

28 February 2022

General Manager – Strategic Policy and Energy Systems Innovation Branch
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001

By email: ConsumerPolicy@aer.gov.au

Customer Vulnerability Strategy Submission

Aurora Energy welcomes the opportunity to provide feedback on the Australian Energy Regulator's (AER) Customer Vulnerability Strategy (Strategy).

Aurora Energy has a long history of undertaking beneficial and proactive actions to assist vulnerable customers. This is demonstrated by Aurora Energy's rigorous implementation of hardship initiatives in its Your Energy Support Program as well as digital based billing and account management solutions. Aurora Energy continues to be a strong and consistent advocate for protecting customers experiencing vulnerability.

The vision outlined by the AER to underpin the Strategy is supported by Aurora Energy and considered an important step in guiding future AER decision making processes to aid and protect customers experiencing vulnerability.

Aurora Energy has reviewed the overarching outcomes outlined by the Strategy as well as the objective pathways. The following key points of feedback are proposed for the AER to consider as it develops the Strategy:

- Encourage and enable retailers to provide innovative solutions that go beyond the core regulatory framework and provide benefits to vulnerable customers without additional regulatory burden;
- Ensure measures of success for both the AER and market participants are targeted, relevant to each participant and not punitive in nature; and
- Utilise the consumer voice and lived experiences to introduce guidance on how to identify and implement language and actions that are mindful of the circumstances facing vulnerable customers.

Further commentary on the above three points is provided in Annexure 1 to this letter.

Yours sincerely

A handwritten signature in black ink, appearing to read "Oliver Cousland".

Oliver Cousland
Company Secretary / General Counsel

Annexure 1 – Detailed Submission to Customer Vulnerability Strategy

1. Encourage and enable retailers to provide solutions that go beyond the core regulatory framework without additional regulatory burden

Aurora Energy notes that the National Energy Customer Framework (NECF) and AER instruments provide a mature rules based approach to supporting vulnerable customers that has been well examined since the introduction of the NECF in 2012.

However, it is when retailers act beyond the core regulatory framework that a comprehensive and tailored level of support can be provided to customers in need. This has been Aurora Energy's experience in how it delivers a range of actions that are in addition to the NECF, including:

- A \$5M COVID support fund that has provided support to residential and small business customers impacted by the pandemic.
- The establishment of aurora+, a digital based solution that provides enhanced visibility and bill management functions which has been particularly valuable to customers facing hardship.
- The delivery of full quarterly bill relief for small businesses during the height of the pandemic.
- Support for vulnerable businesses through Aurora Energy's Industry Support Payment, delivered throughout 2021.
- Participation in the Energy Charter as a founding signatory.
- A 'TasCollab project' that bringing together Tasmanian Council of Social Services, Tasmanian energy businesses, community partners and impacted Tasmanians to develop a collective voice with strength and influence to support Tasmanians living on inadequate incomes.

These actions demonstrate the capacity and willingness for retailers to take action on distinct issues without the direction of regulatory frameworks. Retailers are in an ideal position to understand the needs of their customer base as well as the timing and structure for how best to respond to these needs. An overly prescriptive approach or a framework that sets defined expectations for how to extend protection and benefit to vulnerable customers may disincentivise or even prohibit retailers from providing the best solutions at the right time. Additional obligations that are broad based not only have the potential to lack impact they are likely to add to the existing regulatory cost base.

When finalising and embedding its Strategy to support vulnerable customers, the AER is encouraged to consider that a one size fits all approach is unlikely to provide an optimal outcome for a National Electricity Market that is populated with customers in jurisdictions with distinct differences and serviced by a range of market participants with varying capabilities.

Where solutions are identified that may provide benefit, these can be explored and trialed in the context of their application to retailers who operate in all NEM jurisdictions. Whilst adopting mechanisms from regions with high competition and multiple retailers can lower the overall impact of increased regulatory costs it does disadvantage retailers who do not operate in all NEM jurisdictions. In this context, the proposal under Action 3 to adopt the Victorian Payment Difficulty Framework (PDF) has merit but the AER should consider examining the PDF for its benefit to all NEM customers and in regards to the capacity for all NEM retailers to deliver.

The AER should also have regard to the potential for its Strategy to duplicate other mechanisms in place. The Energy Charter is a voluntary, industry and customer led whole-of-sector initiative to address customer expectations. Its principles and objective are broadly similar to those of the Strategy proposed by the AER. It is already a well-developed community with engagement across the Australian energy sector and targeted initiatives exploring practical changes to bring benefits

to customers experiencing vulnerability. With the AER holding direct compliance and enforcement powers over market participants, it should be mindful of how it progresses its Strategy in order not to duplicate, replace or reduce the work of bodies such as the Energy Charter.

2. Ensure measures of success for both the AER and market participants are targeted, relevant to each participant and not punitive in nature.

It is important that in developing and applying the Strategy there is the ability to measure its effectiveness. This will not only enable future improvements but will also ensure it stays relevant to be broader NEM as well as its application across AER decision making processes.

Whilst there may be an inclination to adopt a standard performance measure based approach, this will likely result in two outcomes - firstly the creation of additional regulatory burden and cost, and secondly, broad based indicators are unlikely to reflect the characteristics of each retailer and the markets they operate in. In this context, Aurora Energy does not support the extension of the AER Retailer Report cards as per question 11 in the Strategy.

Aurora Energy recommends that the AER take a principles based approach to measuring its overarching outcomes that has regard to existing reporting data in equal measure with qualitative assessments of the success of the Strategy across different markets and participants. This will enable adjustments to be made for distinct differences such as:

- The differing socio economic factors in each jurisdiction.
- Environmental factors such as weather, geography, location and prevailing heating sources.
- The rates of progression in the rollout of advanced meters.
- The differing structures of price regulation across jurisdictions.

Tasmania is distinct on all these factors which has led Aurora Energy to take its own actions in addressing customer vulnerability. How retailers respond and deliver support will produce different outcomes and these are not always most accurately portrayed on broad indicator basis.

3. Utilise consumer voice and lived experiences to introduce guidance on how to identify and implement language and actions that are mindful of the circumstances facing vulnerable customers.

Aurora Energy is supportive of the AER bringing customer interests, voices and outcomes to the forefront of its work. In doing so it is important that the AER considers the language and actions that are utilised when managing vulnerable customer issues.

Feedback to Aurora Energy throughout its community engagements is that communication style, timing and tone can have an important impact on producing successful engagement for consumer issues, both at the regulatory and policy levels as well as in one-to-one engagements with customers. For example, insights on the term vulnerable have suggested, that while broadly acceptable, it can in itself be problematic if used in ways that disconnect people from the circumstances that led to their vulnerability (noting these are very often systemic) or without regard for individual impacts.

Language is considered optimal when it is humanised, thoughtful and specific to the circumstances it is related to. Aurora Energy recommends a review of the terminology and approach to engaging customers form part of its Strategy delivery.

As part of Objective Four and its intent to use the consumer voice and lived experiences to inform regulatory design and change, it is recommended the AER seek to mitigate barriers to engagement, with a focus on enabling participation from advocates and consumers who can represent and explain challenges such as lack of education, language skills and mobility.

Aurora Energy notes that under the TasCollab project a 'Community Voice Partnership Program' has been established and will be supported by 'Community Voice' partners that hold a diverse range of lived experiences related to disadvantage. That is, real life people providing actual experiences in regards to specific changes that affect them. Aurora Energy supports the consumer voice providing a lens for not only AER decision making but also as an input to the AER's participation in future market design.