



Energy News and ABB

New Zealand Electricity Survey

2nd QUARTER - 2018 - SURVEY RESULTS

Commentary

Results from the 2nd quarter Energy News and ABB Electricity Survey are now in. More than 300 respondents completed the six questions, sharing their views and helping us establish whether the electricity sector is 'all about the people', or something else.

Thanks to our industry advisory panel, who have helped develop this survey and the two remaining surveys which will be launched each quarter.



2nd quarter highlights:

The biggest challenge is finding the right people but diversity not so challenging

Responses were actually spread out across the possible options, but finding the right people for existing and changing roles is the biggest challenge. Is diversity not a problem, or is it just not as much of a problem?

No consensus on which part of the sector has the biggest skills gap

This could mean there isn't one, but more likely is that all parts of the sector are missing the new skills and people needed to deliver the new and improved future electricity system.

Watch out if you are customer facing

Overwhelmingly the sector thought customer facing roles were going to be most enhanced and/or disrupted by new digital technologies. 10% of respondents said don't believe the hype!

Are we wasting our time?

In fact, a very large proportion of those surveyed say that most customers don't really care about the sector and they aren't interested in knowing more.

Begin with the beginning

Getting into the schools, universities, and training organisations is where we'll have the most impact in tackling the diversity challenge even if 10% of those surveyed think no more effort is needed in this space.

We are divided on new offshore exploration

We have very mixed feelings about the new offshore exploration ban, with a small majority thinking this was a lose-lose situation for New Zealand.

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About ABB

ABB (ABN: SIX Swiss Ex) is a pioneering technology leader in electrification products, robotics and motion, industrial automation and power grids, serving customers in utilities, industry and transport & infrastructure globally. Continuing a history of innovation spanning more than 130 years, ABB today is writing the future of industrial digitalization with two clear value propositions: bringing electricity from any power plant to any plug and automating industries from natural resources to finished products. As title partner of Formula E, the fully electric international FIA motorsport class, ABB is pushing the boundaries of e-mobility to contribute to a sustainable future. ABB operates in more than 100 countries with about 135,000 employees. www.abb.com

About Energy News

Energy News is New Zealand's online news and information service for the energy sector. The website (www.energynews.co.nz) was launched in 2008 and now boasts more than 5,000 readers every month from 300 subscribing organisations. Its readership consists of New Zealand energy sector organisations and service companies spanning the electricity, oil and gas, petroleum and alternative energy value chain.

The subscription-based site provides daily news, executive interviews, opinion and commentary. It also hosts a suite of information resources including two large databases of sector participants and energy resources. Other information tools include 30-minute electricity prices, supply and demand monitoring, petroleum permit deadline summaries and an oil price monitor.

About Gentrack

Pairing deep market knowledge with essential software for essential services, Gentrack currently enables over 90 of the world's most progressive utilities to lower service costs, foster innovation and confidently navigate market reform.

Gentrack Velocity is a leading billing and customer engagement solution for utilities, providing a full range of proven capabilities along with hosted and managed services options for energy networks, new entrant energy retailers, and larger utilities in competitive markets, where flexibility, uniqueness and compliance are essential.

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2nd quarter – All about the people

We can't find our people



...the right people are hard to find, that's our biggest people problem.

You will be replaced with a robot



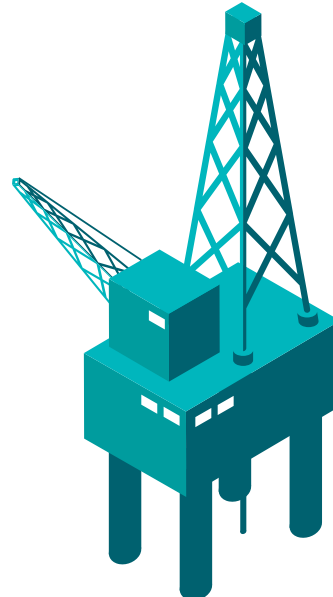
...if you are customer facing, watch out: a robot is coming for your job.

Why do we bother



Do customers really want to understand the sector, and should we even be trying to gain their trust?

BONUS – We don't want to know what's out there, or do we?



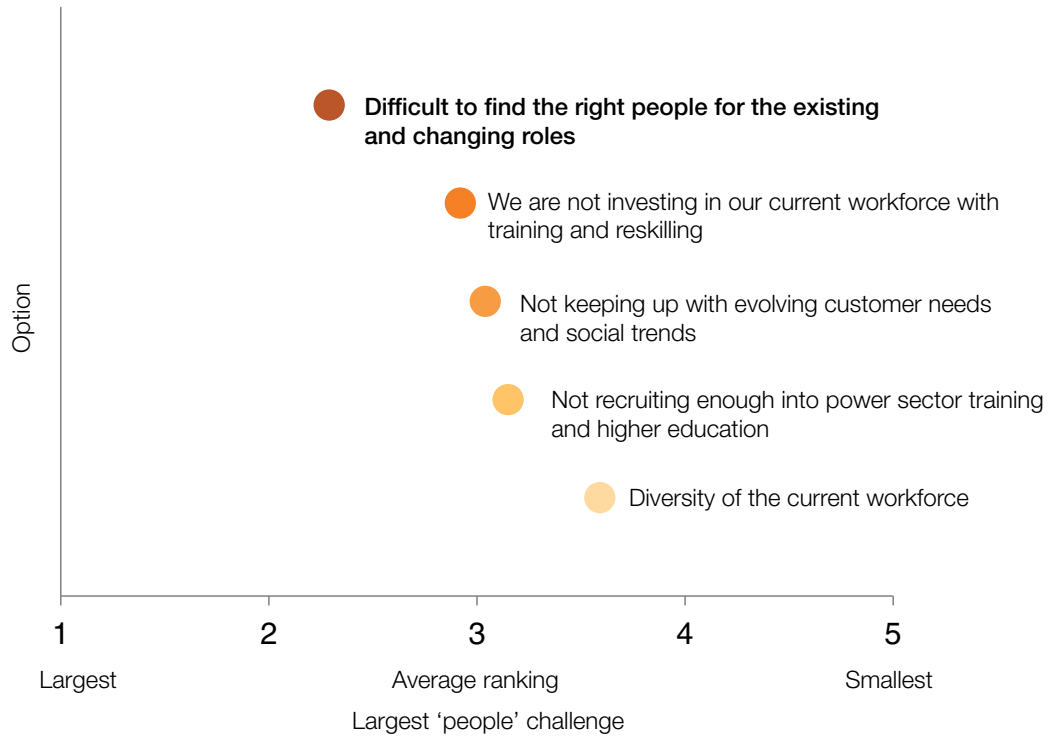
We are split on whether we should be exploring for more gas offshore in New Zealand. So we just let the Government decide for us, right?

Read on to see all of the detailed results from the 2nd quarter survey.

It is the people

Question 1

What is the largest 'people' challenge facing the sector right now? Rank the options in order of largest to smallest, with one being the largest problem:

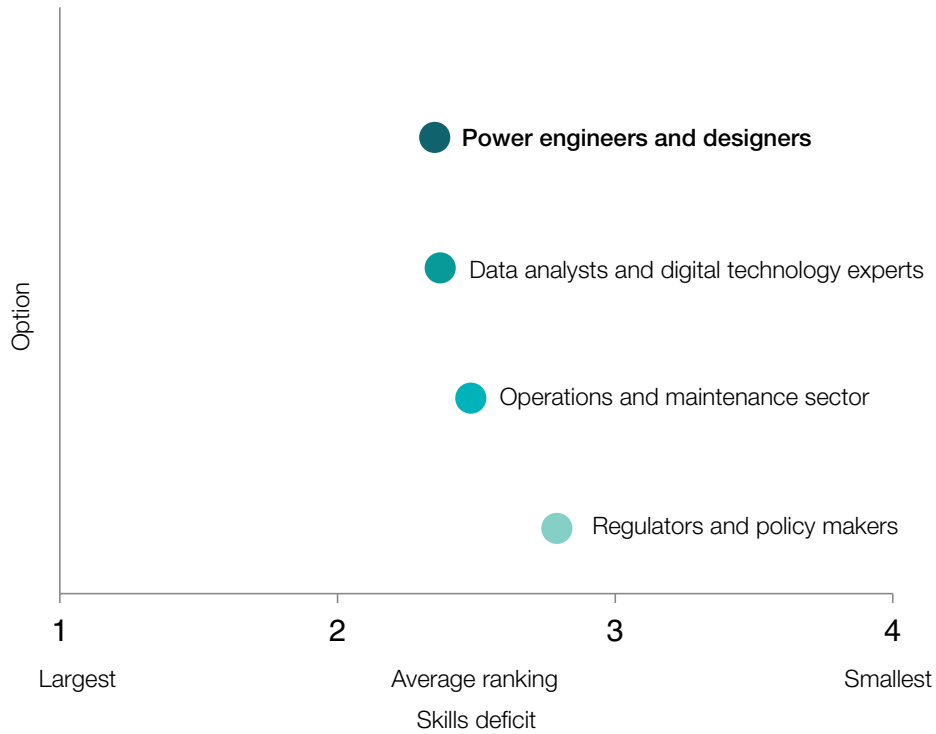


- **Difficult to find the right people for the existing and changing roles – 2.29**
- We are not investing in our current workforce with training and reskilling – 2.92
- Not keeping up with evolving customer needs and social trends – 3.04
- Not recruiting enough into power sector training and higher education – 3.15
- Diversity of the current workforce – 3.59

Do we have the right people?

Question 2

Which part of the sector is most lacking the skills and people needed to deliver the new and improved future electricity system. Rank these in order of the largest skills deficit to the smallest, with one being the largest:

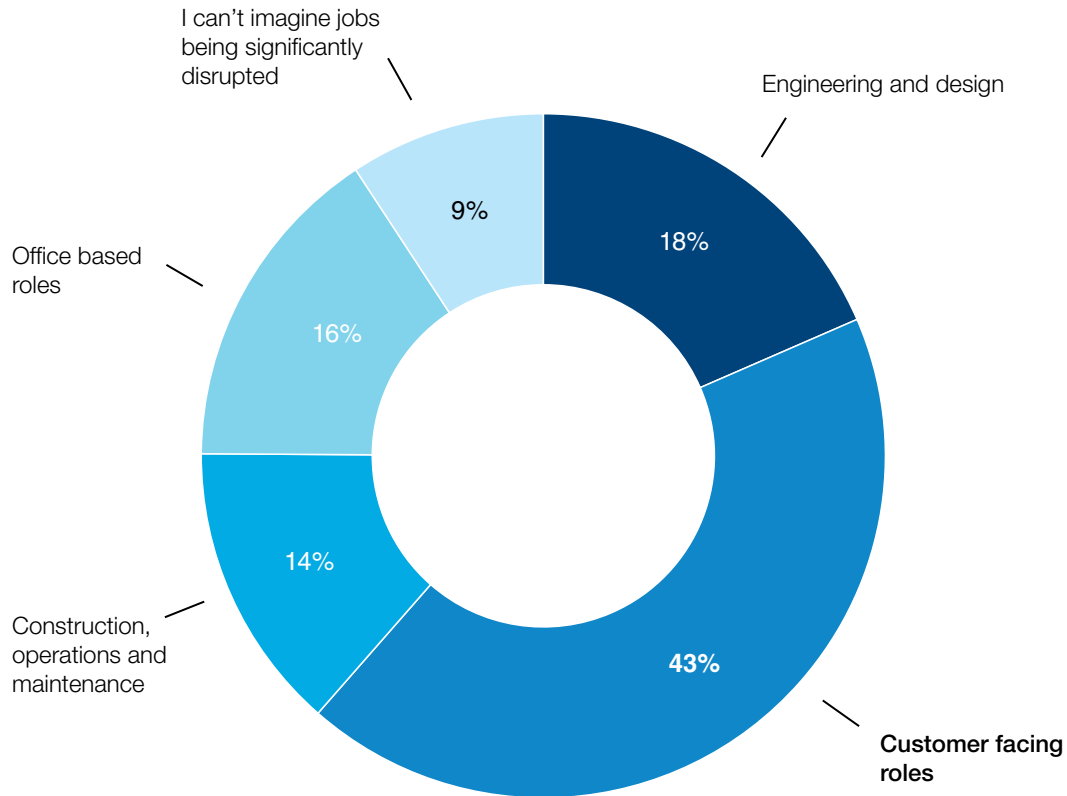


- Power engineers and designers – 2.35
- Data analysts and digital technology experts – 2.37
- Operations and maintenance sector – 2.48
- Regulators and policy makers – 2.79

Rise of the machines

Question 3

In terms of impact on jobs and people, which part of the electricity sector workforce will be most enhanced and/or disrupted by technology such as machine learning, robots, bots, blockchain and Artificial Intelligence? Choose one option:

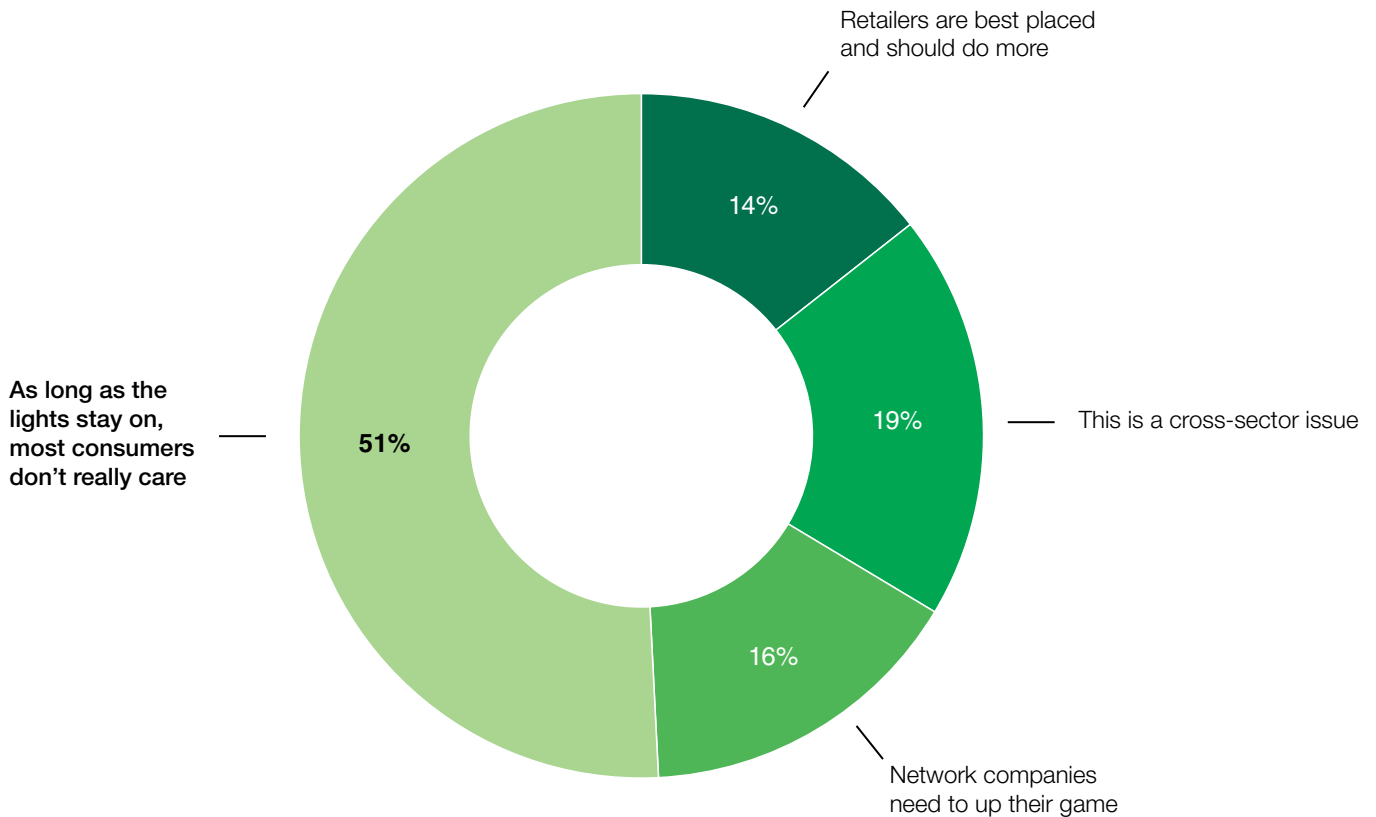


- Engineering and design – 18%
- **Customer facing roles such as customer service and sales – 43%**
- Construction, operations and maintenance – 14%
- Office based roles such as finance, regulatory and legal – 16%
- I can't imagine jobs being significantly disrupted by those technologies, it is just hype – 9%

Trust and confidence: winning the hearts and minds of customers

Question 4

How much faith and trust do customers have in the New Zealand electricity sector? Do developments like the Ministerial power price review have an impact? How much effort should be placed on building trust and who should do it? Pick the option you most agree with:

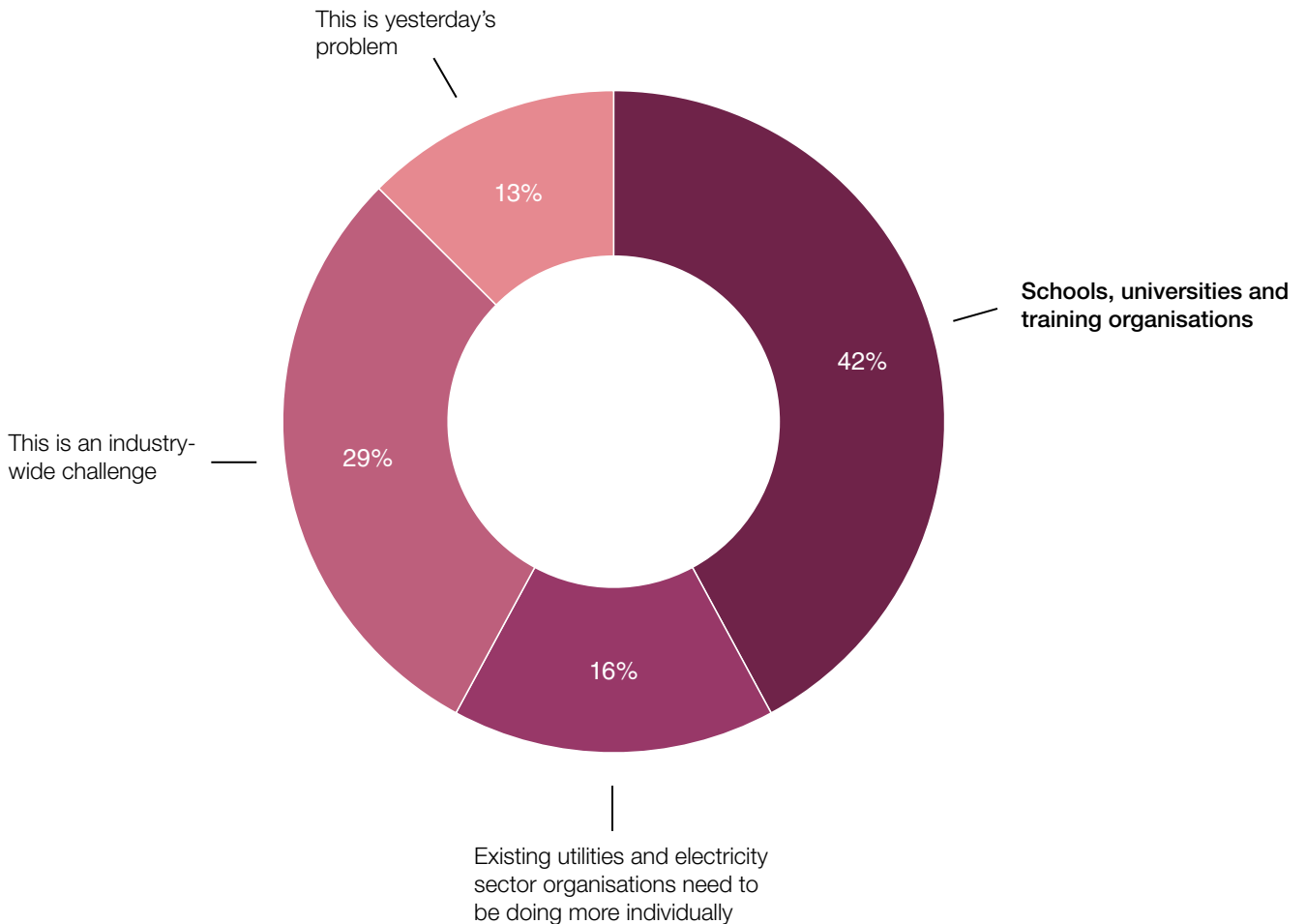


- Retailers are best placed and should do more. Retailers should provide much more balanced information about what they do, why prices are what they are and how the sector works. This will build trust and confidence in the sector. – 14%
- This is a cross-sector issue that the likes of ERANZ and the ENA should be working together on so that information is out there for those with questions and concerns about the sector. – 19%
- Network companies need to up their game. Most consumers are fine with their retailers, it is the network piece that is most misunderstood and creates the most distrust. Networks need to do more to explain the relationship between service level and price. – 16%
- To be honest as long as the lights stay on, most consumers don't really care how it works and how much it costs as long as they aren't being charged too much (excessive profits). The sector will struggle to tackle this because no-one will listen. – 51%

Diversity in the workforce

Question 5

Where do you think more positive effort should be made to address the workforce diversity challenge (gender, age, ethnicity, etc.) faced by the electricity sector? Choose the option you most align with:

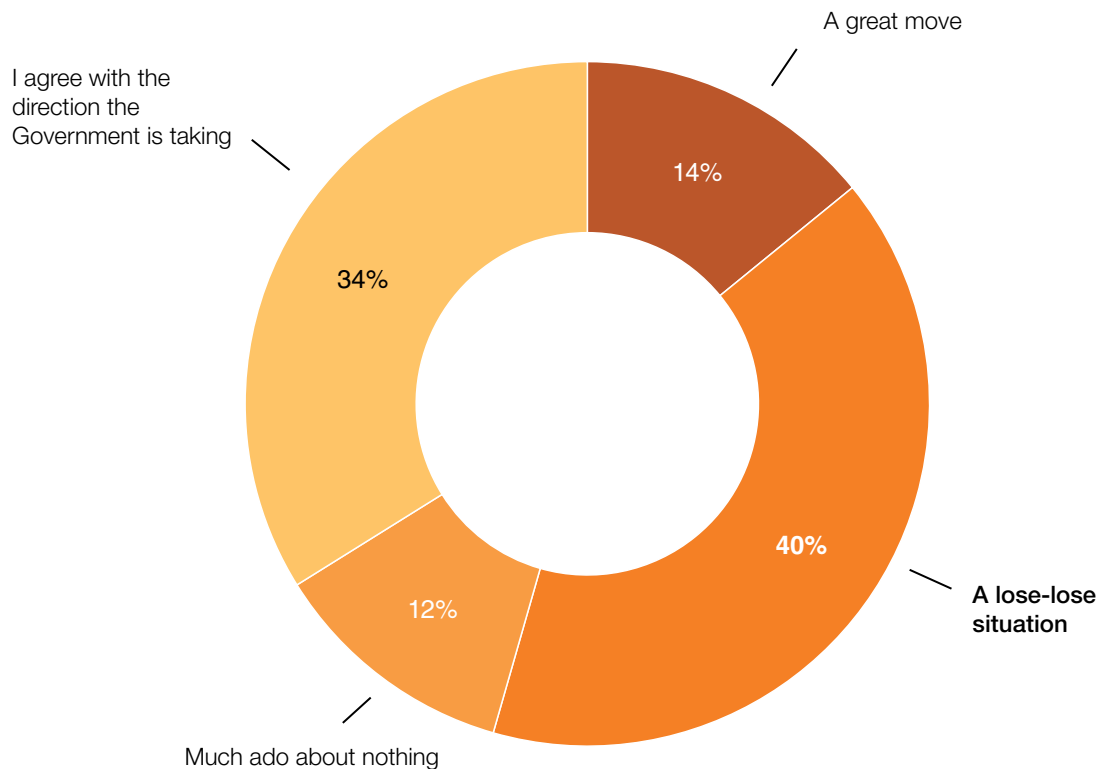


- Schools, universities and training organisations. This is a generational issue. Start at the beginning with education and encouragement for all people to consider a future in the electricity sector. – 42%**
- Existing utilities and electricity sector organisations need to be doing more individually with their HR policies around hiring new talent, and looking internally to address the problems. – 16%
- This is an industry-wide challenge and hence the industry should come together through their respective industry associations to adopt common industry wide goals. Only by tackling this together will anything change. – 29%
- This is yesterday's problem. Actually, the sector has already recognised the problem and is already tackling the issue with some great progress so I wouldn't say any additional effort is needed. – 13%

Bonus question – just because this is very topical and it will be interesting to see where you all sit on this one!

Question 6

The Government has announced an end to new offshore exploration permits for oil and gas. A positive move? Choose the option you most align with.



- A great move, New Zealand needs to lead the way and send a signal. In my opinion this didn't go far enough. We should do more such as immediately stopping all exploration and hasten the transition to renewable energy solutions across all sectors of the economy. – 14%
- **A lose-lose situation. This does nothing to reduce emissions, it worsens our energy security position, creates sovereign risk for investors, foregoes necessary revenue to the Crown and reduces the possibility of us finding gas which we could export and offset coal consumption elsewhere in the world.** – 40%
- Much ado about nothing. It was mostly a political move that doesn't really affect things either way. No new exploration was likely and it won't affect our emissions profile one iota. Now back to something interesting. – 12%
- I agree with the direction the Government is taking but their strategy should be improved. It needs to be more measured, planned and consulted on before decisions are made with potentially big unintended consequences. – 34%

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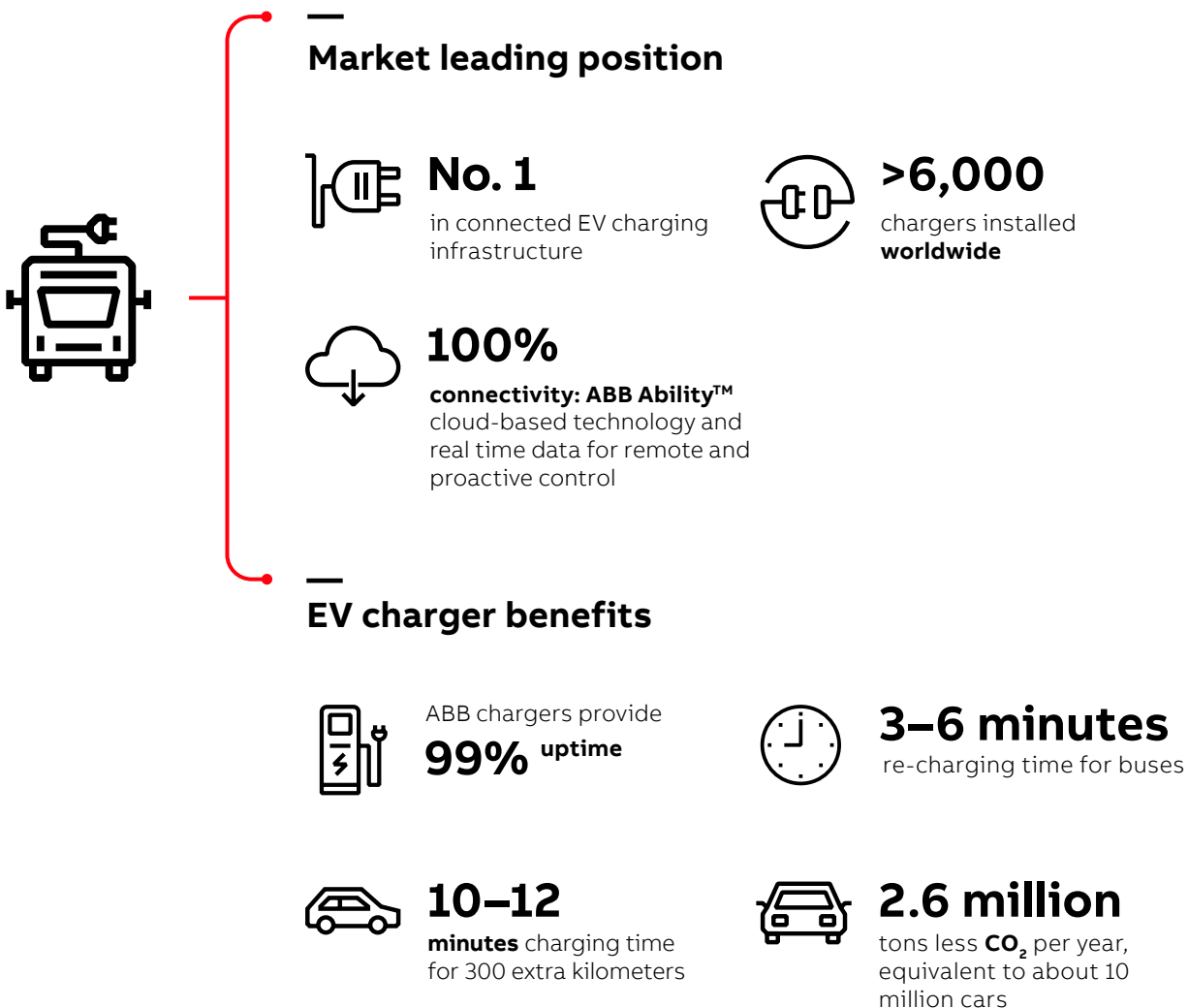


ABB has years of experience in creating, installing and maintaining charging infrastructure, including several nationwide charger networks. We are laying the foundations for a future of smarter, reliable, and emission-free mobility, accessible by everyone, everywhere.