

Aurora Energy 2021 Energy Charter Disclosure Statement



Introduction from the Chair and CEO

On behalf of the Aurora Energy (Aurora) Board and leadership team, we present our 2021 Energy Charter Disclosure, outlining the progress made against each of the Charter's five Principles. This Statement was developed using feedback from senior leaders and subject matter experts from across our business and has been endorsed by the Board and Chief Executive Officer.

This Statement also incorporates input from our stakeholders, who helped us complete our self-assessments against the Maturity Model and were engaged to provide their views on which of the Independent Accountability Panel's (IAP) 2020 recommendations should be a priority for our business. Based on this feedback, we note that we have established a project to further interrogate our debt data to improve our data science capabilities and translate these insights into actions for our customers. In 2020-21, we will also engage with the Australian Energy Regulator, and stakeholders more broadly, on the development of the Better Billing guideline. Our focus will be on providing insights on the billing experiences of our customers to inform the process. These projects will work to address Recommendations 1 and 10 of the IAP's 2020 Report.

We also congratulate our Energy Charter peers on the development of the *Customer Voice @ Board Level* resource and recently implemented a monthly *Customer Obsessed Board Report* to amplify the voices and experiences of our customers at the strategic level of our business. This aligns with Principle 1 and Recommendation 16 of the IAP Report.

In keeping with our commitments as a signatory to the Energy Charter, our strategic vision is "*Tasmanians' Energy Experience Reimagined*". In 2020-21, we remained focused on this goal, embarking on a number of initiatives to meet the changing expectations of our customers and deliver a more tailored energy experience. We've invested in developing new capabilities to empower Tasmanians to control and manage their energy usage – this year delivering new features to aurora+ customers as part of an ongoing evolution of the product and pipeline of enhancements to ensure our offerings continue meet the needs of our customers.

2020-21 has also been a year of transition for Aurora. We continued with our internal operating model reset, which has seen the development of a new service delivery model capable of offering customers an end-to-end service. We also commenced the process of migrating customers to our new account management system, which will enable faster product development, deeper customer insights and improved our customer service capabilities. Critically, these significant changes have taken place alongside an expansive program to embed our Values, including "*Customer Obsessed: Our customers come first. They drive our decisions. We give them our all.*" While we have come a long way in a short period, with these changes we have also had our challenges, and we recognise there is still more work to do.

Finally, we note that we remain ever mindful of the impacts the COVID-19 pandemic and will continue to support our customers through this uncertain and challenging period.



Mary O'Kane, Chair



**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 2021, we provided electricity to just under 280,000 customers and around 4,800 gas customers. For electricity, residential customers comprised over 87 per cent of our customer base, with small and large business customers comprising 12 per cent and 1 per cent respectively. Our gas customers are predominantly residential.

Our community

Tasmania has a cool climate with a relatively small, regionally dispersed and ageing population that faces a number of socio-economic challenges. According to the 2016 Census, Tasmania had the lowest proportion of people living in the most advantaged areas of all the states and territories (in Australia), and the highest proportion of people living in the most disadvantaged areas.¹ Tasmania is also the least digitally included of Australia's eight states and territories² and continued to have the highest proportion of customers receiving an electricity concession of all National Energy Market jurisdictions³ (39 per cent of our residential customers received an electricity concession in 2020-21). These demographic features significantly influence the way our customers interact with our business, and contribute to energy affordability being a key concern for many Tasmanians.

Impacts of COVID-19

In many ways our State has been very fortunate, so far experiencing the second lowest number of COVID-19 cases and deaths in the nation and comparatively limited restrictions. However, Tasmanian's experience of the pandemic has been broad and varied with many – particularly those in already vulnerable circumstances, or reliant on the tourism, hospitality, arts and entertainment sectors – still heavily impacted by ongoing uncertainty, travel restrictions and lower than usual visitation to the state.

Moving into 2021-22, there have been some positive signs of recovery, with recent recruitment activity exceeding pre-COVID-19 levels⁴ and domestic visitation and visitor spending measuring above pre-pandemic levels in the first quarter of 2021⁵. Similarly, we have fewer customers on our hardship support program than we did last year and average customer debt levels are trending downward in 2021, and did not increase when the Federal Government's heightened support measures came to a close in March 2021.

While we remain optimistic about Tasmania's ongoing recovery, we also remain on alert as the pandemic continues to create uncertainty for our business, customers and community more broadly. Undoubtedly, there are still challenging times ahead and we remain committed to doing what we can to help, for however long it takes.

¹ Australian Bureau of Statistics, Census of Population and Housing: Socio-Economic Indexes for Areas (SEIFA), Australia, 2016

² RMIT and Swinburne University of Technology, Melbourne (for Telstra), Measuring Australia's Digital Divide: The Australian Digital Inclusion Index 2020

³ Australian Energy Regulator, Annual Retail Markets Report 2019-20, November 2020.

⁴ National Skills Commission, Labour Markets Vacancy Report, May 2021.

⁵ Tourism Tasmania, Tasmanian Tourism Snapshot, March 2021.

Case Study 1: Keeping customers connected through COVID-19

In March 2020, we established new support measures and adapted our approach to managing our hardship program (YES) and collections processes in recognition of the impacts of the COVID-19 pandemic. This included establishing a \$5M COVID-19 Customer Support Fund, pausing disconnections and YES program removals.

Along with waiving interest, fees and charges, our COVID-19 Fund continues to be used to 'top up' customer accounts, where a customer's affordability is below their usage. Throughout 2020-21 this has ensured that customers impacted by the pandemic are not accruing extra debt while they are in contact with Aurora.

To encourage customers to remain engaged with the YES program, or make contact if they are not currently engaged, a trial payment support program commenced in March 2021. The program provides YES customers that are meeting their payment commitments at their quarterly review with a credit to the value of their next fortnightly instalment (up to \$200).

The program was developed as part of a broader "We can help" campaign highlighting the support available. Importantly, the campaign was timed to align with the end of the Federal Government's heightened COVID-19 support measures to assure Tasmanian customers that help is still available. Prior to this campaign, we also proactively called thousands of residential and business customers with significantly increased debt levels to offer support through our COVID-19 Customer Support Fund. SMS' offering assistance were also sent to customers with smaller levels of elevated debt.

Recognising that our customers often seek support from community organisations, the campaign was developed utilising feedback provided by members of Aurora's Community Consultation Forum and key business and industry stakeholders. This feedback led to the development of a new online Community Information Hub providing a 'one stop shop' for customer resources and a series of information sessions with key community service providers to ensure that their frontline staff are empowered to have informed conversations on addressing energy debt and how to access the support available.

Further detail on the outcomes associated with this activity can be found under Principle 5 on page 10.

We also note that above activity aligns with Recommendations 1 and 11 from the IAP's 2020 report.

Case study 2: New partnership transforms the metering experience

In June 2021, we announced a long-term partnership with electricity metering service provider, TasMetering, to deliver advanced metering services to our residential and small business customers.

Advanced meters are the next generation of electricity meters and offer many more benefits than older style basic meters, including remote reads to prevent estimated bills. Importantly, advanced meters also facilitate the development of modern products that empower customers to better control their energy usage and lower their energy costs. Recognising these benefits, the Tasmanian Government has committed to accelerate the roll out of advanced meters to all Tasmanians by 2026 and Aurora's partnership with TasMetering is a critical part of achieving this goal.

For our customers, the partnership sets a new benchmark for customer experience, with advanced digital tools that enable customers to track and give feedback on their meter installation. For example, customers now know who their technician will be, can track when they will be arriving in real time (similar to Uber's customer experience) and are sent a photo of the installation once complete.

Further detail on the outcomes associated with this activity can be found under Principle 3 on page 8.

Case study 3: Evolving aurora+ to meet customer needs

aurora+ is our digital energy management product, which leverages advanced meter data to offer customers visibility of their daily energy consumption in dollar terms, empowering them to make more informed energy choices and better manage their energy use. In 2020-21, based on customer feedback, the aurora+ product suite was expanded to provide tailored features for a range of customer segments, including small-to-medium sized business.

The need for a digital product to support small-to-medium sized business (SMB) customers was identified after a range of customer interviews and a series of workshops. The features of aurora+ business were specifically developed to address these findings and include – a 'Predict-a-Bill' feature to help businesses forecast their next bill, usage graphs to provide insights into energy consumption, visibility of upcoming bills and when payments are due, plus convenient in-app payment options.

Aurora also received feedback that some customers don't enjoy the aurora+ 'pre-pay' experience, in particular receiving notifications about topping up their account before it reaches a zero dollar balance. Based on this feedback, a new 'post-pay' experience has been developed, so that customers can choose to get notifications only when a bill is issued and there is an amount owing, two days prior to the due date if they haven't yet paid their bill and when a bill is overdue. This option also allows customers to predict their next bill amount to help with budgeting. Importantly, customers can change experiences whenever they want by using the settings on their app.

Further detail on the outcomes associated with this activity can be found under Principles 2, 4 and 5 on pages 7, 9 and 10.

Customer performance measures

Following on from our 2019 and 2020 Disclosure statements, we have included the below metrics to assist in providing a consistent view of customer outcomes over time. These metrics are provided in addition to the more project- and program-specific customer outcomes included against each Principle on pages 6 to 10.

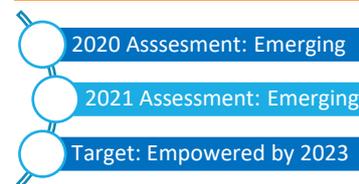
	Metric	2020-21	2019-20	2018-19
Principle 1	Net Promoter Score (NPS)	+43.5	+52	+48
	Employee engagement	80%	55%	42%
	Employee customer service focus ⁶	NA%	50%	31%
Principle 2	Bill Shock Score ⁷	21%	N/A	N/A
	Customer Value Indicator (CVI)	24	22.7	N/A
Principle 3	Safety incidents (Medically treated injuries)	3	0	1
	Disconnections (for non-payment)	0	489 (0.17%)	632 (0.2%)
	Metering installation timeframe non-compliances	12	0	2
Principle 4	Complaint frequency rate (per 100 customers)	0.29%	0.37%	0.61%
	Ombudsman referrals	1.35%	0.77%	0.51%
Principle 5	No. YES Program (hardship) customers	4,544	5,191	4,090
	No. YES completions	921	555	563

Performance Commentary

- The CVI measure relates to customer effort, or how ‘easy’ the customer experience is. Improvements in this score correspond with a decrease in ‘high effort’ responses from our customers, suggesting that overall we’re making things easier for them.
- Our target for medically treated injuries is zero. The three safety incidents recorded resulted in minor injuries with no consistent trends to the causal factors identified. Further mitigations are now in place to reduce the risk of future incidents.
- Metering non-compliances increased, however, these delays remain rare, relating to only 0.03 per cent of total installations. We are working with our partners to bring non-compliances in this area back to our target of zero.
- Elevated YES program completion rates and lower program numbers reflect a combination of heightened support through 2020-21 and the carryover of customers that completed the program in 2019-20, but were not removed until 2021 as a precautionary COVID-19 response measure.
- The total number of complaints raised decreased, in part, due to our COVID-19 response measures and the increased prevalence of advanced meters and products reducing bill shock. Whilst there was not a significant change in the number of complaints escalated to the Ombudsman in 2020-21, the lower number of total (internal) complaints raised saw this figure increase as a total portion of complaints.

⁶ A Culture Survey was not undertaken during the Disclosure period. The assessment will be undertaken in 2021-22.

⁷ Measurement of this metric commenced in 2020-21 and refers to the percentage of customers surveyed that reported experiencing ‘Bill Shock’ in relation to receiving their energy account.



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

Our progress in 2020-21

- In 2020-21 we trialled a new service delivery model, which saw the development of a multi-skilled team capable of offering customers an end-to-end service. The model was tested within a single team, with members trained on providing benefit-led customer conversations, including using data to look for the root-cause of contact and interpersonal skills development to assist with deeper conversations around customer needs.
- Recognising that employee values and mindsets are critical to delivering customer outcomes, a significant program of work has taken place to embed our values, including 'Customer Obsessed'. This included all staff events, 'Talking values' and team canvas sessions with non-customer facing teams on what 'Customer Obsessed' means for them. We also committed to building our internal leadership capability to inspire and support our workforce to embody our values. Initiatives have so far included leadership workshops and the development of a new leadership competency framework and development program. We note that this activity aligns with Recommendation 8 of the IAP's 2020 Report.
- We routinely engage with consumer representatives to better understand and respond to the needs of our customers, including our Community Consultation Forum. However, we acknowledge that while we did engage with organisations representing the Tasmanian business-sector regularly throughout 2020-21, we do not yet have a formal mechanism to support consistent and regular engagement.

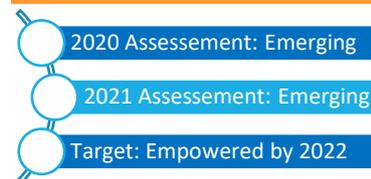
Outcomes delivered

- Our December 2020 staff Engagement Survey showed that 97 per cent of staff have a strong understanding of what the company values mean, and 95 per cent feel there is an expectation on them to demonstrate these values.
- The NPS of the multi-skilled team measured above the average of existing operational teams for the majority of the trial. The new team also delivered improvements in response times for web and email enquiries and logged over 80 per cent of calls as 'one call resolutions' by the end of the trial. However, high call volumes resulting from other activities, including our transition to a new account management system, resulted in long call wait times and a poor customer experience at times. We have adjusted our resourcing levels to address this.

Our aspirations for continuous improvement

Although we made progress against this Principle and consider ourselves to be **Evolved** in some areas, much of our focus through 2020-21 was on internal initiatives. As such, we have assessed ourselves as remaining at the **Emerging** level of maturity. We aim to be **Empowered** by 2023 and will progress the below activities in 2021-22 to achieve this:

- Co-create a 'Business Network' with organisations representing Tasmanian business and industry. We note that this activity aligns with Recommendation 9 of the IAP's 2020 Report.
- Implement our new service model across all 'front-line' teams, underpinned by values-led training and leadership development programs.
- Encourage our customers to engage with energy to their benefit, by undertaking a project to further understand the drivers, barriers and motivations behind engagement with the broader energy ecosystem.



We will improve energy affordability for customers

Our progress in 2020-21

- Throughout 2020-21 we continued to roll out aurora+ and Tariff 93 (Peak and Off-Peak) customers who would benefit from being able to better manage their energy on a Peak and Off-Peak plan. This has included proactively completing tariff comparisons, offering meter exchanges and aurora+ to all customers participating in our Your Energy Support (YES) hardship program.
- Since August 2020, we have also proactively contacted around 10,000 customers eligible for a free tariff change, where we assessed they would have been better off on a Peak and Off-Peak plan for the past 12 months. Where possible, we let these customers know exactly how much they would have saved to give them greater confidence to switch plans. We also continued to promote online tools, such as our Right Plan calculator, which asks customers simple lifestyle questions to help them identify which energy plan is likely to be most affordable. We note that the above activities address Recommendation 2 of the IAP's 2020 Report.
- Historically there has been a cross subsidy between regulated business and residential tariffs. With a substantial reduction in wholesale energy prices leading to significant price decreases in 2021-22, we have taken the opportunity to work with the Tasmanian Economic Regulator to address this imbalance.

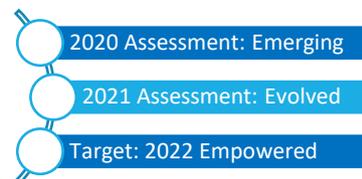
Outcomes delivered

- Approximately 14 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 2020-21, compared to six per cent 2019-20. This includes around 500 customers who opted for a free switch when we advised they would have been better off, based on their previous energy use.
- More than 30,000 customers now have visibility of their daily energy consumption in dollar terms through aurora+, empowering them to better manage their energy use by taking advantage of off-peak pricing.
- Regulated small business customers now have more cost-reflective pricing, with an 11 per cent price decrease delivered to small business customers in 2021-22, following the Regulator's June decision.

Our aspirations for improvement

We have assessed ourselves as **Emerging** for this Principle and aim to transition to **Empowered** by 2022. In 2021-22, activities that we will progress to achieve this include:

- Continuing our strategy to deliver a sustainable and efficient underlying operating cost base in 2022-23. This will work to improve affordability in the future, either by putting downward pressure on regulated prices, or by increasing Aurora's dividends, which are ultimately returned to Tasmanians via the Tasmanian Government.
- Continuing to proactively roll out aurora+ and/or the Peak and Off-Peak plan to customers who would benefit from being able to better manage their energy using these options, and deliver deeper insights via product enhancements.
- We have heard feedback around the aurora+ Product Service Fee and are looking at options for how we can ensure it is taken up by more of our customers. This is a consideration in our submission to the upcoming Price Determination with Tasmania's Independent Economic Regulator.



We will provide energy safely, sustainably and reliably

Our progress in 2020-21

Aurora is independent from the generators it purchases energy from and does not own any physical assets. In this context, our focus for this Principle remains primarily on the safety of our customers on life support, the safety of our people and ensuring that our metering coordinator has comprehensive safety management systems in place.

- In September 2020, building on the learnings from the remote working arrangements initially set up in response to the COVID-19 pandemic, the 'Aurora Ways of Working' initiative was launched. A key element being the option for employees to work from home on a regular and ongoing basis, where appropriate for their role.
- In our 2018-19 Disclosure statement we noted that the highest percentage of complaints we received were related to billing issues associated with access difficulties and estimated reads. Over the past two years we have worked to address this through our advanced meter roll out program, installing over 42,000 advanced meters across 2020-2021.
- Throughout 2020-21, we have also taken a number of steps towards establishing new partnerships which will empower our customers to live more sustainably and take-up clean energy technologies.

Outcomes delivered

- Aurora has seen a significant correlation between its ongoing focus on employee wellbeing, including introducing flexible ways of working, and strong results across both its culture and engagement measures. Aurora's overall engagement score was measured at 80 per cent in March 2021, an increase of 44 per cent, when compared to the base line measure recorded in October 2019.
- The number of complaints related to estimated reads has reduced from 18.3 per cent in 2019-20 to 9.1 per cent in 2020-21. Complaints related to metering reduced by 41 per cent in 2020-21, compared to the previous year. Customer outcomes relevant to metering are also included in our customer performance measures and in Case Study 2.

Our aspirations for improvement

We have assessed ourselves as **Evolved** for this measure and aim to transition to **Empowered** by 2023. In 2021-22, we will proactively explore opportunities to expand our offerings beyond our core business of electricity and gas retail, with a strong focus on providing thought leadership in the area of sustainability. This will include:

- Providing \$245K in funding over 3 years, as well as mentoring support to local entrepreneurs, start-up and micro businesses that are solving problems relevant to Tasmanians, to encourage the development of a more prosperous and sustainable Tasmania.
- Launching new partnerships that offer our customers funding solutions to help them make improvements to their homes and move around more sustainably.
- Working with our metering partners on the safe and timely roll out of advanced meters to all Tasmanians by 2026, in line with the commitment of the Tasmanian Government.
- Identify options to reduce Aurora and our customer's environmental impact, which complements the State's ambitious target to increase Tasmania's renewable generation capacity to 200 per cent of current needs by 2040.



We will improve the customer experience

Our progress in 2020-21

- In addition to the new aurora+ customer experiences detailed in Case study 3, we also developed new features for customers that enter into payment extensions and payment plans. This means that in 2021-22 aurora+ customers will be able to request and be granted a payment extension via the app, giving them certainty on their new payment dates and avoiding the need to call, or apply via our website. For these customers, the aurora+ in-app experience will now align with their payment plan arrangements, meaning they are visually prompted for upcoming or missed payments, and informed of payments made in advance to assist with budgeting. Previously, customers who didn't top-up their account regularly may have missed the fact they have an outstanding payment due.

Outcomes delivered

Further to the activities described in Case Studies 2 and 3:

- aurora+ customers are half as likely to experience Bill Shock as quarterly billed customers, due to increased visibility of their usage and ability to make regular payments⁸.
- When the new metering experience was trialled end-to-end with a group of 1,000 customers, customer satisfaction was measured at 94 per cent, with a range of verbatim comments indicating that the timely communication was key to the positive experience. Customer satisfaction increased to 97 per cent in May and 95 per cent in June 2021.

Our aspirations for improvement

We have assessed ourselves as **Evolved** for this measure and aim to transition to **Empowered** by 2022. In 2021-22, activities that we will progress to achieve this include:

- Completing a segmented audit of customer experience across all of our customer interactions to understand where we are, and are not, meeting customer expectations. This will see the development of a prioritised road map of key actions to improve the experience of our customers, with implementation in to start in 2022.
- Expanding the aurora+ product to provide customers with itemised, appliance-level energy consumption insights to better educate them on their household energy patterns and each appliance's cost impact, without the need for intrusive in-home monitoring hardware.
- Delivering the new aurora+ payment plan experience (described above).

⁸ Aurora Energy, Brand Health tracking report, April 2021



We will support customers facing vulnerable circumstances

Our progress in 2020-21

- In addition to the activities detailed in Case study 3 and under Principles 1 and 2, we increased our support for the No Interest Loans (NILS) Energy Saver Subsidy program, which offers customers with a concession a 50 per cent subsidy for the purchase of energy efficient household appliances and a no-interest loan for the balance of the purchase amount.
- We also continued to support the advocacy work of the Tasmanian Council of Social Services (TasCOSS), by co-funding a part-time 'Energy Advocate' role, alongside TasNetworks and Hydro Tasmania. In 2020-21, the Energy Advocate completed a feasibility study on establishing a Thriving Communities Partnership (TCP) Chapter in Tasmania. The TCP model was not recommended, however, through this process Aurora has committed to work with TasCOSS and other partners on a collaborative pilot project through an alternative model, which will include a 'Community Voices' program to better understand the experiences of Tasmanians living with disadvantage. We note that this activity directly addresses Recommendation 11 from the IAP's 2020 Report.
- Recognising the importance of providing meaningful support to customers facing vulnerable circumstances, we partnered with Anglicare to upskill our YES team with training about the role of financial counsellors, active listening and recognising financial hardship and abuse. We also expanded our partnership with the Salvation Army, which offers free financial counselling to customers who are not able to afford their current energy use.

Outcomes delivered

- Nearly \$2M has been provided to over 3,000 customers through our COVID-19 Customer Support Fund.
- 1,800 customers on our YES program have received an incentive payment for staying on track with their payment plan, bringing them closer to getting on top of their energy bills.
- \$365k was provided to the NILS Energy Saver Loan and Subsidy program enabling 466 Tasmanians on low incomes to access 510 energy efficient products.
- Around 360 customers on our YES program received financial counselling through our partnership with the Salvation Army.

Our aspirations for improvement

We have assessed ourselves as **Empowered** for this measure and aim to maintain this level of maturity for 2022. In 2021-22, we will support existing activity by:

- Undertaking a targeted pilot project aimed at alleviating the specific drivers of disadvantage, in collaboration with TasCOSS and other Tasmanian energy businesses.
- Establishing a policy to support customers experiencing financial abuse related to family or domestic violence.
- Piloting a community workshop model in partnership with community service providers, offering advice on low and no cost way to lower energy use, as well as information on products, plans and payment support options targeted at customers facing vulnerable circumstances.
- Continuing to offer direct financial support to customers impacted by the pandemic through our COVID-19 Customer Support program. This will include extending our YES payment support trial to June 2022 and providing up to \$500k in targeted financial support to business customers in COVID-19 impacted industries.