



Customer focus

ESB is a growing, commercial, customer focussed company concerned for society, its impact on community and works in partnership with people.

ESB Customer Supply and Group Services Review

During 2007 ESB Customer Supply helped customers to save electricity through the promotion of energy efficient products and awareness campaigns.

Safety Review

Customer Supply and Group Services continued to prioritise safety and health to deliver our goal of an injury free workplace.

During 2007 the implementation of the Safe Business Management programme continued with formal OHSAS assessments and safety leadership actions involving implementation of a focussed auditing programme and regular reviews of performance. A series of other initiatives relating to health and wellbeing were also launched during the year.

Despite the significant commitment and effort of all involved, there were 14 Lost Time Injuries in the business during 2007 (10 staff and 4 contractors). This demonstrates the ongoing challenge in delivering a healthy and safe working environment but this continues to be a key priority for us.

Customer Supply

Overview

ESB Customer Supply operates as the Public Electricity Supplier (PES) offering a supply of electricity to over 2 million mainly residential customers in the Republic of Ireland retail market on terms approved by the Commission for Energy Regulation (CER). In the deregulated electricity market, not all customers will be invited to become customers by other suppliers and so a 'public' electricity supplier is required to meet their needs. As PES, ESB Customer Supply also fulfils an important role in the market as the Supplier of First Resort (SoFR). This means that newly connected customers with a demand level of less than 30kVA are registered to the PES as a default supplier if they do not nominate a specific supplier.

Operational Review

Customers

While the number of customers (business and residential) served by ESB Customer Supply increased from 1.98 million to 2.04 million during 2007, our market share further reduced from 53% to 51%. This reflected increased competition in the commercial/industrial market offset by continued strong growth in house connections during 2007.

Our key priority is to maintain the highest standards of customer care, including both direct customer service and services to enhance customers' use of electricity.

ESB Customer Supply strives to enhance the quality and range of services to our customers, while reducing the cost to serve. In 2007, almost 13 million bills were issued and over 15 million payments collected. The primary contact point for customers is the National Customer Contact Centre which handled nearly 4 million customer contacts. As part of our focus on continuous improvement, the Contact Centre achieved the Customer Contact Association's Global Standard in 2007.

ESB Customer Supply continues to work with our customers to promote energy efficiency, the safe use of electricity and understanding metering and billing.

During 2007 ESB Customer Supply helped customers to save more than 367GWh of electricity through the promotion of energy efficient products and awareness campaigns. These included CFL lighting promotions, provision of energy efficiency advice and tips and the development of energy efficiency web based tools.

ESB Customer Supply works on an ongoing basis with Sustainable Energy Ireland (SEI). In 2007 this activity included sponsorship of the Sustainable Energy Awards. We also work closely with the Department of Communications, Energy and Natural Resources to promote the Power of One initiative.

As part of our drive to improve energy efficiency and aligned with our Corporate Responsibility objectives, ESB Customer Supply works with a number of organisations including St Vincent de Paul, the Money Advice and Budgeting Service (MABS), and other social partnerships. We undertook a number of initiatives with these organisations to support fuel poor customers and those with special requirements. These initiatives included debt repayment programmes, provision of information on budgeting for electricity costs and advice on how to use energy more efficiently and to help manage electricity costs. ESB Customer Supply gave significant support to the SEI Warm Home scheme by supplying CFLs and hot water cylinder lagging jackets to fuel poor customers. We also worked closely with Age Action Ireland, with specific partnerships supporting Positive Ageing Week.

Regulation and the Single Electricity Market (SEM)

A major development and important milestone for the electricity market in Ireland was the successful introduction of the SEM on 1 November 2007. The SEM is a wholesale electricity pool market, into which all electricity generated on or imported into the island of Ireland must be sold, and from which all wholesale electricity must be purchased. Under regulatory requirements ESB Customer Supply participates in this market as a stand alone supply business. A comprehensive set of new processes, systems and capabilities were developed to facilitate ESB Customer Supply's participation in this wholesale energy trading environment for the benefit of its customers.



Group Services

Overview

Group Services is responsible for a number of unregulated activities and internal services for the various business lines within the ESB Group including:

- The ICT Group undertakes activities associated with Information and Communications Technology (ICT). Our aim is to achieve maximum value for all IT and Telecom investments through motivated and skilled employees. To do so, we work collaboratively with other ESB businesses to develop strategies and to implement solutions.
- A wholly-owned subsidiary of ESB and part of the ICT group, ESB Telecoms Ltd., provides telecommunications services and infrastructure to the telecommunications industry in Ireland.
- The Shared Services business provide property and facilities, human resources, payroll, accounting, legal, and procurement services for ESB businesses.
- The Pensions Office provides services to pension schemes within the ESB Group, including administration and investment supports.
- ESB Contracts Ltd. constructs and maintains public lighting for Local Authorities and installs major electrical projects for external commercial customers.

Operational Review

ICT Group continued to deliver essential services to the ESB Group. This included provision of on-going ICT infrastructure and services as well as supporting a number of projects across the organisation including those required for ESB businesses to operate in the SEM.

ESB Telecoms Ltd. is firmly positioned as the leading independent network provider in Ireland and continues to compete strongly in the wholesale telecoms market.

Shared Services has continued to focus on enhancing the efficiency of its services for the ESB Group and on promoting environmental awareness and initiatives in the management of property and facilities.

ESB is committed to contributing to the targets outlined in the National Energy Efficiency Action Plan. Our energy efficiency programme, launched in 2005, has driven energy usage reductions in the head office complex alone of 9% since the programme began. The issue of waste management continues to be closely managed with the focus on 'Reduce, Re-use and Recycle'. Almost 70% of the waste produced in our head office was recycled in 2007. Our strategy is to maintain recycling at this best practice level and to focus on reducing the production of waste.

New technology can contribute to improving our environmental performance. We have recently piloted a heat exchange system in Cork where water taken from wells is used to heat and cool air conditioning equipment in the office environment leading to substantial reductions in energy usage. This can be replicated in other locations if the topography is suitable and it is our intention to investigate this technology further in 2008. The use of solar panels to heat water for general use will be introduced where practical.

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ESB Contracts Ltd. continued to improve customer service and maintains its drive to provide consistently high service standards. Working in partnership with a number of Local Authorities, new public lighting technology to reduce power consumption and light pollution has been piloted and further initiatives are planned.

6 The development of Advanced Metering Technology (also referred to as Smart Metering) will enable electricity users to manage their consumption more efficiently with cost and environmental benefits. 9



In 2007 ESB Restaurant Staff produced a healthy eating cookbook for staff with all donations going to the ESB Charity ElectricAid.

Looking Forward

- In 2008 our safety and health plans reflect our drive to achieve an injury free workplace with increased emphasis on 'near miss' reporting and greater shared learning across the business lines. Strong safety leadership will be maintained with managers engaging with staff and contractors on a continuous basis through local safety audits and reviews.
- Given Ireland's national obligations to reduce carbon emission levels and reduce energy consumption, ESB Customer Supply will further develop our work in this vital area. We will achieve this by creating awareness among customers of the need to use electricity efficiently and by enabling customers to make the necessary changes through information and support on energy reduction measures and initiatives.
- To deliver on ESB's support for successful implementation of the National Energy Efficiency Action Plan and the achievement of the national energy efficiency target of a 20% reduction in energy demand by 2020, we have established an Energy Services Unit. This Unit will support ESB's drive to reduce its own energy use, will work with ESB Customer Supply to improve the energy efficiency of our customers and will develop a range of energy services for energy users which will further contribute to the Action Plan Objectives.
- Group Services are committed to providing our internal ESB customers with services, buildings and related facilities in a manner which continues to reduce the environmental impact, related to energy usage, waste generation and water management.
- We are also seeking to reduce staff travel with initiatives in the area of video conferencing and related technology. We will continue to support staff who move to public transport or reduce car usage in other ways.
- Improved customer service continues to be a key focus for all our businesses in 2008. This will include ESB Customer Supply continuing excellent service standards in the National Customer Contact Centre, sustained implementation of the revised Customer Charter and the introduction of e-billing to improve customer service further.
- The development of Advanced Metering Technology (also referred to as Smart Metering) will enable electricity users to manage their consumption more efficiently with cost and environmental benefits. ESB Customer Supply is playing a lead role in the assessment and rollout of this innovative technology so as to maximise the benefits for our customers.



National Call Centre Awards 2007.