Our customers are at the heart of everything we do. We’ve launched a customer transformation program to sharpen this customer-centric focus, better anticipate our customers’ needs, and engage with them where and how they want, on their terms.

We have one of Australia’s largest retail energy and dual fuel customer bases, retailing natural gas, electricity, solar PV and related products and services to over 3.6 million residential and small business customer accounts throughout Australia.

Building customer advocacy is one of our two strategic imperatives. We’re moving from being a mass retailer to a personalised retailer – using smarter solutions, technology and service to empower our customers.

This section focuses on:

- **Customer experience**: We operate in a highly competitive retail environment, and we are focused on delivering a consistently superior customer experience that generates long-term value.

- **Energy prices and affordability**: We understand that energy bills can contribute to the financial difficulties that some of our customers face. We work collaboratively with a range of community and customer stakeholders to provide targeted, effective support.

- **Distributed energy services**: We recognise that to remain competitive in the changing energy landscape, we must innovate and focus on creating a broader suite of energy services for customers, such as solar, storage, demand management services and digital meters.
## Customer experience

**Provide a superior experience that meets the needs of our customers**

<table>
<thead>
<tr>
<th>FY17 target</th>
<th>FY17 performance</th>
<th>Status</th>
<th>FY18 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Promoter Score¹: Improvement in average annual NPS score compared to FY16¹</td>
<td>Net Promoter Score¹: -18.7, higher than the FY16 score of -19.8</td>
<td>Met</td>
<td>Net Promoter Score¹: Improvement in average annual NPS score compared to FY17¹</td>
</tr>
<tr>
<td>RepTrak reputation ranking: Within the top 30 companies in Australia¹</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### In August 2016, we launched a $300 million customer experience transformation program, designed to deliver our customers an industry-leading digital experience.

This program has been established to deliver an improved end-to-end energy experience for customers, making it easier for customers to engage with their energy, providing peace of mind and convenience. The program is focused on solving customer pain-points and generating new, transformative ideas with leading digital experiences.

We have continued to focus on improving our customer satisfaction throughout FY17, by enhancing our communication channels to make it easier for our customers to interact with us. We’ve also launched a number of innovative and customer-focused product and service offerings. We operate in a highly competitive retail environment, so improving our customer experience remains a core part of delivering on our strategy. Our Customer Charter provides clear standards of service that customers can expect from us on key issues impacting their energy accounts.

Our average annual net promoter score (NPS) and our average annual customer satisfaction score both improved compared to FY16, with NPS increasing to -18.7 from -19.8, and satisfaction increasing to 7.28 from 7.26. Visit our data centre to view our current and historical performance.

We monitor a range of indicators of customer satisfaction to develop strategies to enhance our interface with customers and to continuously improve our product, service, and experience offerings. Visit the data centre to view or download information on the following topics:

- Customer satisfaction score
- Net promoter score
- Ombudsman complaints
- Customer churn rates
- Wrongful disconnections

The data centre also contains a breakdown of our customer numbers by location and fuel type.

### Improved billing and account management

During FY17, we have been focusing on making it easier and more convenient for customers to manage their accounts, personalise their experience and pay their bills. We’ve delivered a redesigned look and feel across our digital channels, creating a more appealing customer experience. Key initiatives rolled out in FY17 included:

- **My Account:** In FY17 we launched ‘My Account’, offering upgraded self-service options for customers using AGL Energy Online. My Account provides a positive experience for customers, offering improved visibility of their gas and electricity use (especially for customers with basic (quarterly read) meters). We migrated AGL Energy Online customers to My Account, with nearly 750,000 users as at the end of June 2017.

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This information is included in an interactive online report at [http://agl2017.reportonline.com.au/sustainabilityreport](http://agl2017.reportonline.com.au/sustainabilityreport). Visit this website to access the full FY17 Sustainability Report, sustainability data centre and other online features. This report is subject to the [important information](https://www.agl.com.au) statement which is also available on this website.
• **One Minute Move**: Launched in May 2017 to our Victorian residential customers, we are progressively rolling out One Minute Move, allowing customers to quickly transfer their existing plan, billing and account settings when they move to their new premises.

• **Solutions capability**: We have introduced a framework incorporating credit collections and customer service guidelines, accounting for individual customer needs and tailoring appropriate payment options.

• **Billing experience enhancement (BEES)**: BEES is a continuous improvement project designed to streamline our billing processes and ensure that bills are delivered accurately and on time to all our customers. During FY17, the project led to improvements in estimated meter reads, especially in relation to how estimated reads are applied to customers with monthly billing and/or bill smoothing. Enhancements to bill smoothing have provided customers with greater control and additional payment options. More regular bill smoothing reviews will be aligned with individual bill cycles, allowing customers to better manage their accounts. In parallel with the BEES project, we have continued to advocate for metering reform. To learn more see the energy prices and affordability section.

• **AGL App**: We have expanded the features and improved the functionality of our free AGL App to provide better tools for our customers. We have introduced PayPal as an option for paying bills, and customers are now able to view their billing history. We have also incorporated an alert tool which makes it easier for our customers with digital meters to monitor their energy usage, set usage alerts to stay on track with their energy usage, and predict how much their next bill will be. There has been an overall growth in downloads of the AGL App, and by the end of FY17, we've had over 300,000 downloads, with more than 40% of users accessing the App in any given month.

• **Usage alerts**: We are also piloting proactive usage alerts for customers whereby we advise them via email of changes in their energy use patterns and/or sends them a mid-bill update so customers feel more in control of their energy use, and can manage it accordingly.

• **Pre-due SMS**: We introduced SMS reminders for customers, which are sent three days prior to the due date of the bill. This allows our customers to better plan and manage their bill payments.

These initiatives helped drive increased use of digital self-service channels over FY17, with an average of 150,000 active My Account users per month (up from less than 120,000 in FY16). Online transactions have also increased, with a 44% growth in online sales and retentions compared to FY16.

**Engaging with our customers**

We offer a range of options for customers to communicate with us, including:

• **Social media**: We have a team dedicated to engaging with customers over social media platforms. We have seen an average increase of 45% per quarter in engagement across our Facebook, Twitter and AGL Community pages during FY17, and we have responded to over 16,000 comments and online feedback. Satisfaction from customers communicating via these channels is high, and as at June 2017 was 79%.

• **Customer surveys**: Feedback from our customers is invaluable for informing decision-making to improve our business. In FY17 we increased opportunities for our customers to provide feedback by expanding our existing after call, email, digital and social media surveys to include more of our customer contact channels. We receive more than 80,000 responses each month in total, and by providing customers with more diverse ways to share their views, this in turn provides us with more opportunities to deliver an improved customer experience, and products and services that are better aligned to our customers' needs.

• **Direct customer feedback**: We also seek feedback from our customers through our Face-to-Face program. During FY17, we hosted lunch events for a group of Seniors Card-holder customers in Victoria and New South Wales, to launch our Seniors Card Partnership Program in both states. Through the conversations that took place over lunch between customers and our employees, we gained valuable insight to our customers' experiences, and identified opportunities to improve the clarity of our bills, and enhance online self-service options.

• **The AGL Community**: This online forum enables customers to use crowd-sourced as well as AGL-curated content (i.e. traditional FAQs) to find answers to their questions quickly.
During FY17, we revised and relaunched our Feedback and Complaints Management Framework. The framework outlines our commitment to efficient, effective and consistent management of customer feedback and reflects our core vision, strategic objectives and business value. The framework includes twenty principles that we aspire to, and covers all customer interactions by all parts of our business. The framework ensures that complex matters are referred immediately to more experienced agents so that complaints can be escalated and resolved more quickly. This has resulted in a 13.4% reduction in ombudsman complaints from FY16.

**Customer data and transparency**

We believe that our customers should be provided with easy access to their own consumption data, and that our customers should retain direct control over who is permitted access to their data (other than regulated entities for market settlement and other regulated purposes). We also recognise that the ability to harness insights from customer's data drives product and service innovation, which is in our customers' best interest.

During FY17, we formalised new Data Policy Principles:

- We are committed to managing customer data lawfully and responsibly, and to protecting its unauthorised access.
- We will provide customers (and their authorised representatives) easy access to their energy consumption data.
- We will continue to develop products and services that enable customers to ‘make sense’ of their energy consumption data and better monitor and manage their energy use.
- We will use customer insights obtained from data to create innovative products and services for customers that will enhance the customer experience.
- We operate as a custodian of customer data and will ensure that customers retain control over who else is permitted access to that data (other than regulated entities for market settlement and other regulated purposes).
- We are committed to responsibly engaging with all our stakeholders (customers, investors, communities, policy-makers and employees) to ensure that our business, and the broader energy industry, continue to collect, use and protect customer data in a manner that is consistent with community expectations, and is in the best interests of customers.

Further information including about how we comply with our legislative requirements can be found in the AGL Privacy Policy, the *legislative compliance* section and the *ethical conduct* section.

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1. Average of four quarterly measurements.
2. The average of the net promoter scores achieved over each quarter of FY16 was -19.8.
3. The average of the net promoter scores achieved over each quarter of FY17 was -18.7.
5. Measured as the average score provided by customers, when asked to rank their level of satisfaction using a set 1-5 (AGL Community) or 1-10 (AGL Social Media) scale.
6. Customer data means: (a) Personal Information of any AGL customer within the meaning of the Privacy Act (Cth); (b) metering data within the meaning of the National Electricity Rules collected from, or generated by an electricity consumption meter.

**Related Information**

AGL Customer Charter
AGL Dispute Resolution Policy
Customers

Energy prices and affordability

Energy prices and affordability
Provide affordable energy solutions for our vulnerable customers.

<table>
<thead>
<tr>
<th>FY17 target</th>
<th>FY17 performance</th>
<th>Status</th>
<th>FY18 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivery of commitments under the Affordability Initiative: 100%</td>
<td>Delivery of commitments under the Affordability Initiative: 100%</td>
<td>Met</td>
<td>Develop a Social and Economic Inclusion Policy</td>
</tr>
</tbody>
</table>

Energy regulation and pricing
We continue to be a strong supporter of price deregulation because competition delivers innovation and improved consumer outcomes. During FY17, deregulated retail energy prices were in place in all States that we operate in except New South Wales (gas) and parts of north and western Queensland (electricity). Electricity prices in south east Queensland were deregulated in July 2016. New South Wales gas prices were deregulated in July 2017.

In July 2017, we increased electricity and gas prices for our residential and small business customers in New South Wales, South Australia and Queensland. The price changes vary by state, and bill impacts depend on a customer's tariff type, usage, and their existing energy plan. The average price increase (including GST) across AGL's residential electricity customers is estimated at $5.70 per week in New South Wales, $2.00 per week in Queensland (in the Energex area), and $6.70 per week in South Australia.

Any decision to change prices is based on a detailed consideration of a range of factors including costs, market conditions and the value we offer customers. In this instance, retail electricity prices have risen because of significant recent and forecast increases in wholesale market prices. The wholesale price of electricity has increased, largely because of the closure of ageing, low cost, coal fired generators, high gas prices and limited gas availability for gas fired generation, and an uncertain policy environment impacting investment in new capacity. Increases in residential gas prices reflect the high wholesale gas prices, and the limited availability of gas on the east coast of Australia.

We understand that energy bills can comprise a significant proportion of some households' living expenses. That's why we have implemented a range of cost reduction measures to ensure that any price rises are as low as possible. We understand that sustainable energy market deregulation is only possible if customer affordability issues are properly addressed. We have been a proactive industry leader in this area, launching our comprehensive Affordability Initiative in December 2014. Our Affordability Initiative is a program of work through which we aim to better understand the issues associated with customers facing financial hardship, and provide targeted and effective support. We built on this with the launch of A Fairer Way in 2017.

Electricity network pricing reform
There continues to be a need for network pricing reform in Australia, so that average-cost volumetric pricing is transitioned to more cost-reflective tariff structures. This will ensure that all customers contribute more equitably to the cost of the delivery of shared network services, and will reduce cross-subsidies between customers. Current energy tariffs result in consumer inequity and economic inefficiencies, as customers pay the same 'average' tariff for all energy use throughout the year, while system costs are primarily driven by demand during peak times. Customers with air conditioning (which increases peak demand) and solar PV (which reduces average energy use supplied by the network, although typically not during peak times) are therefore cross-subsidised by those customers without access to these technologies. For more information, see research by our economists on the inequity of flat-rate electricity tariffs.

We advocate strongly for demand tariffs at a network level, as such tariffs price electricity more efficiently, and provide customers with the opportunity to manage costs or receive benefits through different energy choices. This incentivises demand response in a way that benefits individual customers as well as the wider system - including through the use of new products and technologies, such as battery storage, to manage demand peaks. We will continue to work with our customers and other stakeholders to promote the benefits of network tariff reform.

For more information on pricing access to the network and how it promotes more efficient investment in and use of distributed energy resources, please refer to the public policy engagement section.
Energy affordability
We support a shared-responsibility approach to addressing energy affordability issues across the community, which takes into account the responsibilities and strengths of customers, industry, government and the community sector. We also understand that every household is different and that situations change. As an energy company, we are putting in place mechanisms to better identify, respond to, and change to meet the needs of our customers.

We are committed to consistently improving our products, services and engagement with vulnerable energy customers.

In FY17 we launched our ‘A Fairer Way’ package. To ensure that discounts are accessible to those consumers who would benefit most from them, our A Fairer Way package aims to deliver fairer outcomes for all consumers, as well as incentivise broader public engagement with the competitive retail energy market to find consumers the best deal.

Under A Fairer Way:
- customers participating in our hardship program, Staying Connected, will be offered guaranteed (non-conditional) discounts.
- concession card holders and hardship program customers are not charged late fees.
- we will write to customers with a registered concession card who remain on ‘old’ standing offers, offering to assess their needs and move them to a better plan.
- Victorian customers on a Standard Retail Contract who receive a government energy concession will also automatically receive a 15% discount off their electricity usage charges, which applied from 5 March 2017.

A Fairer Way delivers a fairer deal for households who rely on affordable and secure energy supplies as they deal with the full spectrum of cost of living pressures.

We encourage our customers to shop around for the best deal, and we support greater focus being placed on government comparison websites to ensure that they are easy to use, provide relevant and accurate information, and that customers are more aware of them.

Throughout FY17, we continued to implement improvements to support vulnerable energy consumers, which were established in our $6.5 million Affordability Initiative.

From an operational perspective, we have focused on changing our processes to ensure that appropriate support is being provided to vulnerable customers at the right time, from the point of sign-up through to addressing the issues faced by customers with long-term payment difficulties. Early intervention to prevent and reduce debt accrual is a significant focus. For example, we provide our customers with alerts to notify them of high bills in advance, as well as flexible payment arrangements and monthly billing, which provides customers with the option of breaking bills down into smaller and more manageable amounts.

Financial counselling resources increased
In response to feedback from the community sector that financial counselling resources are under strain, and acknowledging the important role that counsellors play in assisting customers to address complex debt issues, we have invested $1.2 million over three years to increase financial counselling resources in Queensland, New South Wales, Victoria and South Australia. We have established partnerships with YFS Logan, Wesley Mission, Kildonan UnitingCare and Uniting Communities, to ensure that additional resources are dedicated to supporting vulnerable consumers, connecting them wherever possible with appropriate support services. Our strategic ‘Energy for Life’ partnerships complement these financial counselling partnerships in addressing hardship; to learn more, visit the community investment section.
Integrated partnerships to assist vulnerable consumers with high energy consumption

Research that we released in 2015 highlighted that customers participating in our energy hardship program, Staying Connected, consumed, on average, around 40% more grid-connected electricity per year compared to an average customer base. High energy consumption can be driven by a large number of factors including poor building fabric, large numbers of people in the one home, additional time spent within the home, and home appliances that have a relatively lower upfront capital cost, but are less efficient resulting in greater energy use.

We have been working with community organisations and state governments to develop targeted and integrated pilot programs to help vulnerable customers reduce energy consumption and costs. These programs involve the installation of solar panels and efficient appliances, combined with education programs which target behaviour change to encourage greater energy efficiency. In FY17 we announced a $1 million partnership with the New South Wales Government to deliver solar energy to assist in reducing energy costs for customers experiencing energy hardship. Through this program we are working with social housing providers to deliver eligible households with solar panels, a digital meter, and an AGL Solar Command energy monitoring system. Tenants will also receive a home energy visit by Kildonan UnitingCare, who will connect them with other social support services and provide information on how to maximise the benefits of their new solar package. This program builds on the $1.5 million of energy saving partnerships in South Australia and Victoria that were established in FY16.

Greater access to information for customers

In FY16, recognising the importance of ensuring customers have access to information about products and services in the energy market, along with where to go for assistance, we funded the joint Queensland Government and Queensland Council of Social Service 'Switched On Communities' program. The program provided grants to local community organisations, which were used to improve information available to Queenslanders in relation to: electricity usage, electricity pricing and contract conditions, how to compare offers to find a better electricity deal and how to access assistance and consumer protections. This program not only provided information available to Queenslanders in general and vulnerable households but also enhanced the knowledge of community sector organisations supporting consumers engage the energy market.

Support for customers impacted by domestic violence

AGL’s integrated domestic violence policy supports our people and customers who are impacted by domestic violence.

Our customer support policy ensures calls are transferred to hardship specialists, the availability of flexible payment arrangements and debt relief on a case-by-case basis, and additional steps are taken to protect account privacy.

Acknowledging the shared-responsibility of addressing domestic violence across all sectors in the Australian community, AGL was the first corporate to participate in and support the Victorian Government’s ‘Victoria Against Violence’ campaign and the Queensland Government’s ‘Not Now, Not Ever’ campaign.

For information on how we support our people who may be impacted by domestic violence, visit the diversity and inclusion section.

FY17 performance

We closely monitor data reflecting key affordability indicators in order to gain insight into our customers' experiences in paying their energy bills, and in order to most effectively structure our customer support programs. Visit the data centre to view or download information on:

- the average debt levels of customers on Staying Connected, and
- the number of wrongful disconnections that we have performed over FY17.

Related Information
Affordability Initiative
A Fairer Way
Supplementary Report (FY17): Social and Economic Inclusion

In this section
Customer experience  Energy prices and affordability  Distributed energy services and energy efficiency
Customers

Distributed energy services & energy efficiency

Distributed energy services & energy efficiency
Provide a market-leading range of energy products and services that maximises customer value from distributed energy technologies.

<table>
<thead>
<tr>
<th>FY18 and FY20 targets</th>
<th>FY17 performance</th>
<th>Status</th>
<th>FY18 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of AGL fleet comprising electric vehicles: 10% (by 2018)</td>
<td>We have committed to purchasing 36 electric vehicles (equivalent to 10% of current fleet) by the end of 2018</td>
<td>Met</td>
<td>Leading by example by increasing the proportion of electric vehicles in our fleet to at least 10%</td>
</tr>
<tr>
<td>Number of smart connections: 1 million (by 2020)</td>
<td>Due to changes in AGL's strategic direction, this target will not be continued</td>
<td>Not met</td>
<td></td>
</tr>
</tbody>
</table>

There are major shifts occurring that are transforming the energy industry from the traditional centralised generation model to a more distributed and integrated energy supply chain (to learn more, refer to the energy market evolution section). This significant transformation is being driven by new emerging technologies, evolving policy, and changing customer demands. Consumers are now more energy conscious and energy literate, and expect to be able to actively manage their energy consumption decisions. As the electricity grid continues to modernise, distributed energy resources such as storage and solar PV technology can help facilitate the transition to a more efficiently-operating grid.

We recognise that to remain competitive in this changing landscape, energy companies must innovate and focus on creating a broader suite of energy services for customers, such as solar, storage, demand management services and digital meters.

Proliferation of smart devices, connected homes, technology innovation and personalised customer experiences are key drivers for us as we respond to and drive market need.

During FY17, we focused on the following initiatives:

- **Virtual Power Plant (VPP):** In August 2016, we announced the launch of what will be the world's largest virtual power plant. The VPP involves 1,000 connected batteries installed in homes and businesses in South Australia, providing 5 MW of peaking capacity and offering customers the opportunity to save on their energy bills.

  Our customers who are participating in the VPP trial are expected to save around $400 to $500 per year on their energy bill, in addition to receiving a heavily discounted battery. Partnering with us in the demonstration project are the Federal Government via its renewables funding agency, the Australian Renewable Energy Agency (ARENA), and leading US-based energy storage and management company, Sunverge. In March 2017, the first stage of the VPP went live, allowing orchestration of the energy discharge from the battery into the grid via a cloud-based platform.

- **Solar energy trading technology:** To improve our customers’ energy experience, we have been investigating ways that customers can derive more value from distributed energy resources, including solar panels and battery storage. In May 2017, we led a project to investigate how ‘blockchain’ technology could be used to enable households with solar panels, batteries and ‘smart’ air conditioning to trade or share the excess electricity they generate.

- **Solar Smart Plan:** We were the first major Australian electricity retailer to launch a solar power purchase agreement (PPA) offer in February 2015: the Solar Smart Plan. Under this plan, customers buy their power from a solar system which is installed on their roof and owned and maintained by AGL for a fixed term. The Solar Smart Plan has been key to our solar customer growth, especially in the commercial and industrial customer segment.
• **AGL Solar Command:** We developed AGL Solar Command in FY15 to enable monitoring of production from customers’ systems. This subscription service can identify potential performance problems and help optimise solar energy generation, savings and energy use. In FY16, this monitoring was made accessible via the AGL Energy App, allowing our customers even greater insight into their energy usage. AGL Solar Command Check was also launched in FY17 (and made available to customer from mid-July 2017). This is a free service, that will enable customers with Active Stream digital meters to receive regular health check status updates giving guidance on the working efficiency of their solar systems.

• **Business energy services:** AGL offers a range of energy efficiency services designed to help businesses of all sizes reduce energy costs. Our specialists work with business customers to understand their requirements and budget, and design and deliver custom, engineered solutions with professionally project-managed installation. Product and service options include solar PV system installations lowering daytime energy costs, energy efficient LED lighting upgrades to reduce energy consumption, and the use of power factor correction technology to reduce peak power demand.

• **Electric vehicles (EVs):** We are striving to remove the obstacles to EV ownership and to drive the uptake of electric vehicles in Australia. In November 2016 we launched our ‘all you can eat’ capped energy plan, enabling EV drivers to charge their vehicle at home as much as they want for $1 per day (including carbon offsetting). Building on from the pilot program commenced in 2015, we are also continuing to develop EV products for corporate fleets. Our bundled offering is a complete and tailored solution for EVs including needs assessment, charging, procurement options, energy supply, reporting and certification. Through FY17 we continued to scale our business customer offering in line with new EV model launches. We are also committed to purchasing EVs for our own business fleet: in May 2017 we announced at the launch of the Electric Vehicle Council our commitment to purchase 36 plug-in hybrid electric vehicles (PHEVs), to meet our target for 10% of the AGL fleet to be electric by mid-2018.

**Energy efficiency**

We continue to aim to provide our residential and business customers with a superior choice for competitive and connected products and services that provide them with control, comfort, and convenience in managing their energy efficiently.

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**We’re focusing significant effort on providing customers with the enabling technology to be able to manage their energy usage efficiently.**

We have embraced technological advancements which assist customers to manage their energy usage through significant developments to our mobile apps and MyAccount services including:

- enabling support for all types of meters, both digital and standard, for electricity and gas, so that the apps and MyAccount services can now support all energy customers
- enabling smart meter customers to track up-to-date energy usage and costs as well as viewing bill projections
- enabling customers greater flexibility and functionality to make fast and easy payments, through the ability to securely store credit card and payment details
- releasing of a version of the AGL App for Android devices, and broadening the accessibility of the App to almost all smart phone users, and
- integrating AGL’s Solar Command functionality to allow customers to see in real time their solar system health, the energy being produced by the solar system, and the energy being consumed by the premises, thereby allowing customers to optimise utilisation of the energy produced by their solar systems.

We also make energy-saving tips readily available to our customers, including information on our website on practical ways to conserve energy at home. This includes a ‘do-it-yourself Energy Audit’, which is a fast and effective way for residential customers to identify the largest energy-using appliances in their home.

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1. Comprises premises with solar PV, batteries and/or digital meters.

**Related Information**

Virtual Power Plant

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This information is included in an interactive online report at [http://agl2017.reportonline.com.au/sustainabilityreport](http://agl2017.reportonline.com.au/sustainabilityreport). Visit this website to access the full FY17 Sustainability Report, sustainability data centre and other online features. This report is subject to the [important information](http://agl2017.reportonline.com.au/sustainabilityreport) statement which is also available on this website.