



21 May 2014

2014 Review of regulated retail prices and charges for gas
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

Thank you for the opportunity to comment on the IPART *Changes in regulated retail gas prices from 1 July 2014 Gas — Draft Report April 2014*.

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers.

EWON notes IPART's advice that the proposed gas price rises flow primarily from the increasing wholesale price of gas and therefore IPART has little or no discretion to do anything other than approve the increase.

Consequences

At the IPART Public Forum on 13 May 2014 EWON noted that the AER Retail Energy Market Performance Update for the second quarter of 2013-2014 identified that 17,051 NSW customers have had their electricity disconnected for non-payment in the first 6 months of this financial year. This is in sharp contrast to the total number of electricity disconnections in the previous financial year which totalled 24,888. If the current rate of disconnections continues to increase then last year's figures will be exceeded by the end of the third quarter. We are not aware of the comparative disconnection figures for gas in NSW, but our experience suggests that some householders will see their gas supply disconnected before their electricity.

This dramatic increase is despite the introduction of the National Energy Customer Framework (NECF) which delivered greater retailer responsibility for dealing with customers experiencing financial hardship and which sees disconnection as a last resort.

Affordability of essential energy services is a significant issue for low income and vulnerable customers. However, affordability issues impact on all customers through the cost of mandatory hardship programs and increasing debt books carried by retailers. Such costs contribute to increasing retail costs for all customers. EWON believes the proposed increase of gas prices by an average of 17.5% has the potential to exacerbate energy affordability issues for certain groups of NSW consumers.

In 2013 EWON participated in the National Energy Affordability Roundtable that developed a comprehensive set of recommendations for action to address the affordability challenges faced by energy consumers around the country.

The Australian Energy Ombudsmen, the Energy Retailers Association of Australia (ERAA) and the Australian Council of Social Service (ACOSS) released the National Energy Affordability Roundtable Report, which was presented to the Standing Committee on Energy and Resources (SCER) by the NSW Minister for Resources and Energy. The report contains key recommendations for action by government, industry, consumer organisations, regulators and energy ombudsman to deal with energy affordability nationwide.

The Roundtable brought together key energy stakeholders to discuss practical energy affordability solutions for Australian consumers, in particular, how to respond to the increasing need for assistance for customers in the context of the recent energy price rises. A key part of the discussion was low income consumers who cannot afford the energy they need, and how to keep customers on low incomes connected to essential services.

In the light of the potential impacts of the proposed NSW gas price increase we attach a copy of this important report to this submission. EWON requests that IPART consider which aspects of the report may be adopted as recommendations to government to lessen the impact of a price rise which is significantly more than the current rate of inflation.

EWON believes that energy affordability for low income customers remains an issue for government, industry (both retail and network), the community sector, regulators, and ombudsmen. It will possibly increase with this significant increase in gas prices.

EWON also asks IPART to consider including in its final consideration a reopening clause to allow the price rise to be reconsidered in 2015 if the wholesale price of gas does not rise at the predicted rate.

If you would like to discuss this matter further, please contact me or Emma Keene, General Manager Policy and Community Engagement, on 8218 5250.

Yours sincerely



Clare Petre
Energy & Water Ombudsman NSW



National Energy Affordability Roundtable Report to the Standing Council on Energy and Resources (SCER)

Australian Energy Ombudsmen

Energy Retailers Association of Australia

ACOSS

May 2013

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INTRODUCTION

The Australian Energy Ombudsmen¹, the Energy Retailers Association of Australia (ERAA), and the Australian Council of Social Service (ACOSS) invited key energy stakeholders to the National Energy Affordability Roundtable (the Roundtable) on 15 April 2013 at NSW Parliament House. The purpose of the Roundtable was to discuss practical energy affordability solutions for Australian consumers, in particular: how we respond to the increasing need for assistance for customers in the context of the recent energy price rises; how we deal with the reality of customers on low incomes who cannot afford the energy they need; and how we keep customers on low incomes connected to essential services.

The Council of Australian Governments' (COAG) Standing Council on Energy and Resources (SCER)² endorsed this initiative and requested a report of the outcomes from the Roundtable for consideration at their meeting of 31 May 2013. This report contains the outcomes from the Roundtable, which have been categorised as follows:

Section 1: Provides the key recommendations of this report, as endorsed by the Australian Energy Ombudsmen³, the Energy Retailers Association of Australia (ERAA), and the Australian Council of Social Service (ACOSS) (see pages 4-8)

Section 2: Tables issues for further consideration by Government and stakeholders via working groups and external consultation (see pages 9 - 10)

Section 3: Tables other issues discussed at the Roundtable that are not considered to require further discussion at present (see page 11)

A copy of this Report will be circulated to all Roundtable participants. See Attachment One for a summary of the Roundtable Discussion.

A shared responsibility

Stakeholders from across the different sectors were invited to participate in the Roundtable, as the solutions require a partnership approach with Governments, Industry, the Community sector, Ombudsmen, and Regulators (see Attachment Two for a list of attendees and the Roundtable Agenda).

¹ This comprises the Energy & Water Ombudsman NSW, the Energy and Water Ombudsman Victoria, the Energy and Water Ombudsman Queensland, the Energy Ombudsman Western Australia, the Energy and Water Ombudsman South Australia, the Energy Ombudsman Tasmania.

² The Council of Australian Governments' (COAG) Standing Council on Energy and Resources (SCER) is responsible for pursuing priority issues of national significance in the energy and resources sectors and progressing the key reform elements of the former Ministerial Council on Mineral and Petroleum Resources and the Ministerial Council on Energy. See www.scer.gov.au

³ This comprises the Energy & Water Ombudsman NSW, the Energy and Water Ombudsman Victoria, the Energy and Water Ombudsman Queensland, the Energy Ombudsman Western Australia, the Energy and Water Ombudsman South Australia, the Energy Ombudsman Tasmania.

Addressing energy affordability is a challenge for all sectors: State and Federal Governments, Industry, Community, Ombudsmen and Regulators. This is why a partnership approach is essential to develop effective practical solutions. We anticipate a shared approach to working together to further develop the responses to energy affordability, for example working groups on specific areas.

The Standing Council on Energy and Resources (SCER)

It is important to acknowledge the range of governmental and regulatory energy market reforms already underway and planned for the future, for example the AEMC's *Power of Choice Review*⁴ and the implementation of the National Energy Customer Framework⁵. There are also a number of initiatives concerning energy affordability for low income consumers including forums, conferences, reports and research. This emphasises the critical nature of this issue and the importance of a coordinated approach (see Attachment Three for related research and reports on energy affordability).

Energy Affordability – which customers?

In the context of recent energy price rises and high energy disconnection rates for non payment, energy affordability has become a critical issue impacting an increasing number of customers across Australia.

Customers with energy affordability issues can broadly be classified into three categories:

1. Customers experiencing a one-off emergency. These customers need payment options and may need one-off cash/direct assistance to pay their bills.
2. Customers who are only just able to make their payments and who manage budgets in the context of ongoing financial stress, with little financial capacity to mediate against increasing financial costs of essential services. These customers need payment options, cash assistance (sometimes more than once), assistance from retailer hardship programs, and other assistance, e.g. referral to No Interest Loans Scheme, financial counselling. Many of these customers are eligible for a government energy concession/rebate, and would benefit from strategies to move them away from a situation of ongoing financial stress.
3. Customers who cannot afford the energy they consume, including where energy use is already conservative. These customers may need ongoing case management from retailer hardship programs, assistance to change their consumption patterns, greater assistance from government concessions and emergency relief programs, and/or consideration of debt waiver, and would benefit from strategies to move them away from a situation of ongoing financial stress.

While all customers experiencing energy affordability issues are of concern, we were particularly concerned that the Roundtable initiatives consider the options for assisting those customers who cannot afford the energy used by their household.

⁴ See: <http://www.aemc.gov.au/market-reviews/open/power-of-choice-update-page.html>

⁵ See www.scer.gov.au , www.aemc.gov.au , www.aer.gov.au

1. ROUNDTABLE RECOMMENDATIONS

The following recommendations from the Roundtable are presented for SCER consideration.

Government Assistance (relating to concessions, rebates and emergency relief programs; NECF and consumer protections)

- 1.1 SCER to initiate a national review of energy concessions with a view to recommending a design for a nationally consistent framework and identifying an appropriate level of concessions.

The Roundtable noted that there is a wide variation in the type and value of assistance provided, eligibility criteria and delivery models. More consistent and equitable models could be considered. As an example, recent research suggests that a percentage based concession applied to a customer's bill provides the most meaningful and equitable assistance to eligible customers.

- 1.2 SCER to initiate a national review of government emergency relief programs, with a view to it recommending a national framework for the efficient and effective delivery of assistance to energy customers in financial crises.

The Roundtable noted that emergency relief programs for energy vary considerably between jurisdictions, and supported a national review to address inconsistencies and identify best practice delivery of emergency assistance to energy customers in crisis.

- 1.3 SCER to make energy rebate backdating policy consistent nationally, requiring that all states provide backdating of rebates.

The Roundtable noted considerable variation and supported national consistency in allowing backdating of the rebate.

- 1.4 Government and industry to develop a way for a customer's rebate eligibility to automatically transfer across to their new retailer when the customer switches.

Roundtable participants suggested it would be beneficial to allow for the portability of entitlements when switching retailers. Current arrangements require customers to re-register their Centrelink concession information with their new retailer. It was suggested that this is a barrier for consumers to switch and causes ongoing consumer stress to revalidate details etc. An automatic process when a customer switches retailers would be beneficial to customers in receipt of Centrelink assistance, as well as simplify processes for Government and retailers, noting that privacy issues would need to be addressed.

- 1.5 The Roundtable supports national uptake of the National Energy Customer Framework (NECF) to provide for a consistent and positive consumer protection framework for all customers.

NECF aims to provide a consistent national consumer protection framework, although it was noted that a degree of state/territory derogation may be needed to manage jurisdictional conditions, and consideration of further consumer protections may be needed as time of use tariffs and other demand-side participation options are introduced.

1.6 SCER to initiate further discussion among stakeholders about prepayment meters.

There was divided opinion about prepay meters (PPMs) and billing options and further discussion is required. On one hand there is strong support for the introduction of prepayment meters, with appropriate consumer protections, customer education and voluntary take up. However, concerns include the possibility that people unable to pay might 'self disconnect' and go unnoticed in the system. NECF sets out a framework for PPMs so there is merit in supporting the exploration of options for introducing PPMs provided there is a focus on adequate consumer protections and incorporating best practice technologies and product offerings.

1.7 A review by SCER and retailers of the customer energy bill format and bill information requirements.

At the Roundtable there was agreement across different stakeholder groups that there is too much information on the energy bill, which is one of the main channels of communication to customers for retailers and various stakeholders. It was suggested that the billing format and information requirements should be stripped back to the basic information and a review should be undertaken to determine what content should be included/excluded, inclusive of regulatory obligations.

1.8 SCER and the Australian Energy Regulator (AER) to provide a framework for nationally consistent reporting on energy affordability.

Reporting bodies in all jurisdictions, e.g. energy ombudsmen, retailers and regulators, to be encouraged to develop and provide consistent and comparable information on energy affordability. This would complement the AER's annual reporting on customer hardship indicators for those jurisdictions which have adopted or will adopt NECF. In jurisdictions without NECF, the AER could work with jurisdictional regulators, ombudsmen and retailers to coordinate public reporting of relevant information on consolidated energy industry hardship indicators.

1.9 SCER to develop a nationally consistent approach to life support rebates and explore further accreditation processes for special needs customers to ensure continuous supply.

The Roundtable discussed concerns that there are people on life support equipment who are not aware of/ not currently receiving the Life Support Rebate and not on the No Disconnection Register. It was also of concern that the eligibility criteria, application processes and assistance are different in different jurisdictions.

1.10 A working group between industry, government and community welfare organisations to look

at the best ways to reach and assist customers with special needs who may not be recognised currently under the Life Support Rebate or No Disconnection Register eligibility criteria.

There are customers with disabilities and health issues (for example electric wheel chair users and people who need a temperature controlled environment) who are not eligible for Life Support Rebates or the No Disconnection Register, but it is imperative they have continuous supply of electricity.

The Public Interest Advocacy Centre (PIAC) offered to coordinate this working group.

- 1.11 Develop ways to increase low income customers' awareness of the competitive market so that low income consumers can better understand how to access the best deal for their household. It was suggested there needs to be a coordinated government led campaign with input from industry and peak consumer groups. A working group initiated possibly by SCER or another appropriate agency is suggested to progress this.

The Roundtable noted that consumers need to understand the competitive market to be able to make an informed decision about the best product for their household. It was also noted that there can be significant savings for consumers who move onto a market contract appropriate for their circumstances. The Roundtable supports developing ways to improve awareness of the competitive market, for example: raising awareness of the independent price comparator services and engaging with community organisations/advocacy services to help them assist their clients regarding beneficial energy contracts.

Retailers and community welfare organisations to develop ways to assist low income consumers evaluate market offers.

- 1.12 SCER or other appropriate agency to initiate a working group of industry and other stakeholders to consider options for the network businesses to contribute to hardship programs, as network costs are a large part of pricing pressures.

Retailers have developed and fund their own customer assistance programs for customers experiencing financial hardship. Networks are not contributing to hardship programs currently, even though network costs have been a significant driver of increased energy prices. The Roundtable noted that there are a number of ways networks could contribute to customer assistance, such as offsetting reconnection charges, making financial contributions to a consumer hardship fund (or similar), which could be mandated via Pricing Determination processes, or making 'in kind' contributions such as energy saving advice and assistance for low income / vulnerable customers.

Energy Efficiency Options

- 1.13 Further Government assistance for low income households to purchase more energy efficient

appliances.

At the Roundtable there was strong support for additional assistance to low income consumers to purchase energy efficient appliances. It was noted that clear objectives would be necessary, and assistance should be in conjunction with home energy audits and other forms of help. It would be useful to look at programs that already exist, and the audits should be conducted in partnership with the Industry.

1.14 Additional Government funding provided to improve the energy efficiency of public and community housing.

Poor building thermal performance is a persistent contributor to inefficient energy consumption, discomfort and health risks for low income households. Tenanted buildings (private rentals and social housing) were identified as being particularly inefficient.

1.15 Incentives for private landlords to improve the energy efficiency of rental properties.

Landlords to be encouraged or offered incentives to fit energy efficient appliances and make rental properties more energy efficient. It is noted that the NSW Residential Tenancies Act landlords can only pass on water usage charges to tenants if basic water efficiency measures are in place.

2. ISSUES FOR FURTHER CONSIDERATION

The following issues and ideas from the Roundtable are presented for further development via working groups or further discussion amongst the Roundtable partners.

Consumer communication channels

2.1 Expand the current suite of communication tools for engaging with consumers in financial hardship.

The Roundtable supports further investigation of methods for communication with consumers and consumer representatives to alleviate the costs and delays associated with contacting suppliers by phone, e.g. SMS, email and call back. One option could be to establish a working group of industry, consumer and other representatives to investigate communication channels to consumers. It was noted by the Roundtable that the traditional approach of a letter to customers needs to be complemented to meet changing consumer needs. It was also noted that there are many households that do not have access to the internet, which indicates that the use of different mediums to reach these households may be required.

Managing customer hardship

2.2 Address barriers to customers contacting their energy provider.

The Roundtable discussed the difficulty that some consumers experiencing financial hardship have in contacting their provider if they only have a prepaid mobile phone, as 13 and 1800 numbers are not free calls from mobiles. From 1 January 2015 all 13 and 1800 numbers will be free from mobiles⁶, however, it was suggested that an interim solution be developed and further discussion was warranted

2.3 Strengthen engagement between energy providers and community welfare advocates / community organisations.

At the Roundtable there was support for faster and more accessible direct contact between community organisations on behalf of clients and retailers.

Some Roundtable participants in consumer advocacy roles noted that their staff have limited time to spend on hold on the phone to contact centres. Opportunities for further discussion could include discussion between retailers and community peak bodies about the best ways to communicate via direct contact numbers for community welfare workers and to ensure more

⁶ See http://accan.org.au/index.php?option=com_content&view=article&id=221:fair-calls-for-all&catid=126:phones&Itemid=274

consistent referral pathways and responses throughout business units (e.g. credit, hardship, contact centre etc).

Community organisations, with adequate resourcing, could provide further training to retailers' front line staff to assist identification of vulnerable and hardship consumers and techniques for building rapport. The information could include key shared messaging that consumer groups would like retailers to convey as well.

2.4 Support more regular billing and flexible payment options for customers experiencing financial hardship to prevent 'bill shock'.

The Roundtable noted that more regular billing, such as monthly billing, can assist consumers better understand their consumption and help manage their bills. It was noted that this would be enabled and accelerated as technology such as "smart meters" became more wide spread.

2.5 Encourage best practice customer hardship strategies for assisting customers with payment difficulties and keeping customers in chronic financial hardship connected to their essential services.

It was suggested at the Roundtable that retailers, within the bounds of the Competition and Consumer Act 2010 (Cth), could work together to collect and share information about best practice strategies on hardship, looking at how other jurisdictions and industries manage customers in hardship. The industry could share this information on best practice, prospectively through training.

2.6 Support for utilising Centrepay was noted at the Roundtable as a valuable voluntary payment method for low income customers to better manage their utility bills. This option should be widely promoted.

Some members of the Roundtable agreed to write to the current Government Review of Centrepay to emphasise the importance of Centrepay as a voluntary payment option for low income customers to better manage their utility bills, and to suggest that the program should primarily be focused on the payment of essential services like electricity bills.

Consumer Education about energy usage

2.7 Stakeholders to develop consistent key messages around energy use and time of use energy consumption (avoiding peak demand periods), with all sectors using and reinforcing these messages. Messaging should target low income households with high consumption at expensive times, and hence large energy bills, and recognise the constraints faced by some households in adjusting their consumption profile.

The Roundtable recognised that deregulation and demand side participation measures increase complexity for consumers, and that adequate protections are needed. The roundtable also discussed a range of issues on the topic of consumer education including:

- Providing information to consumers as to how they would benefit from TOU rates.
- Providing clearer information about discounts and price when making product offers, eg does the offer of a discount apply to all or part of the bill?
- Consumers are confused as there are so many products in the market. Price and product comparison information needs to be consistent and simplified as per the AER price fact sheets.
- Retailers use different language – it would be helpful if terminology was consistent across businesses. There was support for clear, consistent and standardised basic language.
- Increasing consumers’ understanding of tariff design and impacts.
- Information about energy efficiency needs to be targeted and messages should focus not just on reducing consumption, but reducing consumption at peak periods of the day and shifting consumption to non peak times, such as shoulder and off-peak.
- There is a need for different information developed for different target groups in different formats and using a range of communication channels.
- There is some support for a national energy literacy campaign, with proper targeting of consumers and information.
- Specific examples of consumer education initiatives were provided in general discussion:
 - The current Victorian joint project with the Victorian government, community organisations and retailers to develop consistent consumer education messages and targeted information about switching, retail competition and technological advances, e.g. smart meters. It was suggested that this project could be replicated in other states. The Consumer Utilities Advocacy Centre offered to follow this up with interested organisations.
 - The QLD project ‘Can it wait till after 8?’ to encourage usage at non peak demand periods.

3. OTHER ISSUES

The following issue was considered by the Roundtable, but no recommendation for further action was considered appropriate at this stage.

- 3.1 One idea raised at the Roundtable was for SCER to commission a review of the various tariff designs and their impacts, and any cross subsidies that they create across consumer groups. At this stage there is not unanimous agreement between the Roundtable partners to pursue this issue. Some stakeholders have suggested that current tariff arrangements are regressive and need to be reviewed to reduce cross subsidies from lower income households to higher income households, and business. E.g. large domestic air-conditioning units contribute significantly to peak demand and the need for network augmentation – a cost spread over all consumers – yet many low and modest income households may not have large air-conditioning units, so they effectively cross subsidise higher income/usage households.

4. CONCLUSION

The Roundtable was a meeting of key stakeholders to develop practical solutions to the challenge of energy affordability. The Roundtable partners thank SCER for endorsing this initiative and supporting the Roundtable event.

The partner organisations look forward to further discussions with SCER and the Roundtable participants to progress the recommendations and other issues raised in this report.

ATTACHMENT ONE: SUMMARY OF THE ROUNDTABLE DISCUSSION POINTS

Please note the following is only a high level summary, by topic of the Roundtable discussions and reports views expressed by individual participants at the Roundtable. These do not necessarily represent the collective views of stakeholders that attended the Roundtable, the views of the Australian Energy Ombudsmen⁷, or the views of members of the Energy Retailers Association of Australia (ERAA), and the Australian Council of Social Service (ACOSS).

TOPIC 1 – Industry assistance

Ideas about what retailers, networks and consumer welfare groups can do to better target assistance.

Issue 1: Customer communications

Discussion points:

- Strong agreement across stakeholder groups that there is too much information on the customer's energy bill.
- Billing and the collection cycle is seen as the main channel for communicating with customers, hence the volume of information contained in bills. Some of this is retailer generated, some is required by regulation etc. All stakeholders need to explore other options and develop a suite of communication tools. These tools should be designed so that the right messages reach the right target group of customers.
- Retailers require a suite of communication tools to better engage with customers. The traditional approach of a letter to customers should be complemented to address the current inability to contact some customers. Retailers must look to other avenues and be more creative, e.g. using sms, or a call-back number service for customers with prepaid mobiles to prevent them from waiting on the line for long periods.
- It was indicated that approximately 1.5 million households do not have access to the internet. Whilst the figure provided was not confirmed it was discussed that lack of access may mean that various communication mechanisms are required to reach these households.
- There is an issue of freecall numbers not being free for calls from mobile phones. This is a significant barrier for customers on prepaid mobiles and expensive mobile phone plans, particularly if they are in financial hardship, as well as for community workers using mobile phones, which is a common scenario.
- Consumers/community advocates are facing challenges and delays dealing with suppliers, e.g. inconsistent responses between different departments of a retailer. Not all retailers offer direct phone lines for community welfare officers and they cannot wait on hold for long periods.
- Retailers and community welfare groups would benefit from stronger engagement and a shared understanding of each other's processes. One suggestion was for training to be run by community welfare staff for retailers' frontline staff, and that this should be reciprocated where retailers train welfare frontline staff.
- The paths of referral within an energy provider should be effective and seamless. The customer should experience a consistent outcome from their interaction with the retailer or other energy service provider. If a customer is on the line and needs to be referred to another area of the organisation, then those pathways should connect.

⁷ This comprises the Energy & Water Ombudsman NSW, the Energy and Water Ombudsman Victoria, the Energy and Water Ombudsman Queensland, the Energy Ombudsman Western Australia, the Energy and Water Ombudsman South Australia, the Energy Ombudsman Tasmania.

Issue 2: Billing and offerings

Discussion points:

- Standard quarterly billing in arrears means many customers are hit with a bill that may be overwhelming ('bill shock').
- There can be significant savings for customers if they move onto a market contract appropriate for their circumstances. However, comparative information about different energy offers is difficult for many consumers to confidently navigate. Many may not be taking up the most cost-effective options for their household because they find it too hard to understand their options and make the most beneficial choice.

Issue 3: Managing customer hardship

Discussion points:

- Current government hardship policy is not necessarily addressing all hardship related issues.
- Retailers have developed their own hardship programs.
- Networks are not contributing to hardship programs currently, even though network costs have been a significant driver of increased energy prices.

TOPIC 2 – Government assistance

Ideas about concessions, rebates, emergency relief and NECF/consumer protections

Issue 1: Energy rebates and concessions are inconsistent across jurisdictions

Discussion points:

- Across the states, there are different assistance measures with different monetary values and eligibility criteria as well as variant eligibility and delivery models. There is also concern about the adequacy of existing concession payments.
- Recent research⁸ suggests that a percentage based concession applied to a customer's bill provides the most meaningful and equitable assistance to eligible customers. There was a suggestion for a move to percentage based rebate with floor and ceiling rates to protect people from receiving less than under current arrangements.
- Support for national consistency in allowing backdating of rebates. NSW is the only state that does not allow backdating.
- Strong support for Centrepay was noted as a valuable voluntary payment method for low income customers to better manage their utility bills. This option should be widely promoted.
- Not all states are signatories to NECF. NECF aims to provide a consistent national consumer protection framework. A degree of state/territory derogation may be needed to manage jurisdictional conditions.

Issue 2: National consistency is required when identifying people with special needs (Customers on life support equipment and customers with special needs who use medical equipment in the home)

⁸ St Vincent de Paul Society Victoria: *The relative value of energy concessions: Part 1 of the Vinnies' Concessions project*. January 2013; Energy Supply Association of Australia: *Improving energy concessions and hardship payments policies*. February 2013

Discussion points:

- There are concerns that there are people on life support equipment who are not aware of/ not currently receiving the Life Support rebate and are not on the No Disconnection Register.
- Eligibility, process and assistance is different in different states.
- There are customers with disabilities and health issues (e.g. electric wheel chair users and people who need a temperature controlled environment) who are not eligible for the Life Support rebate or the No Disconnection Register, but it is imperative they have access to electricity, and they may be high energy consumers.

Issue 3: Tariffs and cross subsidisation

Discussion points:

- There was discussion of a review of tariff impacts and cross subsidies across customer groups, with particular reference to the equity impacts of supply charges.
- Some stakeholders have identified that current tariff arrangements are regressive and need to be reviewed to reduce cross subsidies from lower income households to higher income households, and business. For example, large domestic air-conditioning units contribute significantly to peak demand and the need for network augmentation, a cost spread over all consumers, yet low and modest income households are unlikely to have large air-conditioning units, so they effectively cross subsidise higher income households.
- Consideration needs to be given to current work underway in Victoria on flexible pricing.
- A review of the various tariff designs and the impacts and cross subsidies that they create across customer groups

Issue 4: measurement and reporting on energy affordability

Discussion points:

- There is a need for a central repository of data/information on energy affordability issues. Work with relevant reporting bodies to try to produce consistent and comparable information on energy affordability. Production of an annual report by a national statutory body (AER/AEMC) for an independent review. Potentially fund research into deeper issues identified by the annual report.
- It was noted that the AER has developed Guidelines on Hardship Indicators and Retailer performance reporting, as part of NECF.

Issue 5: Allow for portability of entitlements when switching retailers

Discussion points:

- When a customer switches retailers, can there be an automatic process developed for Centrelink concession/rebate information to be transferred without the customer being required to re-register?
- Portability of concession details when switching retailers. There are privacy matters which would need to be resolved around personal details. This is a B2B procedure, however, it would minimise stress on concession customers and provide them easier access to better details. This is a barrier for consumers to switch and causes ongoing consumer stress to revalidate details etc.
 - As a sub group of this there are issues around Centrelink validation and the non-alignment of MSAT's data and then having MSATs updated. With government support and a directive we could have some action taken on this.

TOPIC 3: Energy efficiency options

Ideas about audits, appliances and housing, especially options for tenants in private and public rentals

Discussion points:

- There is strong support for additional government assistance to purchase efficient appliances. Clear objectives are needed, and government assistance should be in conjunction with home energy audits and other forms of help. It would be useful to look at programs that already exist, and the audits should be conducted in partnership with the Industry. Greater level of industry partnership in referring households into audit programs.
- It was noted that a driver in network costs was the diminishing use of electricity in non-peak times. Networks are being forced to change their pricing structure, moving from variable network costs to higher fixed charges. Even if customers reduce their consumption, they still receive a high bill due to high network costs. A rebalance between fixed and variable network costs is needed. Customers will not be as incentivised to be energy efficient if the result is a reduced increase to their bill, as opposed to an actual reduction in their bill.
- Poor building thermal performance is a persistent contributor to inefficient energy consumption, discomfort and health risks for low income households. Tenanted buildings (private rentals and social housing) were identified as being particularly inefficient.
- There would be benefit in directing a greater focus on households with very large consumption, and industry could play a role in identifying these households.
- The costs associated with solar schemes have impacted on low income customers who do not have/cannot afford solar systems.
- It was suggested that prices are set to stabilise and may be 10% lower in the next 10 years. Gas affordability issues may become more prevalent if electricity becomes more affordable in real terms.

TOPIC 4 – Consumer education

Discussion points:

- Information about discounts and price, service and product offers should to be clearer , e.g. does the offer of a discount apply to all or part of the bill? Customers are confused as there are so many products in the market. Price and product comparison information should be consistent and simplified.
- Retailers use different language – terminology should be consistent and the same across businesses. There was support for clear, consistent and standardised basic language.
- Customers would benefit from an improved understanding of the competitive market. There should be a coordinated government led campaign with input from industry and consumer groups. A working group was suggested.
- Victorian organisation CUAC is involved in a joint project with the Victorian government and retailers to develop consistent consumer education messages and targeted information about switching, retail competition and technological advances, e.g. smart meters. CUAC is offering to work with other states as this model could be replicated elsewhere.
- A Queensland project was noted, 'Can it wait till after 8?', to encourage usage at non peak demand periods.

- Information about energy efficiency needs to be targeted and messages should focus not just on reducing consumption, but reducing consumption at peak periods of the day and shifting consumption to non peak times, such as shoulder and off-peak.
- There is a need for different information developed for different target groups in different formats and using a range of communication channels.
- Some support for a national energy literacy campaign, with proper targeting of consumers and information.

TOPIC 5 – Metering Options

Ideas about smart meters, prepay meters and technology generally.

Discussion points:

- The roundtable fully supports real-time (or as close to real-time as possible) consumption information, provided that the information is meaningful. Real-time feedback through smart meters and in home displays could assist low income customers who use large amounts of energy by helping them to manage their usage and potentially anticipate their energy costs in advance of the bill.
- It is important to send customers price signals – this is empowering for customers. Real time feedback through smart meters could assist many customers.
- There is divided opinion about prepay meters and billing options and further discussion is required. Concerns include the possibility that people unable to pay might be disconnected and go unnoticed in the system.
- There is support for the smart meter roll out, however, all consumers should be given the option to choose what tariff option is applied. Other states need to learn from the experience in Victoria of negative responses to smart meters.
- There will always be some people who can't adjust their usage regardless of the information provided to them. There are some customers who are unable to change the appliances they use. It is important that these customers will not be unfairly impacted, as it is important that those who can switch their usage do so if they choose
- Monthly billing is a valuable option, but retailers should provide various methods of payment and not just direct debit. The collection cycle should not be shortened with monthly billing.
- Some discussion that TOU metering is good, but the imposition of the TOU tariff is not positive for some customers. Suggestion made that it would be useful for customers if TOU information was presented on their bill or in some other way as a comparison to their current tariff, so they can review their usage and tariff in a meaningful way. Some customers may benefit if retailers could provide information such as 'If you were on this tariff, you would pay X' to allow the customer to effectively compare their energy costs on standard versus TOU rates. These options would allow customers to consider whether they may be better off on TOU rates.
- It was noted that 10-15% of customers with a TOU meter at their premises believe they are on TOU tariffs although they are not. It is suggested that retailers could contact the customer after a period (say 3 months) to review usage and discuss what they could be paying if they move to the TOU tariff.
- Retailers note that for every additional change to the bill, there is a large dollar cost to the retailer and a big change to their systems.

ATTACHMENT TWO: ROUNDTABLE AGENDA AND PARTICIPANT LIST



NATIONAL Energy Affordability Roundtable
MONDAY 15 APRIL 2013
GENERATING BRIGHT IDEAS SUPPORTING ENERGY AFFORDABILITY FOR CONSUMERS

AGENDA National Energy Affordability Roundtable
15 April 2013 – Jubilee Room, NSW Parliament House

TIME	ACTIVITY
9.30 am	Registrations Morning tea on arrival
10.00 am	Opening Formal opening of the Roundtable by the Hon. Chris Hartcher, NSW Minister for Resources and Energy, on behalf of the Standing Council on Energy and Resources (SCER)
10.05 am	Introductions Participant introductions by facilitator Roger West, WestWood Spice
10.15 am	Welcome by partner organisations <ul style="list-style-type: none"> • Clare Petre, EWON for the Australian Energy Ombudsmen • Cameron O'Reilly, CEO, Energy Retailers Association of Australia (ERAA) • Cassandra Goldie, CEO, Australian Council of Social Service (ACOSS)
10.30am – 2.55 pm	Facilitated Roundtable Discussion With the objective of developing practical solutions and recommendations for action, key topics for discussion will be addressed, including: <ul style="list-style-type: none"> • Industry assistance measures • Government assistance • Metering options • Tariff measures and product options • Energy efficiency options • Consumer education and participation <p>Note: Please refer to the Background Paper for the collated responses by topic</p>
12.30 – 1.00pm	LUNCH BREAK
1.00 – 2.55pm	Facilitated Roundtable Discussion – continued
2.55pm	Close Roundtable closing by Clare Petre, Energy & Water Ombudsman NSW

National Energy Affordability Roundtable, 15 April 2013

List of Participants and Observers

First name	Last name	Organisation
Andrea	Pape	ACOSS
Andrew	Dillon	ESAA
Aneta	Graham	Lumo Energy
Ann-Mason	Furmage	Physical Disability Council NSW
Cameron	O'Reilly	ERAA
Cameron	Reid	AGL
Carly	Allen	QCOSS
Carmel	Franklin	Financial Counselling Australia
Carolyn	Hodge	PIAC
Clare	Petre	EWON
Cynthia	Gebert	EWOV
Danielle	Grehan	Origin Energy
David	Ip	Anglicare
Dianne	Lucas	ACT Civil and Administrative Tribunal
Fiona	Simon	ERM
Forbes	Smith	EWOQ
Gavin	Dufty	SVDP
Gill	Owen	Monash University
Janine	Rayner	CALC
Jenna	Wood	Essential Energy
Jo	Benvenuti	CUAC
Jo	De Silva	SACOSS
Keith	Robertson	Origin Energy
Lana	Stockman	EnergyAustralia
Lisa	Leffley	EnergyAustralia
Lynne	Chester	Sydney University
Lynne	Flynn	National Financial Counsellors' Resource Service - Wesley Mission
Mark	Henley	UnitingCare Australia
Mike	Swanston	Energex
Robyn	Edwards	NCOSS
Sandy	Canale	EWOA
Tim	Nelson	AGL

Observers

First name	Last name	Organisation
Angela	Bourke	AER
Chris	Locke	Dept. of Resources, Energy & Tourism, ACT
Jacqueline	Crawshaw	Dept. of Trade and Investment, Regional Infrastructure and Services, NSW
Kerry	Connors	Consumer Advocacy Panel
Ramy	Soussou	ERAA

Sue	Morrison	Dept. of Infrastructure, Energy and Resources, Tasmania
Vince	Duffy	Dept. for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE), South Australia
Hilary	Priest	APG
Jessie	Foran	Office of the NSW Minister for Resources and Energy, Minister Hartcher
Emma	Keene	EWON
Vanessa	Concepcion	EWON
Linda	Brown	EWON
Alex	Lai	EWON

ATTACHMENT THREE: SOME RELEVANT REPORTS AND STUDIES

- AGL (Paul Simshauser and Tim Nelson): *The Energy Market Death Spiral - Rethinking Customer Hardship*. June 2012. <http://www.aglblog.com.au/wp-content/uploads/2012/07/No-31-Death-Spiral1.pdf>
- AGL (Time Nelson and Cameron): *Reconciling energy prices and social policy*. April 2013. <http://www.aglblog.com.au/wp-content/uploads/2013/04/No-37-Reconciling-energy-and-social-policy-FINAL.pdf>
- Anglicare: *The cost of living* <http://www.anglicare-tas.org.au/Research/Poverty/CostOfLiving.aspx>
- Anglicare & the Tasmanian Council of Social Service: *Making electricity affordable: a four point action plan*. November 2010
http://www.anglicare-tas.org.au/docs/research/Making_electricity_affordable_a_four_point_plan.pdf
- Australian Energy Market Commission: *Power of choice review*. November 2012
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- Australian Energy Regulator (AER): *Approved energy retailer customer hardship policies*. 2012 <http://www.aer.gov.au/node/14710>
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- Australian Industry Group, the Brotherhood of St Laurence, CHOICE and the Energy Efficiency Council: *A plan for affordable energy*. October 2012
- Committee for Melbourne: *Utility debt spiral project*. November 2004,
<http://citiesprogramme.com/cities/oceania/australia/melbourne/utility-debt-spiral-project>
- Consumer Action Law Centre: *A Policy Trilemma: Creating an Affordable, Secure & Sustainable Energy Market*. November 2012
<http://consumeraction.org.au/policy-report-a-policy-trilemma-creating-an-affordable-secure-and-sustainable-energy-market/>
- Department of Primary Industries Victoria: *Committee of Inquiry into the Financial Hardship of Energy Consumers*. September 2005
<http://www.dpi.vic.gov.au/energy/gas/your-bill/concessions-and-hardship/hardship/hardship-inquiry-main-report>
- Department of Resources, Energy and Tourism: *The Energy White Paper. 2012*
http://www.ret.gov.au/energy/facts/white_paper/Pages/energy_white_paper.aspx
- Dr Lynne Chester – *A study of the impacts for low-income households of rising energy prices*
www.householdenergyuse.com/
- Energy Supply Association of Australia: *Improving energy concessions and hardship payments policies*. February 2013
<http://www.esaa.com.au/Library/PageContentFiles/56ab8d52-6922-4e13-9774->

a339541d5a86/130320_esaa_Deloitte_report_Improving_energy_concessions_and_hardship_payments_policies.pdf

- Financial Counselling Australia: *Centrepay: A good idea that has lost its way*. February 2013
<http://www.financialcounsellingaustralia.org.au/getattachment/Corporate/Publications/Reports/Centrepay-A-Good-Idea-that-Has-Lost-Its-Way-February-2013.pdf>
- PIAC: *Cut Off II: the experiences of utility disconnections. Final report*. January 2009
<http://www.piac.asn.au/publication/2009/02/cut-ii-january-2009>
- PIAC: *Cut Off III: The social Impact of Disconnection. Final Report* April 2013
http://www.piac.asn.au/sites/default/files/publications/extras/13.04.14_final_report.pdf
- QCOSS: *Energy Hardship and Electricity Disconnections in Queensland*. December 2012
<http://www.qcoss.org.au/energy-hardship-and-electricity-disconnections-queensland-1>
- St Vincent de Paul: *The National Energy Market – In a Bit of a state?* November 2012
http://www.vinnies.org.au/files/The%20NEM%20-%20In%20a%20bit%20of%20a%20state_%20November%202012.pdf
- St Vincent de Paul Society Victoria: *The relative value of energy concessions: Part 1 of the Vinnies' Concessions project*. January 2013
<http://www.vinnies.org.au/files/VIC/SocialJustice/Energy/2013%20Jan%20-%20SVDP%20Concessions%20Project%20-%20Part%201.pdf>
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http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=electricityprices_ctte/electricityprices/report/index.htm
- VCOSS: *Keeping the Lights On*. September 2012 <http://vcoss.org.au/document/keeping-the-lights-on/>