

### Approvals

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### Change history

0.1	28 April 2021	Moved content over to new template from draft version and updated risk information from team.
0.2	2 May 2021	Updated after feedback
0.3	6 May 2021	Updated after feedback from Domain lead. Fixed up examples
0.4	10 May 2021	Updated wording and recommendations from review team
0.5	11 May 2021	Document cleaned up for draft submission
0.6	6 June 2021	Modifications and update with recent template and feedback
0.7	9 June 2021	Updated with feedback from workshop
0.8	10 June 2021	Socialised for feedback
0.9	15 June 2021	Incorporated feedback and cleaned up document for draft submission
0.97	26 August 2021	Incorporate feedback
0.98	10 September 2021	Confirmed changes from copywriter
1.0	15 November 2021	Submission to reg team preparation

## Executive summary

This Options Evaluation Report (OER) assesses the options for replacing our current customer relationship management (CRM) system, which is no longer fit for purpose. TransGrid’s Community Engagement team uses a CRM to record TransGrid’s engagements with the thousands of community members, including landowners and other stakeholders, affected by our expanding pipeline of major projects and the extensive and ongoing work required to maintain 13,000km of transmission lines.

Much of the information stored in our CRM, including access permissions and conditions, is required by our field staff to ensure work is conducted safely and legally. However, field staff do not access the CRM and instead rely on information from another system, [REDACTED]. The [REDACTED] is not integrated with [REDACTED] and cannot be updated by field staff. [REDACTED]

[REDACTED]

This OER considers three options to resolve this situation:

1. A Base Case (Maintain current CRM) to maintain our existing CRM toolset and increase field workforce access. We will continue to maintain complex, manual transfers of data between [REDACTED] systems, and extend this practice to those in the field conducting interpersonal engagement work. Under this option, [REDACTED]
2. Option 1 (Consolidate and integrate, optimise processes) to consolidate our current CRM systems into the [REDACTED] solution, and integrate its information with [REDACTED] to optimise processes and support information visibility. Option 1 would give us a cohesive and integrated CRM, allowing all staff who engage with our customers to access, record and view data to support their work. This option would significantly minimise key risks around Worker Health & Safety, Compliance and Reputation, and achieve the significant benefit of avoiding project and maintenance work delays due to access disputes.
3. Option 2 (Enhance customer interactions) would see TransGrid undertake all activities of Option 1 with the addition of extending the functionality of our current website, supporting multi-channel engagement that will give our energy customers and stakeholders self-service access to real-time, tailored information and offer new communication pathways to our fellow essential service providers while protecting confidential data.

Our preferred option for this OER is Option 2, which offers the best risk profile and benefits.

Table 1: Evaluated options

Option	Description	Direct Capital Cost (\$m)	Network & Corporate Overheads Cost (\$m)	Total Capital Cost (\$m)	Net Present Value (NPV) (\$m)	Rank
Base Case	Maintain current landowner CRM systems	[REDACTED]	[REDACTED]	0.4	(\$0.86)	3
Option 1	Consolidate and integrate, optimise processes	[REDACTED]	[REDACTED]	2.5	2.57	2
Option 2	Enhance customer interactions	[REDACTED]	[REDACTED]	3.7	1.27	1

The proposed capital expenditure for the preferred option, Option 2, is summarised below:

**Table 2: Financial summary – Option 2**

IT Capex \$M	FY24	FY25	FY26	FY27	FY28	TOTAL
Recurrent costs	0.0	0.0	.00	0.0	0.0	0.0
Non-recurrent costs	2.939	0.770	0.0	0.0	0.0	3,709
<b>TOTAL</b>	<b>2.939</b>	<b>0.770</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>3,709</b>

The numbers in this OER represent the total cost of ownership for an asset consistent with past submissions. There has been a change in accounting practices associated with IFRS<sup>1</sup> that has come in place. The proposed capital expenditure for preferred option in this OER shown with IFRS impact is below

IT Capex \$M	FY24	FY25	FY26	FY27	FY28	TOTAL
Recurrent costs	0.0	0.0	0.0	0.0	0.0	0.0
Non-recurrent costs	0.733	0.299	0.0	0.0	0.0	1.033
<b>TOTAL</b>	<b>0.733</b>	<b>0.770</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.033</b>

The IFRS impact to this OER is due to the Software as a Service (SaaS) subscription solutions proposed which no longer can be capitalised.

<sup>1</sup> International Financial Reporting Standards Foundation (IFRS Foundation) ruling means that in the 2023-28 period we will expense costs for configuration or customisation in cloud computing arrangements, whereas in the 2018-23 regulatory period these costs were treated as capex.

# 1. Need/Opportunity

## 1.1 Background – why is it important?

Our network is the backbone of the National Electricity Market (NEM), which enables energy to be traded between the states. As Australia transitions to a clean energy future, the transmission network must expand to deal with three times the previous generation capacity. Over the next five years, we will be involved in several large, complex projects and joint ventures with interstate partners, such as ElectraNet, to support the future grid by building vital infrastructure that will connect new renewable generation and improve services to customers.

The total value of the portfolio of projects to be delivered in next regulatory period 2023-28 is currently forecast at \$4.95B, including several complex megaprojects (>\$1 billion). This represents a substantial shift in our business-as-usual work program, which has historically comprised of smaller scale projects. Having a fit for purpose, CRM is crucial to facilitate quality interaction, consultation and engagement with our customers, community, industry and staff – and support the safety of all parties – as we plan and deliver this program of work.

Our current CRM system is not fit for purpose. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED].

TransGrid needs a modern CRM, accessible to all staff interacting with community stakeholders, which can be integrated with other related systems, such as [REDACTED]. This will improve:

- > **Delivery of our forward work program:** The current lack of access to current customer and property information can result in project delays and create ongoing work, health, safety and environmental impacts to project teams on the construction sites.
- > **Compliance:** The major projects in our pipeline will require TransGrid to collect and manage significant amount of data sensitive data, such as Personal Identifiable Information (PII) relating to our customers and impacted landowners. [REDACTED]  
[REDACTED]
- > **Data quality:** Our interactions with our customers and impacted landowners relies on the data captured and made available to our staff. The superior CRM proposed will improve the quality, accessibility and availability of data available to staff, helping them to engage and work with our customers in a meaningful and safe way.
- > **Information availability and access:** The proposed web enhancements will make our customer communication more effective and transparent, using accessible and engaging channels. The superior CRM will support us in providing timely, accurate safety-related information to staff, community and customers. This is essential at all times but particularly important during emergencies, such as bushfires or critical service outages.
- > **Community stakeholder engagement:** TransGrid has an obligation to coordinate with landowners around access, observe and respect traditional Aboriginal land rights and adhere to bio-security measures, including impact to farming and welfare of livestock. Having quality, up-to-date data is critical to communicating respectfully and effectively about these topics with impacted communities.
- > **Customer satisfaction:** Customer feedback indicates our current CRM has not kept pace with stakeholder expectations, creating many areas for improvement. This is a consistent message received through our: complaints and enquiries handling process; annual customer and stakeholder sentiment surveys [REDACTED]; and review of our engagement processes on major capital projects [REDACTED]

## 1.2 Limitation of our current system

### 1.2.1 Overview of our current CRM system

TransGrid's current CRM tool, [REDACTED], was implemented in 2014 with the intention of being a single repository to: record and manage all complaints and enquiries received across the organisation; and record interactions and agreements with landowners. Since its implementation, [REDACTED] has only been used by the Community Engagement Team. Whereas our field staff use information from the [REDACTED], which does not allow on-field staff update information and is not integrated with [REDACTED].

### 1.2.2 Limitations in how [REDACTED] is used

#### 1.2.2.1 Current situation

[REDACTED] maintains information on customer and impacted landowners, such as their [REDACTED]. The Community Engagement Team also uses the system to record complaints and enquiries received via the community email or 1800 number. [REDACTED] is also used in conjunction with other systems and documents to prepare:

- > Project Community Action Plans for capital projects, which summarise the communication activities required to notify relevant landowners of TransGrid's work near or on their property. These Plans list impacted landowners and any known access requirements or requests TransGrid staff should be aware of [REDACTED].
- > Lists of landowners who need to be notified about upcoming maintenance or construction activities that require TransGrid to enter their property or easement on their property. The landowners in these lists are notified by letter that access to their property is required [REDACTED].

#### 1.2.2.2 System deficiencies

Records in [REDACTED] have to be compiled and cross-referenced with data from other systems, such as the [REDACTED]. Currently, integrating information across these three systems is a manual process. It involves not only the Community Engagement team, but also the Spatial and Easements teams, to verify information to ensure the most up-to-date information is being referenced.

[REDACTED]

#### 1.2.2.3 Increased complaints and enquiries

Data errors like this have led to increased complaints and enquiries. [REDACTED]. The enquiries centred around three common themes:

- > TransGrid had their incorrect contact details
- > The landowner requested additional notification prior to access to property by TransGrid staff
- > The landowner expressed concern around access to their property based on a previous poor experience with TransGrid, where staff allegedly failed to follow the landowner's instructions [REDACTED].

[REDACTED]

### 1.2.3 Limitations of access by Field Staff

#### 1.2.3.1 Current situation

Field staff frequently refer to the [REDACTED], which contains the most complete record of landowner contact data, land and asset information. When field staff are preparing to undertake maintenance or project related fieldwork, they request relevant landowner data from the Spatial Team. [REDACTED]  
[REDACTED]  
[REDACTED]. However, this often occurs six months to one year after the information was originally captured.

#### 1.2.3.2 System deficiencies

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

#### 1.2.3.3 Consequences

With no consistent approach to recording or updating landowner information, issues around lack of communication and notification regarding property access [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED].

### 1.2.4 Need for a scalable CRM

In addition to lacking key functionality and accessibility to key end users, the [REDACTED] also has a cost prohibitive annual licence model based on data volumes, not user licences. The current use of [REDACTED], including by a dedicated Community Team working on the Powering Sydney's Future project, has pushed [REDACTED] to the limit of its current licence tier. With ongoing projects expected to increase, resulting in larger volumes of data being collected, future licence costs will increase significantly.

### 1.2.5 Better access to information for our customers

#### 1.2.5.1 Current situation

TransGrid's current website is a key channel for the public to access general information about TransGrid projects and provide feedback on proposed works. For major projects, mapping tools such as [REDACTED] are used to collect feedback, such as points of interest on interactive maps, as part of community consultation activities for major capital projects such as HumeLink and Project Energy Connect. The website also serves as a resource for community and landowners to obtain factsheets and other documentation related to current and planned major capital projects.

#### 1.2.5.2 Opportunities for online engagement channels

Our new website, which is scheduled to come online in September 2021, will have the functionality to create new opportunities to improve customer engagement, with self-service and a tailored user experience. Currently, our website does not offer visibility of all our planned and current work, with only five major projects available as interactive project maps to support community information and consultation.

In future, interactive maps and engagement features can be created for smaller capital projects and routine maintenance programs by pulling information from internal systems, so stakeholders can view real-time information. Creating public accessibility to work schedule information will help to minimise potential disruptions and support positive interactions with our customers, landowners and communities. Other essential service providers will also be able to access this information, helping to further improve safety and potentially increase sector productivity.

In addition, we can implement chat-bots and other engaging digital features that tailor a customer's experience by showing information relevant to them and their location. These changes would reduce the need for customers to contact TransGrid for information and provide the type of modern customer engagement channels offered by other industry participants, such as Ausgrid, aligning with TransGrid's commitment to move to a customer-centric model.

### 1.3 Business Drivers

The main business drivers for updating our CRM and web functionality are to:

- > Gain access to timely, accurate information about our properties, assets and customers to improve community engagement and safety
- > Minimise disruptions to planned work due to poor information availability
- > Establish appropriate controls to protect, manage and maintain customer data, including tools to facilitate field staff adherence to complaints and enquiries processes
- > Remove cumbersome processes enabling us to unilaterally resolve TransGrid's complaint handling procedures
- > Overcome commercially prohibitive licencing, which prohibits usage expansion to support business growth
- > Allow customers to engage with us through the channels of their choice
- > Honour our Energy Charter commitment to build trust and transparency with customers, communities and key stakeholders

### 1.4 Risk Drivers

This program aims to address the following risks:

- > **Worker Health & Safety:** Inadequate information and inconsistent communication around land access poses safety risks for both customers and staff.
- > **Reputation:** Engagement and safety failures are causing moderate community dissatisfaction, with the potential for adverse media coverage for both TransGrid and the broader energy sector.
- > **Compliance:** Personally Identifiable Information (PII) pertinent to landowners and their premises is subject to Privacy Act legislation requiring mature systems and processes capable of handling PII data in a compliant manner. [REDACTED]
- > **Reliability:** A lack of appropriate visibility can result in landowners preventing access to their properties, affecting our maintenance and operational work. [REDACTED]
- > **Finance:** Scheduled work delays, lengthy disruptions and the management time required to remediate these situations all come at a cost. TransGrid may also be subject to legal or regulatory fines if disruption results in breach of obligations.
- > **People/IR:** Instances where complaints, requests, instructions and engagements are not suitably captured, logged or resolved, pose increased risks to our employees.
- > **Environment:** If field staff lack adequate information about site-specific matters and content, this may lead to inappropriate environmental and safety decisions. Unknown site risks, such as biohazards or landowner property changes, can lead to short-term environmental damage or safety incidents.

## 2. Related Needs/Opportunities

Related ICT Programs/OERs. This table describes why this Customer Safety and Support OER is important to the other OERs.

ICT Programs/OERs	Importance to other OERs*	Relationship commentary
<b>Cyber Security</b>	Low	Customer Safety will follow the security guidelines and requirements in the Cyber OER
<b>Data and Decisioning</b>	Low	Customer Safety will follow the data framework and guidelines in the Data OER
<b>Employee Enablement</b>	Low	Customer Safety will use the devices and tools provided by the Employee Enablement OER
<b>Infra. &amp; Network</b>	Low	The customer safety solution will impact the infrastructure footprint
<b>Operational Evolution</b>	Low	N/A
<b>Application Maintenance / Bespoke</b>	Low	The customer safety solution will be transitioned under application maintenance after it has been implemented

\* KEY

**High** – the OER is essential from a functional or compliance perspective to another OER

**Medium** –the OER is required to fully realise the benefits of another OER or would result in a change in scope

**Low** – the OER is has a low level of dependency to another OER

>



### 3. Options

#### 3.1 Base Case – Maintain Current CRM

The Base Case will maintain our existing CRM toolset but increase access for the field force. The lack of integration between our CRM and spatial system will remain, along with labour intensive manual paper-based processes to address the capability gaps and provide workarounds.

Under the base case, TransGrid will:

- > **Maintain manual processes:** We will continue to maintain complex manual transfers of data between systems and extracting information from disparate sources, and extend this practice to more roles in interpersonal engagement work (field based staff), which is neither effective nor feasible in the field.
- > **Accept increase in risk profile (Health Safety Environment, Reputation and Compliance):** Risks to these key areas will continue to multiply as more of our staff will be undertaking manual workarounds to access the information they need to do their job. [REDACTED]
- > **Accept detrimental impact to customer experience:** [REDACTED]  
[REDACTED] Access to incorrect, outdated or limited data will continue to impact customer and stakeholder experiences, resulting in increased complaints and enquiries.
- > **Accept the risk to project timing and costs:** Using a siloed solution with limited usage to manage customer and landowner engagements, can impact the delivery of network capital projects and cause project delays.
- > **Accept a significant increase in licence costs:** At the increased volumes of data expected, sustaining [REDACTED] licencing model will require significant additional investment.

In summary, this option accepts the limitations of and maintains the risks associated with the current manual workarounds for our customer engagement function. The continued limited availability and currency of information will do little to address the safety and protection of our workers or the communities, nor does it address concerns to protect PII. This option precludes customer visibility, is not fit for purpose and does not offer the capability to address future needs and obligations.

This is not the preferred option.

##### 3.1.1 Financial summary

The total IT capital expenditure for the Base Case option is estimated to be **\$0.337m** to commence in FY24:

IT Capex \$m	FY24	FY25	FY26	FY27	FY28	TOTAL
Recurrent costs	0.337	0.0	0.0	0.0	0.0	0.337
Non-recurrent costs						
<b>TOTAL</b>	<b>0.337</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.337</b>

The costs above have not factored in the labour costs required for the ongoing manual work arounds associated with maintaining the current CRM when its use is extended to the more than 100 members of our field based workforce who engage directly with customers.

##### 3.1.1.1 Net Present Value (NPV)

The overall 5-year NPV of this option is \$-0.863 m.

##### 3.1.2 Risk Assessment

The specific risks and mitigations associated with the Base Case option are:

Category	Risk	Inherent Risk	Mitigation	Residual Risk
<b>Worker Health and Safety</b>	Limited access to accurate and timely information, resulting in unnecessary site accesses/work, increases potential instances of injury	HIGH	<ul style="list-style-type: none"> <li>- This option adds overhead in the form of manual intervention to improve operations and reduce unnecessary site accesses</li> <li>- The underlying information for addressing this will not be remediated.</li> </ul>	HIGH
<b>Reputation</b>	Community dissatisfaction resulting in potential adverse media coverage or involvement from local government, requiring management intervention	HIGH	<ul style="list-style-type: none"> <li>- [REDACTED] Additional overheads will be required to disseminate information appropriately.</li> <li>- Implementing manual stakeholder checks prior to each site activity will increase stakeholder frustration in having to repeat information multiple times and impact efficacy of work.</li> </ul>	HIGH
<b>Compliance</b>	Improper handling of personal information resulting in non-compliance with the Privacy Act	HIGH	<ul style="list-style-type: none"> <li>- [REDACTED]</li> </ul>	HIGH
<b>Finance</b>	Fines from improper handling of personal information resulting in non-compliance with the Privacy Act  Financial losses resulting from impact to scheduled work.	MEDIUM	<ul style="list-style-type: none"> <li>- Manual checks with stakeholders will still be required, which can delay project commencement</li> <li>- Provide additional manual support to ensure fieldwork can be rescheduled before incurring any delay costs.</li> </ul>	MEDIUM
<b>People/IR</b>	Confrontation with site staff resulting from continued instances of stakeholder frustration.	MEDIUM	<ul style="list-style-type: none"> <li>- Additional training in conflict management for site staff.</li> <li>- Added pre-work checks seeking stakeholder endorsement for scheduling.</li> </ul>	MEDIUM
<b>Environment</b>	Insufficient information relating to the environment (including Aboriginal land rights) can lead to issues relating to the scheduled field work.	HIGH	<ul style="list-style-type: none"> <li>- Engagement with Property, Environmental and Indigenous Engagement teams during project planning activities, including visits to project sites to ensure correct information is obtained and incorporated in project activities. This would involve additional cost and time to travel to sites, which are often remote, to complete assessments, with the potential to delay project commencement.</li> </ul>	HIGH

Under the Base Case option, the residual risk associated with this approach is illustrated in the table below:

	WHS	Reputation	Compliance	Reliability	Finance	People/IR	Environment	Risk
<b>Likelihood</b>	Likely	Likely	Likely	Unlikely	Possibly	Possibly	Likely	High
<b>Consequence</b>	Moderate	Moderate	Moderate	Minimal	Minor	Minor	Moderate	
<b>Risk Level</b>	HIGH	HIGH	HIGH	LOW	MEDIUM	MEDIUM	HIGH	

The extension of the existing toolsets with limited adaptability and information, coupled with complex manual processes has been assessed as inconsequential to altering existing risk profiles. Only marginal differences to the underlying likelihoods and consequences differ from the current state assessment.

The overall risk rating remains at **HIGH** with minimal change in the category risk ratings.

### 3.2 Option 1 – Consolidate and integrate, optimise processes

This option will consolidate our current CRM systems into [REDACTED] solution and integrate its information with [REDACTED] to optimise processes and support information visibility. This will see an improvement to information accessibility related to property access, customer engagement and communication.

Adopting this option will:

- > **Help us deliver our forward work program on time and on budget:** Having a fit-for-purpose CRM system will give on-field staff access to up-to-date information, including recent agreements with landowners. This will reduce the likelihood of access disputes and project delays.
- > **Reduce costs and leverage existing investments:** Because this option extends our existing [REDACTED] platform, we can capitalise on this past investment and significantly reduce the cost of implementation. It also overcomes the prohibitive cost of the legacy CRM licence with a scalable, Software-as-a-Service model.
- > **Integrate with the [REDACTED]:** This option will give staff access to property, asset and customer information in one comprehensive toolset allowing them to be better prepared prior to accessing property, working with impacted landowners and preparing Project Community Action Plans and project schedules. Access to this toolset will be available to all staff who engage and work with landowners and customers.
- > **Improve customer engagement:** By improving visibility of landholder and environment information, the option will improve customer engagement and support better safety and environmental decisions as staff are suitably informed of prior risks, interactions and agreements. It would enable TransGrid to uphold and deliver its commitments as a signatory of The Energy Charter.
- > [REDACTED]

In summary, this option provides a cohesive integrated toolset and an acceptable level of usability to all relevant staff in the TransGrid workforce. It addresses current issues linked to quality of information on stakeholders and property. The improved flow of information adequately address the safety and protection of both workers and people in the community while addressing risks associated with handling of PII.

However, this option will not modernise our customer engagement channels. We will still be reliant on TransGrid personnel to individually inform all stakeholders of our work activities.

### 3.2.1 Financial summary

The total IT capital expenditure for the Option 1 is estimated to be **\$2.437m** to commence in FY24 shown below:

IT Capex \$m	FY24	FY25	FY26	FY27	FY28	TOTAL
<b>Recurrent costs</b>						
<b>Non-recurrent costs</b>	2,437	0.0	0.0	0.0	0.0	2,437
<b>TOTAL</b>	<b>2,437</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>2,437</b>

(Refer to separate costing models for detailed breakdown of these costs)

The nature of these costs is such that the neither the timing, nor the specific activities, can be accurately planned this far out from the period.

#### 3.2.1.1 Quantifiable benefits

The quantifiable benefits associated with this option are follows:

Benefits \$m	FY24	FY25	FY26	FY27	FY28	TOTAL
<b>Financial Benefit 1</b>	0.337	\$0	\$0	\$0	\$0	<b>0.337</b>
<b>Financial Benefit 2</b>	0.018	0.018	0.018	0.018	0.018	<b>0.092</b>
<b>Financial Benefit 3</b>	0.066	0.066	0.066	0.066	0.066	<b>0.331</b>
<b>Financial Benefit 4</b>	1.200	1.200	1.200	1.200	1.200	<b>6.000</b>
<b>Total benefits</b>	<b>1.621</b>	<b>1.284</b>	<b>1.284</b>	<b>1.284</b>	<b>1.284</b>	<b>6.762</b>

- > Financial Benefit 1: The cost of scaling and extending the incumbent CRM solution will be avoided [REDACTED].
- > Financial benefit 2: We anticipate the Community Engagement Team will spend less time resolving complaints in accordance with the Complaint Handling Procedure. [REDACTED]. As per the Procedure, complaints must be investigated by the Community Engagement Team, that requires input from teams across TransGrid, to provide a response and resolution. It can take two days to resolve a standard complaint with a significant proportion of the time spent tracking down the person or activity the complaint is about. With better access to data and better record keeping of previous agreements with landowners and enquiries made to field staff, estimates suggest the time spent resolving standard enquiries (which do not require a visit to site by the Community Team) can be halved. [REDACTED].
- > Financial benefit 3: We anticipate the cost of a full-time additional Community Engagement BAU resource would be avoided with a likelihood of 50%. The integration of the CRM with [REDACTED] will support the further automation of manual processes which will reduce the need to hire a full-time FTE by half. Staff who engage with customers will be able to log, update and manage records, such as complaints, enquiries and property access requests, as part of their business as usual activities. [REDACTED].
- > Financial Benefit 4: Option 1 will help us avoid the costs relating to project delays due to disagreements with landowners or delays in being provided access to a property in order to compete work. [REDACTED].

### 3.2.1.2 Non-quantifiable benefits

In addition, Option 1 will also:

- > Improve information management to minimise work disruption
- > Improve accessibility of superior toolsets increasing potential for utilisation
- > Improve adherence to Privacy Act compliance requirements
- > Enable superior distilling of stakeholder requests, resulting in improved site engagement
- > Provide better data to manage employee / environment linked site safety
- > Significantly reduce risk over the current state and Base Case option
- > Reduce IT environment complexity by consolidating CRM tools and extending our existing [REDACTED]
- > Support TransGrid in proactively responding to recommendations made by Landowner Advocate findings and annual customer sentient feedback reports [REDACTED]
- > Address AER’s consumer engagement guideline for network service providers recommendations (Appendix H)

### 3.2.1.3 Net Present Value (NPV)

The overall 5-year NPV of this options is \$2,570m.

### 3.2.2 Risk Assessment

The specific risks and mitigations associated with Option 1 are:

Category	Risk	Inherent Risk	Mitigation	Residual Risk
Reputation	Community dissatisfaction resulting in potential adverse media coverage or involvement from local government, requiring management intervention.	MEDIUM	<ul style="list-style-type: none"> <li>- Capturing pertinent stakeholder information or instructions in the field is difficult. Additional overheads will be required to disseminate information appropriately.</li> <li>- Implement notification checks prior to each site activity. However, this will increase stakeholder frustration in having to repeat information multiple times and impact efficacy of work.</li> </ul>	MEDIUM

Under Option 1, the residual risk associated with this approach is illustrated in the table below:

	WHS	Reputation	Compliance	Reliability	Finance	People/IR	Environment	Risk
Likelihood	Unlikely	Possibly	Unlikely	Unlikely	Unlikely	Unlikely	Unlikely	LOW
Consequence	Minimal	Minor	Minimal	Minimal	Minimal	Minimal	Minimal	
Risk Level	LOW	MEDIUM	LOW	LOW	LOW	LOW	LOW	

Modernising the CRM toolset and embedding integration to give staff improved stakeholder information, coupled with eliminating manual processes, will satisfactorily lower risk profiles and make significant differences to the underlying likelihoods and consequences from the current state assessment.

The overall risk rating is **LOW** with significant positive change in most category risk ratings.

### 3.3 Option 2 – Enhance customer interactions

Option 2 includes the activities in Option 1 but will also enhance customer interactions by:

- > Extending functionality of TransGrid’s corporate website to improve customer engagement and access to tailored information via interactive maps and chat-bots
- > Minimising the costs of implementing a customer channel at the time of CRM implementation by leveraging implementation resources and extending the use of integrations built for [REDACTED] avoiding \$200k in a retrospective implementation.

Adopting this option will enable us to realise all quantifiable and non-quantifiable benefits detailed under Option 1 and also:

- > **Create new digital channels to improve customer engagement:** This option will allow customers to explore active work areas and find tailored information relating to construction and maintenance activities, including proposed and active sites.
- > **Deliver functionality to proactively communicate planned work, improving information transparency:** The external customer channels and interactive maps will be able to pull information from internal sources systems to provide customers with the latest real-time information. Currently, information on our website is static and requires manual updates and does not reflect the changing nature of work or environmental impacts on our work.
- > **Mitigate the risks of the other options:** We will mitigate or remove the risks and inadequacies highlighted in the other options around data quality, compliance, work, health and safety, reputation and impact to our customer experience by leveraging our existing investment and continuously adapting to changing business needs.
- > **Provide financial and non-financial benefits over the other options:** This option provides the additional benefit of minimising effort required to respond to enquiries made by the public as information will be more readily available and tailored to those who access our website.

In summary, in addition to the benefits of Option 1, Option 2 will directly benefit our customers and fellow essential service providers, with a modern, interactive, website offering real-time, tailored information across all of TransGrid’s projects and network maintenance activities. Enabling public access to our work schedule information proactively addresses potential disruptions and supports positive interactions with our customers and communities, and can help to improve safety and increase sector productivity. This option will also provide the type of modern customer engagement channels offered by other industry participants.

#### 3.3.1 Financial summary

The total IT capital expenditure for the Option 2 is estimated to be **\$3,709m**, allocated to FY24 and FY25 as shown below:

IT Capex \$m	FY24	FY25	FY26	FY27	FY28	TOTAL
Recurrent costs						
Non-recurrent costs	2,939	0.770				3,709
<b>TOTAL</b>	<b>2,939</b>	<b>0.770</b>				<b>3,709</b>

The nature of these costs is such that the neither the timing, nor the specific activities, can be accurately planned this far out from the period. As such, the total expenditure for this option has been allocated to FY24 and FY25.

### 3.3.1.1 Quantifiable benefits

The quantifiable benefits associated with this option are follows:

Benefits \$m	FY24	FY25	FY26	FY27	FY28	TOTAL
Financial Benefit 1	0.337	\$0	\$0	\$0	\$0	<b>0.337</b>
Financial Benefit 2	0.018	0.018	0.018	0.018	0.018	<b>0.092</b>
Financial Benefit 3	0.066	0.066	0.066	0.066	0.066	<b>0.331</b>
Financial Benefit 4	1.200	1.200	1.200	1.200	1.200	<b>6.000</b>
Financial Benefit 5	0.010	0.010	0.010	0.010	0.010	<b>0.054</b>
Financial Benefit 6	0.012	0.012	0.012	0.012	0.012	<b>0.062</b>
<b>Total benefits</b>	<b>1.646</b>	<b>1.308</b>	<b>1.308</b>	<b>1.308</b>	<b>1.308</b>	

We expect the same quantifiable benefits outlined in Option 1 to be realised in Option 2, with the addition of:

- > Benefit 5: Reduced time and effort from having to respond to enquiries by Community Engagement Officers.

[Redacted]

- > Benefit 6: TransGrid currently pays an annual licence fee for [Redacted] which allows community, landowners and other customers to view proposed project routes and engage directly with the interactive map to provide their feedback. [Redacted]

[Redacted]

### 3.3.1.2 Non-quantifiable benefits

As well as the non-quantifiable benefits identified for Option 1, Option 2, will also:

- > Improve public transparency and visibility aligning to Energy Charter intent (Appendix I)
- > Modernise our engagement with communities, stakeholders and customers
- > Improved visibility of regional safety and scheduling conflicts with other essential service providers, such as local councils, emergency services and utilities
- > Reduce the need for stakeholders to contact TransGrid via the community email or 1800 number

### 3.3.1.3 Net Present Value (NPV)

The overall 5-year NPV of this options is \$1,272m

### 3.3.2 Risk Assessment

The specific risks and mitigations associated with Option 2 have all been addressed, removing residual risk:

Under Option 2, the residual risk associated with this approach is illustrated in the table below:

	WHS	Reputation	Compliance	Reliability	Finance	People/IR	Environment	Risk
Likelihood	Unlikely	Unlikely	Unlikely	Unlikely	Unlikely	Unlikely	Unlikely	LOW
Consequence	Minimal	Minimal	Minimal	Minimal	Minimal	Minimal	Minimal	
Risk Level	LOW	LOW	LOW	LOW	LOW	LOW	LOW	

The overall risk rating is **LOW** with significant change in all the category risk ratings.

## 4. Evaluation

### 4.1 Options Evolution Summary

This OER recommends replacing our customer relationship management (CRM) solution and expanding and extending functionality of TransGrid's corporate website to improve customer engagement.

The preferred option is Option 2 because it expected to provide the lowest risk profile and benefits.

### 4.2 Commercial Evaluation

The commercial evaluation based on 4.8% discount.

Option	Description	Opex (\$m)	Capex (\$m)	Total cost (NPV)	Benefits Year 1 (\$m/p.a)	Benefits Ongoing (\$m/p.a)	Rank
Base Case	Base Case – Maintain current CRM systems	█	0.337	(0.863)	\$0	\$0	3
1	Option 1 – Consolidate and integrate, optimise processes	█	2.437	2.570	\$1.622	\$1.284	2
2	Option 2 - Enhance customer interactions	█	3.709	1.272	\$1.646	\$1.308	1

(Refer to separate costing models for detailed breakdown of these costs)

Discount rate sensitivities based on TransGrid's current AER-determined pre-tax real regulatory WACC of 2.23% and 7.37% appear in the table below.

Option	Description	Discount rate at 2.23% NPV \$m	Discount rate at 7.37% NPV \$m
Base	Base Case – Maintain current CRM systems	(0.922)	(0.810)
1	Option 1 – Consolidate and integrate, optimise processes	2.846	2.326
2	Option 2 - Enhance customer interactions	1.486	1.084

### 4.3 Risk assessment

The relative risk assessments of each option is illustrated in the table below:

Options	WHS	Reputation	Compliance	Reliability	Finance	People/IR	Environment	Risk
Base Case – Maintain current systems	HIGH	HIGH	HIGH	LOW	MEDIUM	MEDIUM	HIGH	HIGH
Option 1 – Consolidate and integrate, optimise processes	LOW	MEDIUM	LOW	LOW	LOW	LOW	LOW	LOW
Option 2 - Enhance	LOW	LOW	LOW	LOW	LOW	LOW	LOW	LOW



Options	WHS	Reputation	Compliance	Reliability	Finance	People/IR	Environment	Risk
customer interactions								

Option 2 maintains the lowest risk profile and is the most prudent investment.

## 5. Preferred Option

This report recommends proceeding with Option 2 – Enhance Customer Interactions.

The tables below outline the investment, any potential step change in operating costs and the associated benefits of the preferred option.

### 5.1 Estimated capital costs

The tables below outline the investment, any potential step change in operating costs and the associated benefits of the preferred option:

Category	Item	Budget (\$m)
Material	████████████████████	████
Labour	██████	████
<b>Capex Total:</b>		<b>\$3.709</b>

### 5.2 Estimated Opex Step Change (self funded)

Opex Step Change (\$m) Year of Change	FY24	FY25	FY26	FY27	FY28	End Of Period
Base Case – Maintain current systems	████	████	████	████	████	████
Option 1 – Consolidate and integrate, optimise processes	████	████	████	████	████	████
Option 2 - Enhance customer interactions	████	████	████	████	████	████

## Appendix A

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[Redacted]



## Appendix B

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Review of the Humelink engagement process – Findings of the Review by Landowner and Community Advocate – July 2021 also available [here](#)



## Appendix B - Findings of the Humel

## Appendix C

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[Redacted]



## Appendix D

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[Redacted] S



## Appendix E

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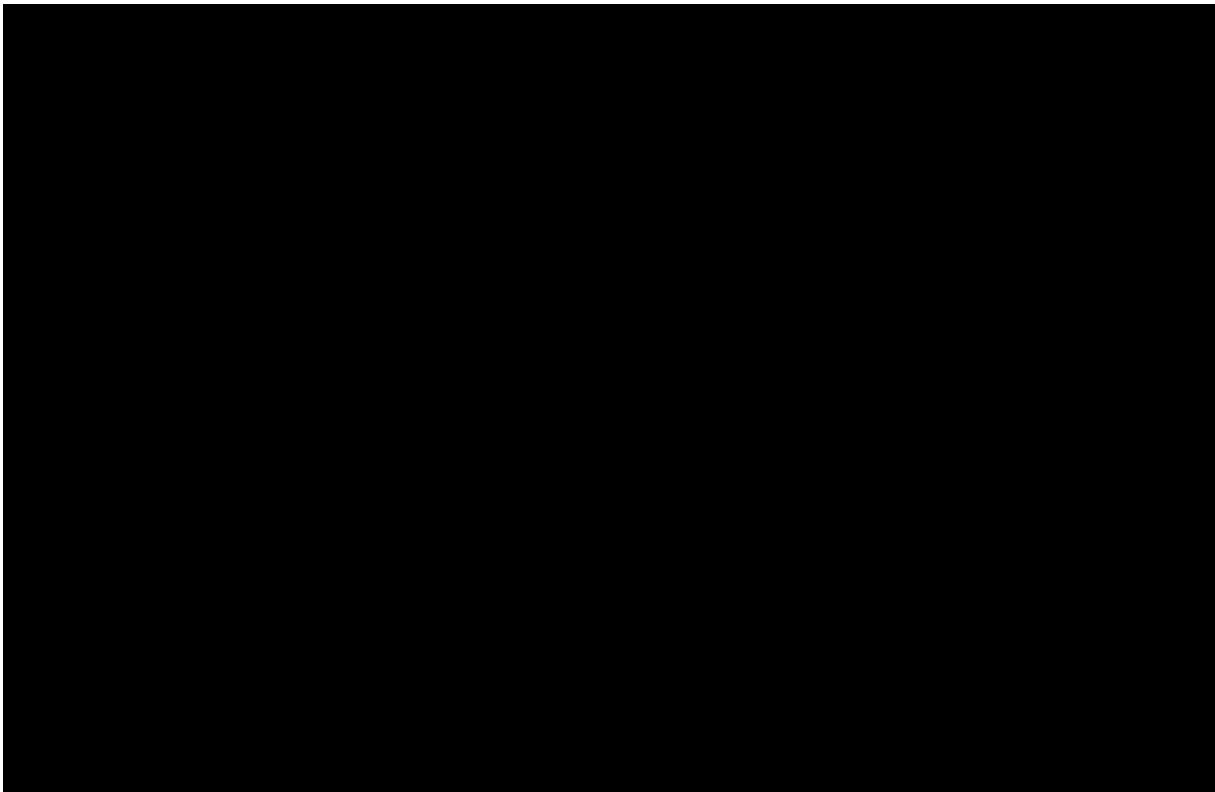


## Appendix F

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## Appendix H

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AER Stakeholder Engagement Framework and AER factsheet Consumer Engagement guidelines for network service providers.



Appendix H - AER  
Stakeholder Engagem



Appendix H - AER  
factsheet - Consumer

## Appendix I

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The Energy Charter TransGrid 2020 Disclosure [link here](#)



Appendix I - The  
Energy Charter TransG