option 2, we will implement this investment in line with our standard governance and operating models, as described below.

### 5.1 Governance Arrangements

The initiatives will comply with the Digital Governance Framework (an element of the Corporate Governance Model). For further details, please refer to the Non-network ICT Plan 2025-30.

Figure 8: Digital Governance Model



In addition to this, the Digital Operating Model also incorporates the Scaled Agile Framework ways of working, which provides the approach to the day-to-day delivery of IT services (the how), and incorporates layers of operational governance to Digital planning, prioritisation, and execution activities. This links through to the governance objective of 'Agile Value Delivery'. For further details, please refer to the Non-network ICT Plan 2025-30.

### 5.2 Change Impact

The key change impacts associated with this business case include:

- **Customer management and communication solutions** will see a medium to high change impact, resulting from the significant improvements of customer experience and connection processes, as well as energy ecosystem interactions.
- **Market systems** are expected to undergo a medium level of change, because of new compliance requirements and adoption of contemporary tariffs.

- **Our Customer Service and Connection Management teams** will require training, so they can confidently and effectively use the new capabilities and processes.
- **External energy ecosystem partners and contractors** will be impacted by the improvements of the information services and interactions with them. Targeted training and support programs will need to be in place for a range of audiences outside the organisation.
- **Our customers** will see significant experience and service improvements which are intuitive and make it easy to connect with us.

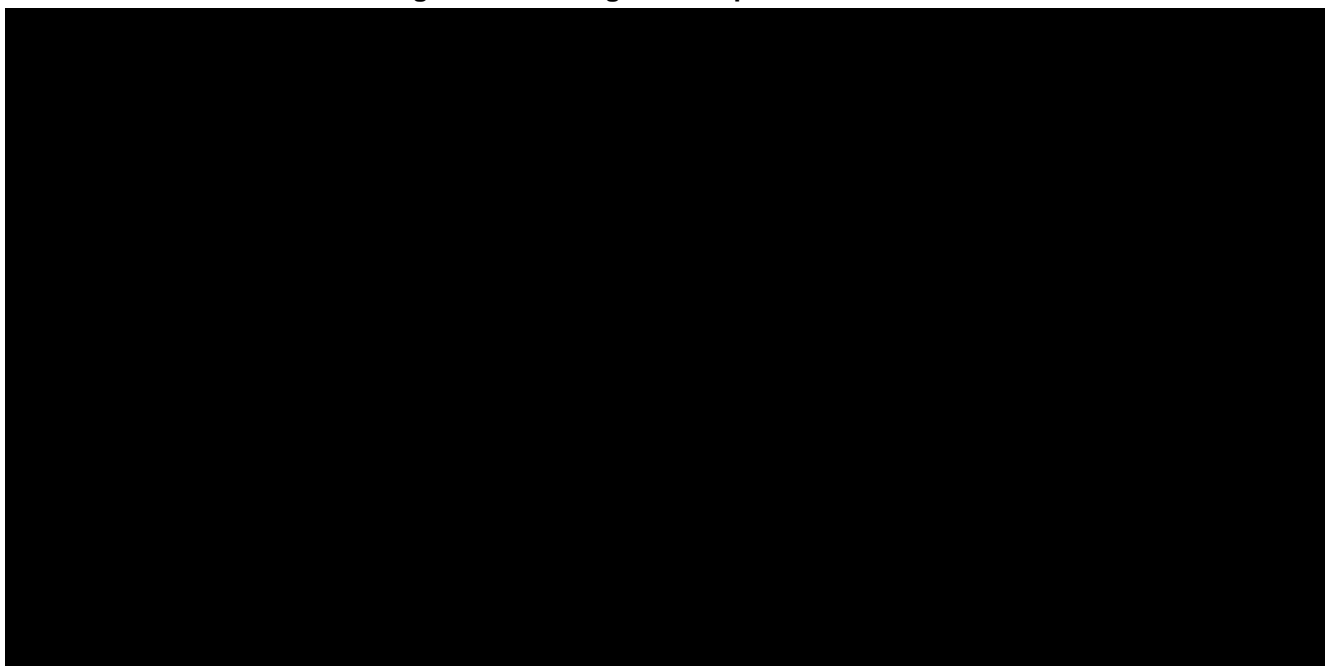
### 5.3 Delivery Roadmap

We will be delivering these initiatives as per our standing *Digital ways of working* using a continuous iterative delivery methodology and platform-based approach. Business Owners, Platform Managers and Platform Architects consciously and frequently review and prioritise the initiatives for continuous delivery of customer value and management of risk. To ensure customer voices are heard and actioned as appropriate, the Network Voice of the Customer surveys capture feedback, measures and outcomes that are reconciled with our customer and user experience strategies to inform direction and features.

The below planning roadmap represents the current view of how these initiatives will be prioritised and delivered over the 2025-30 regulatory control period. This will be continuously reassessed and refined over 2025-30, in accordance with the dynamics of changing customer needs and market requirements, industry changes and business needs.

Refer to Appendix 6.5 Delivery Risks and Controls, for an overview of the delivery risks, associated consequences, and proposed controls attached to the recommended option.

**Figure 9: Planning Roadmap for Customer**





## 5.4 Investment Benefits

The recommended option delivers all the benefits described in section 3.4.

The quantitative benefits to be realised from this investment are \$133.0M (present value \$92.6M). Please refer to Section 6.2 for a detailed description of the financial and non-financial benefits.

## 5.5 Investment Costs

The categories of investment are shown in Table 6.

**Table 6: Total Costs Overview (\$M, real December 2022)**

Category	Type	FY26	FY27	FY28	FY29	FY30	TOTAL	NPV
ICT capex	Recurrent							
ICT capex	Non-recurrent							
ICT opex	N/A	-	-	-	-	-	-	-
<b>TOTAL</b>								

## 5.6 Financial Summary

Table 7 summarised the overall financial position of the recommended option (Option 2), with NPV sensitivity analysis captured in Table 8 below.

**Table 7: NPV Overview (\$M, real December 2022)**

Net Present Value	Type	Option 2
ICT capex	Recurrent	(85.9)
ICT capex	Non-recurrent	(14.5)
ICT opex	N/A	-
Benefits	N/A	92.6
<b>Commercial NPV</b>		<b>(7.9)</b>

**Table 8: NPV Sensitivity (\$M, real December 2022)**

Net Present Value	Discount Rate		Benefits	
	+1%	-1%	125%	75%
Recommended option (Option 2)	(12.2)	(2.6)	15.3	(31.0)

## 6 APPENDICES

### 6.1 Applicable Compliance Requirements

Energex and Ergon Energy Network are required to meet regulatory and compliance obligations within its Customer capabilities in relation to its non-network ICT systems as set out below.

**Table 9: Applicable Compliance Requirements Overview**

Obligation	Description of Requirement
<b>Distribution Authority issued to Energex and Ergon Energy Network under the Queensland Electricity Act 1994</b>	The Queensland <i>Electricity Act</i> 1994 are the sources of Energex and Ergon Energy's Distribution Authority, outlining the reliability limits and distribution service standards which Energex and Ergon Energy Network are expected to meet for customers.
<b>National Market Procedures</b>	Energex and Ergon Energy Network are subject to a range of obligations under National Market Procedures such as Market Settlement and Transfer Solutions (MSATS) and Business-to-business (B2B) procedures which govern certain market interaction such as service order requests and updates to customer information.
<b>National Electricity Law and National Electricity Rules</b>	<p>The National Electricity Law (NEL) requires Energex and Ergon Energy Network to promote efficient investment in, and efficient operation and use of electricity services for the long-term interests of consumers of electricity with respect to price, quality, safety, reliability, and security of supply of electricity as per the National Electricity Objective (NEO).</p> <p>The operating and capital expenditure objectives set out in the National Electricity Rules (NER) require Energex and Ergon Energy Network to maintain both the quality, reliability, and security of supply of standard control services and the reliability and security of the distribution network.</p>
<b>National Energy Customer Framework</b>	<p>The National Energy Customer Framework (NECF) regulates the connection, supply, and sale of energy (electricity and gas) to grid-connected residential and small business energy customers. The NECF is comprised of the National Energy Retail Law, the National Energy Retail Regulations, and the National Energy Retail Rules.</p> <p>The NECF dictates the rights customers have and the obligations that electricity service providers must meet in supplying customers with electricity, as an essential service.</p>
<b>Privacy Act 1988 and Information Privacy Act 2014</b>	As specified in the <i>Privacy Act</i> 1988 and the <i>Information Privacy Act</i> 2014, Energex and Ergon Energy Network are required to maintain strong controls and security on the accessibility of customer data as well as appropriate availability of data. Having appropriate controls and cyber security systems in place is a key enabler to appropriately securing information and reducing the risk of a data breach.
<b>Review of the regulatory framework for metering services</b>	The AEMC has recommended that the metering fleet in the NEM transition to 100% smart meters by 2030 (2032 latest). This would result in a significant increase in smart meter data that must be captured and stored appropriately.

## 6.2 Options Analysis

This section summarises the options against the criteria analysed in defining the investment proposed in this business case.

### Risk mitigation associated with investment

These criteria assess the qualitative likelihood of each option mitigating Energex and Ergon Energy Network corporate risks (i.e., probability of risk occurring). The table below outlines the assessment against the three options.

**Table 10: Mitigation of risks across options**

Risk	Option 1 - Maintain and scale critical customer and market systems to ensure continued resilience and remain compliant and aligned with regulatory requirements	Option 2 - Modern and integrated digital channels for customer experiences to support customers during emergency and major events	Option 3 - Pioneer industry leading customer experiences with advanced technologies and new product and service offerings
<b>Significant changes in compliance requirements or customer expectations, e.g., resulting from the post-25 market reform or disruptive technology changes may lead to changing drivers</b>	<p><b>Medium contribution to risk mitigation</b></p> <p>Option 1, 2 &amp; 3 include investments to respond to expected industry and market changes resulting from the energy transition, which includes tariff reform, increased interactions with a growing energy ecosystem and better support of accelerating DER adoption and electrification. It caters for predictable evolution of customer expectations.</p> <p>However, it does not cater for major changes in energy market architecture or business models like the shift to Distribution System Operator (DSO), and related compliance requirements, or disruptive changes that may create new customer expectations, as the nature, timing, and extent of these are unknown at this stage.</p>	<p><b>Medium contribution to risk mitigation</b></p> <p>Option 1, 2 &amp; 3 include investments to respond to expected industry and market changes resulting from the energy transition, which includes tariff reform, increased interactions with a growing energy ecosystem and better support of accelerating DER adoption and electrification. It caters for predictable evolution of customer expectations.</p> <p>However, it does not cater for major changes in energy market architecture or business models like the shift to DSO, and related compliance requirements, or disruptive changes that may create new customer expectations, as the nature, timing, and extent of these are unknown at this stage.</p>	<p><b>Medium contribution to risk mitigation</b></p> <p>Option 1, 2 &amp; 3 include investments to respond to expected industry and market changes resulting from the energy transition, which includes tariff reform, increased interactions with a growing energy ecosystem and better support of accelerating DER adoption and electrification. It caters for predictable evolution of customer expectations.</p> <p>However, it does not cater for major changes in energy market architecture or business models like the shift to DSO, and related compliance requirements, or disruptive changes that may create new customer expectations, as the nature, timing, and extent of these are unknown at this stage.</p>

Risk	Option 1 - Maintain and scale critical customer and market systems to ensure continued resilience and remain compliant and aligned with regulatory requirements	Option 2 - Modern and integrated digital channels for customer experiences to support customers during emergency and major events	Option 3 - Pioneer industry leading customer experiences with advanced technologies and new product and service offerings
<b>Lack of user adoption</b>	<b>Medium contribution to risk mitigation</b> Option 1 includes investment to improve access to information and tooling to support DER knowledge for customers.  However, Option 1 does not include investment supporting the introduction of other new customer-related technologies.	<b>Medium contribution to risk mitigation</b>  Option 2, in addition to the investment outlined in Option 1, also includes allowances for moderate customer-related technologies that encourage the adoption of new communication styles and varied technologies to connect to our network.	<b>High contribution to risk mitigation</b>  Option 3 builds on investments outlined in Option 1 & 2 and includes heavier investment in cutting edge technologies designed to target niche customer groups with pioneering customer technology. The adoption of new energy technologies amongst customers is a key focus of this investment option.
<b>Uncertain market demand and rapid obsolescence</b>	<b>High contribution to risk mitigation</b>  Option 1 has been structured to ensure investment is prudent and focused on areas where certainty of outcomes is high. In addition, technologies employed are selected based on previous implementations in similar organisations with strong roadmaps of improvement to minimise obsolescence.	<b>High contribution to risk mitigation</b>  Option 2, similar to Option 1 has been structured to ensure investment is prudent and focused on areas where certainty of outcomes is high. In addition, technologies employed are selected based on previous implementations in similar organisations with strong roadmaps of improvement to minimise obsolescence.	<b>Medium contribution to risk mitigation</b>  A deliberate strategy of Option 3 is to deploy new technologies that may not have been employed in other similar organisations. As a result, the risk of obsolescence and uncertainty is higher than other Options.
<b>Increased customer time spent managing interactions with Energex and Ergon Energy Network due to a reliance on aging technology and manual processes</b>	<b>Medium contribution to risk mitigation</b>  Option 1 includes limited investment in modern customer experiences, self-service and communications channels. Investment for this option centres around ensuring we keep pace with data and complexity changes so customer outcomes do not go backwards.	<b>High contribution to risk mitigation</b>  Option 2 evolves the customer experience and not only keeps pace with data and complexity changes, identifies opportunities for iterations of customer improvement.	<b>High contribution to risk mitigation</b>  Option 3 clearly focuses on customer improvement through tried and untried customer experience options. Many of the interactions with Energex and Ergon Energy Network will be streamlined and, in most cases, multiple communication options would be available to customers to not only improve efficiency but also improve access for customers.

Risk	Option 1 - Maintain and scale critical customer and market systems to ensure continued resilience and remain compliant and aligned with regulatory requirements	Option 2 - Modern and integrated digital channels for customer experiences to support customers during emergency and major events	Option 3 - Pioneer industry leading customer experiences with advanced technologies and new product and service offerings
<p><b>A lack of data availability negatively impacting timely and complete compliance reporting across various domains</b></p>	<p><b>Medium contribution to risk mitigation</b></p> <p>Option 1 maintains the current level of reporting and access to data for customers and internal business processes. An increase in data and complexity requires investment in systems to maintain the current levels without adding additional functionality.</p>	<p><b>High contribution to risk mitigation</b></p> <p>Option 2 includes investment in enhancing existing systems, reporting and the delivery of new reporting new reporting solutions to meet required regulatory and compliance changes.</p>	<p><b>High contribution to risk mitigation</b></p> <p>Option 3 is similar to Option 2 with a focus on ensuring data and reporting is adequate to meet regulatory and compliance changes.</p>
<p><b>An inability for Energex and Ergon Energy Network to positively contribute to the Queensland Energy and Jobs Plan due to inefficiencies in process management and information provision</b></p>	<p><b>Medium contribution to risk mitigation</b></p> <p>Investment through Option 1 will allow a continued level of customer experience and ensure our systems scale as the data and complexity increases.</p>	<p><b>High contribution to risk mitigation</b></p> <p>Option 2 furthers the investment through Option 1 by also creating efficiency opportunities that result in tangible capabilities for customers as well as increased access to information.</p>	<p><b>High contribution to risk mitigation</b></p> <p>Option 3 furthers the investment through Option 1 by also creating efficiency opportunities that result in tangible capabilities for customers as well as increased access to information.</p>
<p><b>Erosion of Energex and Ergon Energy Network’s social licence due to customers experiencing delays in key processes and poor communications experiences</b></p>	<p><b>Medium contribution to risk mitigation</b></p> <p>Energex and Ergon Energy Network will continue to ensure our systems remain accessible and scale to new customer requirements however advancements in customer experience and minimisation of customer in-efficiencies in place today will remain. Overtime, this may result in a degradation of Energy Queensland social licence.</p>	<p><b>High contribution to risk mitigation</b></p> <p>By continuously improving the customer offerings and creating a focused effort on ensuring resilience and access to information during extreme weather events, Energex and Ergon Energy Network, through Option 2, has the ability to increase its social licence and ability to operate.</p>	<p><b>High contribution to risk mitigation</b></p> <p>By continuously improving the customer offerings and creating a focused effort on ensuring resilience and access to information during extreme weather events, Energex and Ergon Energy Network, through Option 3, has the ability to increase its social licence and ability to operate.</p>

Risk	Option 1 - Maintain and scale critical customer and market systems to ensure continued resilience and remain compliant and aligned with regulatory requirements	Option 2 - Modern and integrated digital channels for customer experiences to support customers during emergency and major events	Option 3 - Pioneer industry leading customer experiences with advanced technologies and new product and service offerings
<p><b>A need for additional staff to manage the growing workload associated with the Queensland Energy and Jobs Plan due to inefficient systems and processes</b></p>	<p><b>Medium contribution to risk mitigation</b></p> <p>Failure to invest through Option 1 will result in additional staff to maintain services and handle customer enquiries. This will not only have a financial impact, but additional staff required may not ensure the current performance levels of Energex and Ergon Energy Network are maintained, resulting in a poorer customer experience.</p>	<p><b>High contribution to risk mitigation</b></p> <p>This investment option allows for growth of our ICT systems to not only keep pace, but in targeted areas, advance our customer offering. As a result, this creates opportunities to not only meet our current customer expectations but also to meet our targets in the Queensland Energy and Jobs Plan.</p>	<p><b>High contribution to risk mitigation</b></p> <p>This investment option allows for growth of our ICT systems to not only keep pace, but in targeted areas, advance our customer offering. As a result, this creates opportunities to not only meet our current customer expectations but also to meet our targets in the Queensland Energy and Jobs Plan.</p>
<p><b>Customers bearing increasing costs of service provision due to inefficient and ineffectual manual process delivery and management</b></p>	<p><b>Medium contribution to risk mitigation</b></p> <p>Failure to invest through Option 1 will result in additional staff and manual effort to maintain service delivery standards and handle customer enquiries.</p>	<p><b>High contribution to risk mitigation</b></p> <p>This investment option allows for growth of our ICT systems to not only keep pace, but in targeted areas, advance customer service delivery.</p>	<p><b>High contribution to risk mitigation</b></p> <p>This investment option allows for growth of our ICT systems to not only keep pace, but in targeted areas, advance customer service delivery.</p>

## Financial benefits associated with investment

This criterion assesses the financial benefits delivered to Energex and Ergon Energy Network, and the broader community from each option.

**Table 11: Financial benefits associated with investment (\$M)**

Benefit category	Option 1: Maintain and scale critical customer, market and metering systems to ensure continued resilience and remain compliant and aligned with regulatory requirements	Option 2: Adapt and enhance modern and integrated digital channels for customer experiences to support customers with enhanced interactions, information and meaningful insights during emergency and major events	Option 3: Pioneer industry leading customer experiences with advanced technologies and new product and service offerings
<b>Maintain and improved customer standards for interactions with products and complex services, compliance to regulations and tariff reform.</b>	<b>116.7</b> Includes productivity, cost reduction and economic benefits.	<b>133.0</b> Includes productivity, cost reduction and economic benefits with an expected uplift in productivity and cost reduction.	<b>133.0</b> Benefit assumption remains consistent with Option 2.  Additional benefits may be realised but are not able to be quantified at this stage based on the uncertainty of emerging technologies and customer adoption.

## Non-financial/not-quantified benefits associated with investment

This criterion assesses the non-financial/not-quantified benefits delivered to Energex and Ergon Energy Network, and the broader community from each option. The table below outlines the assessment against the three options.

**Table 12: Non-financial/not-quantified benefits associated with Options**

Benefit category	Option 1: Maintain and scale critical customer and market systems to ensure continued resilience and remain compliant and aligned with regulatory requirements	Option 2: Modern and integrated digital channels for customer experiences to support customers during emergency and major events	Option 3: Pioneer industry leading customer experiences with advanced technologies and new product and service offerings
<b>Maintained compliance to regulations and tariff reform</b>	<p><b>Full benefit realisation</b></p> <p>All options include investment required to ensure regulatory requirements, avoid civil penalties, ensure alignment to tariff rules and ensure cyber standards and compliance is maintained.</p>	<p><b>Full benefit realisation</b></p> <p>All options include investment required to ensure regulatory requirements, avoid civil penalties, ensure alignment to tariff rules and ensure cyber standards and compliance is maintained.</p>	<p><b>Full benefit realisation</b></p> <p>All options include investment required to ensure regulatory requirements, avoid civil penalties, ensure alignment to tariff rules and ensure cyber standards and compliance is maintained.</p>
<b>Maintain and improved customer standards for interactions with products and complex services</b>	<p><b>Partial benefit realisation</b></p> <p>Option 1 is focused on maintaining existing customer experiences and service standards in current service offerings.</p>	<p><b>Full benefit realisation</b></p> <p>Option 2 includes investments from Option 1, while enhancing customer experiences, service delivery and integrated service offerings.</p>	<p><b>Full benefit realisation</b></p> <p>Option 3 includes investments from Option 1 and 2, while enhancing service provision with real-time customer journey analytics, tailored experiences, and immersive interactions.</p>
<b>Improved awareness of new products and services for the energy transition</b>	<p><b>Limited benefit realisation</b></p> <p>Option 1 is focused on maintaining existing service offerings and minimum adaptations catering to changes in energy technologies.</p>	<p><b>Full benefit realisation</b></p> <p>Option 2 includes investments from Option 1, while increasing information accessibility for customers to make informed decisions.</p>	<p><b>Full benefit realisation</b></p> <p>Option 3 includes investments from Option 1 and 2, while enhancing capabilities to provide tailored and advanced advisory services for complex scenarios.</p>
<b>Improved communications with customers during emergency and major events</b>	<p><b>Limited benefit realisation</b></p> <p>Option 1 is focused on maintaining existing service offerings and resiliency for customer during emergency and major events.</p>	<p><b>Full benefit realisation</b></p> <p>Option 2 includes investments from Option 1, while improving access to relevant information, notifications and meaningful insights to customer during emergency and major events.</p>	<p><b>Full benefit realisation</b></p> <p>Option 3 includes investments from Option 1 and 2, as well as extended service offerings to partner with customers using advanced interaction technologies.</p>



## Costs associated with investment

This criterion assesses the quantitative non-recurrent and recurrent (capital and operating) costs associated with each option. For this criterion, a low alignment has been allocated for the highest cost option. The table below outlines the assessment against the three options.

**Table 13: Costs associated with investment (\$M, real December 2022)**

Costs category	Option 1: Maintain and scale critical customer, market and metering systems to ensure continued resilience and remain compliant and aligned with regulatory requirements	Option 2: Adapt and enhance modern and integrated digital channels for customer experiences to support customers with enhanced interactions, information and meaningful insights during emergency and major events	Option 3: Pioneer industry leading customer experiences with advanced technologies and new product and service offerings
Recurrent capital expenditure	<p>Primarily related to maintenance, scaling and continuous improvement of ICT our capabilities and service standards.</p>	<p>Primarily related to maintenance, scaling and continuous improvement of ICT our capabilities and service standards.</p>	<p>Primarily related to maintenance, scaling and continuous improvement of ICT our capabilities and service standards.</p>
Non-recurrent capital expenditure	<p>Primarily related to enhancing systems, capabilities and services in line with customer expectations and service standards.</p>	<p>Primarily related to enhancing and modernising systems, capabilities and services in line with customer expectations and service standards as well as improving customer support and communication during emergency and major events.</p>	<p>Primarily related to enhancing and modernising systems, capabilities, and services to deliver pioneering customer experiences through immersive technologies, improving customer support and communication during emergency and major events and providing advanced energy advisory services.</p>
Operating expenses	<p>- No significant changes in operating expenditure have been forecast as a result of the proposed investments.</p>	<p>- No significant changes in operating expenditure have been forecast as a result of the proposed investments.</p>	<p>- No significant changes in operating expenditure have been forecast as a result of the proposed investments.</p>
Total			

## 6.3 Alignment with the National Electricity Rules

**Table 14: Recommended Option's Alignment with National Electricity Rules**

NER capital expenditure objectives	Rationale
<p><b>A building block proposal must include the total forecast capital expenditure which the DNSP considers is required in order to achieve each of the following (the capital expenditure objectives):</b></p>	
<p><b>6.5.7 (a) (1)</b> meet or manage the expected demand for standard control services over that period</p>	<p>The recommend option supports the continued maintenance of Energex and Ergon Energy Network's customer and market systems, which are required to support our regulatory obligations around market notifications and transactions, network pricing and billing, and customer notifications. The recommended option will also support our obligations under the Privacy Act around security of customer data.</p> <p>The recommended option also provides us with the necessary systems and tools to support our customers when they engage with us, providing for improved customer experience and ultimately enabling our employees to perform the functions required to provide safe and reliable electricity supply for our customers.</p>
<p><b>6.5.7 (a) (2)</b> comply with all applicable regulatory obligations or requirements associated with the provision of standard control services;</p>	
<p><b>6.5.7 (a) (3)</b> to the extent that there is no applicable regulatory obligation or requirement in relation to:</p> <ul style="list-style-type: none"> <li>(i) the quality, reliability or security of supply of standard control services; or</li> <li>(ii) the reliability or security of the distribution system through the supply of standard control services,</li> </ul> <p>to the relevant extent:</p> <ul style="list-style-type: none"> <li>(iii) maintain the quality, reliability and security of supply of standard control services; and</li> <li>(iv) maintain the reliability and security of the distribution system through the supply of standard control services</li> </ul>	
<p><b>6.5.7 (a) (4)</b> maintain the safety of the distribution system through the supply of standard control services.</p>	
<p><b>NER capital expenditure criteria</b></p>	
<p><b>6.5.7 (c)</b> the AER must be satisfied that the total forecast capital expenditure for the regulatory control period reflects each of the following capital expenditure criteria:</p>	
<ul style="list-style-type: none"> <li>(1) the efficient costs of achieving the capital expenditure objectives;</li> <li>(2) the costs that a prudent operator would require to achieve the capital expenditure objectives; and</li> <li>(3) a realistic expectation of the demand forecast, and cost inputs required to achieve the capital expenditure objectives.</li> </ul>	<p>The recommended option meets the regulatory capital expenditure objectives in the most efficient manner in order to deliver against the expectations of customers in network service provision.</p> <p>A detailed cost-benefit analysis above provides sufficient evidence for Energex and Ergon Energy Network's preference for the preferred Option. Costs were estimated using historical costs, knowledge of recent market procurement for equivalent services and products, as well as specialist advice from subject matter experts.</p>

## 6.4 Assumptions

The enterprise assumptions on which the need for this business case has been assessed are documented in the ‘RDP 2025 Project – Shared Assumptions’ document. In addition, assumptions are being made for the recommended option in this business case.

**Table 15: Assumptions Overview**

<b>Assumption Description</b>	<b>Impact if assumption proved invalid</b>	<b>How will the assumption be assessed?</b>
<b>Growth and rate of change assumptions to 2030 as per corporate shared assumptions (specifically customer numbers, EVs, dynamic connections, smart meter penetration in NEM).</b>	If the growth rates are significantly faster than assumed, the preferred option may not be able to mitigate business risks as effectively as predicted.	Changes in business needs and resulting digital capability needs will be identified through our standard processes for requirements identification, prioritisation and digital delivery.
<b>The proposed funding envelope is sufficient for Energex and Ergon Energy Network will be able to respond to relevant changes of compliance and legal obligations (e.g., resulting from the post 2025 market reform) and customer service and experience expectations.</b>	Risks may not be mitigated as well as expected.	Changes in business and customer requirements and business needs will be monitored and identified through our standard processes for requirements identification, prioritisation, and digital delivery.
<b>Post-2025 market reforms and energy transition and will result in new compliance, operational and regulatory obligations in the 2025-30 period.</b>	Impact on the investment needed to achieve, compliance, operational and regulatory requirements.  If change is beyond assumption, investment may not be sufficient. If change is lower than assumption, lower investment may be required.	Requirements will be identified through our standard processes for visibility of upcoming reforms, requirements identification, prioritisation and digital delivery.

## 6.5 Delivery Risks and Controls

The recommended option (Option 2) has a number of delivery risks and consequences attached. These are detailed below, including associated controls.

**Table 16: Delivery Risks and Control**

Risk Description	Consequences	Preventative, Detective & Responsive Controls
<b>Control of scope risk</b>	Failure to delivery in line with the intent and commitments within this business case.	<ul style="list-style-type: none"> <li>Program Delivery Approach (see section 5) includes continuous prioritisation of requirements.</li> <li>Agile delivery method focusses on incremental and continuous value delivery and management of risk</li> </ul>
<b>Delivery of scope risk</b>		<ul style="list-style-type: none"> <li>Program Delivery (see section 5) follows our Digital planning, delivery and governance frameworks which put appropriate controls in place for ensuring design quality and delivery.</li> </ul>
<b>Critical personnel and third-party risk</b>		<ul style="list-style-type: none"> <li>Resource planning across technology platform and delivery teams through our Digital planning and governance approaches.</li> </ul>
<b>Data risk quality</b>	Impaired ability to automate connection assessment.	<ul style="list-style-type: none"> <li>Ensure alignment with initiatives that support data quality in other non-network ICT business cases (see section 5) through our Digital planning, delivery, and governance framework.</li> <li>Ensure that data quality requirements are well understood and can be met when designing / procuring solution(s), supported through Digital design governance processes.</li> </ul>
<b>Business engagement risk</b>	Failure to deliver expected customer and benefits and mitigate business risks.	<ul style="list-style-type: none"> <li>Program Delivery Approach (see section 5) includes close collaboration with Business Owners and representatives, thereby inherently facilitating business engagement.</li> <li>Proposal includes funding for a level of change management and skills uplift.</li> </ul>
<b>Embedding of business change risk</b>		
<b>Customer adoption risk</b>		<ul style="list-style-type: none"> <li>Program Delivery Approach (see section 5) ensures that Network Voice of the Customer surveys, measures and outcomes inform our solution design.</li> </ul>

## 6.6 Dependencies

The Customer business case is dependent on foundational capabilities being delivered by other ICT business cases.

**Table 17: Dependencies Overview**

Dependency Description	Dependent upon
<p>All non-network ICT and network investments are dependent on the investments in the Cyber Security business case. Specific dependencies in the context of the Customer business case include:</p> <ul style="list-style-type: none"> <li>• Keeping our customer data safe will rely heavily on Cyber Security investments to mitigate risks, such as ransom wear attacks or loss of sensitive information.</li> <li>• Identity and Access Management uplift for partners, customers, and customer devices</li> </ul>	Cyber Security
<p>Digital Foundations delivers the infrastructure, cloud capabilities, technologies, integration and service management platforms for the delivery and operations of all digital capabilities.</p>	Digital Foundations
<p>Data and Intelligence investments provide foundational enterprise data management, data sharing, reporting and analytics capabilities to support Customer service functions and insights</p>	Data & Intelligence
<p>Customer capabilities relating to connection assessments, customer insights and information / self-serve services, such as opportunity assessments will depend on the data foundations and access provided by Integrated Grid Planning.</p>	Integrated Grid Planning
<p>Telemetry and analytics on connection performance will provide valuable input for customer information services and customer insights</p>	Network Business Cases for acquisition and management of Smart Meter data and telemetry

## 6.7 Reconciliation Table

**Table 18: Financial Reconciliation (\$M)**

Capital Expenditure	Entity	FY26	FY27	FY28	FY29	FY30	Total 2025-30
<b>Expenditure in business case \$M, real December 2022</b>	Energy Queensland	■	■	■	■	■	■
<b>Allocation to entity (where applicable)</b>							
<b>\$M, real December 2022</b>	Energex	■	■	■	■	■	■
<b>\$M, real December 2022</b>	Ergon Energy Network	■	■	■	■	■	■
<b>\$M, real December 2022</b>	Other	■	■	■	■	■	■
<b>Allocation to SCS capex (DNSP only)</b>							
<b>\$M, real December 2022</b>	Energex	■	■	■	■	■	■
<b>\$M, real December 2022</b>	Ergon Energy Network	■	■	■	■	■	■
<b>Add escalation adjustments (DNSP only)</b>							
<b>Escalation from \$M, real December 2022 to \$M, real June 2025</b>	Energex	■	■	■	■	■	■
<b>Escalation from \$M, real December 2022 to \$M, real June 2025</b>	Ergon Energy Network	■	■	■	■	■	■
<b>Expenditure in AER capex model/Reset RIN \$M, real June 2025</b>	Energex	■	■	■	■	■	■
<b>Expenditure in AER capex model/Reset RIN \$M, real June 2025</b>	Ergon Energy Network	■	■	■	■	■	■