



Tasmanian Council of Social Service Inc.

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

November 2021



INTEGRITY  
COMPASSION  
INFLUENCE



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## About TasCOSS

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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.

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## Introduction

The Tasmanian Council of Social Service (TasCOSS) welcomes this opportunity to comment on the Aurora Energy (Aurora) *2021 Energy Charter Disclosure*.

TasCOSS represents the interests of and advocates on behalf of Tasmanians on low incomes and those experiencing vulnerability. 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 which is 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, can afford a reliable, safe, household energy supply. Our key focus is energy affordability for residential customers, in particular, households on low incomes.

## Overview

The 2020-21 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. As a result of COVID-19, tens of thousands of Tasmanians experienced energy vulnerability or poverty due to a loss of income or employment, increased energy consumption from staying at home, bill shock, and a range of other issues.

TasCOSS appreciates Aurora's acknowledgement of the ongoing impacts of the pandemic and welcomes its recognition of the need for additional and ongoing support for Tasmanians who are experiencing hardship. However, prior to COVID-19, we estimated approximately 59,000 Tasmanian households are experiencing energy poverty.<sup>1</sup> In last year's submission to the Independent Accountability Panel (IAP) on Aurora's disclosure, we encouraged Aurora to embed COVID-19 response measures as business as usual rather than reverting to pre-pandemic procedures. In some places, this has been the case—such as retaining flexible work arrangement for Aurora staff. In other places, Aurora has discontinued supports, for example, by resuming disconnections following the end of the moratorium in June 2021.

TasCOSS appreciates our engagement with Aurora and the opportunity to provide input into its self-assessment.

## 2020 IAP Recommendations

TasCOSS acknowledges references in Aurora's Disclosure to addressing recommendations 1, 2, 8, 9, 10, 11 & 16 from the IAP's 2020 report. We believe reporting on progress towards—or reasons for not progressing—all IAP report recommendations would be useful.

### Recommendation:

*Disclosures include reporting against all IAP report recommendations.*

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<sup>1</sup> TasCOSS 2021, [Household Energy Efficiency Initiatives: creating jobs, stimulating our economy and lowering power bills](#), Budget Priorities Statement.

There were places where our engagement with Aurora fell short on certain IAP recommendations. For example, stakeholders in the 2020 Energy Charter stakeholder forum articulated a desire for energy businesses to join the chorus of leading businesses, economists, organisations, and individuals calling for a permanent and adequate increase to JobSeeker and related payments. As a result, the IAP report recommended that signatories become more active on policy questions that feed into energy affordability, such as access to energy efficiency and income adequacy (IAP recommendation 6).

TasCOSS subsequently wrote to Aurora encouraging it to support calls for the federal government to commit to a permanent and adequate increase to income support payments, suggesting a simple way to express support was to sign up to the [Raise the Rate For Good](#) campaign. Aurora responded that as a State Government-owned energy business its focus was on direct customer and community support outside of this campaign.

A major cause of payment difficulty with energy bills is simply a lack of income, particularly for those in receipt of government income support payments. The full Coronavirus Supplement on income support payments lifted recipients' incomes above the poverty line and helped people to better manage their budgets and expenses. Income support payments have since tapered down to an inadequate and unliveable \$45 a day.

Aurora's 2020 annual report attributed an operating loss, in part, to "*a reduced ability of customers to pay their bills, which is expected to continue*".<sup>2</sup> Aurora's 2021 annual report noted this reduced ability to pay did not continue, returning to profit due to "*customer payment behaviour exceeding expectations*".<sup>3</sup>

It would seem more correlation than coincidence that at the same time the Coronavirus Supplement was in place increasing recipients' incomes, customers were better able to manage their household expenses and bill payments. Improving income adequacy is not only good for economic stimulus, but also for company bottom lines as the impact of bad and doubtful debts is reduced.

**Recommendation:**

*Energy Charter signatories, or the Energy Charter on their behalf, proactively advocate for policies and measures that will improve income adequacy for their customers and support consumer advocates in their efforts to raise income support payments.*

We look forward to continued engagement with Aurora on such issues in the future.

## 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:

- COVID-19 response
- Implementation of monthly *Customer Obsessed Board Report*

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<sup>2</sup> Aurora Energy (2020), *Annual Report 2019-2020*, p28.

<sup>3</sup> Aurora Energy (2021), *Annual Report 2020-2021*, p25.

- Development of Better Billing guideline
- Development of new end-to-end service delivery model
- Program to embed new organisational customer-centric values including new leadership competency framework and development program

TasCOSS welcomes our continued engagement with Aurora’s Community Consultation Forum and the relationship we have formed with Aurora’s stakeholder relations team. We commend the trialling of Aurora’s new end-to-end service delivery model and look forward to the expansion of this model as noted in Aurora’s aspirations for this principle.

TasCOSS appreciated the uptake of the monthly *Customer Obsessed Board Report* to amplify the voices of Tasmanian communities to this governance level. We look forward to hearing how those voices are translated into action. Similarly, we look forward to hearing the learning gained from Aurora’s customer engagement project.

**Recommendation:**

*Aurora’s self-assessment of “emerging” for principle 1 is appropriate.*

**2. We will improve energy affordability for customers**

TasCOSS notes the following progress in Aurora’s disclosure:

- Additional features in the *aurora+* product
- Expanded meter exchanges
- Proactive contacting of customers eligible for tariff change based on customer usage data
- Reduction in regulated electricity prices

TasCOSS acknowledges that Aurora has worked to improve energy affordability in the past year through the above initiatives—along with initiatives listed under principle 5—at a time of high stress for customers. However, Tasmanians still have among the highest energy bills in the country, despite ‘lowest regulated prices’, and many Tasmanians continue to experience energy poverty. TasCOSS has heard stories from community members paying their bills but not being able to afford them. They prioritise their energy bill but as a result go without other essentials such as food or healthcare.

While Aurora acknowledges its *aurora+* product is a key tool for understanding and managing customers’ energy use to improve affordability, it charges a fee for the associated digital application (app). For many customers, this fee is a barrier which prevents them from adopting the technology or is a cost which they may be unaware of paying. Only 30,000 customers are using the *aurora+* app which means around 90% of customers are not, despite Aurora’s “proactive rollout”, limiting customers access to the stated benefits.

This was a resounding theme in feedback voiced at the IAP EC Stakeholder Forum – Tasmania (October 21). The crux of the issue was voiced by one stakeholder who asked: *how can customers make informed decisions if we can’t actually measure, in a timely manner, our energy usage?* Another stakeholder articulated that the approach taken to the app fee seems not only unethical but counter-intuitive when Aurora is generating revenue through marketing and selling the app as a product, rather than seeing it as an opportunity to generate revenue by supporting all customers to be able to pay bills on time and reduce

debt. TasCOSS sees this latter opportunity as the more ethical approach to revenue raising and invites Aurora to consider this as an alternate approach which better meets the needs of Tasmanian communities and enacts the principles of the Energy Charter.

With a product fee of 11 cents per day, based on current customer numbers *aurora+* is currently raising an additional \$1 million of revenue outside of Aurora's Notional Maximum Revenue approved by the Tasmanian Economic Regulator. TasCOSS appreciates Aurora's disclosure that it has heard the feedback regarding the *aurora+* app fee and looks forward to more detail around its submission to the Regulator's Price Investigation and Determination process.

TasCOSS commends Aurora's proactive approach to encouraging customers to switch to a tariff which provides greater savings. However, only 14% of customers switching seems very low for 10,000 eligible customers contacted. TasCOSS would welcome further exploration of actions to increase uptake of this opportunity in the future.

TasCOSS acknowledges Aurora's adjustment of its initial self-assessment of this principle in response to feedback through its Energy Charter consultation process.

**Recommendation:**

*Aurora's self-assessment of "emerging" for principle 2 is appropriate.*

**3. We will provide energy safely, sustainably, and reliably**

TasCOSS notes the following progress in Aurora's disclosure:

- Continued internal operating model reset
- New account management system
- Launch of the 'Aurora Ways of Working' initiative to support employee wellbeing and flexible work arrangements
- Continuation of the advance meter roll out program assisting to reduce estimated reads

TasCOSS welcomed Aurora's commitment to not disconnect customers during the pandemic, with zero disconnections undertaken in the financial year. Aurora has demonstrated, through its COVID-19 response, that a 'zero disconnections' policy is achievable. In our submission last year, we encouraged Aurora to consider how such a policy might be adopted as business as usual.

While issuing disconnection notices can be a tool for driving customer engagement, exploring the multitude of different ways to establish customer contact may result in more effective relationships. TasCOSS is currently engaged with Aurora on its disconnections policy and would welcome a commitment to achieving the IAP Recommendation 12 as an "aspiration for improvement" under this principle.

**Recommendation:**

*Aurora's self-assessment of "evolved" for principle 3 is appropriate.*

**4. We will improve the customer experience**

TasCOSS notes the following progress in Aurora's disclosure:

- Further enhancement of the *aurora+* app with new features
- Development of a new online Community Information Hub as a ‘one stop shop’ for customer resources
- New long-term partnership with TasMetering to deliver advanced metering services
- Decrease in Customer Value Indicator suggests easier customer experience

TasCOSS understands Aurora is continuing to refine its customer segmentation and looks forward to learning more about this work. A continuing issue for one-in-five of Aurora’s customers is ‘bill shock’. The fact that customers experience a shock when they receive their bill suggests 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.

One solution to address this issue would be to, as outlined above, remove the fee for the *aurora+* product given that customers with access to that product are half as likely to experience bill shock. There are many customers living on low incomes who are not part of or eligible for the YES program who cannot afford access to the *aurora+* app but would immediately benefit from the energy savings and customer empowerment afforded by this product.

Feedback received from Tasmanian stakeholders in the IAP EC Stakeholder Forum – Tasmania (October 21) indicated that customer experience continues to be detrimentally impacted by the removal of the Aurora Online tool. Aurora Online provided a free, online portal for customers to access their personal energy and metering data. The replacement options of a forms- or call-based interface was deemed by stakeholders to be unsatisfactory, creating additional barriers to customers being able to access the benefits of engaging actively with their energy usage data.

Overall, while steps forward have been taken to improve the customer the experience, TasCOSS considers the assessment of moving to “Evolved” to be premature and does not warrant progression up a full maturity level. The changes to the *aurora+* app seem excellent but are not equitably available to all customers.

**Recommendation:**

*Aurora’s self-assessment of “evolved” for principle 4 is premature and should be reassessed as “emerging”.*

**5. We will support customers facing vulnerable circumstances**

TasCOSS notes the following progress in Aurora’s disclosure:

- Initiating *TasCollab*—a new cross-sector collaboration
- Increased support for NILS Energy Saver Subsidy program
- Established a project to interrogate debt data
- “We can help” campaign to raise awareness of supports available to customers
- Payment support (incentive) program for YES customers, to encourage disengaged customers (non-payers) to re-engage and reward those adhering to payment plans

- Partnerships with community services organisations including development sessions to upskill frontline staff
- Proactive calls and SMS' to customers with increased debt to offer support

TasCOSS acknowledges Aurora's work to support Tasmanians experiencing vulnerability through partnerships developed with community services organisations across a range of welcome initiatives. TasCOSS enjoys a constructive and dialogic relationship with Aurora as a key partner in founding *TasCollab* and looks forward to progressing this initiative.

TasCOSS is concerned by evidence of growing numbers of customers in debt and increasing levels of debt. The IAP's 2020 report warned of a "post-pandemic debt tsunami" and recommended that signatories ensure the highest standards of customer care are implemented in response (Recommendation 7). The IAP also expressed in 2020 that energy companies were not taking sufficient ownership of this issue.

In light of this, we believe Aurora's disclosure "*... 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*"<sup>4</sup> downplays the seriousness of debt and payment difficulties experienced by Tasmanian customers due to the impacts of COVID-19, as it is not reflecting on the full financial year.

Financial year data, provided by Aurora to the Tasmanian Economic Regulator, alarmingly reveals the:

- number of customers repaying a debt increased by 13%;
- average amount of debt increased by 54%;
- number of customers with a debt between \$500-\$1500 increased by 15%;
- number of customers with a debt between \$1500-\$2500 increased by 71%;
- number of customers with a debt over \$2500 increased by 132%;
- number of customers on a payment plan increased by 92%;
- number of customers who had their payment plan cancelled due to non-payment increased by 470%;
- number of customers with 2 or more plans cancelled increased by 985%; and
- average debt upon entry to hardship program increased by 52%.<sup>5</sup>

Further, while it is correct the Coronavirus Supplement came to a close in March 2021, it commenced tapering off from September 2020 prior to its full withdrawal in March 2021. So, as this "heightened support"<sup>4</sup> was reducing, numbers of customers in debt and debt levels were increasing between September 2020 and March 2021.

The data available from the Regulator clearly demonstrates an increasing number of customers experiencing payment difficulties and increased debt during the COVID-19 pandemic. This highlights the need to better understand customer debt and target responses to customers in vulnerable circumstances.

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<sup>4</sup> Aurora Energy (2021), *Energy Charter Disclosure Statement*, p2.

<sup>5</sup> Office of the Tasmanian Economic Regulator (2021), *Projects on the Go October 2021*, Appendix A – Table 1: Aurora Energy quarterly performance – residential (information provided to the Regulator under Regulation 12 of the *Electricity Supply Industry Regulations 2018*).



In this regard, Aurora's new project to interrogate and improve debt data is welcome and imperative. We would also welcome further initiatives to alleviate debt pressures such as an increased allocation of the remaining ~\$3 million balance in the COVID-19 Customer Support Fund to be spent on debt-reduction measures.

TasCOSS acknowledges the efforts made toward supporting customers facing vulnerable circumstances, however, we consider the assessment of moving to "Empowered" to be premature. Fifty per cent of the stakeholders in Aurora's Customer Representative Council (August 21) also agreed that it would have been more appropriate for Aurora to maintain its 2020 assessment of "Evolved" for 2020-21. Aurora outlines laudable aspirations in the current disclosure and TasCOSS believes that with the broadening and deepening of these initiatives, Aurora will be better placed to progress maturity levels next year.

**Recommendation:**

*Aurora's self-assessment of "empowered" for principle 5 is premature and should be reassessed as "evolved".*

## Summary

TasCOSS acknowledges Aurora's commitment to the Energy Charter and the progress it has made against the principles. The past year has continued to present significant challenges and Aurora's response to supporting customers and staff through COVID-19 is to be commended.

We consider Aurora's self-assessment to be appropriate for several principles where good progress has been made, but we have also identified areas where greater effort or improvements would be warranted to justify progression on the Energy Charter maturity scale.

Positive initiatives and activities that align with the principles include: COVID-19 Customer Support Fund; partnerships with community services organisations; proactive customer engagement; "We can help" campaign; trialled end-to-end service delivery model; new organisational customer-centric values; and the development of an online Community Information Hub.

Areas for improvement that will help Aurora progress to the next level of maturity include: removing the *aurora+* app fee for residential customers; improving energy efficiency and affordability; transitioning to a zero disconnections policy; reducing bill shock; debt reduction initiatives; and removing barriers for customer access to energy usage data.

The need for Aurora to embed the Energy Charter principles is especially important as we continue to experience the impact of COVID-19. Increased financial vulnerability due to loss of income or employment increases 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.

## List of Recommendations

- Disclosures include reporting against all IAP report recommendations.
- Energy Charter signatories, or the Energy Charter on their behalf, proactively advocate for policies and measures that will improve income adequacy for their customers and support consumer advocates in their efforts to raise income support payments.
- Aurora’s self-assessment of “emerging” for principle 1 is appropriate.
- Aurora’s self-assessment of “emerging” for principle 2 is appropriate.
- Aurora’s self-assessment of “evolved” for principle 3 is appropriate.
- Aurora’s self-assessment of “evolved” for principle 4 is premature and should be reassessed as “emerging”.
- Aurora’s self-assessment of “empowered” for principle 5 is premature and should be reassessed as “evolved”.