

THE MARKET

EnergyAustralia is one of Australia's largest energy retailers, supplying energy to more than 1.4 million homes and businesses in New South Wales, the ACT and Queensland.

Every day more than three million Australians receive their energy from its network of substations and cables – which is the largest electricity network in Australia.

Prior to the start of industry deregulation in 1996, a customer's electricity supplier was determined purely by the location of their premises. Prices were fixed and service provision was determined by geographical monopoly.

Although large business users of electricity were one of the first groups to be able to choose their supplier, full retail competition began in January 2002. Residential and small business customers in New South Wales and Victoria were able to choose their electricity and gas supplier for the first time.

Market deregulation resulted in a significant increase in competition, putting pressure on prices and margins. It marked the beginning of an entirely new era for the energy industry.

ACHIEVEMENTS

Since the start of full retail competition, the challenge for EnergyAustralia has been to protect its established customer base while winning new customers from its competitors.

The company developed a sales model which set new industry benchmarks, as well as attracting the interest of other utilities and government agencies.

EnergyAustralia was open and transparent in communicating that customers had choice. This approach helped EnergyAustralia to consolidate its market position as 'energy experts'. The company continues to record sizeable gains in brand recognition, general awareness and brand preference.

EnergyAustralia was one of the first energy companies to come up with renewable energy options for its customers which it commenced in 1996. In 2006/07 the company delivered 4.6 million tonnes of greenhouse gas abatement, which is equal to removing about 1 million cars from the road for one year (Australian Greenhouse Office estimates 4.48 tonnes CO₂-e/year).

As well as providing a safe, reliable source of energy to customers, EnergyAustralia is committed to helping them to make more informed choices about their energy use by giving them the power to reduce their electricity bills and their impact on the environment.

Residential energy efficiency remains a focus of the EnergyAustralia EnergySave program, and it has been identified as the most cost effective way of reducing greenhouse gas emissions. The program helps customers to make informed choices about their energy use, and rewards energy saving behaviour. EnergySave initiatives include an EnergyWise Newsletter, which offers tips, safety messages and information; a web-based Energy Usage Gauge; the EnergySave service which offers a home energy audit as well as energy saving devices; the Spare Fridge Retirement Program; and

the Hot Water Awareness campaign.

EnergyAustralia employs over 5,200 staff and is the largest direct employer of apprentices in NSW. Through targeted programs and sponsorships such as the award-winning Aboriginal and Torres Strait Islander (ATSI) Pre-Apprentice Training Program, EnergyAustralia has doubled ATSI representation in its workforce in the past two years.

HISTORY

EnergyAustralia was established in March 1996 after a merger between Sydney Electricity and Orion Energy (Newcastle). Prior to this, the provision of electricity for the Sydney area was controlled by the respective councils.

EnergyAustralia is now one of the largest energy services companies in Australia, providing broad-based energy solutions ranging from electricity and gas supply, to energy management and renewable energy alternatives.

In 2004 EnergyAustralia celebrated the Centenary of Electricity -100 years since the introduction of electric streetlights in Sydney. While that basic electric technology remains the same over a century later, the distribution end of the electricity supply chain is undergoing a revolution. Electricity planners are rethinking the role of the network – the substations, poles and wires - in meeting the challenge of climate change. This will hasten the development of a network that is more efficient and one that gives more power and control to customers. EnergyAustralia calls this the network of the future, and its current rollout of smart meters marks the beginning of this new era.

THE PRODUCT

EnergyAustralia's product offering has continued to evolve – responding to changing customer demands, a rapidly growing population and the need to be more environmentally aware.

The company has moved from simply supplying electricity to become one of the largest energy suppliers in Australia providing broad-based energy solutions. It is responsible for providing and managing electricity infrastructure for the Sydney, Central Coast and Hunter regions in NSW; purchasing and supplying electricity and gas; purchasing and supplying energy from "green" sources; electrical contracting and engineering; connecting customers; local repairs; and major capital works.

Over the last 60 years household demand





for electricity has tripled, but as the operator of the largest electricity network in Australia, EnergyAustralia doesn't just take growth in demand as a given. Alongside a \$3.7 billion five year capital works program, it is actively seeking viable ways to manage electricity demand by investigating alternatives to building infrastructure, developing more innovative, cost reflective pricing, increasing awareness through education and energy efficiency initiatives.

Helping cut greenhouse gas emissions remains one of the company's top priorities.

To meet this challenge EnergyAustralia is encouraging customers to choose low-emission or renewable energy sources such as solar, wind, hydro and landfill gases.

It is also actively providing customers with the knowledge and tools they need to make informed decisions on using less electricity by becoming more energy efficient in their homes and businesses. This includes promoting better design for buildings and funding energy efficiency programs which deliver real benefits for customers, the community and the environment. Finally, they are driving change by proactively sourcing renewable energy investment opportunities for the future.

RECENT DEVELOPMENTS

As a partner in the World Wildlife Fund's (WWF) Earth Hour, EnergyAustralia joined in the spirit by turning off office and depot lights in the Sydney metropolitan area on 31 March 2007. The company also provided technical advice to WWF and energy efficiency advice to the wider community as well as measuring the electricity demand in the CBD as a result of the campaign. EnergyAustralia also teamed up with the Sydney Morning Herald to produce a special energy efficiency supplement for schools throughout NSW.

Also in 2007, EnergyAustralia played a role in the commemoration of the 75th Anniversary of the Sydney Harbour Bridge, with up to 100 staff volunteering their time to help with the festivities. The company also purchased an amount of renewable energy equivalent to the energy used to light the Harbour Bridge during the commemorative night walks, to support the event even further.

As well as retailing electricity, EnergyAustralia is a major player in supplying gas. The company's HappyGas option has seen many more electricity customers switch to them for their gas needs as well lifting general awareness that they supply gas and preferring to consolidate all their energy needs with EnergyAustralia.

EnergyAustralia is poised to enter new markets in the coming years.

PROMOTION

Before 1998 the EnergyAustralia brand lacked definition. It was simply 'the name on the bill'.

Market research helped the company identify

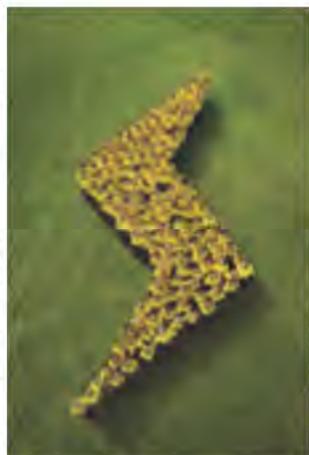
the key values it needed to convey to its customers – that EnergyAustralia is: useful, genuine, helpful, effective, flexible and caring. To support this position the tagline 'Who's Got the Energy?' was developed and the company logo updated. The 'Who's Got the Energy?' campaign was launched with a series of press advertisements and outdoor

and genuine way EnergyAustralia goes about its business every day. The advertisements depicted its staff as 'stagehands' – working efficiently, quickly and discreetly in the background, but in ways that make a major difference in the community.

In late 2007, the 'We're On It' branding was refined even further with the launch of a new positioning based on energy efficiency. This was supported by a new 'Giant' advertising campaign. The advertisements featured a friendly giant walking home from work. As the giant makes energy-efficient choices along the way and at home, he and his impact on the environment gradually shrink until he is normal size.

This more recent 'Giant' campaign has already gained strong recognition and looks set to become a strong brand equity for EnergyAustralia's marketing into the future.

EnergyAustralia continues its brand recognition program through television, press and radio ads, and naming rights and billboards at major sporting grounds (including EnergyAustralia Stadium in Newcastle and Telstra Stadium in Sydney).



billboards in Sydney and Newcastle in 1998.

This was followed by the very popular 'Tall Man, Short Man' campaign which helped give the company a more 'human' persona. The tall man (an EnergyAustralia electrician) represented the company's core values (friendly, informed, caring and useful), while the short man represented a typical customer (trusting, but always seeking a little more from his energy provider). The campaign was extremely well received, resulting in an unprompted awareness level of 86 per cent within its traditional market.

The success of the 'Tall Man, Short Man' campaign paved the way for the next high profile brand offensive - sponsorship of the Sydney 2000 Olympic Games and Paralympic Games. The 'Who's Got the Energy to Light up the Games' tagline was used to highlight the company's role as official energy supplier to the Games, including the supply of gas for the Olympic Flame. Sponsorship of the Sydney 2000 Paralympic Games followed, highlighted by the "Nobody Pushes Us Around" wheelchair basketball campaign, which featured bold imagery on buses, posters and brochures.

EnergyAustralia launched a new branding campaign in 2006. 'We're on it!' was the catchphrase of the campaign, highlighting the efficient, effortless

BRAND VALUES

EnergyAustralia operates under a core set of values: Performance Excellence, Sustainability, Safety, Community Focus and Commercial Success.

THINGS YOU DIDN'T KNOW ABOUT ENERGY AUSTRALIA

- EnergyAustralia was one of the first retailers to offer renewable energy options in Australia.
- EnergyAustralia owns and operates a small portfolio of renewable energy generators, including Singleton Solar farm, which is still the largest in the southern hemisphere.
- EnergyAustralia is the largest direct employer of apprentices in NSW with more than 520 apprentices currently in training.
- EnergyAustralia's electricity network is the largest in Australia with more than 29,000 substations and more than 50,000 kilometres of overhead and underground cables.