



Tasmanian Council of Social Service Inc.

TasCOSS submission to *The Energy Charter Independent Accountability Panel* – Aurora Energy

October 2020



INTEGRITY
COMPASSION
INFLUENCE

About TasCOSS

TasCOSS' vision is for one Tasmania, free of poverty and inequality where everyone has the same opportunity. Our mission is two-fold: to act as the peak body for the community services industry in Tasmania; and to challenge and change the systems, attitudes and behaviours that create poverty, inequality and exclusion.

Our membership includes individuals and organisations active in the provision of community services to low-income Tasmanians living in vulnerable and disadvantaged circumstances. TasCOSS represents the interests of our members and their service users to government, regulators, the media and the public. Through our advocacy and policy development, we draw attention to the causes of poverty and disadvantage, and promote the adoption of effective solutions to address these issues.

Please direct any enquiries about this submission to:

Adrienne Picone
CEO
Ph. 03 6231 0755
Email: adrienne@tascoss.org.au

Introduction

The Tasmanian Council of Social Service (TasCOSS) welcomes this opportunity to comment on the Aurora Energy (Aurora) *2020 Energy Charter Disclosure*.

TasCOSS represents the interests of low-income and disadvantaged Tasmanians and advocates on their behalf. Our submission is informed by our research, engagement with our members, collaboration with our industry organisations and networks, and the lived experiences of the Tasmanians we represent, all of whom are energy consumers.

TasCOSS considers energy an essential service; fundamental to community, family and individual health and wellbeing, as well as to overall economic activity. Our primary interest in energy policy is ensuring all Tasmanians, regardless of their means, are able to afford to maintain access to a reliable, safe, household energy supply. Our key focus is energy affordability for residential customers, in particular, low-income households.

Overview

The 2019-20 financial year has been dominated by the impacts of COVID-19. The pandemic has shown that most of us are only one event away from experiencing vulnerability. In the event of COVID-19, tens of thousands of Tasmanians experienced energy vulnerability due to loss of income or employment, increased energy consumption from staying at home, bill shock, or a range of other issues.

The response to this event by government, business and the community has been extraordinary and has helped to keep the Tasmanian community safe. Aurora's response to supporting customers during this period has also been significant.

TasCOSS acknowledges Aurora's proactive approach to dealing with COVID-19 and the steps it has taken to assist and support residential customers. In particular:

- Moratorium on disconnections;
- Freezing debt and debt referral;
- Waiving of fees and charges;
- Electricity price freeze (in place of an expected CPI increase);
- Establishment of a \$5m COVID-19 Customer Support Fund.

TasCOSS welcomes all of these measures as recognition of the need for additional support for Tasmanians who are experiencing hardship. However, prior to coronavirus thousands of Tasmanian households were experiencing energy vulnerability due to poverty. An energy business that embeds these measures as business as usual rather than a crisis response, will truly be demonstrating the Energy Charter principles in action.

Alignment with Principles

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

TasCOSS notes the following progress in Aurora's disclosure:

- Board reaffirmed its commitment to the Energy Charter;
- reset of internal operating model;
- new set of organisational values;
- Community Consultation Forum established;
- new energy advocate role created;
- COVID-19 response.

TasCOSS welcomes the opportunity to participate on Aurora's Community Consultation Forum and the relationship we have formed and continue to develop with Aurora's stakeholder relations team. We recognise the collaboration with other Tasmanian energy businesses to co-fund an energy advocate role as a way to engage and consult with residential customers.

TasCOSS is satisfied with Aurora's self-assessment of "emerging" for principle 1. Through the energy advocate role, we look forward to closer engagement with Aurora to:

- ensure residential customers have a strong voice on energy issues and energy policy development;
- better understand the new operating model and observing the new organisational values in practice; and
- identify and develop metrics to measure customer service and customer experiences.

2. We will improve energy affordability for customers

TasCOSS notes the following progress in Aurora's disclosure:

- free affordability tools on website;
- extension of *aurora+* to flat tariff customers;
- dedicated team to progress efficiency strategy and deliver savings.

While Aurora acknowledges its digital *aurora+* product is a key tool for understanding and managing customers' energy use, it charges a fee for the associated digital application (app). For many customers this is a barrier to adopting the technology, or is a hidden cost they are paying to access their own information.

TasCOSS has advocated for the removal of the *aurora+* app fee since its introduction, including previously raising this issue with the Energy Charter. We believe new technology is a vital tool for customers to gain greater control and understanding of their electricity usage. However, we do not expect customers should have to pay, or be charged, to access their own data, when that same technology delivers a benefit to the retailer through increased efficiency.

Another impact of COVID-19 is 'bill shock' for many Tasmanian customers. Bill shock has arisen as a result of estimated meter reads, increased consumption due to spending more time at home, or a combination of both. The fact that customers experience a 'shock' when they receive their bill, tells us they did not have the necessary tools, knowledge or understanding to differentiate between an estimate from an actual read, or visibility of their electricity usage to either adapt their usage or reasonably predict what their amount owing would be.

This is a clear demonstration that more needs to be done to educate customers and provide them with the tools to better understand how their bills are calculated or how they can better manage their energy usage.

Imposing a charge on customers for an app that enables access to their own data and information is counterintuitive to its aim of helping customers to manage their energy use and costs.

There are tools and products available to better help customers manage their energy usage and costs, but also barriers to improving affordability. TasCOSS is therefore satisfied with Aurora's self-assessment of "emerging" for principle 2.

3. We will provide energy safely, sustainably and reliably

TasCOSS notes the following progress in Aurora's disclosure:

- safe transition to working remotely;
- contribution to a cleaner energy system;
- metering installation timeframes;
- disconnection as a last resort.

We note Aurora reported 489 disconnections for 2019-20 under its 'disconnections as a last resort' approach. These disconnections occurred pre-COVID-19 with zero disconnections undertaken since the emergence of the coronavirus pandemic. We welcome the commitment to not disconnect customers during the pandemic. Aurora has demonstrated, through its COVID-19 response, that a 'zero disconnections' policy is achievable and we encourage Aurora to consider how such a policy might be adopted outside of a time of crisis.

TasCOSS is satisfied with Aurora's self-assessment of "evolved" for principle 3 and look forward to working toward a 'zero disconnections' policy and developing responses to the emergence of DER that address equity for low income customers and renters.

4. We will improve the customer experience

TasCOSS notes the following progress in Aurora's disclosure:

- customer segmentation to better understand needs and tailor communications;
- enhanced website, free tools, social media and customer feedback;
- removal of Aurora Online tool;
- continuous improvement of quarterly bill.

TasCOSS understands Aurora is continuing to refine its customer segmentation and looks forward to learning more about this work. This will be important for how Aurora communicates with its customers and improving customer relationships.

There is evidence that more needs to be done to reach customers and change perceptions of energy retailers. In recent months, local media have reported incidents of customers experiencing bill shock as a consequence of COVID-19. It was implied through those reports that customers had sought other means to raise their concerns (e.g. media, politicians) rather than contacting their retailer for assistance.

Concurrently, the COVID-19 Customer Support Fund, that was established to assist these customers, had only been accessed by 400 customers by the end June 2020 and TasCOSS was advised it was significantly underspent. This leads to the conclusion that essential information is not reaching the people who need it and/or customers do not regard their retailer as the best option for resolving their energy usage, cost, or billing issues.

We are optimistic Aurora's customer segmentation work will help to change customer perceptions, improve communications and improve the customer-retailer relationship.

The removal of the Aurora Online tool is unsatisfactory. Aurora Online provided a free, online portal for customers to access their personal energy and metering data. It has been replaced with a forms-based interface where customers can request current or previous bills and energy usage data, that is sent to Aurora's customer service desk, with a response potentially taking several days. In the meantime, Aurora has been promoting its *aurora+* product, which incurs an app fee (see discussion under principle 2).

This fails multiple Energy Charter principles – it does not put the customer at the centre; it does not improve affordability; it does not improve the customer experience; and is far less efficient for Aurora to manage. The requirement to complete online forms places a barrier between customers and their data that did not exist previously and is a backward step by Aurora that fails to meet the efficiencies and level of service that customers expect.

By Aurora's own admission, the removal of Aurora Online *"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."*

TasCOSS is satisfied with Aurora's self-assessment of "emerging" for principle 4. We look forward to closer engagement with Aurora to better understand its customer segmentation and communication strategy to deliver a tailored customer experience. We also urge Aurora to remove its *aurora+* app fee, to encourage its take up and improve the customer experience by providing access to energy usage data and costs.

5. We will support customers facing vulnerable circumstances

TasCOSS notes the following progress in Aurora's disclosure:

- YES program for hardship customers and removal of *aurora+* app fee;
- creation of Community Consultation Forum;
- co-funding of energy advocate role;
- initiating a *Thriving Communities Partnership*.

TasCOSS acknowledges Aurora's COVID-19 response is actively supporting Tasmanians experiencing vulnerability. The number of YES customers increased by 27% to 5191 in 2019-20, which represents only 2.1% of customers. However, in 2018-19 more than 106,000 payment plans were put in place¹,

¹ House of Assembly, *Government Business Scrutiny Committee – Aurora Energy*, Uncorrected Proof Issue, Parliament of Tasmania, 3 December 2019, p5.

representing 43% of customers. While acknowledging those plans are not unique customers or necessarily identify as vulnerable customers, it does indicate a large number of customers are in need of assistance with managing their energy bills. We agree with Aurora's disclosure that more could be done "to proactively identify customers who may otherwise be at risk of vulnerable circumstances" and look forward to additional measures being developed to better identify at-risk customers.

TasCOSS welcomes the opportunity to be a key partner in exploring a *Thriving Communities Partnership* and look forward to working with Aurora and other key stakeholders to progress this initiative.

While the plan to migrate YES customers onto *aurora+* at no cost is laudable, it must also be noted that vulnerable customers are more likely to also be digitally excluded. The latest *Australian Digital Inclusion Index*² has again recorded Tasmania as having the lowest levels of digital inclusion in the country. Those experiencing particularly low levels of digital affordability, access and ability are low-income, unemployed, less-educated and older Tasmanians.

We acknowledge the removal of the *aurora+* app fee for Aurora's YES customers as a measure to "provide visibility of their energy usage and help reduce bill shock". We encourage Aurora to also extend that support to concession customers (notwithstanding our stated belief that the app fee should be removed for all customers).

TasCOSS is satisfied with Aurora's self-assessment of "evolved" for principle 5 and look forward to closer engagement with Aurora, through the energy advocate role and progressing the *Thriving Communities Partnership*, to help identify vulnerable customers and implement additional measures to better support them.

Summary

TasCOSS acknowledges Aurora's commitment to the Energy Charter and the progress it has made against the principles. The past year has presented challenges like no other and Aurora's response to supporting customers and staff through COVID-19 is to be commended.

We consider Aurora's self-assessment to be fair, noting progress against a number of principles, but we have also identified areas where greater effort or improvements can be made.

Positive initiatives and activities that align with the principles include: co-funding an energy advocate role; establishing a Community Consultation Forum; the development of free affordability tools; and customer segmentation to better understand needs and tailor communications.

Areas for improvement that will help Aurora progress to the next level of maturity include: removing the *aurora+* app fee; improving affordability; transitioning to a zero disconnections policy; improved customer education and communications; reducing bill shock; and efforts to better identify vulnerable customers.

² Thomas, J, Barraket, J, Wilson, CK, Holcombe-James, I, Kennedy, J, Rennie, E, Ewing, S, MacDonald, T, 2020, Measuring Australia's Digital Divide: The Australian Digital Inclusion Index 2020, RMIT and Swinburne University of Technology, Melbourne, for Telstra.

The need for Aurora to embed the Energy Charter principles are especially important in the wake of COVID-19. Increased household energy consumption from staying at home, combined with increased financial vulnerability due to loss of income or employment, increase the need to genuinely engage with customers and tailor responses to their individual circumstances. In particular, this includes providing customers with improved access to tools that enable greater visibility of their energy usage and the ability to better manage their costs.