

# Customers

Effective and trusted relationships with residential, small and large business, and wholesale customers.



### Affordability, fairness and simplicity

AGL operates in a highly competitive retail environment. We are focused on delivering a consistently superior customer experience that meets the changing needs of our customers and generates long-term value.

#### Strategic context

As one of Australia's largest energy retailers, we put our customers at the centre of our decision-making. In this period of high energy prices, policy uncertainty and technology transition, we recognise that building and maintaining the trust of our customers is essential.

We are focusing on developing products and services that minimise customers' energy costs and improve the transparency and clarity of their energy bills. We understand that energy costs can comprise a significant component of individuals' and businesses' expenses and proactively assist our customers to be on the most appropriate energy plans to meet their needs (see trade-offs on page 13). In an effort to help relieve cost of living pressures for as many customers as possible, over FY19 AGL delivered lower standing offer electricity prices for residential and small business customers in all markets, led the market with our expanded scheme to reward our loyal standing offer customers with automatic discounts, and expanded the debt relief available to customers on our Staying Connected hardship program through a \$50 million debt relief package.

AGL is committed to building customer advocacy. Our participation in the Energy Charter represents a commitment from energy businesses across the supply chain to progress the culture and solutions required to improve outcomes for all customers – residential, small and large businesses alike.

We are 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. We have made significant capital investment over the past three years through our Customer Experience Transformation program, delivering an enhanced digital experience for our customers.

Our focus on 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, including bringing to market residential battery offerings, expanding our view to consider e-mobility more broadly, and utilising smart home and energy efficiency technologies that aim to leverage the convergence of data and energy.

Customer accounts:

2.3 m

Electricity

1.4 m

Gas

3.7 m

Total

### Creating value

Building trusted customer relationships	KPI	FY19	FY18	FY17	FY16	FY15
Our key customer metric is Net Promoter Score (NPS). AGL's NPS has improved significantly over FY19 to the highest level we have obtained since using this measure, with customers reporting more positive perceptions of the AGL brand as being one they can trust, and rating AGL's services and prices more favourably than in previous years. It also reflects positive consumer sentiment towards the energy industry more generally relative to past years, when negative media coverage was more prevalent.	Customer Net Promoter Score (NPS) 	-11.1	-22.5	-18.1	-18.2	-25.4
Our Ombudsman complaints have reduced by around 2% in the past year. This is largely due to a reduction in complaints related to connections and credit issues, following improvements to meter installation timeframes and to our processes for communicating with customers about credit and collections issues.	Ombudsman complaints 	11,138	11,413	12,277	14,176	18,892

Energy affordability	KPI		FY19	FY18	FY17	FY16	FY15
<p>Staying Connected customer numbers have increased this year through both proactive engagement with and early identification of hardship customers. AGL has increased support mechanisms for potential hardship customers and has noticed a greater awareness of AGL's Staying Connected program.</p> <p>Both total average debt across AGL's mass market portfolio and AGL's Staying Connected customer debt have decreased, mainly due to AGL's delivery of debt relief and payment matching initiatives, and the introduction of proactive communications to customers who may be in financial hardship.</p>	Number of customers on Staying Connected		30,083	26,657	31,463	39,366	22,016
	Average level of debt of customers on Staying Connected	●	\$2,301	\$2,502	\$2,171	\$2,255	\$2,109
	Total average debt across mass market customer portfolio	●	\$331 <sup>1</sup>	\$501	\$438	\$422	\$396

1. During FY19 AGL updated the methodology used to calculate total average debt across mass market customer portfolio to incorporate all AGL customers rather than just those with debt.

Growth in customer numbers through innovative products and services	KPI		FY19	FY18	FY17	FY16	FY15
<p>AGL continues to face intense competition in the retail market, with consistently high levels of customer churn.</p> <p>However, our customer account numbers have increased by 1.8% over the year. Consumer electricity accounts have increased as a result of customer growth in New South Wales and Victoria, while increases in consumer gas accounts have largely been driven by customer growth in Western Australia and Victoria.</p> <p>We also saw a 7% increase in large business customer accounts in FY19 to around 16,000 accounts.</p>	Customer accounts	●	3,708 m	3,641 m	3,653 m	3,681 m	3,735 m
	Customer churn	●	17.6%	18.9%	16.4%	15.7%	14.9%

## Legend

- Improving trend and/or satisfactory outcome
- Neutral trend

- Deteriorating trend



KPI linked to remuneration outcomes for CEO and Key Management Personnel (page 58)

## Key relationships and trade-offs with other Business Value Drivers



There is a direct relationship between the Customers and Systems & Processes Business Value Drivers reflected in AGL's significant investment in digitising its customer service and analytical capabilities via the Customer Experience Transformation program during FY17-FY19 to deliver stronger customer products and relationships. For example, this investment has enabled AGL to deliver real-time analytical data to customers through Energy Insights, a product that gives customers greater control to manage their energy by providing them with an estimated breakdown of their energy use by appliance category.



AGL is balancing the Customer, Finance and Communities & Relationships Business Value Drivers to help customers select the most appropriate energy plan to suit their needs, even when doing so may reduce revenue. For example, we are making progress transitioning our electricity customers to market offers from standing offers, which at 30 June 2019 accounted for just 3% of all electricity customer accounts. AGL also helps customers in financial hardship gain access to guaranteed discounts, payment plans and other support services via the Staying Connected program.



There is a direct relationship between the Customer and Communities & Relationships Business Value Drivers, as evidenced by the way in which we are collaborating across the energy supply chain for the benefit of customers in progressing the Energy Charter. The Energy Charter is of benefit to our customers and in turn, the collaborative approach we are taking with other participants across the energy supply chain leads to a broad recognition of the need for the energy industry as a whole to adopt a more customer-centric approach.

## Beyond FY19

AGL is committed to driving the cultural change that is needed to build the increased trust of our customers. We recognise that customer needs and expectations are increasing and evolving. There has been a convergence of a number of technology disruptors across transportation, power generation and traditional utilities, which applies to both residential and business customers. The convergence of energy and data creates an opportunity for AGL to position itself as a trusted and preferred partner of the connected customer.

## More information

Historical data on various customer indicators from FY15-FY19 (including energy volumes sold, and consumer and business markets by state and fuel type) is available at [2019datacentre.agl.com.au](http://2019datacentre.agl.com.au).

The Energy Charter, to which AGL is a signatory, is available at [theenergycharter.com.au](http://theenergycharter.com.au).

# Communities & Relationships

The strength of working relationships with key stakeholders; our brand and reputation.



## Licence to operate

AGL recognises that community trust in institutions, including energy companies, is low. By making it a strategic priority to build and maintain our social licence we are demonstrating our commitment to driving the cultural change necessary to gain the increased trust of our customers and the community, which, in turn, is needed to deliver long-term sustainable value for our shareholders. Managing our licence to operate enables us to pursue our growth agenda and requires a commitment to transparency and investment in the community.

## Strategic context

AGL strives to make a net positive social, economic and environmental contribution to the communities in which we operate. A wide variety of people and groups are interested in, or affected by, the decisions that AGL makes. We proactively engage with our stakeholders on relevant issues in ways that are most appropriate to each group. We understand that the current state of energy market transition and policy uncertainty can lead to challenges, and we consider it important to understand the different views and perspectives held by our stakeholders.

We undertake 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. This is important to enable us to prioritise areas requiring improvement.

Engagement with local communities in the context of projects such as our power generation assets, energy storage assets and development projects, is particularly important as it ensures that community members receive timely and transparent information and have an avenue through which to raise concerns. We conduct regular sentiment surveys in the Latrobe Valley, our largest power generation asset community, and are expanding this work to the communities of our other large power generation assets to understand the issues of importance to them, including their attitudes towards the local power industry and their views on energy transition.

As a supplier of an essential service we have a responsibility to engage openly with governments at all levels in relation to energy and related policies. In a highly regulated industry such as the energy industry, government decisions have a significant influence on the way we source, produce and price energy and energy-related products, and the way in which we interact with and support our customers.

Engagement with our supply chain is also becoming increasingly important, particularly in light of recent federal and New South Wales government modern slavery legislation. We are focusing on improving our procurement framework and supplier assessment processes to ensure that we have an ethical supply chain. This not only protects vulnerable parties that may otherwise be prone to be taken advantage of, but in addition protects AGL's brand and reputation.



## Creating value

Measuring our reputation	KPI		FY19	FY18	FY17	FY16	FY15
AGL's Reprtrak score declined since FY18. The drop in AGL's reputation over the past year has been driven by declining scores on three important dimensions of reputation – leadership, workplace and citizenship. This decline in reputation was consistent with scores across the energy industry as a whole.	Reprtrak score	●	61.7	64.0	58.4	60.8	59.1