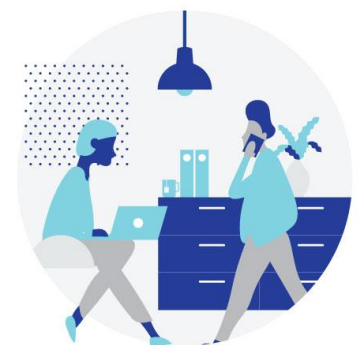




# Energy Charter Disclosure Report

Improving customer outcomes  
across the industry FY19





## A message from the CEO

"I am pleased to present AGL's Energy Charter Disclosure Report for the financial year ended 30 June 2019 (FY19) ."

A handwritten signature in blue ink, appearing to read 'B. Redman', written over a white background.

**Brett Redman**  
Managing Director & CEO

As providers of an essential service, we understand it is AGL's responsibility to deliver what our customers and the broader community need. We know the expectations of our customers and the community are changing, and we are committed to meet and exceed these expectations. That is why we have Social Licence as one of our three strategic priorities, and why I'm proud that AGL supports the Energy Charter.

High energy prices have had an impact on our customers and there are concerns about energy security as old technology is replaced with modern technology. We know we need to do more.

Over the past year we have introduced our new Purpose and Values to make it clear what we stand for, and how we do things.

As part of our Purpose, Progress for Life, we are determined to make things better for our customers, our communities, the Australian economy and our planet. Working collaboratively with the rest of the industry to put customers first will help us deliver progress that benefits Australian lives.

We now have the remuneration of our most senior leaders tied to customer advocacy. Those leaders are required to speak directly to our customers throughout the year through a range of avenues. We have also appointed a Customer Advocate, reporting to the Chief Customer Officer, to help drive customer focused outcomes through AGL.

Our new Social Licence Council, consisting of a broad range of senior managers, has been formed to drive the cultural change required so that customer needs and community expectations are central to every business decision we make.

We'll continue to make progress behind the scenes. That means righting wrongs and recognising where we could've done things better.

I look forward to the Energy Charter influencing positive, tangible change in energy service delivery for all Australians. There's still a way to go but I'm optimistic we're on the right track.

## Executive summary

### Performance against the Energy Charter Principles

AGL is one of Australia's largest integrated energy companies. Our diverse power generation portfolio includes base, peaking and intermediate generation plants, spread across traditional thermal generation as well as renewable sources. We are also a major retailer of energy and provide energy solutions to over 3.7 million customers across New South Wales, Victoria, Queensland, South Australia, and Western Australia.

AGL's diverse operations across Australia mean that we interact with broad groups of customers and stakeholders. Our Purpose and Values align very closely with the Energy Charter Principles, and one of our three strategic priorities, Social Licence, is aimed at building trust and engagement, and securing better outcomes for customers. We see our customers as not just the households and businesses that purchase products directly from AGL but rather as encompassing the individuals, communities, and environments that are impacted by our actions.

However, our aspirational Purpose and our current approaches to meeting strategic priorities will take time to implement and measure success against. It is therefore critical to take stock of our current performance, understand where we have been successful in embedding customer-centric approaches, and where gaps exist that can be addressed in the future.

Disclosure against the Energy Charter Principles provides an important platform to make this assessment.

In developing this report, we found a number of examples across our business where we have implemented strategies and made operational decisions based on improving customer outcomes. Other case studies were identified where we had listened and learned from customers and stakeholders and adjusted our actions accordingly. In a number of these examples, we identified that our approach to engaging with customers and stakeholders and putting them at the focus of decision-making has achieved positive measurable outcomes for them.

However, despite these examples, we also recognise that there are gaps in our approach and improvements that could be made, which we have highlighted in this Report.

While there are a number of individual case studies that reflect good performance against Energy Charter Principles, more action must be taken to develop an enterprise-wide approach to embedding customer-centricity. As a broad and diverse business with operations that impact a large number of customers, communities, and stakeholders, we must strive to continue to balance competing priorities to reach the best overall outcomes for our customers. At the same time, in trying to deliver a consistent and holistic approach, we must be vigilant that there are not gaps in delivering outcomes for certain customer groups that may represent a smaller part of our overall customer base.

Some significant recent steps have been taken to assist in these aims, such as the appointment of a Customer Advocate and the identification of Social Licence as one of the CEO's top three strategic priorities. The impact of these steps and resulting outcomes for customers will be measured against in future disclosures of our performance against the Energy Charter Principles.

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# Principle 1

## We will put customers at the centre of our business and the energy system

### 1.1 Have a Board that actively oversees the business’ culture so as to be aligned to Charter Principles

The AGL Board recognises that trust in the industry is low and is committed to driving the cultural change needed to regain that trust. As well as supporting AGL’s commitment to the Energy Charter, in FY19 the Board approved Social Licence as one of AGL’s three ongoing strategic priorities.

Social Licence in this context is about meeting and exceeding rising community expectations and delivering shared value for customers, communities, our employees and shareholders.

AGL undertakes ongoing assessments of our business culture, practices and policies, and how well they currently support our public commitments to the community, our people and our customers.

The insights from these assessments continue to inform the development of the Social Licence priority and have influenced a number of changes in FY19, including the development of AGL’s Purpose and refreshed Values.

Complementing the recognition of the Social Licence strategic priority are a number of Board actions and approaches:

- **Purpose and Values** – The Board was engaged in the refresh of AGL’s Purpose and Values in FY19 and provided final approval. The refresh was initiated by the CEO on appointment in late 2018, with a focus on ensuring the Values drive improved outcomes for customers. The Values (**set out below**) provide a basis for all interactions at AGL, including those with customers and communities, and are strongly aligned with the ethos of the five Energy

Charter Principles;

- **Integrated reporting** – In FY19, AGL’s **Annual Report** was prepared for the first time with reference to the International Integrated Reporting Framework. AGL has adopted this framework as it provides a useful basis for disclosing how it creates sustainable value for its shareholders and other stakeholders over time, and to demonstrate how consideration of risks and opportunities drive its strategy in a way that is broader than financial performance alone. As a result of the transition to Integrated Reporting, AGL is no longer publishing a stand-alone Sustainability Report, however comprehensive sustainability performance information is embedded within the Annual Report and the accompanying online Data Centre.
- **Group Performance Report** - The Group Performance Report is a standing item for the Board on a monthly basis to measure progress against financial performance, asset performance, customer metrics, and Health, Safety & Environment (HSE) performance.
- **Net Promoter Score (NPS)** – The Board is updated regularly on AGL’s customer NPS, which is a proxy measure for customer loyalty and a useful measure for AGL to track progress to its strategy. Customer NPS is also included in AGL’s **Annual Report** as a metric for business performance, and AGL’s Enterprise Leadership Team (approximately top 50 leaders) have NPS as a component of their remuneration.
- **The Stakeholder Advisory Council (SAC)** – The SAC is chaired by AGL’s CEO and is comprised of a broad range of



AGL’s Refreshed Values

stakeholder groups, including representatives from industry and consumer groups that provide support and advice to the CEO to ensure decision-making is informed through consistent knowledge sharing to meet customer and community needs. More information on the SAC is included in [Principle 1.4](#).

- **Customer Advocate** – In FY19 AGL created the new role of Customer Advocate, reporting to the Chief Customer Officer. More information regarding the Customer Advocate is included in [Principle 1.2](#).

An AGL Board sub-committee also oversees matters that are related to Energy Charter Principles as a part of its broader responsibilities. The role of the Safety, Sustainability and Corporate Responsibility (SSCR) Committee is defined in its [Charter](#) as primarily “to assist the Board in monitoring the decisions and actions of management in achieving AGL’s objective to be a safe, ethical, responsible and sustainable organisation”.

This responsibility requires the SSCR Committee to undertake more detailed consideration of matters that are important to AGL customers, including monitoring AGL’s performance against Energy Charter Principles. The SSCR Committee has been updated on the development of the Energy Charter and has had input into the contents of this report.

### Case Study: Crib Point stakeholder meeting

The AGL Board occasionally arranges to meet directly with AGL stakeholders. For example, the AGL Board met with a number of interested stakeholders relating to AGL’s proposed Crib Point gas import project to understand their concerns directly.

When AGL Board sub-committee meetings are held at operational sites, sessions with community members are held to enable direct engagement with stakeholders, and sessions are also held with employees so Directors can hear feedback without management present.

While stakeholders appreciated the direct engagement on the gas import project, there remains some local community opposition to this project, which we are continuing to engage on.

More information regarding the stakeholder engagement for this project is included as a case study in [Principle 3.2](#).

## 1.2 Have management operationally accountable for embedding a ‘customer at the centre’ culture

AGL has developed KPIs and performance incentives for employees that are linked to customer-focused outcomes. These incentives are common across senior management, providing a mandate and incentive for all areas of the business to work towards positive customer outcomes, no matter the area of responsibility within AGL.

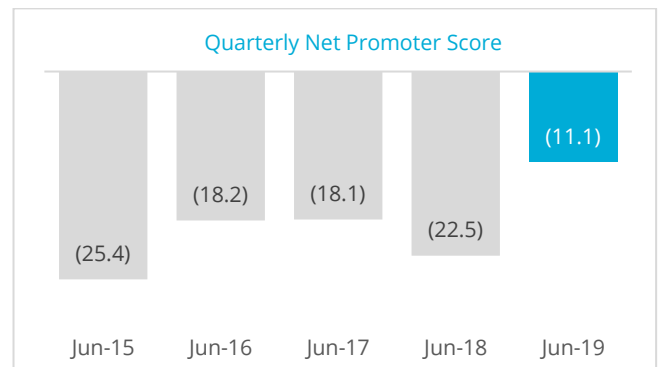
### Performance incentives and management obligations

The Board assesses executive remuneration frameworks based on a combination of fixed remuneration, short-term incentives

(STI), and long-term incentives (LTI). Executives have a STI scorecard which establishes performance expectations across financial and strategic or performance focus measures. There is also a customer component that comprises a proportion of STI remuneration. More detailed information on these incentive frameworks as well as performance in FY19 is published in the [Remuneration Report](#) within AGL’s Annual Report.

Since October 2018, Net Promoter Score (NPS) has been included as a performance incentive for all members of AGL’s enterprise leadership team (ELT), comprising around 50 of the most senior positions across AGL’s business. NPS is a proxy measure of customer loyalty to AGL.

AGL’s NPS improved significantly over FY19 to the highest level since this measure has been used ([see chart below](#)). Although this is a positive trend, the overall score remains negative, indicating there is more work to do in regaining customer trust and converting customers into advocates for AGL.



### Customer Moments program

Starting in FY20, ELT members will also be required to participate in a new Customer Moments program, consisting of at least one customer-facing activity per quarter, which will include activities such as participation in customer immersion workshops, customer call listening booths, customer research groups, customer site visits, or business customer sessions.

Parallels can be drawn here with the quarterly Safety Walks that senior leaders are required to carry out on a quarterly basis, as they seek to elevate customer visibility to the same focus on safety which has been embedded within AGL for a number of years.

### Social Licence Council

AGL has in FY19 formed a Social Licence Council, comprising of a broad range of senior managers across AGL’s business, that informs the key priority areas for focus through discussion of community and customer needs and expectations.

In FY19, AGL also engaged external cultural change advisers to interview each of the Executive Team and then run a workshop on the cultural shift required to drive behaviour and decisions aligned to Social Licence.

Senior managers also participate in direct engagement

activities with customers and stakeholders. More information on how AGL senior management engage with local communities is detailed in [Principle 3.2](#).

**Case Study: Customer Advocate**

Starting in FY20, AGL has created a new senior role, the Customer Advocate, whose purpose is to represent customer interests at AGL. This role will drive a stronger internal awareness of the customer voice to embed a deeper customer-centric culture and take a lead role driving the Social Licence agenda.

The Customer Advocate will work closely with AGL’s Dispute Resolution team (see [Principle 4.4](#)) to understand core customer themes and identify improvement opportunities, and also lead AGL’s customer experience team, which is responsible for optimising the experience across the customer journey to balance AGL’s commercial objectives with customer expectations.

The Customer Advocate will report to the Chief Customer Officer and will influence AGL’s culture and awareness of customers, aiming to inspire staff to better understand customers and ensure fair outcomes in all interactions. The role will coordinate several activities including community engagement with groups such the Customer Council (see [Principle 1.4](#)) and consumer advocates, as well as representation on the Energy Charter.

**1.3 Ensure their workforce is engaged and incentives are aligned to drive positive customer outcomes**

**Employee Incentives and Recognition**

AGL has an employee recognition program that has been developed to recognise and reward employees for outstanding contributions. The *Energise* recognition program is underpinned by the AGL Purpose and Values and supports delivery of AGL’s strategic priorities.

There are four nomination categories for internal recognition: safety, innovation, community, and customer. Employees are nominated by their peers for categories of recognition, which can include a financial reward. AGL holds an annual *Energise* award ceremony where employees are celebrated for their achievements under these categories.

Despite the clear customer incentives and KPIs set for the Board and senior management, as described in [Principles 1.1](#) and [1.2](#), some employees, especially non-customer-facing employees, may not have specific customer outcomes as a part of their performance incentives.

All full-time employees, however, are assessed on their performance against the AGL Values in their annual Performance & Development Review and have enterprise-wide customer outcomes (such as NPS) included as a component of the discretionary awarding of AGL shares to full time employees by the Board.

For customer-facing employees, performance metrics are used to drive better customer outcomes.

For example, while average handling time is monitored by customer channels as a means of

driving efficiency, AGL contact centre employees are primarily assessed against their ability to address a customer’s needs, not based on time spent per customer query.

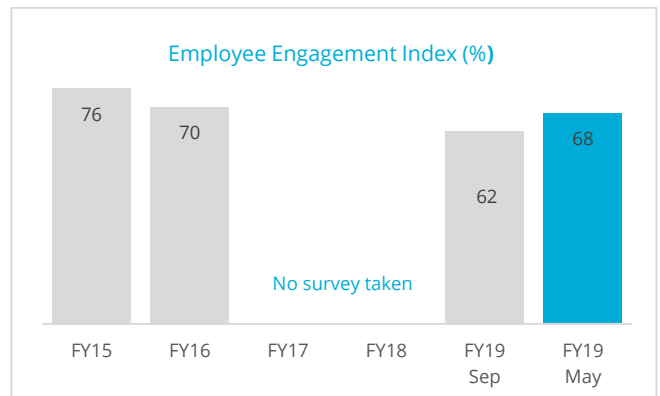
Customer-facing employees are also monitored by rigorous internal quality assurance programs that ensures employees are following internal best practice guidelines. Customer satisfaction and NPS are measured at an agent level using after call surveys.

However, AGL contact centre employees are also incentivised for sales and collections, which are other important business drivers.

**Employee survey**

AGL has recently reinstated its employee engagement survey, which in 2019 recorded an increase of six percentage points from 2018 results. The results of this survey inform senior management on steps to improve employee engagement.

Recognising the broad-ranging benefits of an engaged workforce, during FY19 we focused on a range of initiatives under the two focus areas borne out of an engagement survey undertaken in late 2018 – keeping our employee promises and making it safe to speak up. These measures will be further progressed in FY20 and include initiatives such as *Connected Conversation* training and investment in employee skills, leadership and career development.



**Energy for Life**

In 2018, in response to feedback from employees, AGL made significant changes to its corporate responsibility program, *Energy for Life*, with the aim “to provide its people with the tools to be able to foster, develop and engender corporate empathy across its business”.

Drawing on employee surveys, and stakeholder and leadership consultation to refine the focus of the program, AGL prioritised making the program more relevant to its people and focusing on the principal issues facing the community at large. *Energy for Life* initiatives currently include:

- **Power to Give** – Through this program, AGL people have opportunities for giving, fundraising, and employee volunteering. In FY19, employee donations as well as AGL-matching donations through the program reached a new high of \$282,761, with the money going to more than 60 charities. AGL employees are also encouraged to volunteer and are



provided with one day paid volunteering leave per financial year. In FY19, however, volunteering rates dropped to the lowest point for over five years and the program is now being reviewed to ensure more alignment with AGL's purpose of Progress for Life.

- **Powering our Communities** - Through this program AGL employees were able to nominate an eligible community group to have AGL install solar panels on their premises for the one-off cost of \$1. The aim of the program was both to support eligible local community and charity groups with their cost of living, and to drive AGL engagement with local communities. So far, the fund has procured 270 kW of solar panels for 14 organisations, representing a value of over \$370,000.

#### 1.4 Have robust processes to determine customer and community needs and be accountable on how feedback has been considered and incorporated into decision making

AGL has robust processes to determine customer and community needs around particular assets and throughout parts of our business, but we are also focused on developing an integrated framework at an enterprise-wide level that is based on AGL's Purpose.

In part, the appointment of a Customer Advocate and Social Licence Program Director is seeking to bring greater overall coherence around the capture of customer and community feedback and incorporation in decision-making frameworks.

##### Stakeholder Councils

AGL is committed to engaging in constructive dialogue with its stakeholders to understand and respond to issues that are important to its people, customers, investors, suppliers and partners, regulators, landowners, and the wider community. More information on AGL's Community Engagement Policy is in [Principle 3.2](#), and further information on AGL's policy advocacy work with stakeholders is covered in [Principle 2.5](#).

AGL has since 1998 convened a regular Customer Council, with membership consisting of both consumer advocacy and energy-user representatives. The core purpose of the Customer Council is to engage in dialogue between representative members and senior managers across AGL's business units including various policy, regulatory, stakeholder, and operational teams. Through a two-way exchange, this forum builds a shared understanding of complex market reforms, development of AGL strategy and business initiatives and the resulting customer outcomes.

Throughout FY19, the Customer Council met with less frequency, but since the start of the calendar year the Council has resumed its usual quarterly meeting schedule and the appointment of the Customer Advocate will offer an opportunity to refresh the operation of this group in FY20.

During FY17, AGL established a broader Stakeholder Advisory Council (SAC) and in FY19 the membership was renewed under the new CEO. The primary function of this Council is to provide an opportunity for stakeholders to engage with AGL's CEO and senior management on effective strategies to manage AGL's

business in a responsible, ethical and sustainable manner in line with community expectations. External members of the Council were selected to provide expertise across the investment, customer, social services, civil society, government and environmental fields.

##### Research to inform prioritisation of social licence initiatives

In addition to ongoing assessments referenced in [Principle 1.1](#), in 2019, AGL commissioned a series of focus groups in Sydney, Melbourne and Newcastle to gauge the community's views on what AGL should prioritise to improve its social licence and rebuild community trust. The outcomes from this research were discussed with the Board and senior management at AGL and helped inform the development of AGL's Social Licence program.

#### Case Study: Macarthur Wind Farm Complaints Resolution Process

Since the Macarthur Wind Farm was first proposed in 2004, construction and engagement practices have changed significantly. In particular, the impacts of infrastructure projects on local communities are recognised and included in the development, construction and operation phases of assets.

Throughout FY19, AGL met with neighbours of the Macarthur Wind Farm to consider ways for AGL to resolve long standing complaints around the wind farm. These include acknowledging AGL's poor engagement in the past and measures to reduce impacts felt through noise.

Community engagement across the wind industry has improved dramatically since Macarthur was originally developed. AGL now recognises that compliance alone does not always resolve the issues and we need to do more.

A key focus of this piece of engagement relates to internal stakeholders, and the development of organisational awareness regarding the communities impacted by our operations. While wind farms have benefits for the overall energy system, we needed to recognise that they have had real impacts on near neighbours even when they are fully compliant with all regulations.

#### 1.5 Demonstrate a culture of innovation and collaboration for positive customer outcomes, including through the sharing of insights with government, research institutions and across the supply chain, as well as joint advocacy on regulatory, policy and operational issues

AGL has a history of sharing appropriately de-identified data with researchers and community partners for research purposes. Recent examples include:

- In January 2019, a research paper by members of AGL's applied economics and policy team (['The drivers of energy-related financial hardship in Australia'](#)) was published in the journal *Energy Policy*. This research highlighted the current inadequacy of social safety nets and the need to review and reform

the mechanism for setting the rate of social payments. Other recommendations included the ongoing pursuit of energy concessions reform and addressing barriers to energy efficiency improvements in low income and tenanted properties.

- AGL supported the development of the Public Interest Advocacy Centre's 2018 '[Close to the Edge](#)' report into the experiences of households experiencing or at risk of disconnection by raising awareness of the study among relevant customer groups.
- AGL has shared appropriately de-identified disconnection data to support St Vincent de Paul's re-examination of socio-geographic trends in energy disconnections. This will underpin the publication of an updated 'Households in the Dark' report in the second half of 2019.

AGL has in FY20 reduced its focus on the publication of academic papers from employees; however, we are continuing to investigate opportunities to support others in this field, as well as providing accessible content that explains energy market issues through our communication platforms.

#### Thriving Communities Partnership

AGL is a founding member of the Thriving Communities Partnership and through this partnership has co-funded (with other energy providers, water utilities and telecommunications businesses) research on '[Improving Access and Support for Consumers with Cognitive Disabilities](#)'.

AGL has also provided seed funding for the exploration of a *One Stop One Story Hub* (see [Principle 5.4](#)), which aims to provide consumers a single point of entry where they can gain access to financial hardship assistance across all essential services at the one time in a dignified way.

#### Financial Inclusion Action Plan Program

Over the course of FY19, AGL also participated in the Financial Inclusion Action Plan (FIAP) program, which is a joint program managed by Good Shepherd Microfinance and involving 37 different member organisations. The purpose of individual FIAPs is to contribute to inclusive growth through meaningful actions across customers, staff, suppliers and the community

that reduce inequalities and increase financial inclusion and financial resilience.

Program participation involved mapping the ways that AGL is currently supporting financial inclusion and resilience among those four key stakeholder groups and publicly committing to further actions to enhance financial inclusion and resilience. All but two of AGL's commitments under the Financial Inclusion Action Plan were delivered and those not delivered related to subcomponents of broader strategies which remain on track. These FIAP outcomes were reported on in AGL's [Annual Report](#).

#### Joint Advocacy

AGL is a participant in many industry organisations where it shares its insights and contributes to joint public policy advocacy on a broad range of issues. For more information on AGL's approach to public policy and advocacy, see [Principle 2.5](#).

AGL recognises there is significant potential value in joint advocacy between community and industry groups on social and energy policy issues and will be working with members of the Energy Charter End User Consultative Group and more broadly to meet this endeavour in FY20, with a particular focus on concessions reform and energy efficiency at the household level.

#### Case Study: ARENA trials

AGL has partnered with ARENA on a number of trials and initiatives, including the Virtual Power Plant (see [Principle 3.5](#)), the Dalrymple Battery (see [Principle 3.6](#)), the NSW Demand Response Trial (see [Principle 2.4](#)), a peer-to-peer distributed ledger technology assessment, the Nyngan and Broken Hill Solar Plants, and others.

As a part of these trials, AGL has published numerous reports on insights gained from the trials, which are available publicly through the [ARENA knowledge bank](#).

Additionally, AGL has spoken to a number of stakeholders about lessons learned from trials in order to inform better policy that drives positive customer outcomes as technology matures and trials expand into real world products and services.



# Principle 2

## We will improve energy affordability for customers

### 2.1 Ensure that investment, commercial and operational decisions are cost efficient, and explain how customers benefit from these decisions

AGL undertakes in-depth analysis of investment and improvement opportunities which can positively influence the efficiency and cost of operations and are resilient to a range of potential future scenarios, accounting for political, policy and technology uncertainty, amongst other risks.

#### Wholesale market development and continuity

AGL considers that timely investment in replacement capacity is critical to maximising affordability, reliability and security for customers.

A key current focus is understanding opportunities to invest in firming capacity to support the decarbonisation of the electricity system, which will see increasing penetrations of intermittent renewable generation (see [Principle 3.4](#)). Current major projects underway and being investigated include:

- **Bayswater upgrade** – A four-year project that will create 100 MW of extra generation capacity without additional coal or emissions, as well as 90 jobs for the duration of each turbine replacement.
- **Loy Yang A upgrade** – A \$25m upgrade of the Loy Yang A power station to improve efficiency without increasing emissions.
- **Barker Inlet Power Station** – The Barker Inlet Power Station is a 210 MW generation facility being built at a cost of \$295m that will deliver more efficient and flexible generation as older generation at Torrens

Island Power Station is phased out.

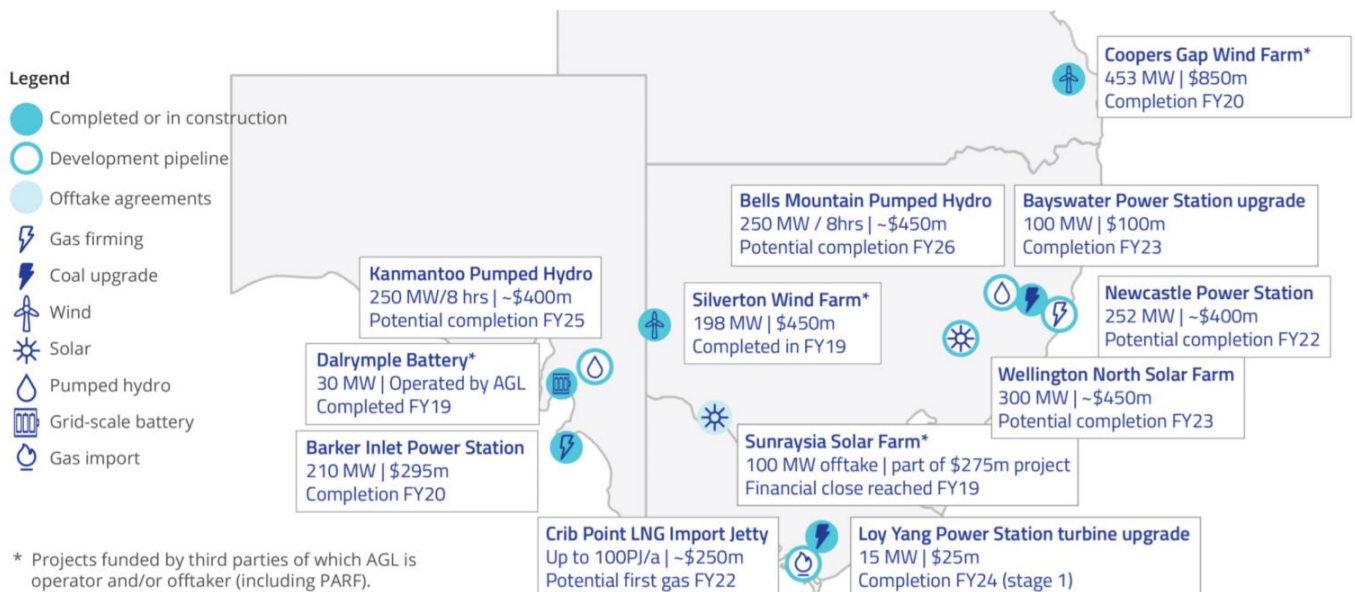
- **Kanmantoo pumped hydro storage** – A 250 MW pumped hydro energy storage project at Hillgrove Resources Limited’s Kanmantoo copper mine in South Australia’s Adelaide Hills region, currently at feasibility stage.
- **Bells Mountain pumped hydro storage** – In July 2019, AGL and Idemitsu signed an agreement to undertake an engineering feasibility study for AGL’s proposed 250 MW pumped hydro project at Bells Mountain, near Muswellbrook, which follows on from an initial concept study that explored the viability of utilising the void on the Muswellbrook Coal Company site.

AGL is also proposing to develop a gas import jetty at Crib Point in the Port of Hastings to supply gas for our customers in south-eastern Australia (see [Principle 3.2](#)).

#### Retail markets

In 2017, AGL committed to investing \$300m in a Customer Experience Transformation (CXT) program to enhance digital capability and platforms and deliver an industry leading digital experience for customers. The CXT program has since been integrated with regular retail operations.

The program includes building core foundational platforms, driving digital adoption, and delivering unique customer experiences that build trust, advocacy and loyalty. The program was led by the following core principles: ‘Put customers first’, ‘Make sense of data’, ‘Engage with meaning’, and ‘Usher our customers into the future of energy’.



Metrics that the CXT program was aimed at improving included: an improvement in NPS, an increase in *AGL My Account* users, an increase in *AGL Mobile App* users, an increase in the number of sales completed online, a reduction in customer attrition, and a reduction in calls to AGL call centres.

So far, AGL has seen some improvement in these metrics as more of the CXT improvements are embedded into business practices and enable new products and services. More information on how CXT has considered customers in product service and innovation is elaborated upon in [Principle 4.4](#).

## 2.2 Offer customers energy deals that best meet their needs, supported by effective tools & incentives for customers to manage their energy use and cost

AGL has a suite of retail products available for both gas and electricity that respond to various customer needs. AGL's [website](#) provides information about each product and its pricing structure compared to the current market reference price, as well as tools to help customers choose the right product for both electricity and gas products.

Recently, AGL has developed its *Essentials* range of products in response to desire among some customers for energy products that offer fixed rates but still offer a competitive rate for both usage and supply. Customers on some versions of the *Essentials* product (*Essentials Plus*) also receive an ongoing credit every six months for the duration of the plan period to reward customer tenure.

AGL has also made the decision to stop offering Pay on Time benefits for new energy contracts. While Pay on Time benefits were popular with customers, some customers could not take advantage of these benefits if they were unable to pay their bill on time.

AGL is transforming the way it develops new products and services with a focus on identifying clear customer problems to solve, and validating and testing new concepts with customers and our staff before they are offered to the broader market.

### Case Study: Essentials Products

The *Essentials Plus* proposition launched in January 2019 following the successful rollout of *Essentials* in January 2018. Both products were designed to address feedback from customers regarding previous discount-based offers in the market.

*Essentials Plus* evolved from the basic *Essentials* product as AGL research identified that some customers thought that more could be done to reward customers for loyalty. Through research, customer testing and staff feedback, we were able to design the *Essentials Plus* product which provides customers with the simplicity of fixed rates for a 2 year period, and also provided additional ongoing credits during the plan to reward customer tenure.

We have seen over 300,000 customers take up the *Essentials* product suite since it launched in January 2018 making it one of our most successful products launched in recent times.

## 2.3 We will improve energy affordability for customers

Over the last decade the price of electricity in Australia has increased significantly.

AGL has taken steps to address affordability across the supply chain through its advocacy, strategy, commercial investment decisions, and ongoing product and service innovation.

Following on from a number of year-on-year increases in energy prices due to increases in costs across the supply chain, over the last two years, AGL has not increased its electricity prices.

### Broad steps to improve affordability

AGL's policy advocacy promotes a long-term vision for the energy sector that is underpinned by a focus on customer needs. More information on AGL's stakeholder approach is included in [Principle 2.5](#). AGL strongly advocates for improvements to reduce all elements of the cost stack for energy, including network and wholesale costs.

As outlined in [Principle 2.1](#), AGL has also made major investments in power generation and gas facilities in order to improve supply and reduce wholesale prices, as well as making major investments to improve customer outcomes in retail markets.

At the same time, AGL has reduced its cost to serve for retail customers through significant investment to improve its internal processes, such as through its CXT program of work and major 'PT3' initiative, which was a program to consolidate several internal information and technology systems.

### Helping individual customers

In recent years, AGL has also taken steps to become a more personalised retailer, offering bespoke options for customers to reduce their own energy costs and help manage their energy usage, such as *Energy Insights*, *AGL My Account*, and the *AGL Mobile App* (see [Principle 4.2](#)). For business customers, AGL has developed products such as PUMP (see [Principle 2.4](#)).

To improve energy affordability for disengaged and vulnerable customers, AGL developed the *Safety Net* initiative (see [Principle 4.1](#)), which provides a discount for customers that have not switched over to a market contract from a more expensive standing offer.

AGL's *Here to Help* program (see [Principle 5.1](#)) provides ongoing support to all customers in terms of payment plans, information on concessions, and steps to reduce energy use and improve energy efficiency. *Staying Connected*, AGL's hardship program (see [Principle 5.2](#)), provides a range of support options for customer experiencing vulnerable circumstances and financial hardship.

As reported in AGL's [Annual Report](#), in FY19, total average debt across all AGL customers and AGL's *Staying Connected* customers decreased (see [Principle 5.1](#)), mainly due to AGL's delivery of debt relief and payment matching initiatives, and the introduction of proactive communications to customers who may be experiencing financial hardship. More information on these outcomes is described throughout [Principle 5](#).

### Energy efficiency and demand response

AGL's business solutions team works closely with business customers to develop multi-dimensional solutions (see [case study below](#)) that are tailored to a customer's requirements

and work to lower overall energy consumption.

The service suite includes power factor correction, power quality management, and load profile management; LED lighting and connected heating, ventilation, and air-conditioning (HVAC); and solar and battery systems.

Over the past 3 years, AGL's business solutions team have delivered an estimated \$26m in avoided energy costs to business customers.

AGL also takes steps to reduce customer's energy costs by providing them with options to be paid to reduce their usage. For example, as of December 2018, AGL had contracted with 1300 MW of large customer curtailable load.

AGL has also been extending its demand-side program to residential and smaller customers. More information on innovation in demand-side solutions for small customers, such as AGL's Peak Rewards program, is described in [Principle 2.4](#) and [Principle 3.6](#).

### Case Study: Santos' Port Bonython hydrocarbon processing plant

AGL offers bespoke solutions for large customers to help reduce their energy costs. For example, AGL developed a 2.12 MW ground-mounted solar energy system at Santos' Port Bonython hydrocarbon processing plant in Whyalla, South Australia, to help power the facility with solar energy.

The solution is modular, prefabricated, and redeployable, and major ground works were not required as the solar array sits on top of a ground mounted frame. This means that the solar installation, which generates 3 GWh of clean energy per year, can be expanded, reduced, or moved elsewhere as required.

AGL is looking to develop more solutions like this for customers who are trying to reduce their energy costs.

### 2.4 Innovate to deliver competitive energy solutions for business and residential customers

As well as taking broad steps to improving energy affordability for customers as outlined in [Principle 2.1](#), AGL has also developed innovative grid scale solutions, such as its Virtual Power Plant (see [Principle 3.5](#)) and Dalrymple Battery (see [Principle 3.6](#)), to drive outcomes that reduce energy costs across the energy supply chain.

#### Residential customers

The CXT program (see [Principle 2.1](#)) has provided the catalyst for many innovative solutions that deliver positive outcomes for customers. A number of other new products and services have been developed that meet the changing needs of customers (see [Principles 3.5](#) and [3.6](#)) as well as new models to assist customer experiencing vulnerable circumstances and hardship (see [Principle 5.2](#)).

AGL's Virtual Power Plant (VPP) is trialling how residential customers can share value from the wholesale market through AGL's aggregation of distributed energy resources behind the meter. Through this vehicle, AGL can provide energy as well as ancillary services to the NEM in exchange for customer

rewards. More information on how the VPP operates is included in [Principle 3.5](#).

As well as products that integrate distributed energy with the wholesale market, like the VPP, AGL has also developed innovative retail products that provide financial incentives to customers for decreasing their usage during peak events.

For example, in 2018, AGL's *Managed for You Load Control Program* allowed customers to opt-in by nominating a device in their home that would be remotely switched off during a peak demand event, and be later compensated financially for a reduction in usage over peak-periods. This was an evolution of earlier trials, such as a FY16 project with United Energy, which are responding to a growing need to innovate new ways of efficiently improving network reliability and rewarding customers for their contributions to that task.

Separately, in FY18 AGL recruited 750 NSW customers to participate in the *Peak Energy Rewards Behavioural Demand Response Program*. The success of this program continued in FY19 with the program growing to 3,500 customers who can now also monitor their demand reduction in near-real time.

Of the 1600 customers responding to the FY19 post-program survey, 90% indicated responded that they were highly satisfied with the operation of this program. AGL is looking at how these initiatives can be rolled out more broadly across its customer base.

Further information regarding these programs and insights on customer outcomes were also [published](#) on the ARENA knowledge sharing platform.

#### Business customers

AGL has in recent years trialled different models for servicing business customers. In 2016, AGL implemented a more commoditised, less bespoke model in order to prioritise price outcomes for customers.

However, following feedback from customers, AGL has more recently moved to more flexible and bespoke customer solutions, including multi-dimensional solutions, which better balance price and service outcomes. This has resulted in a corresponding rise in business customer accounts.

AGL has also refocused its efforts to provide innovative products and services for its business customers, and the AGL PUMP product (see [case study below](#)) is emblematic of this new approach. Another example is *AGL Business IQ* (see [Principle 4.2](#)), although AGL has recognised the limitations of this product and is seeking to make improvements to its operation.

### Case Study: AGL PUMP

In response to feedback from large business customers, AGL has developed its AGL PUMP (*Power Up Modular Purchasing*) platform.

This is a flexible, innovative, digital platform for business customers to manage their own energy procurement and allow business customers to progressively purchase smaller blocks of electricity online, rather than contracting their full load in a single purchase.

While AGL is not the first to market with this product, its aim is to make AGL PUMP the best and simplest product to use of its type, helping compete for market leader position by providing a more compelling solution for large business customers.

## 2.5 Advocate on behalf of customers to improve energy affordability through engagement in regulatory and policy processes

### Collaborative approach to advocacy

AGL frequently uses its discussions with consumer advocates (including the Customer Council), industry groups, and public interest groups as a sounding board to better understand consumer perspectives on particular reforms. We also look to work collaboratively with other energy market participants, including consumer advocates and regulatory and rule-making bodies, to share knowledge and experiences and therefore promote positive regulatory and policy outcomes.

AGL works to identify key areas of policy where reform could support better customer outcomes and uses stakeholder forums (see [Principle 1.4](#)) and community feedback and engagement (see [Principles 3.2](#) and [3.4](#)) to inform its approaches.

### Transparent submissions and reviews

AGL is heavily engaged in regulatory and policy processes affecting the energy sector and customer outcomes associated with these processes. In FY19, AGL made 117 submissions to energy sector reviews and inquiries on a range of issues (see [case study below](#)), many of which included a strong focus on benefits to customers.

AGL is committed to transparency in its policy advocacy. All submissions are published on AGL's public blog [The Hub](#).

In addition to public submissions, AGL also publishes articles and information on a range of energy sector issues on The Hub, which is then promoted through various digital channels such as Facebook, Twitter, and LinkedIn.

AGL also provides data to generate insights and thought leadership and engages in joint advocacy with other organisations (see [Principle 1.5](#)). AGL is a member of a number of industry organisations and AGL employees also participate in a number of public events and forums.

## Case Studies: AGL Policy Advocacy

AGL's policy advocacy covers matters arising right across the energy supply chain, as AGL recognises that improvements in affordability and customer outcomes throughout the supply chain will have broader benefits. For example:

- **Network pricing proposals:** AGL has made submissions to NSW, Victorian, Queensland and South Australian electricity network determinations, as well as the Western Australian gas determination. As an example, our [submission](#) to the Ausgrid proposal raised concerns regarding customer impacts from proposed cost structures, and our [submission](#) to the ATCO determination raised concerns with customer price paths.
- **Retailer Reference Groups:** AGL continues to work collaboratively with electricity and gas distribution networks and regulators by being a key participant in reference groups to provide customer feedback to inform networks' regulated plans and regulator decisions. For example, AGL participated in the Retailer Reference Groups for the AGN Gas Networks and the AER's Rate of Return Consultation.
- **Consumer data right:** AGL has made [submissions](#) supporting portability of data so that consumers can make informed purchasing decisions and therefore become active market participants, while also cautioning for modern and appropriate privacy obligations to ensure customers information is protected.
- **Open Networks:** AGL has made [submissions](#) focusing on ensuring competitive markets can work to drive outcomes reflecting customer preferences with respect to behind-the-meter energy solutions such as energy storage, electric vehicles, solar PV systems and home energy management services, allowing 'value stacking' to maximise customer benefit.
- **Thwaites review:** AGL has in [submissions](#) focused on ensuring customers can easily access and compare energy offers, while also cautioning on the possible impact of retail price regulation to customer choice and product innovation.



# Principle 3

## We will provide energy safely, sustainably and reliably

### 3.1 Maintain the highest standards of safety for their people, the community and the environment

AGL has several initiatives aimed at maintaining safety standards for all AGL employees, and the broader communities within which it operates. Our approach to safety, sustainability, and reliability is reflected in AGL's company value of *Care in every action*.

AGL recognises that an effective safety culture requires proactive commitment, accountability and continuous reinforcement from all levels of management, including the Board. The AGL Board and Executive Team review safety performance via the monthly Group Performance Report (GPR).

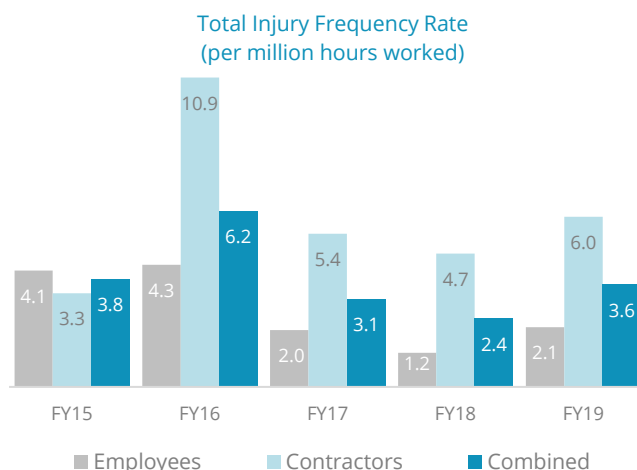
The Board Safety, Sustainability and Corporate Responsibility (SSCR) Committee also reviews safety performance on a quarterly basis, as well as reviewing audit findings and recommendations, strategic priorities, and significant incidents.

#### Health, Safety, and Environment (HSE)

AGL's Health, Safety, and Environmental Management System (HSEMS) forms the framework by which HSE risks are managed across the business. AGL's hazard, incident and near miss reporting systems are designed to ensure that issues are reported and investigated in a consistent and effective manner. AGL measures and tracks safety performance using lagging performance indicators based on reported safety incidents (see [chart below](#)).

These indicators are reported to the Board and comprise a component of AGL's overall business performance. The metrics are also used in KPIs and performance incentives for the executive team, managers, and all AGL employees, as outlined in [Principle 1](#).

While injury severity continues to decrease, in FY19, AGL's total injury frequency rate (TIFR) increased from the previous financial year to a combined level of 3.6 hours per million work, which AGL does not consider acceptable.



AGL is focusing on reversing this increase in FY20, while also focusing on significant near miss events to take a more proactive stance in eliminating the incidents that will have the biggest impact on its people, the communities it operates in, and its reputation.

#### Critical Controls

Critical Control Checks, introduced in FY19, are used as a tool by operational leadership to ensure critical controls are being implemented.

Critical Controls are divided into three categories: Plant, Process, and People. There are twelve Critical Control High Risk Areas that everyone must comply with when they step onto an AGL site. In FY19, over 5,000 Critical Control Checks and HSE Technical Interactions were performed.

Additionally, all senior leaders are required to undertake *Safety Walks*, which consist of a safety visit to an operational site every quarter to monitor how the *Critical Controls* framework has been operationalised and implemented.

#### Protecting the environment

AGL is committed to achieving excellence in environmental management and performance and seeks to continuously improve environmental management and performance.

Working in partnership with the broader business, AGL's team of environmental specialists work to create a culture where protecting the environment is front of mind for everyone and ensuring that every AGL site has robust environmental practices in place.

### 3.2 Engage with customers and the community on investments, and manage operations in line with their expectations, demonstrating how communities' benefit

AGL maintains a [Community Engagement Policy](#) that contains two major vision statements, that "AGL will be a trusted and respected member of the communities in which it operates" and that "AGL's community engagement will exceed baseline regulatory requirements".

AGL considers that having a better understanding of the social return on investment in local communities will help it focus on and invest in programs that will deliver the most value to stakeholders and its business. AGL is looking to continuously improve disclosure in this area.

#### Community Engagement Commitments

AGL's Community Engagement Commitments as described in our [Community Engagement Policy](#) further outline that we will:

- **Be proactive:** we will engage with communities early and often, so that we understand and respond to their interests and concerns.
- **Be flexible and inclusive:** we will offer a range of engagement opportunities that are tailored to the variety of needs and preferences of the communities in which we operate.
- **Be transparent:** we will act honestly and ethically in all our dealings with the communities in which we operate.
- **Support our employees and contractors to engage well:** we will provide tools, peer support and training to enable our staff to deliver on our commitment.
- **Continuously improve our engagement:** we will evaluate the effectiveness of our engagement and modify it as needed to ensure that our activities address community needs and expectations

As a supplier of an essential service, AGL has a responsibility to engage openly with governments at all levels in relation to energy and related policies. Further information on how AGL engages with governments and other stakeholders is included in [Principles 1.5](#) and [2.5](#).

AGL undertakes ongoing assessments of its business culture, practices and policies, and how well they currently support public commitments to the community, its people, and its customers. As examples, see the case study regarding the Macarthur Wind Farm in [Principle 1.4](#), which demonstrates a willingness by AGL to acknowledge issues with previous practices and work with the community to improve on this in concrete ways, and the case studies below.

AGL regularly conducts sentiment surveys across its customer base and among other stakeholders, for example in the Latrobe Valley where AGL's Loy Yang A power generation asset operates.

AGL is further expanding this work to the communities of other large power generation assets to understand issues of importance to them, including their attitudes towards the local power industry and their views on energy transition.

In FY20, AGL's Social Licence program will be delivered to drive cultural change across AGL's business to ensure we can better understand and meet rising customer and community expectations at a critical time in the energy sector, and develop metrics by which performance in key areas will be able to be measured.

#### Transparency

AGL is transparent in its contributions to investment in communities and has a policy of not making any donations to Governments as well as policies that support transparency in its operations.

For example, AGL maintains an [Anti-Bribery, Corruption and Fraud Policy](#), which states that all AGL employees must formally declare any gifts or benefits that are valued at \$250 or more, as well as Conflict of Interest Guidelines that all staff must adhere to.

AGL also has a policy of meeting all tax compliance obligations and providing information to its stakeholders with information

about the taxes it pays. This data is independently audited and published in the [AGL Annual Report](#).

This financial transparency provides a stronger basis for genuine engagement with external stakeholders and communities.

#### Community contributions

AGL invests in the communities in which we operate through local procurement, local employment opportunities, a structured program of community investment, and opportunities for AGL employees to volunteer with charitable and community-based organisations. In FY19, AGL contributed almost \$4.5m to communities in which we operate, an increase from \$2.7m in FY15.

Community investment priorities are determined through a range of factors, such as: external community consultation; an understanding of the demographic profile and needs and aspirations of the communities in which AGL operates; operational project plans; and identification of project-related and cumulative impacts.

#### Case study: Crib Point gas import jetty

AGL has undertaken extensive engagement surrounding our proposed Crib Point gas import jetty and pipeline project, consulting with key stakeholders including people living, working, recreating and visiting near the project area, community groups, and the Victorian and Australian governments since July 2017.

There have been over 30 public community consultations both with supporters and those who oppose the project. During that time, AGL has also commissioned 15 expert studies assessing potential impacts on issues like the environment, historic heritage and the marine ecosystem. These reports have spelled out the potential effects and the final reports been published on AGL's website.

The *AGL Community* portal (see [Principle 4.3](#)) has a dedicated section for customers to provide feedback and to discuss the project. There have also been numerous opportunities for stakeholders to be involved with the project during the Environmental Effects Statement (EES) process.

AGL has announced a \$7.5 million Community Fund that will be made available if the project goes ahead. How the fund will be managed will be finalised in collaboration with the local community, in accordance with the AGL Community Engagement Policy described above.

Despite this engagement, there are local residents who continue to have concerns about the project. AGL is however continuing to work with the local community and other interested stakeholders to hear and address their concerns and inform our decision-making regarding the project.

#### Case study: AGL Macquarie Community Dialogue Group

The AGL Macquarie Community Dialogue Group (CDG), is one of AGL's primary avenues for consulting and communicating with the local community surrounding its Liddell and Bayswater coal-fired power stations in the Hunter Region on issues about



the energy industry, local engagement, site operations and transition planning.

The CDG was set up to maintain an effective and efficient communication process with the Upper Hunter community and key stakeholders by providing clear, consistent and timely information about ongoing AGL Macquarie's operations and broader AGL activities, including the Liddell Transition Project and Hunter Energy Transition Alliance.

Senior site leadership attend each of the CDG meetings to hear from the community and to discuss issues relating to business-as-usual operations and site plans.

### 3.3 Develop business strategy and manage operations to respond to the shift to a cleaner energy system that is already underway

In 2015, AGL released our [Greenhouse Gas Policy](#), supporting the Commonwealth Government's commitment to work towards a global agreement to limit global warming to less than 2°C above pre-industrial levels, and making a range of commitments regarding how we will reduce emissions over time.

These commitments include closing all coal-fired power stations by 2050, improving the greenhouse gas efficiency of our operations, continuing to invest in new renewable and near-zero emission technologies, and making available innovative and cost-effective solutions available for customers.

#### Ongoing disclosure and reporting

AGL considers both physical and transitional risks associated with climate change and has incorporated these risks into the development of our strategy.

We consider that we have a responsibility to be transparent about the risks and opportunities that climate change poses to our business, the community and the economy more broadly.

In 2017, AGL released a report titled '[Carbon Constrained Future, AGL's Approach to climate change mitigation: A scenario analysis](#)', which outlined AGL's approach to climate change. In 2018 as a part of the Taskforce on Climate-related Financial Disclosure (TCFD) process, AGL released a report '[Powering a Climate Resilient Economy, AGL's Approach to climate-related financial risk](#)'.

As a part of its FY19 Annual Report, AGL released a report, '[FY19 Carbon Scenario Analysis](#)', that formed part of our disclosures under the TCFD framework. As Market Forces has reported in its [analysis](#) of ASX100 companies reporting against the TCFD in FY18, only three companies have disclosed in line with all the recommendations, including AGL.

In these reports, AGL has reiterated that it employs a multifaceted approach to climate change, which encompasses corporate strategy, governance structures, financial planning, risk management, operations and public policy.

AGL also employs a range of climate-related financial metrics and targets to measure its performance.

In FY20, AGL plans to broaden our scenario analysis to

consider alternative transition pathways involving a larger paradigm shift, such as more ambitious climate change response scenarios that limit warming to 1.5 degrees above pre-industrial levels.

This will be considered in its strategic planning cycle for FY20 and reflected in AGL's 2020 TCFD report.

### 3.4 Work with government, other energy businesses, the community and industry bodies to develop a planned transition to a cleaner energy system

As AGL transitions away from our existing coal dominated electricity generation portfolio, we intend to replace it with a mix of technologies with a significantly lower carbon intensity, which will continue to provide cost-effective and reliable power (see [Principle 2.1](#)).

AGL has therefore consistently advocated for stable, long-term emissions reduction frameworks and complementary measures to support an orderly transition that is inclusive of all perspectives and stakeholder considerations. More information on AGL's policy advocacy approach is in [Principle 2.5](#).

#### Community engagement

The retirement of ageing thermal plant will have profound implications for local communities. Laying the foundations for an inclusive and orderly transition has therefore been a key focus for AGL in communities based around its assets in both the Latrobe Valley in Victoria and Hunter Region of New South Wales.

AGL's generation sites, fuel supply, and supply chain elements are large economic fixtures that have provided significant employment and economic value to the communities in which they operate. AGL recognises that decarbonisation of the energy system must be undertaken with full consideration of both direct and indirect social, environmental and economic impacts of power station closures.

AGL in FY17 released a report '[Rehabilitation: AGL's approach to rehabilitation of power generation infrastructure](#)' (Rehabilitation Report), which considers in detail the technical characteristics and costs of rehabilitating its Liddell, Bayswater, and Torrens Island power stations to a state as near to pre-development condition as practicable, as well as assessing the costs of rehabilitating the AGL Loy Yang mine and power station as identified in the final closure plan agreed with the Victorian Government.

To further promote certainty and a planned transition, AGL's Rehabilitation Report also sets out indicative planned closure dates for its major thermal assets, starting with the closure of the first unit at the Liddell Power Station in 2022.

To achieve these goals, AGL is committed to ongoing collaboration with the community, government, unions, and industry to promote the economic and social wellbeing of local communities through the transition.

AGL continues to develop our approach to support this transition away from coal, which includes organisational

commitments and specific frameworks and activities designed to support local communities.

The transition plans are guided by local community needs as identified through stakeholder engagement and will continue to develop as AGL's knowledge, experience, and partnerships develop. More information on AGL's stakeholder engagement approach is included in [Principle 3.2](#).

Initiatives developed pursuant to these plans include the formation of the Loy Yang Community Dialogue Group, continued engagement through the Hunter Energy Transition Alliance, the establishment of Transition Support Funds at both AGL Loy Yang and AGL Macquarie, continued support of the Enterprise Development Program, and the Liddell Transition Program (see [case study below](#)).

### Case study: Supporting communities in the Hunter Region: The Hunter Energy Transition Alliance

In 2015, AGL established the Hunter Energy Transition Alliance in partnership with the NSW Government and Newcastle University. This effort brought together peak regional stakeholders to prepare for and enable the best pre-conditions for future growth, diversification and prosperity for the region.

The Hunter Energy Transition Alliance has since evolved and captures several independent multi-stakeholder groups aimed at sharing information and capturing feedback from members representing community and indigenous groups, current and interested business, government, labour organisations and our workforce.

### Case study: Liddell Transition Program

AGL acquired Macquarie Generation in September 2014, including the 2,640 MW Bayswater power station, the 2,000 MW Liddell power station, and the 50 MW Hunter Valley gas turbines. AGL Macquarie is the largest domestic buyer of NSW coal and employs approximately 600 people, most of who live in the Hunter region. The power plants have been a major source of employment in the region over decades and annually contribute more than \$1.35 billion to the regional economy.

As AGL prepares to retire Liddell, we are working with the impacted communities to mitigate any potential negative social, economic, and environmental impacts.

Liddell has been a large economic fixture within the Hunter region for close to fifty years.

AGL has focused on partnering with the local community, business, and all levels of governments to identify new opportunities that could deliver new sources of prosperity, economic growth, and jobs aligned to stakeholder interests and long-term priorities.

In 2018, AGL released an Expressions of Interest (EOI) process aimed at identifying opportunities for further consideration to repurpose prospective land and infrastructure potentially made surplus to requirements following Liddell's retirement, and complementary to AGL's ongoing power generation requirements.

The EOI is now closed but AGL is continuing to work with businesses and organisations who see potential value in the Liddell site and resources, and who are looking for the

opportunity to develop new business ideas, to create new jobs and diversify the regional economy.

Proposals currently being explored include waste-to-energy, heavy manufacturing, intensive and passive agriculture, waste and resource recovery, and other energy intensive proposals.

### 3.5 Facilitate new services and technologies that support sustainable energy solutions that meet the changing needs of the market

AGL's focus on new products and services as well as technology to enable increased customer engagement is reflected in our refreshed strategy, under which a range of emerging growth opportunities in distributed energy have been identified.

AGL is also responding to changing energy customer preferences through the digitisation of our business in order to drive productivity and deliver greater flexibility in how we take our products and services to market.

#### Innovative customer products

The CXT program (see [Principles 2.1](#) and [2.4](#)) has provided the catalyst for many innovative solutions that integrate retail and whole energy needs with other opportunities. For example, AGL has developed its *Energy Insights* platform (see [Principle 4.2](#)), where data including a customer's smart meter data, home profile information, and weather, is run through algorithms to approximate energy usage and costs by appliance category. Over 300,000 customers now receive an *Energy Insights* report.

As well as developing a number of products in-house through targeted programs, AGL has also participated in a number of public trials such as with its Virtual Power Plant (see [case study below](#)), which seeks to integrate wholesale and retail markets through the use of distributed energy.

AGL is looking to improve the value proposition for electric vehicles (EV) by trialling remote EV management during peak events through its *Managed for You* program. AGL has also trialled an Electric Car Plan that allows customers to charge their EV on an unlimited basis for \$1 per day, while also offsetting emissions associated with customers' EVs at home through AGL's *Future Forests* Program.

The *Future Forests* program is an opt-in program for all customers (not just those on the EV plan) who wish to reduce the environmental impact of their household electricity usage. AGL calculates electricity emissions for a customer and the contribution required to offset those emissions by 100% through certified carbon offset projects. However, at the end of FY19 only 11,330 customers were opted into the *Future Forest* program, representing a small percentage of AGL's overall customer base.

AGL is responding to the proliferation of smart speakers in the home, such as Google *Home* and Amazon's *Alexa*, to deliver voice-controlled tasks and questions. Introduced in 2018 and initially designed as an alternative means to interact with AGL for current routine transactions, over time this will evolve to deliver insights and automation options that can control smart devices in the home.

AGL has also been innovative in offering demand response products to business and residential customers, such as

through its *Peak Rewards* program, detailed in [Principle 2.4](#).

We are also committed to improving customer experience by improving service. For example, AGL's *Power on Guarantee* ensures that power will be working on the day a customer moves to new premises.

### Innovation in major projects

AGL is utilising modern assessment tools and technologies to undertake major efficiency upgrades at the Bayswater and Loy Yang A power stations (see [Principle 2.1](#)) to ensure these assets are secure, reliable and flexible to support more intermittent renewable energy in the NEM without increasing emissions.

AGL is also looking at innovative ways of financing new investment. For example, in 2016, AGL initiated the Powering Australian Renewables Fund (PARF), an innovative financing vehicle for renewable energy. The PARF was established to develop and own around 1,000 MW of large-scale renewable generation, which would require around \$2 to \$3 billion of total investment.

AGL has also trialled a financial product to allow wind energy to be contracted. This product was aimed at improving liquidity in the wholesale market and incentivising intermittent renewables firmed with flexible capacity. AGL's Wind Product Firming Unit was designed such that a wind farm can contract for energy when they produce less energy than their forecast capacity and wholesale prices are high.

While there has been little interest in this product, AGL remains committed to understanding how it can best support the uptake of renewables by providing firming technologies and services.

### Case study: Virtual Power Plant (VPP)

One of the ways AGL is responding to the changing needs of the market is through its Virtual Power Plant (VPP) in South Australia.

The VPP is a demonstration project co-funded with the Australian Renewable Energy Agency (ARENA) in 2016. Recently completed, the VPP is comprised of 1,000 connected batteries with a combined nameplate output of 5 MW and an energy storage capacity of more than 10 MWh.

AGL's VPP seeks to demonstrate the value that grid-connected batteries can create for a range of stakeholders when managed as part of a coordinated program. Smart controls allow individual systems to be orchestrated to perform as a peaking power plant, allowing customers to save on energy costs, whilst also supporting system reliability and grid stability in the shift to renewable energy.

Customer recruitment involved relatively complex conversations with customers by a trained specialist telephone sales team to explain the program, often over more than one phone call.

A customer satisfaction survey was undertaken for every customer enrolled about 6 weeks after the installation of their system. The most recent customer satisfaction score shows a high overall NPS of +46, despite some issues throughout the program including connection delays and changes in suppliers.

After the success of the VPP trial in South Australia, AGL is now expanding its VPP program and introducing it to new states. If customers already have a battery installed, they will be able to connect it to the VPP and in return, receive up to \$280 in credits over the first 12 months to their AGL electricity bill.

AGL's broader VPP rollout expands on what it has learnt in the SA VPP to date in terms of battery sales, installation and support, and VPP operation. Many of these insights have also been shared publically through ARENA reports (see [Principle 1.5](#)).

### 3.6 Implement solutions across the supply chain that: a. support energy connection, service and reliability that meets customers' needs; and b. resolve service issues that impact customers and the community

AGL is constantly looking for new and innovative approaches to overcome issues that face customers across the energy supply chain.

For example, to overcome customer complaints prompted by bills based on estimated meter reads, AGL introduced customer self-service meter reads.

First introduced by AGL in 2017 and now adopted as a rule across the market, self-service meter reads allow customers without a digital meter to submit a manual meter reading at any time and avoid the frustration of estimated reads.

Customers are able to immediately adjust a bill, provide a read to be used for billing, or receive feedback on costs incurred to date and projected billing.

The number of special meter reads AGL has requested from networks dropped by nearly 33% following this change, and complaint volumes also reduced. Self-service meter reads have since been more broadly adopted and are now required by regulation.

AGL is also developing solutions to assist in improving network reliability by developing demand response products with customers and projects such as the Dalrymple Battery project (see [case studies below](#)).

### Case study: Demand response initiatives

AGL participates in maintaining NEM reliability through its various demand response initiatives that have benefits across the supply chain (see also [Principle 2.3](#)). For example, AGL has a number of multisite customers on the TransGrid demand response program, which can provide 20 MW of load curtailment during the summer months, and a further group of multisite customers, which can provide 17 MW of year-round demand response for the ARENA funded Short Notice RERT program in NSW.

The TransGrid demand response program for the Powering Sydney's Future project has been established because some of the underground cables supplying the Sydney CBD and the inner south are reaching the end of their lives.

TransGrid is using the Demand Response provided by AGL's

customers to reduce stress on the cable network during the peak summer months, prior to a new cable being built. This is helping TransGrid defer the replacement of these cables without jeopardising supply to the Sydney CBD.

**Case study: Dalrymple Battery Project (BESS)**

AGL has collaborated with ElectraNet in a project, partly funded by ARENA, where AGL leases the ESCRI-SA Battery Energy System (BESS) from ElectraNet and operates it to provide competitive market services.

By leveraging the BESS battery during times of network pressure, the demand on the network is reduced and allows for increased flows on the Heywood interconnector.

The intention of the BESS is to provide a quick and cost-effective solution to ensure reliable access to electricity to the lower Yorke Peninsula region. It demonstrates how energy storage can strengthen the grid and improve reliability for the lower Yorke Peninsula in South Australia.

**ESCRI SOUTH AUSTRALIA BATTERY PROJECT**

The first large scale, grid-connected battery to be designed, built and operated in Australia. This sophisticated response to South Australia's power situation will provide grid stability in multiple ways.

- 1 Provides **fast-acting power response**, keeping grid in balance when things go wrong on the system (e.g. generators or transmission lines fail)
- 2 **Reduces constraints** on Heywood interconnector with Victoria (should place downward pressure on SA wholesale power prices).
- 3 **Improves supply reliability** by operating as micro-grid with Wattle Point wind farm and rooftop solar when main grid supply is lost.
- 4 Retailer operates battery under agreement with ElectraNet, providing **additional market services** without compromising security and reliability services.

30MW/ 8MWh utility scale lithium-ion battery

South Australian Government  
ARENA

**Dalrymple Battery Project**



# Principle 4

## We will improve the customer experience

### 4.1 Enable customers to get fair outcomes regardless of their ability or desire to participate in the energy market

AGL recognises that increasing energy prices and offers that are perceived to be difficult to understand and compare have eroded trust in energy companies. While some steps have been taken to resolve these issues, such as the inclusion of a reference rate and default offers, AGL recognises there is more work to be done to improve transparency, access, and customer participation.

#### Introduction of default rates

While a number of steps have recently been taken to improve customer outcomes, such as the introduction of default offers in Victoria and through NECF jurisdictions, AGL considers there is still more to be done in terms of rewarding customer loyalty.

A number of customers were contacted in June and July 2019 as part of proactive retention campaign inviting customers to take up AGL's best offer, and AGL will continue to monitor uptake of its products throughout FY20 as a result of these changes.

#### Safety net initiative

In 2016, as part of its *A Fairer Way* package, AGL announced automatic discounts in Victoria for concession customers on standing offers, and also contacted customers on standing offers, encouraging them to contact us to ensure they were on the best deal for their circumstances.

Through our *Safety Net* program, AGL is taking further steps to provide discounts for customers that have not switched from a standing offer.

The *Safety Net* means that more than 150,000 household and 27,000 small business electricity customers across Australia will have an automatic discount of between five and ten percent applied to their bill, depending on their location.

AGL has recently announced that from 1 September 2019, it will also be introducing a gas *Safety Net* program, comprising of automatic discounts for all residential and small business gas customers who have been on standing offers for more than one year.

The change means almost 140,000 residential and 6,000 small business gas customers on standing offers across Australia will receive a five percent discount to their relevant gas standing offer usage and supply charges.

AGL is also advocating for a reference rate for gas to better

support ease of comparison and fairer outcomes for customers.

#### Driving better outcomes through new technology

AGL has also taken steps to facilitate the uptake of new technology for customers; for example, by arranging for the installation of digital meters for customers and providing them with a range of channels for communications, payment, complaints, and information (see [Principle 4.2](#)).

We have also trialled a range of virtual products to address barriers to accessing technology, for example, by developing a Virtual Solar product, to address access issues where customers do not have the same opportunity to obtain benefits from distributed generation technologies.

While this particular product has had limited uptake, AGL has learned from feedback on the product related to payback periods and portability, which will be integrated into future innovative products that also seek to overcome physical barriers to access in the energy sector.

### 4.2 Empower customers by: a) making sure all communication is clear, in plain terms, accessible and understandable; b) providing insightful and useful information and accessible tools; and c) streamlining access to, and portability of, customer energy data

AGL provides a number of different channels for customers to receive information about their energy use, and continuously builds on the way it communicates with customers, striving to provide information that is accessible and understandable.

AGL conducts testing and collects customer feedback to ensure it is meeting customer needs; for example, we launched our *Here to Help* program in 2018 (see [Principle 5.1](#)), and the portal was updated with further improvements throughout the year based on the testing and feedback received. AGL's energy bills (see [case study below](#)) were developed in close consultation with customers.

Additionally, specific products and services have been developed with the aim of addressing circumstances faced by vulnerable customers, as detailed further in [Principle 5.2](#).

AGL has developed and is currently testing 'Easy English' versions of our energy efficiency guide and bill explainer to improve their accessibility.

These versions were prepared by Scope Australia, specialists in inclusion and assisting people with physical, intellectual and multiple disabilities to overcome barriers to participation. We are also exploring translations of some of our webpages into languages other than English.

### Digital tools

AGL worked with customers, industry groups and advocacy groups to create *Energy Insights* (see [case study below](#)).

AGL has developed the *AGL Energy App* to help customers manage their energy accounts. Customers can view ongoing energy usage and costs, as well as forecast bill amounts, making it easier to keep track of energy use and budget. If customers have a digital meter, they are able to track electricity usage and costs to date.

If customers have a non-digital meter, they can enter their own meter reads for more accurate billing. Customers are able to compare energy usage across different periods, view and download all their energy bills, check current account balance, make payments, and know when their next bill is due.

Feedback on the app can be provided by customers through *AGL Community* (see [Principle 4.3](#)), and AGL is regularly deploying app improvements in response to customer feedback.

### Case Study: AGL Business IQ

*AGL Business IQ* is an online tool that allows business customers view energy data and analyse energy performance in a customised way, as well as allowing who has access to this information and reporting.

Through Business IQ, customers can view historical data, make comparisons across sites, analyse hypothetical scenarios, create business reports, and estimate future electricity invoices.

However, AGL understands that the service is not well used by business customers and AGL is considering potential improvement opportunities.

While the current platform helps customers gain some insights, it has been identified as an area of potential opportunity by AGL’s business customers team in the future.

### Case Study: Energy Bill Development

In developing the design and contents of its energy bills, AGL ran stakeholder workshops and focus groups with customers and held in-depth interviews with business customers.

A detailed report of the qualitative findings, including suggested designs and placement of key sections of the bill, were then tested with energy consumers via a survey.

A principle focus in this redesign process, and in the development of all AGL communications, is that information must be clear and easy to understand.

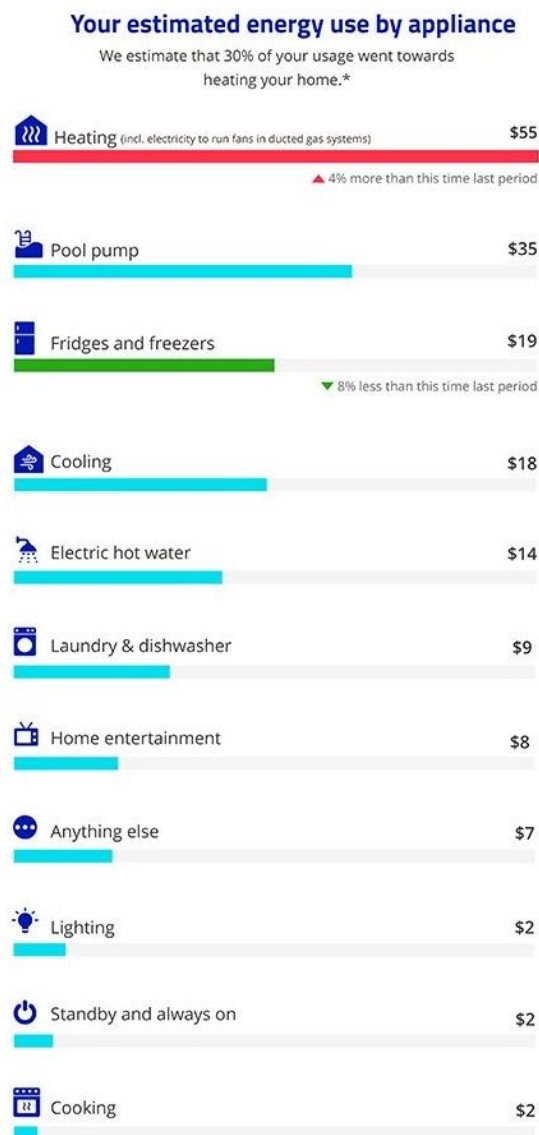
### Case study: Energy Insights

AGL developed *Energy Insights* to help customers take control of their home electricity costs and identify ways to save. The initial pilot of 3,000 Victorian smart-metered customers included surveys and feedback sessions to further refine the product which was launched in May 2018.

The platform uses smart meter data and algorithms to break down electricity usage to estimate how much is being used on heating, cooling, lighting, laundry, standby and more. This results in greater visibility of electricity usage (see [example below](#)), offering customers control over their costs.

AGL’s *Energy Insights* also provides customers with tips and information on ways they may be able to save on their electricity costs.

The tool was developed in response to customer feedback reflecting the need for greater visibility of usage cost. Over 300,000 customers now receive an *Energy Insights* report.





### 4.3 Ensure that innovation and design in products and services, as well as communication platforms and tools, are driven by customers' needs and preferences

As mentioned in [Principles 2.1](#) and [2.2](#), AGL has invested significantly in its *Customer Experience Transformation (CXT)* program.

#### Customer experience transformation

In 2016, AGL identified seven events that span the customer journey: 'Look and Choose', 'Pay a Bill', 'Solve a Problem', 'Engage with my Energy', 'Move House', 'I Can't Pay', and 'Manage my Account'.

The CXT program used these fundamental customer events as a guidepost to help create simple and useful digital tools and experiences that meet our customers' needs.

AGL's Customer Experience Team uses customer journey mapping to optimise the customer experience for products, services, and interactions with AGL, which includes visual representation of the process, needs and perceptions a customer has through their involvement with an organisation, and includes key data inputs such as sales numbers, speech analytics and customer satisfaction scores.

AGL also has a separate User Experience Team, which has set up a dedicated design and research lab to co-design, develop, and test products and services with customers.

Examples of the output from this program has been the *Energy Insights* platform and the *AGL Mobile App* both described in [Principle 4.2](#).

#### Digital engagement tools

In addition to utilising journey mapping and customer focus groups, AGL also uses the online [AGL Community](#) platform to allow customers to share ideas, feedback, and suggestions for the developments in future versions of AGL's products.

*AGL Community* is a moderated online forum, which provides a place for members or participants to search for information, read and post about topics of interest, learn from each other, share tips and experiences, and discuss topics relating to AGL and energy.

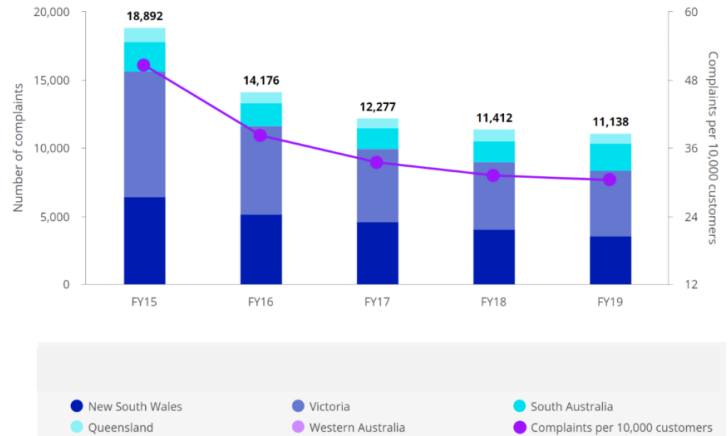
*AGL Community* has a range of FAQs, as well as moderated forums where customers can raise questions that can be discussed with by other customers or members of the community, or AGL staff.

There are specific sections of the *AGL Community* forum where customers can provide feedback on AGL products such as *the AGL Mobile App*, *AGL My Account*, and the *AGL Solar Exchange* product.

### 4.4 Have effective & accessible dispute resolution processes coordinated across the supply chain to resolve customer issues and implement improvements in response

AGL takes complaint resolution seriously, and complaint reduction targets (including Ombudsman escalation reductions), are included as a performance indicator for senior

management and reported on to executive levels of management and in AGL's [Annual Report](#). Ombudsman complaints have reduced year-on-year over the last five years (see chart).



AGL Ombudsman complaints

#### Dispute resolution processes

AGL's refreshed [Dispute Resolution Policy](#), effective from 1 July 2019, allows AGL to bring about a speedier resolution for any problems that may arise. Before lodging a formal complaint, AGL encourages customers to access frequently asked questions, as well as provide forums for discussion with other customers who may have asked similar questions or required similar support.

For example, AGL utilises the online *AGL Community* (see [Principle 4.3](#)) to facilitate dialogue regarding issues that may be facing a range of customers.

Where the above avenues do not meet customer expectations, customer disputes can be raised through AGL's Customer Solutions Team or via AGL's website.

AGL's customer solutions contact centre is available 24/7, which allows customer to call at a time that suits them.

AGL's move to a 24-hour contact centre was a major change that was aimed at improving customer outcomes for customers who did not have time during regular business hours or extended hours to raise concerns regarding their energy service.

AGL has also used innovative digital products to improve customer experience with an aim to reduce and avoid customer complaints.

For example, AGL's self-service meter read innovation (see [Principle 3.6](#)), which has since become a regulatory obligation across the industry, allows customers to provide a meter reading should their bill be unusually high, providing an effective tool for customers to have visibility and control of their electricity costs, and avoiding escalation to a formal dispute.

If a customer is dissatisfied with the way AGL has handled their enquiry, or if AGL has failed to meet a customer commitment, customers can escalate their issue to AGL's Dispute Resolution

Team via email or phone call.

While AGL has a focus on first-call resolution, customers are made aware of the availability of external dispute resolutions services through state-based Energy Ombudsman schemes on our website and through some forms of correspondence.

AGL provides its Dispute Resolution Policy and further detailed information about AGL's complaints handling process in its [Standard Complaints and Dispute Resolution Policy](#).

#### Specialised Dispute Resolution Teams

AGL's Dispute Resolution Team is a specialised team that manages resolutions for all AGL complaints including matters raised with an Ombudsman Scheme or Commission, the CEO, senior management, and situations which have a media or reputational risk. The Dispute Resolution Team also manage wrongful disconnection assessments, Tribunal and legal hearings.

The Dispute Resolution Team also works closely with network businesses and metering companies to resolve complaints involving service orders or meter reads.

For example, if there is an escalated complaint from a customer, AGL will seek to resolve up the issue with the

network company to try and facilitate a resolution on behalf of the customer.

AGL also has a specialised digital team that manages all webchat and social media responses at AGL. The digital team aims to provide effective solutions to serving customers online and improving the customer experience by leveraging digital capability.

AGL recognises the importance of collaborating with all stakeholders across the energy supply chain to achieve the best outcome for the customer.

Towards the end of 2017, AGL implemented a team whose key responsibility is to manage the ongoing strategic relationships with the Networks and Metering Coordinators. The team meets frequently with these stakeholders to continuously review performance, work through and resolve identified improvements and work together on opportunities for a better overall customer experience.

# Principle 5

## We will support customers facing vulnerable circumstances

### 5.1 Have processes to enable early identification of and engagement with customers at risk of vulnerability, coupled with intervention measures that can prevent customers falling into hardship

In January 2019, AGL began using a new tool that uses predictive analytics to proactively identify customers who may be experiencing payment difficulties.

The launch of this tool followed engagement with the Australian Energy Regulator and recognised concerns from consumer advocacy bodies, Ombudsman programs, and regulators that sometimes customers accumulate large debts before entering a formal hardship program.

#### Pre-emptive communications

Under the pre-emptive framework, once a customer has triggered two or more indicators of potential energy bill stress, AGL sends the customer a communication to raise awareness of the support options that are available.

The current indicators in use consider factors such as whether the customer has recently made late payments, broken a payment arrangement or received disconnection warning notices, whether they are a registered concession card holder and whether they have seen a material increase in consumption compared to the same time the year before.

The communication, which is delivered by mail or email depending on the customer's recorded preference, sets out a range of different avenues for accessing support including the *Here to Help* portal (see [case study below](#)) and *Staying Connected*, AGL's formal hardship program (see [Principle 5.2](#)). It sets out both web addresses and phone numbers for enquiring further.

Recognising the stigma that can surround accessing help or identifying as being under financial strain, the communication deliberately avoids the use of the term 'hardship'.

#### Current and anticipated customer outcomes

By proactively reaching out earlier and raising awareness of the support that is available, it is hoped customers will access support sooner and be better able to navigate periods of financial strain, potentially even reducing overall debt accumulation.

Tracking the actions of the 135,000 customers who have received the communication, we have seen that 58% have set up a short-term payment extension, 4% have onboarded to the *Staying Connected* program, 2% have set up bill smoothing, and 0.7% have applied for or registered a concession card.

Early indications are that this is also leading to slightly lower debt on entry to *Staying Connected* through a year-on-year comparison and this is a key metric that will be examined over

time. AGL is also looking at the possibility of using insights from observing customer actions in response to the communications (such as going online compared to contacting the call centre) to assess the effectiveness of communications and better tailor supports to these customers over time.

As reported in AGL's [Annual Report](#), *Staying Connected* customer numbers have increased over FY19 (see [chart below](#)), which we believe is partly attributable to these pre-emptive communications. However, total average debt across *Staying Connected* customers has decreased mainly due to AGL's delivery of debt relief and payment matching initiatives.



#### AGL *Staying Connected* customers and level of energy debt of *Staying Connected* customers

Pre-emptive communications are currently only operational in jurisdictions subject to the National Energy Customer Framework (NECF). However, AGL will be considering in FY20 whether we can extend the application of the tool to include Victoria now that other recent Victorian regulatory changes have been operationalised.

AGL will also continue to monitor the outcomes of AGL's pre-emptive communications.

#### Call centre training and scripting

In addition to pre-emptive communications, contact centre employee training and scripting is also designed to assist employees to pick up on details which may indicate a change in financial circumstances and potential financial vulnerability. For example, if the customer mentions the loss of a job, is calling in response to bill shock, or indicates a situation of family and domestic violence.

In these circumstances, frontline employees are trained to transfer calls to a specially trained team who can talk through the support available and, in the case of family and domestic violence, apply extra precautions such as privacy protection.

AGL fully supported the Victorian Royal Commission recommendation to develop training for employees and to include family violence as an explicit eligibility criterion for hardship programs.

More information on call centre employee training and improvement focus areas is set out in [Principle 5.3](#).

**Case Study: Here to Help**

AGL launched the [Here to Help](#) portal in 2018, with further improvements being made to the portal throughout the year based on customer feedback and testing.

Part of the motivation for developing a self-service portal was to make support options accessible even to those who are uncomfortable asking for help more directly. Using the portal customers are able to:

- identify concessions and rebates they are eligible for by undertaking a brief survey (including visual aids), and commence the application for Victoria’s Utility Relief Grant and Queensland’s Home Energy Emergency Assistance through the portal;
- set-up flexible payment arrangements, including one-off payment deferrals and bill smoothing by linking through to *AGL MyAccount*;
- connect with financial counsellors by direction through to ASIC’s *moneysmart* website;
- access energy efficiency tips, including a downloadable and printable guide;
- access information on *Staying Connected*, AGL’s formal hardship program; and
- build a personalised action plan, which can be emailed to the customer for future reference.

Since the launch of the portal there have been 85,000 unique customer visits to the portal, with approximately 55,000 action plans created, and approximately \$337,000 of government relief grants applied to customers’ accounts.

**5.2 Provide products and services that are tailored to customers facing vulnerable circumstances and support them to get back on track**

Over the past decade, energy prices and the price of other essentials such as housing and health services have risen much more quickly than underlying wages and income.

AGL recognises that this is putting increasing strain on household budgets and increases the importance of comprehensive and flexible support for customers facing difficulty paying their energy bill.

**Staying Connected Program**

AGL’s hardship program, *Staying Connected*, has been in place for many years and is also a requirement of the applicable regulatory regime in each jurisdiction.

AGL continues to trial new ways beyond the regulated minimum obligations to evolve the program and maintain customer engagement, reduce energy consumption, support financial sustainability, and improve the likelihood that the customer will successfully graduate from the program.

Customers on the *Staying Connected* program are supported with tailored payment plans, assistance accessing government concessions and rebates, energy efficiency advice, and direct access to free, independent and confidential financial counselling support through AGL’s community partners.

As detailed in [Principle 5.4](#), in some cases, AGL also provides access to home energy audits, appliance replacements and solar.

All customers entering *Staying Connected* are also recommended to take up a specific low-rate (no discount) energy product that does not depend on e-billing, direct debit or other conditions, and are not charged any late fees, dishonour fees, merchant service fees, over the counter fees or paper bill fees.

Debt relief and payment matching have also been trialed periodically. In August 2018, a \$50 million affordability package was announced which saw debt relief applied to \$23 million of



**Staying Connected - AGL's Hardship Program**

Staying Connected program provides confidential support that goes beyond traditional payment plans.



**Build an action plan**

Our online tool connects you with tailored financial assistance options.



**Prefer to speak to someone?**

Give us a call for assistance.

[AGL Here to Help Portal](#)

*Staying Connected* customer debt aged more than 12 months, and \$24 million in payment matching between September 2018 and December 2018.

This resulted in over 33,000 *Staying Connected* customers receiving support and over 6,000 customers who were able to graduate from the *Staying Connected* program. In addition, AGL offered a 50% debt settlement campaign to all *Staying Connected* customers in May and June 2019.

Despite these programs seeing a reduction in *Staying Connected* debt and *Staying Connected* customer numbers, AGL has observed a rebound effect to both numbers, reflecting the idea that debt relief and payment matching, while helpful, are not long-term solutions to underlying affordability issues.

While debt relief can be a helpful short-term measure for vulnerable customers, long term affordability issues will need to be addressed by considering measures which lower energy prices and lower energy consumption. In FY20, AGL is looking to make improvements in a number of areas.

#### Inactive customers

AGL is conscious that the hardship program is designed with a suite of supports for current customers. AGL recognises that there are customers with complex personal and financial situations who may leave AGL with ongoing debt.

In FY20, AGL intends to focus on the experiences of customers leaving AGL with ongoing debt and ensure debt recovery frameworks provide appropriate and consistent flexibility and support reflecting personal and household circumstances.

This responds to a high volume of escalations from financial counsellors surrounding inactive customers in vulnerable situations.

#### Debt relief packages and debt waivers

Approximately 65% of customers participating on AGL's hardship program are on payment arrangements that do not cover their ongoing consumption which means that debt continues to accrue.

Energy efficiency advice, home audits and appliance replacements seek to bring down the level of ongoing consumption, but debt waivers and payment matching schemes can provide more immediate relief and assistance in addressing debt.

For these reasons, AGL has received positive feedback from many customers on the impact of recent debt relief and payment matching programs. However, there have also been concerns raised regarding the 'stop start' nature of these programs which can make them unpredictable and create perceptions of winners and losers.

Community sector organisations have also raised the risk that customers will forgo other necessary expenditure to benefit from attractive time-limited debt settlement offers. This feedback will be reflected in the design of any ongoing debt relief and payment incentive programs.

#### Farmers Assist

In May 2019, AGL announced a \$2 million support package for drought affected farmers. The package includes subsidised solar systems to bring down energy bills over the longer term and immediate direct debt relief of up to \$1,500 per farming business.

AGL has worked with the National Farmers Federation, NSW Farmers' Association, QLD Farmers' Federation, NSW Irrigators Council, Grain Growers, and regional community groups in efforts to promote the program among eligible farming businesses, but to date only a small number of businesses have taken up the offer and we are considering ways to improve awareness and take-up.

### 5.3 – Provide flexible solutions that are easy to access and are provided by specially trained frontline staff with expertise in supporting customers who face additional barriers to engaging with the energy market

In addition to AGL's *Staying Connected* program detailed in [Principle 5.2](#), AGL recognises that some customers may be struggling with their energy bill but not yet to a point of seeking entry to the hardship program.

AGL therefore has a range of assistance measures to support its broad customer base:

- *Pay My Way* is a service which allows customers to make regular weekly, fortnightly or monthly payments towards their bills. Customers can choose their own payment amount and no collection action is taken on the instalments.
- *Promise to Pay* is an option which allows any customer to arrange a short-term instalment plan or once off deferral. The customer can arrange this through the call centre or directly through our *Here to Help* portal (see [Principle 5.1](#)), which is accessible by any customer.
- *AGL Essentials* is a generally available low-rate (no discount) energy product with rates locked in for 12 months, and *AGL Essentials Plus* is a generally available low-rate (no discount) energy product with a series of credits to reward loyalty (see [Principle 2.2](#)).
- *Easy English Guides* (see [Principle 4.2](#)) are basic English versions of AGL's energy efficiency guide and bill explainer to improve their accessibility. These were prepared by Scope Australia, specialists in inclusion and assisting people with physical, intellectual and multiple disabilities to overcome barriers to participation.
- *Multi-lingual translations* recognise that a large number of AGL's customer base speak English as a second language. For example, based on call centre interpreter service statistics, around 3,500 customers access translator services per month. AGL is currently working on translating key support material and webpages into top-used languages other than English, which it hopes to release in FY20.

#### Staff training

AGL has over 1200 call centre employees, with approximately 820 of those taking inbound calls. These are split between *Care*



agents, who are trained to take fewer complex calls and to identify instances where a call should be transferred to a *Resolution* agent.

All call centre employees are trained in the *CAPPAbility* methodology (*Connect, Assess needs, Present solutions, Present the close, Action next steps*), with a focus on agents taking more time in the *Connect* and *Assess* phase to ensure they understand the customers real needs. *Resolution* agents receive additional training to deal with more complex cases, including customers facing hardship or domestic violence, customers on life support, and calls related to Ombudsman complaints.

As well as training, additional support to call centre staff in addressing customer needs is provided through scripting, work instructions, and reference guides.

Despite existing employee training, scripting and other support materials and quality assurance processes, AGL has received feedback from some sections of the community of inconsistent experiences when attempting to seek hardship support through the call centre. This feedback has been received against an overall trend of increasing NPS and customers satisfaction ratings.

AGL takes all feedback seriously and will continue to focus on promoting a consistent experience for all customers and particularly those experiencing a period of vulnerability.

This requires a focus not just on call centre training but a holistic focus on the processes and systems in place to support call centre agents, who are also working in a high change environment following a number of recent regulatory reforms.

AGL also received some feedback on inappropriate referrals to financial counsellors through the National Debt Helpline, which prompted a scripting update and refresher prompt to front line employees. AGL will monitor this in FY20 to understand if it is addressing the issue.

### Case Management

In June 2019, AGL introduced a case management framework to explore more effective ways of maintaining customer engagement and support during participation on *Staying Connected*, our hardship program. The framework means that some customers will have a single point of contact within the *Staying Connected* team.

This will enable a case manager to develop a deeper understanding of the customer's circumstances and hopefully bring a familiarity which provides the customer greater confidence in making contact.

The case management framework is initially focusing on customers with more complex circumstances, for example where they have a high level of debt, have previously been in the *Staying Connected* program or where they have a high variance between ongoing consumption and payment levels.

Monitoring the effectiveness of this approach in improving customer engagement and outcomes will be a key focus in FY20.

### Financial Counselling and Energy Efficiency

As detailed in [Principle 5.4](#), AGL is also engaged in a series of community partnerships to provide financial counselling, energy efficiency audits and appliance replacements, solar, and

energy literacy outreach to vulnerable customers.

Representatives from AGL's Affordability team also regularly attend financial counselling conferences in different jurisdictions where AGL operates. In FY20, AGL will continue working with partners to understand the reach and impact of ongoing financial counselling relationships.

### Case study: Community Outreach: Bring Your Bill Days, Financial Counselling Conferences, *ConnectedEd*

AGL's Affordability Team also runs a program of community outreach throughout the year. In the six-month period to 30 June 2019, the team attended four Bring Your Bill days across NSW, Queensland and Victoria.

This provides an opportunity for customers to receive face-to-face advice on how to read their bills, eligibility for and access to concessions, as well as energy efficiency.

These days are often hosted in disadvantaged regional areas in venues like community legal centres, with many customers seeking assistance being of culturally and linguistically diverse (CALD) backgrounds. AGL sends customers an SMS to inform them of the event, inviting them to come along and ask any questions.

In early July, members of the Affordability Team also participated in a *ConnectedEd* session run by Uniting Communities in South Australia. This session was designed to provide information about energy retailers, financial counsellors and how to reduce energy consumption to CALD communities.

To enhance the effectiveness of communications, four interpreters translated the presentations in real time, conveying the information to the different ethnicities present. AGL sees the value in its people participating more in the community – not only to provide better access to advice – but also to improve understanding of the diverse communities it serves.

In FY20, AGL is focused on exploring further opportunities to deliver community-based energy literacy with partners such as Uniting Communities who have the trust of the communities they serve.

### 5.4 – Take a collaborative approach, partnering across the energy supply chain and with government and community service organisations to implement innovative solutions that improve outcomes (affordability or experience) for customers facing vulnerable circumstances

AGL understands the importance of collaboration in the support of customers facing vulnerable circumstances and recognises that addressing hardship and achieving energy affordability is a shared responsibility between industry, government, community and consumer organisations.

In particular, AGL recognises that community sector organisations are trusted by customers. They provide independent and expert support services and can assist customers in environments and languages with which they feel familiar and comfortable.



Where government programs involve a funding element, collaboratively matching those contributions and co-funding can increase the impact of the program.

### Financial Counsellor Partnerships

AGL recognises that customers facing difficulty paying energy bills are also likely to be facing other personal and financial pressures.

Since 2016, AGL has had partnerships with financial counsellors in each jurisdiction where it operates to provide AGL customers with direct access to independent, confidential and holistic financial counselling services. Although this takes some pressure off other community financial counselling services, AGL continues to rely on those services where the need from AGL customers exceeds agreed partnership volumes.

Of customers referred to one of AGL's financial counselling partners, approximately 25% attend an appointment.

Working with financial counsellor partners, AGL is seeking to better understand how to support customers in attending appointments, while also respecting customer autonomy in determining the support they choose to engage.

### Energy efficiency and solar deployment

AGL recognises that bringing down energy consumption can assist in achieving a more sustainable energy spend for customers.

We continue to participate in a number of community and government partnerships to deliver energy efficiency advice, energy efficiency improvements, appliance replacements and solar installations for customers participating on *Staying Connected*.

The involvement of community and government partners is particularly important in engendering trust in these programs given they involve an intrusion into the customer's home environment. Current ongoing partnerships or projects include:

- **A home audit and appliance replacement program in partnership with Uniting Communities in SA:** This partnership has been in place since 2017 to support South Australian customers participating on *Staying Connected*. The service is available to all *Staying Connected* customers within a 70km radius of the CBD and to date AGL has provided over 500 audits and appliance replacements for eligible customers.
- **A co-funded partnership with NSW Office of Environment and Heritage for the installation of solar on community housing in Dubbo and Western Sydney:** Over 40 solar systems have been installed to date, with approximately 200 to be installed across the program. After the installation, customers will also receive a home visit from Kildonan Uniting Care to learn how to use the system to best effect. AGL is working on a framework to measure outcomes from this program.
- **A co-funded partnership with Sustainability Victoria in the Latrobe Valley enabling the installing of up to \$4500 worth of solar or other energy efficiency upgrades for customers participating on *Staying Connected*:** To date, over 60 customers have been recruited into this program, with over 40 retrofits

complete or in progress. Participating customers will also be offered a financial counselling appointment. AGL is working with Sustainability Victoria on a framework to measure outcomes from this program.

AGL is also currently exploring opportunities to introduce a national home energy audit and appliance replacement scheme in FY20.

### Case Study: Energy Literacy Workshops

In mid-2018, AGL announced \$6 million in funding for energy literacy and affordability initiatives. This is a revitalisation of an earlier affordability initiative which ran in the preceding three years.

To complement AGL's own perspectives on valuable initiatives to allocate the funding towards, a series of workshops were held across Victoria, New South Wales, South Australia and Queensland to gather perspectives from consumer advocates and other community sector organisations that regularly deal with customers facing disadvantage and exclusion.

These workshops elicited ideas both on how to allocate the available funding, as well as suggestions for more general ways in which AGL could improve our support for customers facing a period of vulnerability. These workshops have informed a number of immediate operational improvements, as well as the allocation of funding for the remainder of the program.

AGL will be developing further programs using this funding through FY20 seek to collaborate with the community sector where possible and ensure program outcomes are measured.

### Case Study: Thriving Communities and the One Stop One Story Hub

AGL is a founding partner of the Thriving Communities Partnership, a cross-sector collaboration with the goal that everybody has fair access to the modern essential services they need to thrive in contemporary Australia.

Through its affiliation with the Thriving Communities Partnership (TCP), AGL provided seed funding in 2018 to explore the development of a **One Stop One Story Hub**.

The vision for the Hub is a single-entry point to access all vulnerability support services across private, public and community based organisations. AGL continues in close conversation with TCP on this initiative.