



## **2020 Energy Charter Disclosure**

## Message from the Chair and CEO

On behalf of the Board and Management of Aurora Energy, we are pleased to present Aurora Energy's annual disclosure against the Energy Charter Principles. This disclosure has been approved by the Board and Chief Executive Officer, and evidences at a high level Aurora's progress against the Principles up to the end of June 2020.

It would be remiss to reflect on our progress over the past 12 months without first acknowledging the COVID-19 pandemic and the impact it has had, and continues to have, on our people, customers and the Tasmanian community. We have strongly focussed on supporting our impacted Tasmanian customers during this extremely challenging time.

As a proud founding signatory to the Energy Charter, Aurora has commenced upon a journey to become "customer obsessed" and put Tasmanian customers at the heart of everything we do. Over the period prior to the emergence of COVID-19, Aurora progressed a number of initiatives aimed at improving the customer experience, and our customer focus has grown over the past 12 months despite operating in a market undergoing significant disruption.

A key outcome over the past 12 months has been the co-creation with our people of a new set of organisational values to drive the direction of Aurora going forward. In line with our Energy Charter commitment, a core value developed by our people is "**Customer obsessed: Our customers come first. They drive our decisions. We give them our all.**"

We acknowledge that there is still work to be done to put our customers at the centre of our business, as evidenced by our self-assessment against the new Maturity Model. This self-assessment is an honest reflection of our current performance against each Principle, as well as our aspiration for improvement over the next one to three years. In developing this self-assessment we have engaged with our Community Consultation Forum and the Tasmanian Small Business Council to keep us accountable regarding our current maturity and future aspirations in this regard.

Going forward, change and uncertainty will inevitably characterise our operating environment. Nevertheless, we remain committed to embedding the Energy Charter principles in our business and working across the energy supply chain to deliver better customer outcomes as we continue our journey to reimagine Tasmanians' energy experience.



**Mary O'Kane**  
Chair  
On behalf of the Board of  
Aurora Energy Pty Ltd



**Rebecca Kardos**  
Chief Executive Officer/Managing Director

## Our customers and communities

We provide electricity and gas retail services to residential, small and large businesses customers throughout mainland Tasmania. As at 30 June 2020, we provided electricity to over 280,000 Tasmanian electricity customers and over 4,500 gas customers. For electricity, residential customers comprised over 85 per cent of our customer base, with small and large business customers comprising 14 per cent and five per cent respectively. Our gas customers are predominantly residential.

Consistent with the Independent Accountability Panel's 2019 key theme, "Know Your Customers and Communities", in 2020 we have undertaken customer segmentation work to better understand our customers. This work identified six key residential segments (four of which make up 90 per cent of our customer base) by identifying common traits such as how they like to receive their information and pay their account, as well as their energy usage and financial situation. Using these customer groupings, we have commenced tailoring our communications to each group and helping each segment find the products and services that best meet their needs and expectations.

This research will continue to evolve for our residential customers and will expand to our small to medium business customers in 2020-21.

Affordability is a key concern for many Tasmanians, and the rate of access to concessions has historically been higher in Tasmania than that observed in other National Electricity Market (NEM) jurisdictions. Thirty nine per cent of our customers received some form of electricity concession in 2019-20, an increase of six per cent since last year's disclosure. Increases observed since March 2020 can largely be attributed to the COVID-19 pandemic and the financial impact this has had on many of our Tasmanian residential and business customers.

The needs of our customers and communities continue to increase and change dramatically due to the COVID-19 pandemic. Increased household energy consumption during the winter months as people continue to work and study from home, paired with higher unemployment and increased financial vulnerability within our community, are creating a growing need for tailored support for these customers. Bill shock arising from estimated reads in the early stages of the pandemic is also an emerging issue. Our customer needs will likely evolve and grow as the full impacts of COVID-19 on the Tasmanian and national economy become more pronounced, especially as support measures such as JobKeeper and Jobseeker are scaled back.

The nature of consumer behaviour is also changing markedly across customer segments, fuelled by the accelerated take-up of digital technology during the containment of COVID-19. Our customer research suggests that our customers want more visibility of, and tools to manage, their energy use and cost.

We have proactively engaged with Tasmania energy advocates, service providers and policy makers in developing and refining our response to COVID-19 for our customers and the community. More broadly, in response to feedback received on our 2019 disclosure, this year we have also actively sought input from these groups to test our self-assessment against the Energy Charter Maturity Model and affirm our areas of focus for continuous improvement across our customer groups and communities in the next three years.

## Our unique operating context

We are owned by the Tasmanian Government. This means that Aurora pays dividends which are used by the Government for the benefit of the Tasmanian community, which not only includes our customers but also our employees. We employ around 240 Tasmanians who are based in one of our two offices in Hobart and Launceston, both of which have a dedicated customer service centre.

Our Tasmanian operating environment is unique compared to other NEM jurisdictions, with price regulation for the majority of Tasmanian customers and predominantly renewable energy generation. An overview of the unique opportunities and challenges presented by this operating environment is provided in our [2019 Disclosure](#).

## Highlights

### Our customer outcomes

Our 2019 disclosure included a number of metrics to measure customer outcomes. Aurora's progress against each of these is summarised below. In 2020 we have also introduced new brand loyalty and affordability metrics which we intend to track going forward.

	Metric	2019-20	2018-19	Change
Principle 1	Net Promotor Score	+52	+48	+4
	Employee engagement	55%	42%	+13%
	Employee customer service focus	50%	31%	+19%
Principle 2	Bill Shock Score <sup>1</sup>	N/A	N/A	N/A
	Customer value indicator	22.7	N/A	N/A
Principle 3	Safety breaches	0	1	-1
	Disconnections (pre COVID-19) <sup>2</sup>	489 (0.17%)	632 (0.2%)	-143
	Metering installation timeframe non-compliances	0	2	-2
Principle 4	Complaint frequency rate (per 100 customers)	0.37%	0.61%	-0.24%
	Ombudsman referrals	0.77%	0.51%	+0.26%
Principle 5	YES <sup>3</sup> Program (hardship) customers	5191 (2.12%)	4,090 (1.5%)	+1101
	YES Program completions	555	563	-11

During 2019-20, we progressed the majority of the continuous improvement opportunities that were identified in our 2019 Disclosure. These have delivered a number of improved customer outcomes to 30 June 2020, which are summarised under each Principle on pages 6-10 of this disclosure.

<sup>1</sup>Measurement of this metric will commence in 2020-21 and be reported in our 2021 disclosure.

<sup>2</sup> Prior to the Australian Energy Regulator's (AER) Statement of Expectations, we held a policy of not disconnecting any customer during the COVID-19 pandemic.

<sup>3</sup> YES Program stands for 'Your Energy Support' Program, and is described under Principle 5.

We acknowledge that there were some commitments that we did not progress to the extent we had planned over the past 12 months. These include:

- Limited progress was made on collaborating with other organisations to develop and distribute industry-wide plain language materials to assist customers manage their energy usage and cost. We instead focussed on making continuous improvements to the plain language messaging and online tools on our website, particularly during the COVID-19 pandemic.
- The establishment of a Thriving Communities Partnership (TCP) Chapter in Tasmania was not significantly progressed, although early discussions were initiated with TCP, other energy businesses, TasWater and TasCOSS. Principle 5 outlines our approach to progressing this commitment in 2020-21

## Examples of our progress

### Case Study 1: Our COVID-19 response

In response to the COVID-19 pandemic, and prior to the AER's Statement of Expectations, we proactively established a dedicated COVID-19 Customer Support Program to assist affected residential and small business customers. This included a specialist support team, dedicated phone line and a \$5M Customer Support Fund specifically designed to help customers pay their energy bills. The fund has been used to waive fees and charges, freeze debt and help customers manage their ongoing consumption through subsidised payment plans. Over 400 customers had accessed the fund at end of June 2020, with more expected to access it as COVID-19 related hardship continues in 2020-21, together with higher energy bills reflecting increased winter energy use for heating.

To help our customers better manage their energy use and cost, we launched a series of new affordability tools on our [website](#), such as an online energy plan calculator, energy bill estimator and self-meter read submission portal. We also extended our digital aurora+ product (described in Case Study 3) to Residential Flat Rate (previously time-of-use only) customers, removed the aurora+ product fee for our Your Energy Support (YES) Program (hardship) customers, extended the project criteria for our Digital Capacity Building Grants, attended Agfest in the Cloud to support Tasmanian farmers and enhanced our regular winter campaign to remind customers of the need to keep on top of their increasing energy costs.

We also proactively collaborated across the supply chain with Hydro Tasmania, TasNetworks, TasWater and TasGas to provide support for Tasmanian customers experiencing difficulties paying their utility bills, including full page communications in local media and cross referrals from our websites and social media.

Our measures complemented the Tasmanian Government's 12 month price increase cap to energy bills to assist families and businesses, and a waiver on eligible small business customers' next quarterly bills after 1 April 2020, which was administered by Aurora. This included waiving over 20,000 small business' bills at a cost of over \$17.3M.

As part of our COVID-19 response, we rapidly facilitated remote working arrangements for our workforce of over 250 Tasmanians within the space of two weeks. With all our customer service centre staff working from home, we were still able to maintain high customer service levels and in May 2020 we increased our rolling Net Promoter Score (NPS) measurements significantly above regular levels (at +62 for the month), demonstrating a high level of customer satisfaction during unprecedented times for our customers and communities.

## Case Study 2: Our operating model reset

A major activity in 2019-20 has been the reset of our internal Operating Model. Through this process we redesigned our organisational structure, core processes and systems to increase the speed in which we are able to respond to continuing changes in the market and deliver new products and services to meet our customers' needs and expectations.

We created a new Chief Product and Customer Officer role and established a new team with the requisite capabilities to improve the customer experience. We also established a dedicated team focussed on delivering a sustainable and efficient underlying operating cost base.

The reset also provided an opportunity to undertake a number of important people initiatives to begin the journey to remedy our declining employee engagement which was reported in our [2019 disclosure](#). This included co-creating with our people a new set of organisational values encapsulated as "The Aurora Way" (described under Principle 1).

While the transition to a new Operating Model undoubtedly tested the adaptability and resilience of our people, these changes laid the foundations for our rapid response to the COVID-19 pandemic, and perhaps more critically, our ability to deliver value and enhance the experience of our customers well in to the future.

## Case Study 3: aurora+

Originally offered to Aurora Pay as You Go (PAYG) customers whose meters would reach the end of their functional life in December 2019, **aurora+** was launched in early 2020 to provide all residential customers with the option to gain a better understanding of their energy costs and conveniently be able to manage them via an app.

The aurora+ product makes energy easier for our customers by giving them visibility of their power usage, displaying hourly usage and costs every day. The aurora+ app allows customers to easily top up their account at the push of a button from their smartphone, tablet or computer.

Based on customer feedback, the aurora+ product has now been made available across our tariff suite. This gives customers on both flat and time-of-use tariffs control over their energy consumption, empowering all customers to make energy choices that suit their needs. Since its launch, aurora+ has also been enhanced for customers with solar who may not be well informed on how to optimise their solar installation, providing information on energy exported to, and imported from, the grid.

In the second half of 2020, we plan to launch a tailored aurora+ product for small to medium business customers, with the aim of providing more transparency and information on how and when they use their energy. Based on input from our customers regarding their needs, the product includes a 'Predict-a-Bill' feature, usage screens and graphs, payment notifications and reminders. It will also make it easier for eligible residential and business customers who want the digital experience through a single app and sign-on with an easy transition between both accounts.

We acknowledge feedback we have received that some Tasmanians are unable to access aurora+, including those that are unable to afford the opt-in product fee or who prefer to be on a different tariff. Based on that feedback, and in response to COVID-19, we have removed the aurora+ product fee for all our YES Program (hardship) customers and extended aurora+ to both [Residential Flat Rate](#) and [Residential Peak & Off-peak](#) customers (previously time-of-use only).

## Principle 1

We will put our customers at the centre of everything we do and the energy system

### Our progress in 2019-20

In March 2020, Aurora Energy's Board reaffirmed its commitment to the Energy Charter, demonstrating its commitment to putting customers at the centre of our business.

A major activity in 2019-20 has been the reset of our internal Operating Model (refer Case Study 2). The reset was undertaken to accelerate our ability to achieve our vision, *Tasmanians' Energy Experience Reimagined*, and enhance the existing customer experience through digitised products. We also co-created with our people a new set of [organisational values](#) encapsulated as "The Aurora Way". A core value developed by our people is "**Customer obsessed**: *Our customers come first. They drive our decisions. We give them our all.*"

As described under Principle 5, we have evolved our Community Consultation Forum to improve customer and community outcomes through genuine and accountable consultation with Tasmanian energy advocates, service providers and policy makers. We have also collaborated with TasCOSS, Hydro Tasmania and TasNetworks to co-fund a new energy advocate role to help us to continue to improve outcomes for Tasmanian energy consumers through consultation, research, advocacy and analysis on a broad range of energy issues.

More recently, in response to the COVID-19 pandemic, we proactively collaborated with the Tasmanian Government and across the supply chain to share insights and deliver a united response supporting Tasmanian customers during this unprecedented situation (refer Case Study 1).

### Customer outcomes we have delivered

- Table 1 highlights progress in key customer outcome metrics we have measured for Principle 1, including improvements in our staff engagement and employee customer service focus.
- Improvements to the customer experience delivered by our new Operating Model are described under Principles 2 and 4.
- Customer outcomes from our COVID-19 pandemic response are summarised in Case Study 1.

### Our aspiration for continuous improvement

Our self-assessed maturity for Principle 1 is **Emerging**. While our Board-approved business strategy and vision are directly aimed at delivering improved outcomes for Tasmanian customers, our new Operating Model and organisational values will take time to embed within the business.

Key activities we plan to undertake to move towards being **Evolved** in 2021 include:

- Embed our new Operating Model and values across the business, including the new *Customer Obsessed* value in roles that do not directly interface with our customers.
- Actively engage with the Community Consultation Forum, Tasmanian Small Business Council and TasCOSS energy advocate to seek input on our products and services, and provide proactive feedback on how the input provided has been considered in decision making.



## Principle 2

### We will improve energy affordability for customers

#### Our progress in 2019-20

This year our key focus has been on developing tools and incentives for our customers to manage their energy use and cost, particularly during the COVID-19 pandemic.

To support customer affordability, we have increased our focus on ensuring Tasmanian customers are on the best product for them. As part of our COVID-19 response (refer Case Study 1) we launched a series of free affordability tools on our website, such as an online energy plan calculator, energy bill estimator and self-meter read submission portal. The energy plan calculator helps customers understand the plan that's the most affordable for them based on their energy use and behaviour.

We have undertaken new analysis across our customer base to determine best product fit and taken a proactive approach to engaging our customers regarding options to best manage their energy use and cost. This includes providing greater choice to our residential customers by extending our digital aurora+ product offering to all residential customers, not just those on a time-of-use tariff (refer Case Study 3).

We have also progressed our efficiency strategy by establishing a dedicated team as part of our Operating Model Reset (refer Case Study 2). This team has established targets and a roadmap of activities to deliver a sustainable and efficient underlying operating cost base by 2022. A more efficient operating cost base will improve affordability in the future by either decreasing regulated prices for our customers or increasing Aurora's dividends, which are ultimately returned to customers.

#### Customer outcomes we have delivered

- Approximately six per cent of our customers chose to manage their energy costs and take advantage of cheaper off peak prices by switching to Tariff 93 in 2019-20. This is in addition to those who transferred due to the retirement of Aurora Pay as You Go meters.
- Outcomes for customers experiencing affordability issues due to the COVID-19 pandemic are summarised in Case Study 1.
- Table 1 summarises new metrics against which we intend to measure our progress on Principle 2.

#### Our aspiration for continuous improvement

Our self-assessed maturity for Principle 2 is *Emerging*. While we have made progress on operational efficiency and helping our residential customers to manage their energy use, we recognise that we can do more across our entire customer base, including small to medium business (SMB) customers.

Key activities we plan to undertake to move towards being *Empowered* by 2022 include:

- Continue to roll out aurora+ and Tariff 93 to those customers who will benefit from being able to better manage their energy use during peak/off peak periods.
- Refine the aurora+ product suite so that it is fit for purpose for the needs of all our SMB and residential customers.
- Progress our efficiency strategy to meet our internal efficiency savings targets by 2022.



## Principle 3

We will provide energy safely, sustainably and reliably

### Our progress in 2019-20

Aurora is not a generation-backed retailer, and does not own any physical assets. In this context, our internally audited safety focus remains primarily on the safety of our customers on life support, our people and ensuring that our metering coordinator has in place comprehensive safety management systems.

Notably we successfully transitioned our entire employee base to safely work remotely within a fortnight of major Government restrictions being announced in mid-March 2020. COVID-19 has also led to a new focus on increasing the wellbeing of our people to support delivery of customer outcomes.

While we do not have national emissions reporting obligations, we remained committed to our partnership with Goldwind Australia to develop Cattle Hill Wind Farm, with the first turbine coming online in late 2019. This project has directly supported the Tasmanian Government's renewable energy target to be 100 per cent self-sufficient in renewable energy by 2022 and demonstrates our commitment to investing in the shift to a cleaner energy system.

We continue to strive for metering installation timeframes and thresholds above regulated requirements. We also continue to regard disconnection for any customer as a last resort, and have not undertaken any disconnections since the emergence of the COVID-19 pandemic.

### Customer outcomes we have delivered

- Table 1 highlights progress in key customer outcome metrics we have measured for Principle 3.
- Cattle Hill will provide enough clean energy to power approx. 63,500 Tasmanian homes.
- Metering installation timeframes have been consistently delivered in two days (rather than the regulated six day requirement) to improve the customer experience.

### Our aspiration for continuous improvement

Given our operating context as a stand-alone retailer with limited physical assets, our self-assessment is that we are performing at an *Evolved* level of maturity for those areas of safety, sustainability and reliability over which we have control.

Our aspiration is to move from *Evolved* to *Empowered* in safety, sustainability and reliability by 2023. We are currently considering the journey for us to achieve this given our current operating environment, our situation in the supply chain and the significant underlying uncertainty resulting from COVID-19, particularly regarding the potential ability or desire of Tasmanian customers to uptake clean energy technologies such as solar PV, battery storage and electric vehicles. We are committed to undertaking consumer research and scenario analysis to assess how we might proactively respond to Tasmanian customer needs in these areas over the next three years.



## Principle 4

### We will improve the customer experience

#### Our progress in 2019-20

Over 95 per cent of our residential and small business customers are on a regulated standing offer contract. Our focus in 2019-20 has been to provide these customers practical energy choices that not only meet their needs, but that they also value through our aurora+ product suite (refer Case Study 3).

In early 2020 we undertook customer segmentation work to better understand our customers and their needs. We have since commenced tailoring our communications and developing segmented products and services that address the identified needs and values of each identified customer group. We also established a brand tracking baseline to allow us to track customer satisfaction within each segment.

We have enhanced our website to provide clear, consistent and accessible information and free tools for our customers (refer Principle 2). We established a social media presence for the first time through Facebook and LinkedIn, and used feedback from these avenues, our Voice of Customer Program and customer product engagement to receive and respond to direct customer feedback.

In June 2020, we necessarily ceased the operation of our outdated Aurora Online tool to ensure customer information remained safe and secure. We recognise this was a retrograde step for some of our customers who do not have aurora+ but wish to manage their account online, and acknowledge that it has negatively detracted from their energy experience. We are offering these customers a free trial of aurora+ so they can decide if this option meets their needs.

#### Customer outcomes we have delivered

- Table 1 highlights progress in key customer outcome metrics we have measured for Principle 4.
- Between 14-23 per cent of our aurora+ customers are choosing to log in daily to monitor their energy use and/or top up their account. We expect this to increase in 2020-21 as more customers take up aurora+ to manage their energy use and cost.

#### Our continuous improvement

Our self-assessed maturity for each element of Principle 4 is *Emerging*, although we consider our maturity for Fairness and Complaints Resolution is close to being *Evolved*. We recognise that our key communication tool with a large proportion of our customers remains their quarterly energy bill, and have identified this as an area for continuous improvement to move our Communications to *Evolved*. We also continue to examine how we mature our customer engagement and feedback loops.

Our aspiration is to move from *Emerging* to *Empowered* by 2022. Activities identified to achieve this include:

- Develop segment specific propositions that deliver a tailored ‘Tasmanian energy experience’.
- Expand our customer segmentation research to our SMB customers in 2020-21.
- Continue to shape the design and evolution of the aurora+ app experience such that it is fit for purpose across all customer segments.



## Principle 5

### We will support customers facing vulnerable circumstances

#### Our progress in 2019-20

Aurora's [Your Energy Support \(YES\) Program](#) (our hardship program) continues to actively support customers experiencing difficulties paying their bills and helps them remain connected above and beyond the AER's national hardship obligations through tailored customer support and account management. This year we collaborated with the Salvation Army for the first time to provide financial counselling support to our YES customers.

We have worked with our former Vulnerable Customer Stakeholder Group to co-create a new Community Consultation Forum. The aim of the new forum is to genuinely and accountably consult with Tasmania energy advocates, service providers and policy makers on our strategy, programs, services and products. Based on the IAP's 2019 recommendations, this year we've proactively engaged with the forum on our 2020 Disclosure, with a focus on our maturity assessment and areas for continuous improvement.

Aurora has also collaborated with TasNetworks, Hydro Tasmania and TasCOSS to co-fund an energy advocate role within TasCOSS. Amongst other responsibilities, the energy advocate will support and participate in Energy Charter processes, progress the establishment of a Thriving Communities Partnership Chapter in Tasmania, and advocate on energy issues impacting on Tasmanian consumers, particularly low-income, disadvantaged and vulnerable customers.

#### Customer outcomes we have delivered

- Table 1 highlights progress in key customer outcome metrics measured for our YES program.
- Our \$215K contribution to No Interest Loans Tasmania (NILS) enabled another 374 low-income Tasmanians to access more than 700 energy efficient products.
- Cancer Council relief payments were provided to 284 customers to provide relief for their energy bills whilst undergoing cancer treatment.
- We provided over \$80,000 to support 12 projects as part of our community grants program.
- Our COVID-19 response for new and existing hardship customers is summarised in Case Study 1, including removal of the aurora+ product fee for customers on our YES Program during the COVID-19 pandemic.

#### Our aspiration for continuous improvement

Our self-assessed maturity for Principle 1 is *Evolved* due to our activity in 2019-20 continuing to be beyond regulated requirements. However, whilst our COVID-19 response is actively supporting Tasmanians experiencing vulnerability for the first time, we recognise that there is more we could do to proactively identify customers who may otherwise be at risk of vulnerable circumstances.

Key activities we plan to undertake to move towards being *Empowered* in 2022 include:

- Proactively collaborate with the TasCOSS energy advocate, the Community Consultation Forum and the Tasmanian Small Business Council to identify additional measures and mechanisms to predict and assess vulnerable customer outcomes, and create feedback loops to incorporate learnings into new product and services design.
- Migrate all our YES customers to aurora+ at no cost to them to provide visibility of their energy usage and help reduce bill shock.

