ACT Council of Social Service Inc

Submission:

Response to the ACT Sustainable Energy Policy 2020-25 Discussion Paper

November 2019

About ACTCOSS

ACTCOSS acknowledges Canberra has been built on the land of the Ngunnawal people. We pay respects to their Elders and recognise the strength and resilience of Aboriginal and Torres Strait Islander peoples. We celebrate Aboriginal and Torres Strait Islander cultures and ongoing contribution to the ACT community.

The ACT Council of Social Service Inc. (ACTCOSS) advocates for social justice in the ACT and represents not-for-profit community organisations.

ACTCOSS is a member of the nationwide COSS Network, made up of each of the state and territory Councils and the national body, the Australian Council of Social Service (ACOSS).

ACTCOSS's vision is for Canberra to be a just, safe and sustainable community in which everyone has the opportunity for self-determination and a fair share of resources and services.

The membership of the Council includes the majority of community-based service providers in the social welfare area, a range of community associations and networks, self-help and consumer groups and interested individuals.

ACTCOSS advises that this document may be publicly distributed, including by placing a copy on our website.

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Acronyms

ACAT	ACT Civil and Administrative Tribunal
ACOSS	Australian Council of Social Service
ACT	Australian Capital Territory
ACTCOSS	ACT Council of Social Service
CPI	Consumer Price Index
DER	distributed energy resources
FCAS	Frequency Control Ancillary Services
kWh	kilowatt hours
MW	megawatt
NGOs	non-government organisations
NILS	No Interest Loans Scheme
NSW	New South Wales
ROI	return on investment
UK	United Kingdom
ZEVs	zero emission vehicles

General commentary

Engagement with ACTCOSS members and other community and business advocates when developing this submission indicated a need to build trust in government and industry regarding the affordable, reliable, and safe supply of energy.

Trust will be built for households when transactions with the energy system are simple, when complaints are promptly resolved and responses to hardship are timely and effective.

For community organisations and small businesses, trust in the energy system and the ACT Government approach to leading a transition to sustainable energy supply will require clarity of intent and predictability of the transition process. This would be supported by publication of a plan that includes major milestones for the 2020-25 period and specifies tangible measures of progress in implementation of the plan.

Recommendation

ACTCOSS recommends development of a 2020-25 Sustainable Energy Plan that provides clarity of intent and predictability of the transition process. The plan would include major milestones for the 2020-25 period and specifies tangible measures of progress in implementation of the plan.

The barriers to transition to sustainable energy supply in low-income households, community organisations and small businesses are awareness, capacity and cost. There is also a problem with design of measures not always being led by the people and businesses with barriers to uptake. To address these constraints, ACTCOSS recommends establishment of infrastructure that would support joint governance of the transition process by community, government, technical experts and business sector. This approach would provide a mechanism for engagement, a process through which opportunities and challenges could be identified and risks could be mitigated and would contribute to building trust in and momentum for change.

ACTCOSS members have said that a just transition is crucial – so every measure needs to be assessed against criteria for fairness. Work by the Australian Council of Social Service (ACOSS)[1] in partnership with their members, as well as consultation by ACTCOSS with our members, has informed this list of criteria for a just transition:

- Fair distribution of costs and benefits where the main beneficiary pays and the payer benefits
- Risks sit with those best placed to manage them

1 ACOSS, *Response to Trajectory for Low Energy Existing Homes July 2019 Consultation paper*, ACOSS, 2019, <https://www.acoss.org.au/wp-content/uploads/2019/09/Joint-Submission-to-NEPP-Trajectory-for-Low-Energy-Existing-Homes-Consultation-Paper.pdf>.

- Wherever possible, the user and system-wide costs and benefits of initiatives should be made clear, so that policy makers and consumers can respond appropriately
- Public spending should be targeted to maximise not only the economic and environmental benefits but also to reduce inequity between consumer cohorts
- Prioritise solutions that benefit people on low incomes or those experiencing other forms of disadvantage
- Incentives to support landlords achieve energy efficiency ratings should be via a flat rebate or subsidy, not a tax-based rebate
- Subsidies should not be recouped through bills, where low-income households pay disproportionately more of their income on electricity, and ideally come instead from government budgets
- Cross-subsidies should be transparent and justifiable
- Complementary measures – i.e. non-market interventions or measures – may be required to ensure a just and fair energy system.

Recommendation

ACTCOSS recommends the ACT Government resources collection of detailed data to assess whether a just transition is occurring.

This data should include:

- What household types are experiencing lower energy bills overall and as a proportion of household income? (a distributional analysis of impacts of transition)
- Have poverty premiums been removed or reduced in relation to energy efficiency? (e.g. addressing upfront transition costs as a barrier to low-income households achieving long-term energy savings)
- Do people who rent have improved capacity (including affordability, access and ability) to engage in energy efficiency improvement schemes?
- Has there been an acceleration of price reductions for appliance upgrades?
- What has been the impact of incentives for landlords to accelerate energy efficiency upgrades?
- How much job creation has occurred, and has this job creation improved supply of jobs from entry level to high qualification level jobs? (both resulting directly from work flowing from efficiency investment, and resulting indirectly from energy bill savings being spent elsewhere in the economy)
- Has there been an improvement in resilience of the energy system?

- Has there been an improvement in resilience of homes and reduced ill-health (physical and mental) and deaths due to extreme cold and heat?
- Is there evidence of reduced risk of financial hardship and/or homelessness due to unaffordable energy charges or accumulated energy debt?
- Has there been an increase to disposable income in the bottom 40% income groups as a result of lower energy bills? (has the amount and/or proportion of income spent on energy decreased?).

The Discussion Paper presents the transition process delivering a steady glide path to a sustainable energy system. It is likely that the change process will occur via a series of steps, as advances in technology and improved clarity of the best approach prompt significant uptake of changes by a majority of the population. For example, as zero emissions vehicles for domestic use become more prevalent, there will be a point in time in which the supply of vehicles and the price point for purchase prompts a significant increase in the feasibility of widespread purchasing of these vehicles. This will create a step change in the market. Whilst most households will be able to participate in the zero emissions vehicle market, there will be a number of households (those with low income) who are left 'stranded' with a combustion engine vehicle that they can't afford to replace and is increasingly expensive to maintain and run. As these step changes occur, it will be important to allocate specific concessions, subsidies or rebates to support households to transition into the new market.

In the period 2020-25, there will be significant changes in technology and business models. ACTCOSS recommends that during this first stage of a transition path expected to continue to 2045, the focus of government investment should be on research, policy development (alignment on infrastructure development and consideration of revenue sources as fuel excise revenue decreases) and infrastructure trials rather than subsidising early adopters. This will leave the market to settle out the preferred technologies and ensure government has resources to address the needs of 'stranded' households and businesses.

People who contributed to our consideration of the issues raised in the Discussion Paper noted the need to ensure the policy settings can be refined as the market evolves and as we learn from trials of new technologies.

For example, the rollout of smart meters in the ACT is slow. Any acceleration of smart meter rollout should be based on a transparent cost-benefit analysis rather than assumptions about the impact of smart meters on household or business energy usage. During this 2020-25, period we need to better collect and analyse data on energy use, energy literacy of householders, community organisations and small businesses, and improved management of demand across the whole community that could inform a cost-benefit analysis.

Across all of the topics covered below, ACTCOSS recommends that any consideration or implementation of policy measures should include assessment of capacity to participate and impact on energy affordability, reliability and safety in a mix of household incomes to properly assess the population-wide impact.

Specific commentary

100% renewable energy

People in the ACTCOSS membership with a high level of engagement on this policy issue support the ACT Government taking a leadership role in facilitating growth of supply of renewable sources of energy and better grid-wide demand management. Importance is placed on improving energy efficiency in the high-demand users (residential and business) and creation of infrastructure to support distributed energy resources (DER). This requires a regulatory framework that supports aggregation of supply and reduces creation of monopolies.

The ACT Government has a vital role to play in creating an environment that would encourage households and businesses in the ACT to see their interests and needs reflected in the options created for transition to 100% renewables. A more sophisticated understanding of the mix of customers and their level of engagement with transition discussions is required.

The Australian Council of Social Service has worked with the Total Environment Centre and with Energy Consumers Australia to identify different types of energy customers. It would be useful to calculate how many energy users in the ACT fit into each of the types listed below. The costs, feasibility and impacts of transition to 100% renewable energy supply in the ACT could be articulated for each of these types of energy users. This analysis could inform the timing and incentivising approach that would maximise value to each group:

- Energy users with no DER:
    - Grid-connected with very limited interest in energy matters, just want reliable service
    - Grid-connected customer seeking best offer, service or value but not interested in managing energy
    - Grid-connected, attentive to energy consumption and management, would like DER but there are barriers
- Energy users with DER (possibly just solar) who are happy with passive controls such as fixed export limits:
    - Energy users who are happy to have dynamic export limits (and/or the option of paying for high exports)
    - Energy users who have some level of aggregated participation through, for example, remote control of appliances, solar, or batteries
    - Energy users who want to participate as active end users and bid into wholesale spot and Frequency Control Ancillary Services (FCAS) markets.

ACTCOSS members have shared their views on information and processes that will enable households and businesses to become more engaged in the transition to 100% renewable energy.

People on low incomes are just as keen as other Canberrans to be part of reducing climate change and supporting renewable energy supply. Financial counsellors have advised that complexity is a barrier to engagement on all issues related to energy supply. For low-income households and other households at risk of energy hardship, the main focus is on price impacts. People need access to information from trusted sources (which for vulnerable consumers are the community organisations they access services from rather than an energy retailer or a government advisory service) that enable them to better understand their energy bill, the tariff they are on and whether a change in tariff would be beneficial given their usage patterns, the drivers of usage and how to reduce their usage. Once this information is clear, people will engage on the issue of how they can be part of supporting a move to 100% renewable energy.

Several ideas were shared regarding specific actions that would support transition to 100% renewable energy supply in the ACT:

- Housing ACT increases its purchase and construction of high energy efficiency dwellings (for both heat and cold), increases incorporation of solar panels into new builds and renewals, and negotiates a partnership between aggregator and Housing ACT for using rooftop solar as a major generator. This would involve cost to public housing, with benefit flowing through to tenants
- Research how to ensure a split of benefits to landlord as homeowner and tenant as energy user
- Implement minimum standards in rental housing, providing subsidies or No Interest Loans Schemes (NILS) for landlords to improve energy efficiency and local generation, but balance this with a cap on rent increases of CPI-only for five years.

Recommendation

ACTCOSS recommends reducing the legacy feed-in tariff to the value that was intended in 2010 prior to the rapid increase in electricity prices and reductions in the price of solar technology. This will continue to offer households a value from their investment without providing the windfall gain they currently enjoy because of the overly generous legacy feed-in tariff.

There were concerns raised regarding the proposal for low-income households foregoing $700 annual concession by getting access to a 2.5 MW solar system.

Prior to this going ahead, ACTCOSS would expect to see a series of household profile and usage case studies demonstrating the value proposition shared with potential beneficiaries of this measure so they could provide feedback on its feasibility and credibility.

Energy costs and consumer sentiment

Energy Consumers Australia has published a consumer sentiment survey every year for the past three years that includes data from ACT consumers.[2] This report provides valuable information that could inform further development of the policy and implementation process for a transition to sustainable energy supply in the ACT.

As part of the consultations to inform this submission, Care Financial Counselling surveyed financial counsellors and people who contacted financial counsellors to deal with energy hardship. Financial counsellors and energy consumers provided feedback on these questions:

100% renewable electricity

1. How can 100% renewable electricity be delivered as demand grows, while minimising costs?

Energy costs and consumer experiences

2. What would you like the ACT Government to do to support vulnerable households to manage their energy bills?
3. What would you like the ACT Government to do to support vulnerable and low-income consumers access new technology, such as solar?
4. What would you like the ACT Government to do to help consumers to understand energy offers and to choose the best deal to suit their needs?
5. Which organisations may be most effective at delivering energy education programs?

Energy efficiency

6. How can ACT Government better support uptake of energy efficiency?
7. How can the ACT show further leadership in energy efficiency?

Demand management

8. How can we accelerate the roll out of smart meters and other smart devices?

Natural gas

9. Are people happy to switch entirely from gas to electricity?
10. Should the ACT government consider setting a renewable gas target?

2 Back2back Research to Design, *Report: Energy Consumers Australia: Consumer sentiment and behaviour*, version 1.1, Energy Consumers Australia, 2019, <https://energyconsumersaustralia.com.au/wp-content/uploads/Consumer-sentiment-and-behaviour.pdf>.

A copy of the consolidated findings from this survey is at Attachment B. The sentiments and advice shared in this survey are integrated into the commentary provided in this submission.

ACTCOSS does not support a policy objective of reducing dependence on energy concessions. Energy concessions are vital to the system and should always be available.

In addition to the ACT Government's utilities concession, ActewAGL and the ACT Government established a support fund to assist those in the community most likely to be impacted by the significant increase in energy prices. This included the introduction of $100 utility vouchers and a partnership with Care Inc. to provide an energy financial literacy information program. Financial counsellors reported to ACTCOSS during development of this submission that a significant number of people who accessed the $100 voucher were also eligible for the utilities concession but were not accessing it. This occurs because of a lack of awareness of their eligibility, not informing the retailer of their concession status, or because the retailer has not applied the correct concession amount.

The value of the voucher program in terms of debt reduction far outweighs the cost to the retailer. For example, in the past two months, eleven people have accessed the voucher and have been found to not be accessing the concessions to which they were entitled. This has led to a cumulative reduction in debt of over $8,000 to these households.

Development of measures to support low-income and otherwise vulnerable households should be guided by the customer segmentation work published by Energy Consumers Australia in May 2018.[3] This work summarised key findings from analysis of initiatives available as at May 2018 to help households to manage their energy bills and the gaps identified in these initiatives. Excerpts from this summary are provided below:

> **Hard to help households (low-medium motivation, ability and opportunity)**
>
> The support available for the Hard to help households across all types of choices is inappropriate, insufficient and/or confined only to some Australian states, resulting in these households being underserved by government assistance and the market in general. For instance, the information available to this segment is not specific enough to allow them to take action and existing simple personalised information through a trusted source is not sufficient or provided across all states.
>
> The main challenges/barriers for catering to these types of households are their low-medium motivation, ability and opportunity. To overcome these barriers, the support offered should be simple, personalised and through trusted sources.[4]

3 Acil Allen Consulting, *Supporting households to manage their energy bills: A strategic framework*, report to Energy Consumers Australia, 2018, <https://energyconsumersaustralia.com.au/wp-content/uploads/Supporting-Households-to-Manage-Their-Energy-Bills-a-Strategic-Framework.pdf>.

4 ibid., p. 120.

Cautious households (low-medium motivation and ability; high-medium opportunity)

Similarly to the Hard to help households, the existing assistance for Cautious households is not well targeted and/or insufficient. While these households have the opportunity to better manage their bills, they require specific, simple and personalised information provided through trusted sources to be able to make changes as their level of ability and motivation is low. The information and advice currently available is general in nature and/or only offered in some Australian states and financial support to community organisations to provide these services appears to be inadequate.

While there are several community organisations providing financial advice to disadvantaged or vulnerable households, this support seems to be in most cases general in nature (e.g. some community organisations provide assistance to households with financial literacy and budget management, which includes bill management, but specific/personalised information and advice about options to manage energy bills may not be provided).[5]

Dependent households (high-medium motivation and opportunity; low-medium ability)

Dependent households are motivated to take action to manage their energy bills and have opportunities to do so, but have a low level of ability and therefore depend on others to help them take action. Given these barriers, they require initiatives that provide them with information provided through traditional media and advice that is tailored to their household. They also benefit from initiatives that provide access to community organisations/trusted sources to support them in taking action to manage their energy bills and initiatives that provide community organisations/trusted with access to the required information to help these households. However, these types of initiatives are currently either localised or only available in some states.

Initiatives that provide specific and timely feedback on the outcomes/benefits of their actions are also recommended but lacking across the board.[6]

Stuck households (high-medium motivation; low-medium ability and opportunity)

Stuck households are motivated to take action but lack the ability and the opportunity to do so. Given these barriers, they require initiatives that provide them with information through traditional media and/or exemplars and with advice that is tailored to their specific household. However, these types of initiatives are currently either localised or only available in some states.

Initiatives that are also appropriate for Stuck households are to provide subsidies or grants if they lack access to liquid funds, to penalise undesirable outcomes (e.g. if renting, penalise landlords for undesirable

5 ibid., p. 120.

6 ibid., p. 121.

outcomes), and public investment in upgrades for those households in public housing. The analysis in the previous section shows that:

- most states provide subsidies or grants for different appliances, personal circumstances/conditions and/or the installation of alternative sources of energy
- undesirable outcomes are not actively penalised in any state
- formal programs of public investment in upgrades for those consumers in public housing seem to be only available in Victoria and NSW.[7]

Recommendations

ACTCOSS recommends the primary policy objective in terms of affordability should be to reduce bills for households in the bottom 40% income groups, not reducing use of concessions per se.

ACTCOSS recommends continuation of the $100 voucher program and extension of this program requirement to all retailers.

ACTCOSS recommends using the findings from the customer segmentation work published by Energy Consumers Australia to determine priorities for investment in measures to help households to manage their energy bills.

Specific measures that have been suggested by people and organisations consulted by ACTCOSS when developing this submission include:

- Development of an energy efficiency improvement checklist rather than star ratings as the foundation for standard, because a checklist provides more capacity to tailor investments in upgrades to the specific building form and materials or circumstances of the household
- Support to access energy efficient home heating and cooling appliances
- Retailer credit teams being required to use the same script as hardship teams when engaging with customers who have a debt to the retailer
- Improved hardship access and proactive support by retailers
- Retailers take on full responsibility for costs of the $100 voucher program given its value in reducing debts and improving customer engagement
- Deep retrofits using a No Interest Loans Scheme for eligible households and these be applicable to renters and homeowners
- Provide combined offer of retrofits, appliance upgrades, dealing with under-consuming energy, financial hardship and debt issues via growing the existing programs that work with low-income households (e.g. Care voucher program, Actsmart)

7 ibid., p. 121.

- Improving consumer literacy about demand-based tariffs and usage patterns
- Rebate for cost of installing a smart meter.

Energy efficiency

The Power Shift research program by Energy Consumers Australia[8] has identified what works and what doesn't work in promoting positive energy efficiency outcomes:

What works

In terms of what works, we identified the following factors as important:

1. Using multiple intervention components that combine elements such as home retrofits, home audits, education and information, behaviour change marketing, and technologies like in-home displays can increase the chances of successfully impacting energy efficiency.
2. Develop insights that are region-/population-specific before conducting an intervention.
3. Identify clear aims and objectives from the outset and use appropriate methods to ensure that success can be evaluated. For example, if aiming to reduce electricity consumption, kilowatt hour (kWh) reduction provides an objective measure; if aiming to increase awareness of energy efficiency then carefully designed surveys or interviews may be used.
4. Intervention measurement and impact and outcome evaluation, including measurement of co-benefits, cost effectiveness and ROI (return on investment), should be designed from the beginning of any intervention.
5. Use appropriate social/behavioural theories to guide intervention design, implementation and evaluation.
6. Interventions should be segmented, targeted and tailored to the relevant target populations, and situational contexts as far as is possible.
7. Overall, the most effective intervention elements were home retrofits, digital tools (e.g., websites or apps) and workshops/training to support positive energy efficiency outcomes.

What doesn't work

In terms of what doesn't work, we identified the following factors for consideration:

1. Failing to identify clear aims and objectives, and agreeing on and designing-in impact and outcome evaluation measures from the start

8 Power Shift web page, Energy Consumers Australia, 2019, <https://energyconsumersaustralia.com.au/projects/power-shift>.

makes it difficult to evaluate the effectiveness of household energy interventions.

2. Not generating consumer insight and being aware of householders' preferences when designing an intervention can lead to failure. For example, many householders are unwilling to upgrade energy-inefficient heating systems if they regard them as very reliable.

3. Failure to use appropriate social/behavioural theory affected the likelihood of success.

4. Failure to understand and acknowledge contextual differences across geographic locations, and demographic and cultural groups can result in interventions that are not appropriately designed and tailored for purpose.

5. Delivering household energy efficiency interventions that incorporate some upfront costs borne by households can affect chances of success. Upfront costs can be deemed too high by some households and may lead to a lack of participation in interventions, even if over the long term they would be cost-effective.

6. Relying on the provision of energy usage feedback alone in interventions has mixed results. It is better to combine different feedback types (i.e., particularly cost and usage feedback) to householders.

7. Household energy efficiency interventions that rely on consumer self-report measures may overestimate the perceived benefits, and more objective measures (such as kWh) should be used as far as possible.

8. Cost effectiveness and ROI is rarely reported in household evaluations.[9]

Energy Consumers Australia has developed a framework for working effectively with different customer types.[10] This framework includes vulnerable customers and provides detailed analysis of the factors that influence the decisions made by vulnerable households regarding energy use behaviour change:

> As discussed before, simple personalised information through a trusted source is required by those households with a low ability level and a low level of motivation (Cautious and Hard to help). To enable trusted sources to provide simple personalised information to households in the Cautious and Hard to Help segments, they need to have ready access to the information required. This may be as simple as, for example, the annual bills that would have been paid under different energy deals being displayed on a consumer's energy bill. Trusted sources may also need support and education to help them provide relevant information to households in need.

9 R Russell-Bennett et. al., *Effectiveness of Household Energy Efficiency Interventions in Advanced Economies: What works and what doesn't*, final report, Queensland University of Technology, Brisbane, 2019, pp. 6-7, <https://energyconsumersaustralia.com.au/wp-content/uploads/Effectiveness-of-Household-Energy-Efficiency-Interventions-in-Advanced-Economies.pdf>.

10 Acil Allen Consulting, *Supporting households to manage their energy bills: A strategic framework*, report to Energy Consumers Australia, 2018, <https://energyconsumersaustralia.com.au/wp-content/uploads/Supporting-Households-to-Manage-Their-Energy-Bills-a-Strategic-Framework.pdf>.

> Households that have a high ability level (Enthusiasts, Completers, Complacent and Competent) will have the trust and the literacy, numeracy, problem-solving and research skills to access market-based tools and services.
>
> Those households with a low ability level may not have the trust and the literacy, numeracy, problem solving and research skills to access market-based tools and services. They will need additional support. Those households with a high level of motivation (Dependent and Stuck) may have more trust in community groups than market-based services to provide them with the support and assistance to manage their energy bills. Those households with a low level of motivation (Cautious and Hard to help) may need to access tools and services through community organisations referred to them by a trusted source.[11]

ACTCOSS members with expertise in community-led social change have noted that the long-term objectives outlined in the Discussion Paper require a high degree of community buy-in to get started and ongoing investment will also be needed to sustain engagement. A core question that guided advice on encouraging uptake of more sustainable energy was: What would enable the behaviour changes needed even if the government changes?

Community sector contributors to this submission have said they support a community development approach to enable transition to design and increasing uptake of energy efficiency measures. This should include:

- Neighbourhood-level engagement, resourcing and provision of access to decision-making processes, i.e. non-marketised approaches to behaviour change
- What will be required of households and businesses
- Connecting people on low incomes to climate change mitigation and adaption community led/collective actions
- What our obligations will be to each other through a transition to a more sustainable energy system.

The Discussion Paper invites feedback on how the ACT Government could better support uptake of energy efficiency. ACOSS has published results of an online survey conducted in 2018 to discern support for different policy measures that would enable a transition to more sustainable energy supply.[12] Ninety percent of voters stated they believe that it's important or very important for governments to help reduce households' and businesses' energy bills.[13]

11 ibid.

12 ACOSS, Property Council of Australia and Energy Efficiency Council, *Energy bills & energy efficiency: Survey of community views by YouGov Galaxy*, commissioned by ACOSS, Property Council of Australia and Energy Efficiency Council, 2018, <https://www.acoss.org.au/wp-content/uploads/2018/04/EEC-Survey-online-FINAL-.pdf>.

13 ibid.

POLICY	SUPPORT	OPPOSE
Fund experts to help businesses save energy and money	69 %	18 %
Provide grants for businesses for energy-saving equipment	70 %	16 %
Incentives to upgrade commercial buildings	79 %	10 %
Minimum standards for rental homes	80 %	10 %
Energy efficiency ratings for homes	83 %	6 %
Strengthen minimum standards for new commercial buildings	83 %	7 %
Upgrade the homes of vulnerable households	84 %	9 %
Incentives for upgrading homes	85 %	6 %
Require energy companies to help households save energy	86 %	6 %
Strengthen minimum standards for new homes	88 %	5 %
Upgrade public buildings like schools and hospitals	92 %	2 %

Source: ACOSS, Property Council of Australia and Energy Efficiency Council, *Energy bills & energy efficiency: Survey of community views by YouGov Galaxy*, commissioned by ACOSS, Property Council of Australia and Energy Efficiency Council, 2018, <https://www.acoss.org.au/wp-content/uploads/2018/04/EEC-Survey-online-FINAL-.pdf>.

The report that presented this survey data said that:

> 'Investing in energy efficiency' was the most popular energy policy option available to governments. [Its] popularity cut across party lines, with support from 90 per cent of Coalition and 89 per cent of Labor voters.[14]

ACOSS has outlined the following advice[15] on development of education and support for households to participate in measures that increase energy efficiency:

- Provide education to create awareness of the benefits of energy efficiency and build support for policy change. It then evolves to identifying the goods and services available to be used to support the change and finally assisting people with the abilities and skills needed. Information provided is from objective, credible, independent sources and makes clear the obligations and recourse, so all parties (renters, lessors, property agents and third-party exempt sellers) clearly understand the features of the regime, their rights and obligations and what to do if there is a dispute.
- Development of materials that:

14 ibid.

15 ACOSS, *Response to Trajectory for Low Energy Existing Homes July 2019 Consultation paper*, ACOSS, 2019, <https://www.acoss.org.au/wp-content/uploads/2019/09/Joint-Submission-to-NEPP-Trajectory-for-Low-Energy-Existing-Homes-Consultation-Paper.pdf>.

    - Clearly makes the case for why improving energy efficiency in the home will deliver significant benefits.
    - Provides advice on how to improve the energy efficiency, including selecting products and engagement of trades.
- Information and education on 'cost effective changes' must include information on the impact of the measure and short-term and long-term cost effectiveness. Such information should be provided in major community languages using best practice and culturally appropriate methods.
- Subsidies or rebates should be provided to people on low incomes to access rating assessments.

People consulted as part of developing this submission suggested the following strategies to support energy efficiency improvements in low-income households:

- Education programs/incentives for low to moderate-income homeowners/program for other consumers (perhaps with a moderate charge) to assess dwellings for best solutions for energy efficiency, i.e. window treatments, solar panels
- Consider support for landlords to make changes to rental properties
- Free or subsidised smart meters and information to drive behaviour change – i.e. use timers for appliances such as washers, dryers, dishwashers. Add information on the energy bill (not a separate flyer) as bills tend to be read carefully
- Financial incentives such as reduction in rates for energy saving practices/installation, marked with clear guidance on how to save money
- Energy bills could more clearly identify when a discount has been applied
- Reward those who decrease consumption, year on year. Could be a discount or even a small incentive payment.

Engaging well with households and businesses that are unable to pay energy bills provides an opportunity to prompt consideration of energy efficiency improvements to their home or business.

ACTCOSS notes the hardship information reported on page 36 of the Discussion Paper is from the Australian Energy Regulator, and incorrectly attributed to ACAT (ACT Civil and Administrative Tribunal). To be comprehensive, data needs to include utility hardship programs within retailers as well as the ACAT hardship program. An analysis of both sources of hardship data for ACT customers is included in the energy affordability and hardship in the ACT factsheet produced by ACTCOSS in June 2019 and provided at Attachment A.

A critical time for engaging with energy customers is when disconnections are imminent. There is a role for disconnections in maintaining the integrity of the payment systems. Disconnections can provide an important reason for

engagement with customers who are not a hardship customer to motivate contact regarding unpaid bills. It is also appropriate to use disconnections to ensure customers who are assessed as being in hardship maintain engagement with the ACAT. ACTCOSS is of the view that retailers' credit managers should not disconnect anyone without the hardship team considering their hardship status.

Small business advocates have said engagement needs to be multifaceted and inclusive of the different perspectives that need to guide transition support for the diverse mix of businesses operating in the ACT. The critical factor will be ensuring small businesses are not incentivised by the Sustainable Energy Policy to move operations across the border.

Strategies to increase engagement and support for transition to sustainable energy supply include:

- Good information flow and opportunities for dialogue
- Clarity regarding how long-term objectives with be translated into immediate actions
- Advice on how the transition creates a competitive advantage, not just about mitigating risks during transition
- Clarity regarding the expected timeframe for capital expenditure to enable transition
- Access to support to future forecast business considerations and impacts.

Recommendations

ACTCOSS recommends the ACT Government collect and publish data on how many customers are disconnected when they are eligible for or are in the hardship program. This data could inform ongoing policy and regulatory reforms that support reduced disconnections.

ACTCOSS recommends the ACT Government develops a private tenancy energy efficiency program that sets a minimum energy efficiency requirement, an upper limit on any rent increases and provides supporting structures to assist landlords with meeting these requirements. This program would include the following components: minimum standards in rental housing, and landlord assistance to do deep retrofits tied to rent ceilings for 10 years post-retrofit.

Demand management

Energy Consumers Australia have published research on customer types and behaviour change relevant to demand management.[16] This research found that:

A household is most likely to choose to use less energy at peak times:

- if they are on a demand tariff
- after receiving an energy bill, particularly if it is higher than expected
- when there is a change in financial circumstances, for example, if a member of the household loses their job
- in response to concerns about the ability of the electricity system to meet the peak demand for that day
- in response to a loss of supply due to a supply shortage or insufficient capacity in the local network
- in response to offers by third parties to manage their peak demand.

1. **Middle Australia**

   The household is aware that they could reduce their energy bills by using their washing machine and dishwasher during off peak times rather than during peak times. They do this on some days, but on other days, it is far easier to just use the washing machine and dishwasher during peak times.

2. **Enthusiasts**

   The household makes every effort to use less energy at peak times. The household has recently had a smart meter installed and is currently investigating devices that will limit their energy use during peak times.

3. **Completers**

   The household has a smart meter installed and makes every effort to use less energy at peak times. Their energy use during peak times is minimal and so there is no further scope to reduce energy at peak times.

4. **Dependent**

   The household has the opportunity to manage their energy bill by using less energy at peak times and is motivated to do so, but is not able to do so. They may lack the skills to identify how they could reduce their energy use at peak times to help them to manage their energy bills and/or trust third parties to manage their use of energy at peak times for them.

5. **Stuck**

16 Acil Allen Consulting, *Supporting households to manage their energy bills: A strategic framework*, report to Energy Consumers Australia, 2018, <https://energyconsumersaustralia.com.au/wp-content/uploads/Supporting-Households-to-Manage-Their-Energy-Bills-a-Strategic-Framework.pdf>.

The household is motivated to manage their energy bill by using less energy at peak times but does not have the opportunity or ability to do so. They may lack the skills to identify how they could reduce their use of energy at peak times to help them to manage their energy bills and/or trust third parties to manage their energy use at peak times for them. However, even if they could, the household is not on a demand tariff and so is not able to manage their energy bill by reducing their use of energy at peak times.

6. **Complacent**

   The household has the ability and opportunity to manage their energy bill by using less energy at peak times, but is not motivated to do so. The household is not on a demand tariff and so is not able to manage their energy bill by reducing their use of energy at peak times.

7. **Competent**

   The household has the ability to manage their energy bill by using less energy at peak times, but they are not on a demand tariff so are not able to reduce their energy bill by reducing their energy use at peak times. Accordingly, the household has no motivation to manage their energy bill by reducing their use of energy at peak times.

8. **Cautious**

   The household has opportunities to manage their energy bill by using less energy at peak times, but the household does not have the motivation or ability to do so. They may lack the skills to identify how they could reduce their energy use at peak times to help them to manage their energy bills and/or trust third parties to manage their use of energy at peak times for them. The perceived financial payoff from, and inconvenience associated with, reducing their use of energy at peak times is not justified.

9. **Hard to help**

   The household does not have the motivation, ability or opportunity to manage their energy bill by using less energy at peak times. They may lack the skills to identify how they could reduce their energy use at peak times to help them to manage their energy bills and/or trust third parties to manage their energy use at peak times for them. The perceived financial payoff from, and inconvenience associated with, reducing their use of energy at peak times. Notwithstanding, the household is not on a demand tariff and so is not able to manage their energy bill by reducing their use of energy at peak times.[17]

People consulted during development of this submission provided the following suggestions relevant to reducing energy bills for vulnerable customers:

- Rates of available concessions could be better targeted to take household size into account or be based on percentage of the total bill (ensure that this does not decrease incentive to reduce usage)

17 ibid., p. 35.

- Support for public housing tenants to increase energy efficiency and lower usage and bills – could include a welcome pack for new tenants, with advice on positive practices
- Expand the current and well regarded Actsmart Home Energy Efficiency Program
- Provide better education around all aspects of accounts including best deals, how bills are calculated, hardship provisions, concessions and complaints mechanisms, including the Ombudsman
- Better information to support decision making – how much energy do specific appliances use? The current star rating system could encourage more usage of a higher rated product
- How realistic is it to treat energy supply as just another consumer product? Clients prefer 'set and forget' so government could encourage energy retailers to provide more assistance around pricing and discounts. Clients need to ask for discounts but alternatively, energy retailers may have access to usage information which they could use to assess the best deal for consumers
- Price is my biggest concern, but I would like to be able to access new technology, so subsidies, etc., would make it attractive to change
- More information on programs and services available please
- Make price increases more gradual to soften the impact and spread any increase over longer period.

Upgrading housing is essential to reducing demand for energy. It would be useful to:

- Undertake further analysis on overcoming the unique challenges to improving energy efficiency of privately owned/rented apartments, with the goal of introducing minimum energy efficiency standards for apartments and common areas
- Partner with organisations that can provide energy efficiency upgrade advice and services because they have the knowledge and experience to provide appropriate and cost-effective upgrades, and access to compliant suppliers.

A key issue for many households in the ACT is inelastic demand – they have limited capacity to change their time of use due to the needs of the household and/or the capacity of their appliances to operate on timers. As noted in the material from Energy Consumers Australia quoted above, well-tailored assessment of household needs and options regarding demand management, delivered by trusted sources of information such as community services with whom they are already in contact, will be needed to support these households to change their patterns of use.

One critical factor in moving to a tariff structure that supports more active demand management and incentivises reducing demand to better manage peak

loads is the risk of under-use of energy to the detriment of health. Better Renting has published research on the impacts of exposure to cold as result of not adequately heating houses.[18] This research found that:

> In addition to a high rate of deaths per cold month, the ACT has a particularly long cold period, stretching in most cases from May to September. On average, each of these cold months results in 28 excess cold-related deaths. Based on the ACT's current population, each year sees an average of 140 deaths due to cold.
>
> Research from Europe, the UK, and Ireland suggests that 30-50% of [excess winter mortality] is related to housing. This implies a range of 42-70 annual deaths attributable specifically to the quality of homes in the ACT. We use the lower end of this range as a conservative estimate that indicates the minimum number of deaths due to cold; the actual number could be as high as 70. We thus estimate that cold housing contributes to at least 42 deaths from each year in the ACT.[19]

Better Renting will be publishing shortly research that assesses the morbidity and mortality risks from housing that is unable to be kept at a healthy temperature during hot weather. With growing evidence of significant health costs and avoidable deaths as a result of poorly temperature-controlled housing, it will become necessary to find ways to support vulnerable households to retain access to energy for heating and cooling. The approach to registering and responding to households with life support equipment could be adapted to create a register of customers for whom access to heating and cooling is essential because of health risk factors.

Recommendation

ACTCOSS recommends that any measures to incentivise demand management actively prevents low-income households from under-heating or not being able to cool their housing.

ACTCOSS received advice from our stakeholders that batteries and local networks are more effective than time of use tariffs in reducing energy costs. During 2020-25, ACTCOSS recommends the ACT Government resources installation of and research on the cost impacts for individual households from battery storage systems and local energy networks in low-income housing (both public and community housing).

18 Better Renting, *Unsafe as houses: cold-housing deaths in the ACT*, Better Renting, 2019, <https://d3n8a8pro7vhmx.cloudfront.net/betterrenting/pages/157/attachments/original/1565561048/Unsafe_as_Houses_v2.1.pdf?1565561048>.

19 ibid.

Recommendation

ACTCOSS recommends that if subsidies to business are offered as part of an overall objective of shifting time of use to reduce peak demand loads, these should be targeted at small business only. Industry-specific tailor-made advice regarding transition off natural gas supply or to reduce electricity bills is needed and should be provided in a range of community languages.

ACTCOSS members have noted that at some point it will become necessary to support households who have not transitioned to a smart meter to move to a smart meter because it will become too expensive to read analogue meters for billing purposes.

People consulted during development of this submission provided the following suggestions and insights regarding smart meters:

- Energy storage options are not currently cost effective & batteries lose capacity over time. Consumers to be informed of longer-term cost including any maintenance or replacement costs - possible financial trap especially to retirees, etc.
- These items are price sensitive so consider bulk purchase to lower unit pricing
- Little interest in smart meters among low to moderate income clients has been demonstrated so education and an information campaign re benefits are needed but must be supported by free/heavily discounted pricing.

For low-income customers, our survey found that 8 of the 15 respondents had either not heard of smart meters or had no idea what they were. There was a general apprehension that it sounded complicated. In addition to communication and awareness of the benefits and utility of the technology, the issue of cost would need to be addressed. In response to the question, 'How can we accelerate the roll out of smart meters and other smart devices?', survey participants said:

> "I haven't heard of this but would love to know more"
>
> "Two respondents have smart meters and one person did not understand how it works and thought it was too complicated and was not yet familiar with correct usage"
>
> "No - my parents got one and are unhappy with bill increases"

Recommendations

ACTCOSS recommends a comprehensive analysis, including direct consultation with low-income and otherwise vulnerable households on the benefits delivered by smart meters that considers characteristics of household type by demographics and energy requirements.

ACTCOSS recommends conducting a trial of the bill impacts of battery installation in a mixed residential setting, e.g. in community housing development, with concession card households having no co-payment to participate.

Natural gas

ACTCOSS notes the substantial commentary on the transition away from reliance on natural gas as a fuel source in the submission by our partner organisation the Conservation Council of the ACT. ACTCOSS provides limited input on this topic.

Given the technical and financial uncertainty regarding using fuels other than natural gas in gas infrastructure, ACTCOSS supports ceasing expansion of gas into new suburbs during 2020-25. This is the least risk, least cost approach to achieving the target of reducing gas connections by 15,000 set by the ACT Government. This policy position should be supported by provision of no cost, independent advice and assistance for households and businesses to install electric and/or non-mainline gas energy infrastructure and appliances that best meet their needs.

Recommendations

ACTCOSS recommends investment during 2020-25 in a comprehensive analysis of the feasibility, timeframe and lowest cost pathway to adoption of hydrogen in existing housing and new construction.

ACTCOSS recommends the ACT Government funds independent research on the cost relativities of growing the electricity grid versus maintaining and growing gas infrastructure.

If the ACT is to move away from natural gas as a source of energy, the community needs more information regarding value proposition of and utility of appliances that would facilitate moving from a mixed energy source household or business to an all-electric supply of energy.

People consulted during development of this submission said:

- Changeover costs are high and time to recoup investment can be long. Gas offers instant heat and cooking so will require marketing which

addresses these benefits and shows how electric options offer a better alternative

- Some clients remember the incentives to switch to gas from electric so barriers or inertia and confusion about the case for change needs to be overcome
- Gas is seen as more efficient by clients, despite information on the $20 to $40 per fortnight to cover energy supply. Public housing may need to drive change by replacing appliances, etc.
- Respondents would like to switch but felt that replacing appliances, etc. was a barrier to change.

People who had experienced energy hardship said:

> "No – I like gas and would not be happy!"
>
> "Gas is most effective for heating house and electricity resources were more finite"
>
> "Moved from gas to electricity for cooking as did not think that gas was a safe choice for kitchens in retirement home accommodation"
>
> "I want to switch as would save money with electricity but unaffordable so would appreciate a subsidy but co-payment would need to be very small"

Zero emission vehicles

ACTCOSS is of the view that during 2020-25 the priority should be to resource detailed work on feasibility and cost analysis of measures to increase adoption of ZEVs (zero emission vehicles) in fleets, not for individual purchasers.

The community transport fleet would be a good priority for assistance to be an early adopter of ZEVs. This could include light vehicles used by workers providing home-based support and community-based services as well as heavier vehicles used in the community transport program. However, practical and financial barriers have been identified by one organisation who shared their perspective during development of this submission:

> 1. Charging of Electric Vehicles
>
> Most fleet vehicles for For-Purpose/Not-For-Profit organisations are garaged on site at the business or in public car parks.
>
> For example, we currently have 23 vehicles with only 4 being home garaged.
>
> - There are no charging points for these vehicles at the current car parking sites.
> - It is questionable as to whether charging points could/would be installed at the car parking sites.

As we do not own any of the car parking sites therefore they cannot guarantee charging points will be installed and most certainly cannot invest in installing any charging points.

This would make it impossible for us to consider an electric fleet.

Consideration of changing the fleet to being all home garaged was discussed as recently as 14/10/2019, the cost implication on just Fringe Benefits Tax alone is an additional $142,500This is a prohibitive cost for a Not-For-Profit/For-Purpose organisation, and not achievable.

It also creates logistical problems for an organisation to determine where vehicles are garaged, what happens when the staff member is unwell or on leave; issues that can impact service delivery.

2. Cost of Electric Vehicles

At this point in time electric vehicles are more expensive to purchase and operate (servicing and insurance costs) than the current fleet of vehicles we have.

This again becomes prohibitive for a Not-For-Profit/For-Purpose organisation and not achievable.

It is acknowledged that as the technology for electric vehicles develops further and production economies of scales change the vehicles and servicing costs may reduce over time, but at this point in time the costs make the proposal not viable.

ACTCOSS does not support subsidies to households who purchase ZEVs. The value proposition for purchasing a ZEV is in the reduced ongoing running costs, so the registration fee incentive is unnecessary. Lastly, ZEVs do not use fuel that is charged an excise that contributes to road infrastructure, so the users of ZEVs have access to effectively subsidised road use. Provision of further subsidies through the registration fee incentive is again unnecessary.

A more targeted and effective approach to supporting a transition away from carbon polluting vehicles would be to subsidise the purchase price of low emission vehicles and ZEVs for households in the bottom 40% income groups. This approach has been considered in France. The French program offered a 500 to 1,000 euro incentive (with a plan to increase to 2000 euro) to switch to a less polluting vehicle, initially for low-income families who own cars with petrol engines first registered before 1997 and cars with diesel engines first registered before 2001.[20] The subsidy could be applied to buying new cars as well as relatively new second-hand vehicles with low carbon dioxide emissions. For a low-income family buying a small second-hand car, the incentive was intended to add up to more than half of the vehicle's value.

20 Autovista Group, 'French Government to introduce incentives for new low emission vehicles', 18 September 2017, viewed 15 November 2019, <https://autovistagroup.com/news-and-insights/french-government-introduce-incentives-new-low-emission-vehicles>.

Recommendations

ACTCOSS recommends ACT Government resourcing of detailed work on feasibility and cost analysis of measures to increase adoption of ZEVs in fleets beyond the ACT Government fleet.

ACTCOSS recommends ceasing the registration fee incentive for ZEVs because this is a subsidy to relatively high-income households.

ACTCOSS recommends provision of subsidies later on in the transition pathway to buy out high carbon emission vehicles owned by people in the bottom 40% income groups.

Innovation and industry development

There is a significant focus in the Discussion Paper on the opportunities that could be created for new industry development and business innovation. ACTCOSS notes that the majority of business activity and employment over the 2020-25 period and into the future will be in the current industries (public sector, health and social services, hospitality, retail and construction).

Provision of innovation support within existing industries is likely to deliver more significant impact than prioritising business development support for new industries. ACTCOSS recommends a balance of investment that delivers support for new industries as well as support for innovation in existing industries.

Both small businesses and community organisations would value resourcing of a team who provide information, advice and support to small and medium enterprises to improve transparency and applicability of information about energy efficiency innovations and investment strategies to individual circumstances.

Recommendations

ACTCOSS recommends adoption of a peer-enabled approach to engaging community organisations and small businesses in design and increasing uptake of energy efficiency measures. This could include:

- Location-specific peer networks (e.g. in industrial areas)
- Industry peer groups
- Sub-sector peer groups.

Recommendations

ACTCOSS recommends the ACT Government funds NGOs to partner with research and development groups and innovators to identify energy transition problems and costs in their business models or supply chains to facilitate development of innovations to address these problems and reduce these costs.

ACTCOSS recommends working with industry to undertake and invest in workforce planning and skills training to ensure adequate capacity to deliver high quality services across the energy efficiency sector, and create jobs. A high priority for workforce development is development of climate zone training material to inform trades on the importance of energy efficiency and how it can be applied to houses during initial construction or when renovating.

Attachment A: Factsheet: Energy affordability and hardship in the ACT

Factsheet
June 2019

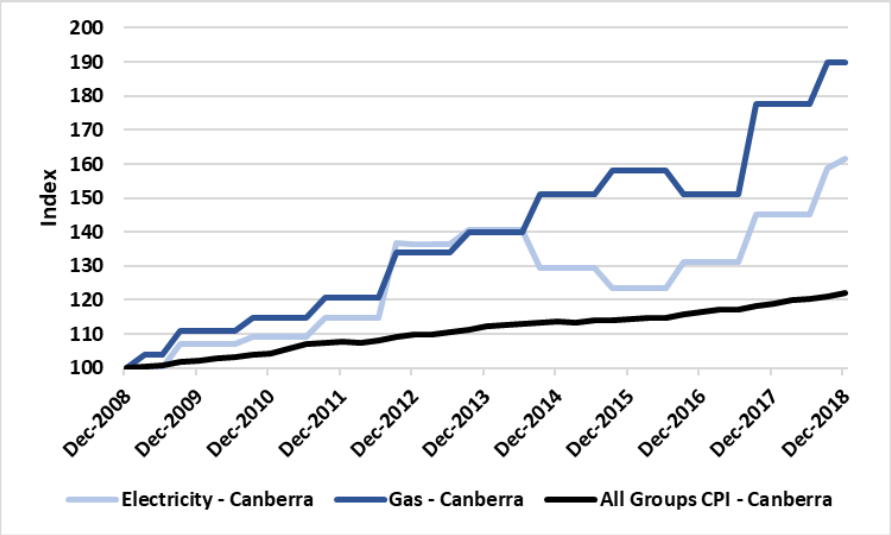
Energy affordability and hardship in the ACT

Energy prices in the ACT have increased significantly in the last decade. Households living with low incomes or experiencing disadvantage pay disproportionately more of their income on energy than the average household. Low-income households face poverty premiums especially in terms of not being able to make modifications or purchase technologies to make their dwellings more energy efficient. There needs to be a just transition to adapt to climate change that reduces the disproportionate burden on low-income households. The development of appropriate policy solutions needs to be informed by a better understanding of those households most impacted by high energy prices.

Energy affordability

According to the Australian Energy Regulator (AER), the ACT had the most affordable electricity in terms of percentage of income spent on energy ($1,501, 4.7%) in 2017-18. At the same time, the ACT recorded the highest market contract price rises for both electricity (22.6%) and gas (16.8%). The ACT also has high levels of energy use. The Energy Security Board has classified the current status of electricity affordability as ‘critical’, with ‘household electricity costs [having] increased by 56% in real terms over the past 10 years, much faster than wages growth or inflation’.[1]

Changes in electricity, gas and All Groups CPI, Canberra, December 2008 to December 2018



The 2019 *ACT Cost of Living Report* published by ACTCOSS found that electricity and gas prices rose by 11.2% and 6.8% respectively from December 2017 to December 2018 – this was above the national rates of 1.8% and 3.2%.[2] Over the past decade both electricity and gas prices have risen well above the overall CPI in Canberra, with gas prices rising more than electricity.

Increases in energy prices impact disproportionately on low-income households as a greater proportion of their income and expenditure is spent on energy. These households are more likely to experience energy stress which can result in households 'going without heating and cooling, meals, and other basic essentials in order to afford their energy bills'.[3] A quarter of people receiving Newstart and similar allowances spend more than 9.7% of their income on energy.[4] On average, people in the lowest 20% of the income distribution spend 6.4% of their income on energy, a quarter spend more than 8.8% on energy.[5]

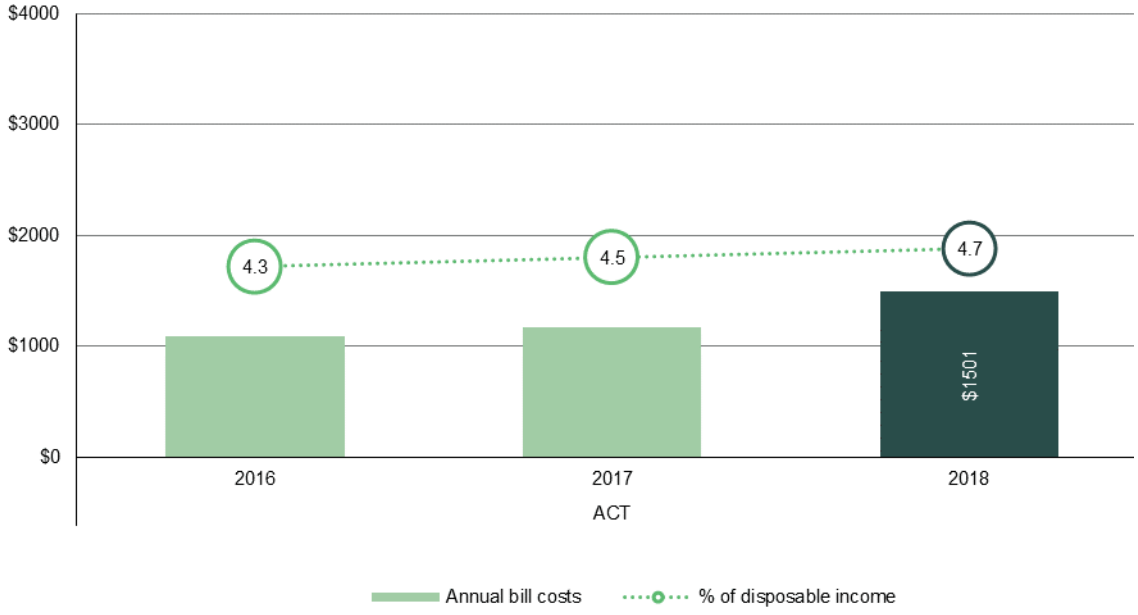
Energy expenditure by equivalised disposable income quintiles

	Lowest	Second	Third	Fourth	Highest
Average Weekly Expenditure – ACT	$42.22	$51.78	$44.37	$41.00	$56.21
Proportion of Total Goods and Services Expenditure – ACT	4.0%	*4.4%	3.0%	2.2%	2.4%
Proportion of income – Australia	6.4%	3.8%	2.8%	2.3%	1.5%

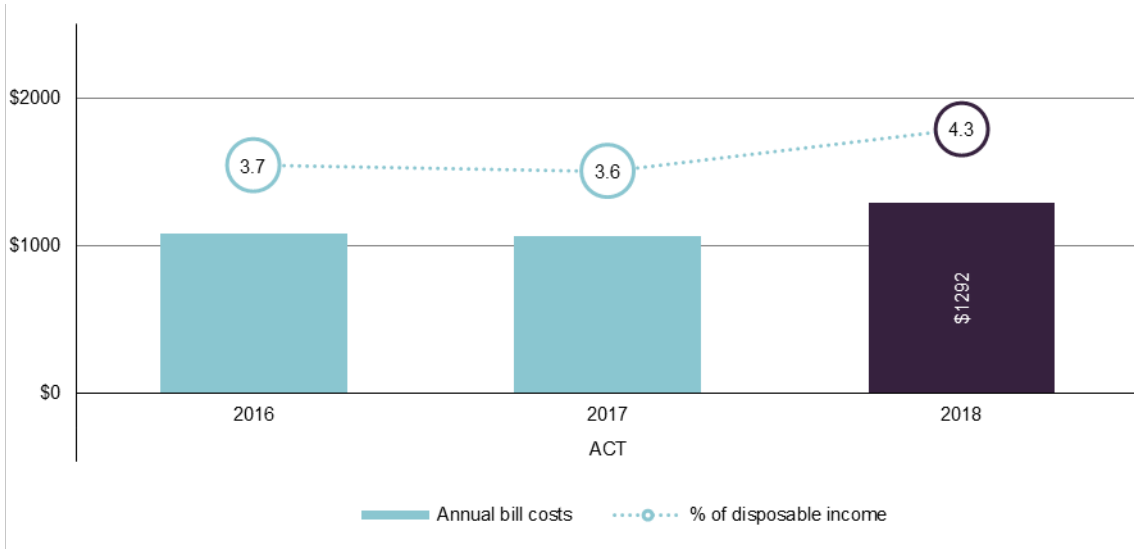
* estimate has a relative standard error of 25% to 50% and should be used with caution.
Sources: ABS, *Household expenditure survey, Australia, Summary of results, 2015-16*, ABS, Canberra, 2017, Table 21.1 Household expenditure, Broad expenditure groups, Equivalised disposable household income quintiles, ACT; ACOSS, Brotherhood of St Laurence & ANU Centre for Social Research and Methods, *Energy stressed in Australia*, ACOSS, Sydney, 2018, p. 4.

AER data from 2015-16 to 2017-28 shows that the proportion of income spent on electricity and gas by low-income households in the ACT has increased, and is higher than the proportion spent by middle-income households.[6] In 2017-18, low-income households in the ACT spent 4.7% of their income on electricity and 4.3% on gas compared to 2.0% and 2.5% in middle-income households.[7]

Annual electricity bills for low income households (with concession) on a median market offer 2015-16 to 2017-18, ACT



Annual gas bills for low income households (with concession) on a median market offer 2015-16 to 2017-18, ACT



Source: adapted from AER, *Annual report on compliance and performance of the retail energy market 2017-18 - Chapter 1 2 3 5 and 6 tables and charts*, AER, Melbourne, 2018, Figs 5.10 & 5.14, viewed 19 June 2019, <https://www.aer.gov.au/retail-markets/performance-reporting/annual-report-on-compliance-and-performance-of-the-retail-energy-market-2017-18>.

Poverty premiums and energy efficiency

Being poor can cost extra money as people on low incomes have costs that others with more money and resources can buy their way out of, avoid or minimise – this is referred to as a poverty premium.[8]

Disadvantage in the ACT tends to be hidden behind high averages across indicators such as income, education, and employment. Closer analysis reveals that a sizeable number of people in the ACT do experience poverty and disadvantage, with many experiencing multiple disadvantage.[9] It is estimated that 25,800 people are living below the poverty line in the ACT (representing 7.7% of the population).[10] The number of people who struggle with energy stress is likely to be much higher than the poverty figures.[11] An estimated 37,000 people in the ACT live in households with an income below $500 per week.[12]

One poverty premium that low-income households face is not being able to access discounts for paying on time or by direct debit. Digital exclusion (including not having the internet at home) may also prevent people from accessing online-only discounts. Additional costs may also be incurred if they are unable to pay their bill on time.

Another poverty premium arises where they are unable to save and often live in housing that has poor energy efficiency. Low- and fixed-income renters or homeowners tend not to be able to afford investments in their housing to reduce energy usage. Renters are reliant on property owners' willingness and ability to approve or invest in such improvements. The ACT Government and ACTCOSS have produced a factsheet for landlords and property managers on reducing energy and water costs in rental properties.[13]

A 2018 report from Better Renting estimated the cost of poor energy efficiency in rental housing in the ACT:

> For an average-sized property with an EER of 0, it would cost $2,800 to produce the same amount of heat that would be free in a property with an EER of 5. To put it another way, renters in such a property are being frozen out of free heat equivalent to running two 2000W electric heaters 24/7 from mid-May to September. We estimate that the ACT has roughly 24,000 rental properties that would attain an EER lower than 5. With an average household burden of just over $1,600, the total burden borne by all ACT renters living in energy-deficient properties is equivalent to over $39,000,000.[14]

The Energy Efficiency Improvement Scheme (EEIS) is an ACT Government initiative that places a requirement on electricity retailers to achieve energy savings in households and small-to-medium businesses.[15] A target has been placed on these retailers to ensure a proportion of the savings are delivered to low-income households.[16] To ensure that low-income households can benefit, Tier 1 retailers (ActewAGL) are obliged to deliver a proportion of their energy saving obligations from eligible activities in priority households. The priority household target was set at 20% from 2017 to 2019. This has been increased to 30% for 2020 to encourage retailers to provide more opportunity for low-income households to participate in the scheme. An eligible priority household is defined in the dictionaries of the *Energy Efficiency (Cost of Living) Improvement Act 2012* (ACT).[17] A total of 19,381 priority households received EEIS activities from 2013 to 2016.[18] Commentary in advance of the ACT Budget 2016-17 stated that 'concessions play an important role in supporting around

30,000 Canberra households, and the need for support is increasing'.[19] With approximately 156,000 households in the ACT in 2017, over 19% of Canberra households fit the definition of EEIS priority households. This suggests that about two-thirds of ACT priority households had received EEIS benefits by 2017.[20] The 2014 review of the EEIS confirmed average savings through the EEIS of $318 per year with total savings of $1,614 per household.[21]

Energy hardship

Households that are struggling to pay their bills will often pay late and/or enter into debt if they do not have money available when their bills fall due. The AER monitors figures on the energy-related debt that results from customers not paying their bills on time. The AER reported that in the ACT in 2017-18, 3.2% of non-hardship residential electricity customers were in debt, with an average debt of $886.09. The proportion of non-hardship residential gas customers in debt was 3.8%, with an average debt of $628.75.[22]

The AER data as at June 2018 shows that 987 (0.6%) residential electricity customers and 636 (0.5%) residential gas customers were accessing hardship programs.[23] The ACT rate of hardship assistance for electricity is the lowest in the National Electricity Market.[24] In 2017-18, the average debt on entry to hardship schemes was $1,617.33 for electricity and $1,448.53 for gas.[25] The hardship programs being referred to in these statistics are delivered by the three energy retailers in the ACT: ActewAGL, Energy Australia and Origin Energy.

The AER data does not take account of those being assisted through the ACT Civil and Administrative Tribunal (ACAT) Energy and Water Hardship Program.[26] As at 30 April 2018, the program had the following number of households registered:

- Electricity: 571 households (this is a ***decrease*** in numbers since December 2016 when 622 households were accessing the program)
- Gas: 279 households (this is an ***increase*** in numbers since December 2016 when 128 households were accessing the program).[27]
- ACAT new applications in the 2017-18 financial year to 30 April 2018:
    - Electricity: 267 households
    - Gas: 199 households.[28]

When people are unable to pay their energy bills, one of the more serious outcomes is disconnection. The Australian Energy Regulator (AER) reports that in 2017-18 there were 501 (0.29%) residential electricity and 433 (0.36%) gas customers in the ACT disconnected for non-payment.[29] A study of electricity disconnections in South Australia, Victoria, New South Wales and South East Queensland found that low-to-median income families and small households experiencing housing stress or greater transport costs were particularly vulnerable to being disconnected.[30]

Hardship programs, payment plans and concessions

Hardship programs are an important means of avoiding disconnection for those struggling to pay their energy bills. Under the Retail Law, authorised retailers must develop, maintain and implement customer hardship policies for their residential customers – these must be in accordance with the AER's *Customer Hardship Policy Guideline*.[31] Energy retailers must publish their customer hardship policies on their websites.

Payment plans are one of the main ways that energy retailers can help customers who are experiencing financial difficulties to better manage their energy bills. Under the National Energy Retail Law and Rules, energy retailers must establish payment plans by having regard to a customer's capacity to pay, any amount they owe, and how much energy they expect to use over the next year. ACT energy retailers have adopted the AER's *Sustainable Payment Plans Framework* which is designed to help residential customers and retailers agree to payment plans that are sustainable and affordable.[32]

Your retailer cannot disconnect you if you are actively participating in their hardship program or if you are sticking to your agreed payment plan. Disconnection of your energy supply should be a last resort option for your energy retailer.[33] There are rules around what a retailer must do before it takes this action, including providing you with reminders and a disconnection warning notice.

Concessions and efficiency-improvement measures help improve energy affordability for low-income households and avoid hardship and possible disconnection. The ACT Government offers a Utilities Concession for concession card holders which is applied for through your energy provider. For 2018-19, the annual concession was $654 – this will increase to $700 (from 1 July 2019).[34] Actsmart is a one-stop-shop for ACT Government programs and assistance developed to help save energy and water, reduce waste and cut greenhouse gas emissions. Actsmart offers a Low Income Household Program as a free in-home service to identify ways to reduce energy bills and a Solar for Low Income Program to assist eligible households to invest in rooftop solar panels.[35]

As mentioned above, the ACT Government's Energy Efficiency Improvement Scheme places a requirement on electricity retailers to achieve energy savings in households and small-to-medium businesses.[36]

Better Renting is an ACT not-for-profit organisation that advocates for stable, affordable and liveable homes for renters. Similar to Actsmart's Low Income Household Program, Better Renting's *Home Truths* initiative includes home visits to rental households to identify ways to reduce energy bills, improve home comfort, and reduce climate pollution.[37]

End Notes

1 Energy Security Board, *The Health of the National Electricity Market, 2018*, COAG Energy Council, Canberra, 2018, p. 7, viewed 19 June 2019, <http://www.coagenergycouncil.gov.au/sites/prod.energycouncil/files/publications/documents/the%20health%20of%20the%20national%20electricity%20market%20-%202018.pdf>.

2 ACTCOSS, *ACT Cost of Living Report*, ACTCOSS, Canberra, May 2019, p.9, viewed 18 June 2019, <https://www.actcoss.org.au/publications/advocacy-publications/act-cost-living-report-2019>.

3 ACOSS, Brotherhood of St Laurence & ANU Centre for Social Research and Methods, *Energy stressed in Australia*, ACOSS, Sydney, 2018, p. 4, viewed 1 May 2019, <https://www.acoss.org.au/wp-content/uploads/2018/10/Energy-Stressed-in-Australia.pdf>.

4 ibid.

5 ibid.

6 AER, *AER Retail Report Jurisdictional Dashboards 2017-18*, AER, Melbourne, 2018, viewed 19 June 2019, <https://www.aer.gov.au/retail-markets/performance-reporting/annual-report-on-compliance-and-performance-of-the-retail-energy-market-2017-18>.

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Attachment B: Survey Data regarding the ACT Sustainable Energy Policy 2020-25 Discussion Paper

ACTCOSS is using funding from the ACT Government and Energy Consumers Australia to develop a report for the ACT Government that shares information about responses from low to middle income energy customers, community organisations and small businesses to the questions asked in the Discussion Paper.

Consolidated feedback on ACTCOSS ACT Sustainable Energy Policy Discussion Paper

Financial Counsellors consulted	7 (no other details collected)
Consumers consulted	15 (details below)

(Dot points indicate individual comments)

Housing Types		**Postcodes**	
Public Housing	6	2605	1
Mortgage	6	2614	2
Own Home	1	2615	3
Retirement Village	1	2617	1
Private Rental	1	2620	1
		2904	1
Available Concessions		2905	2
Concession	11	2906	1
No concession	4	2913	2
		2914	1

100% Renewable Electricity

1.How can 100% renewable electricity be delivered as demand grows, while minimising costs?

Consolidated responses Financial Counsellors

- Encourage upfront investment in solar for new builds.
- Consider a wind farm for the ACT and more charging stations for electric cars to make longer journeys more feasible.
- More support around functions and benefits of battery storage for solar power would increase take up rates, which might lower overall costs (scale).

Consolidated responses clients/consumers

No feedback provided

Energy Costs and Consumer Experiences

2.What would you like the ACT Government to do to support vulnerable households to manage their energy bills?

Consolidated responses Financial Counsellors

General Comments:

There are limits to what can be achieved if the housing stock is poor and therefore better-quality housing with a higher energy rating would support householders to be more energy efficient.

- Rates of available concessions could be better targeted to take household size into account or be based on percentage of the total bill (ensure that this does not decrease incentive to reduce usage).
- Support for public housing tenants to increase energy efficiency and lower usage and bills - could include a welcome pack for new tenants, with advice on positive practices.
- Expand the current and well regarded Actsmart Home Energy Efficiency Program.
- Provide better education around all aspects of accounts including best deals, how bills are calculated, hardship provisions, concessions and complaints mechanisms, including the Ombudsman.
- Better information to support decision making – how much energy do specific appliances use? The current star rating system could encourage more usage of a higher rated product.
- How realistic is it to treat energy supply as just another consumer product? Clients prefer 'set and forget' so government could encourage energy retailers to provide more assistance around pricing and discounts. Clients need to ask for discounts but alternatively, energy retailers may have access to usage information which they could use to assess the best deal for consumers.

Consolidated responses clients/consumers

General Comments:

Consumers are struggling to pay bills including for utilities, especially if they are on Centrelink payments such as Newstart. They would appreciate more meaningful information to help with good decision making around choice of supplier etc.

- Price is my biggest concern, but I would like to be able to access new technology, so subsidies etc would make it attractive to change
- More information on programs and services available please
- Make price increases more gradual to soften the impact and spread any increase over longer period

3.What would you like the ACT Government to do to support vulnerable and low-income consumers access new technology, such as solar?

Consolidated responses Financial Counsellors

- Strong communications strategies to sell benefits of new technologies and consider vulnerable and low-income consumers for any trials undertaken where feasible.
- Increase solar rollout in public housing properties, including new builds and retrofitting existing properties.
- As vulnerable and low-income consumers are very price sensitive, specific programs with subsidies will support adoption. Strong communications strategies will be needed to ensure take up rates are meaningful.
- The ACT Government should consider the needs of renters and those in embedded networks to maintain choice and control around energy use and access to new technologies.
- Include small business owners when building support around new technologies.

Consolidated responses clients/consumers

General Comments:

There is strong interest in utilising new technologies with an awareness that investment in new technologies means spending in the short term to save in the long term. However, some consumers can only make changes if there is no-cost installation or upgrades.

- Was interested in solar but pricing and other details were too confusing and it was hard to work out best brands
- Needs to be low cost technology and suitable for all households – similar to ActewAGL interest free deals to upgrade appliances etc
- Happy with new RCAC
- Can't heat all of the house with my new RCAC
- Need subsidies as unaffordable otherwise as many have limited ability to repay loans etc, especially where there are health problems

4.What would you like the ACT Government to do to help consumers to understand energy offers and to choose the best deal to suit their needs?

General Comments:

Comparison websites are still very complicated to use and it is difficult to make meaningful choices, especially for vulnerable clients. Offers could be streamlined so that comparisons are made more readily. However, there are limits as the energy sector is very complicated with many players and layers of relevant legislation and oversight.

<u>Consolidated responses Financial Counsellors</u>

- Increase references to Energy Made Easy website and other comparison sites and fund workshops to help consumers use and understand comparison websites.
- Due to issues around internet affordability, could utilise apps rather than websites as they can be accessed via mobile more readily, even if no service credit left. Any apps to be maintained with current uptodate information.
- Use community organisations for information source where websites are not accessed.
- Add information to existing energy bills, rather than separate brochures, as bills tend to be carefully scrutinised.
- More granular information around energy usage, especially for the different components such as heating, hot water etc would assist consumers and could drive behaviour change.
- A more transparent pricing structure and energy providers to offer the best deal for customers, depending on their circumstances. The customer shouldn't have to ask for the best deal as this is a public good.
- ACT Government to protect the consumer and ensure concessions, rebates and dispute resolution are available to all households including low income and disadvantaged households; as well as better access to hardship programs, energy efficient products, education and financial counselling.
- Make it easier for people to understand and engage with consumer protection laws for all energy products with easier access to dispute resolution such as ACAT Energy and Water Hardship.

<u>Consolidated responses clients/consumers</u>

General comments:

Consumers generally felt that information provided was complicated and that they had a poor understanding of pricing structures and features of the services provided. There was a general desire to be informed consumers but few felt that the current system supports this.

- Make it less complicated to compare plans as it is hard to know if you are getting the best deal possible from your retailer
- Think about how to provide to housebound/less mobile isolated people without internet access
- One stop shop for information please
- Too many providers calling to get you to change providers is not helpful

- More support for simpler information but also wants a more individual approach as one size does not fit all consumers

5.Which organisations may be most effective at delivering energy education programs?

Consolidated responses Financial Counsellors

- Financial Counselling and community organisations for vulnerable consumers. Fund organisations such as SEE-Change for broader community education.
- Community organisations such as Care could deliver relevant education effectively if funded.
- Issues can also be addressed in schools and TAFE. Use communications such as postcards etc for cafes, libraries and other sites.
- There is a need for informed and independent advice and customers need concrete and practical information re actual usage to drive behavioural change. Unsure if independent advice can be provided by energy retailers.
- There is an important role for the ACT Government to communicate messages around engagement with consumer protection laws and streamline access to dispute resolution.

Consolidated responses clients/consumers

General comments:

The responses were generally about who could provide information, rather than identifying which organisation would be the most effective. Variously, community organisations, government, energy suppliers, electricians and personnel at ACT Housing were all suggested as good sources of education around energy issues. There was not a strong message that the advice needed to be independent from government or energy suppliers, which has been articulated more strongly in other contacts with consumers.

- Multicultural community organisations for this multicultural society
- Govt expos
- Better policy from the Federal Government needed so that organisations could then educate consumers
- All avenues – community organisations, government and retailers

Energy Efficiency

6.How can the ACT Government better support uptake of energy efficiency?

Consolidated responses Financial Counsellors

- Education programs/incentives for low to moderate homeowners/program for other consumers (perhaps with a moderate charge) to assess dwellings for best solutions for energy efficiency ie window treatments, solar panels.
- Consider support for landlords to make changes to rental properties.
- Free or subsidised smart meters and information to drive behaviour change- ie use timers for appliances such as washers, dryers, dishwashers. Add information on the energy bill (not separate flyer) as bills tend to be read carefully.
- Financial incentives such as reduction in rates for energy saving practices/installation, marked with clear how to save $X.
- Energy bills could more clearly identify when a discount has been applied.
- Reward those who decrease consumption, year on year. Could be discount or even small incentive payment.

Consolidated responses clients/consumers

General Comments:

We asked a question about how people wanted to receive information about energy policy changes and other initiatives. There was a real mix with some consumers wanting to receive information via post only, due to barriers to accessing computers and smartphones. This might be due to a general unfamiliarity with computers or issues relating to cost of service and available phone and internet credit. Communications through a variety of channels, especially in a variety of languages for culturally and linguistically diverse (CALD) consumers was indicated.

- Can use all media, including social media
- Mail or post – not emails (three responses)
- Prefer radio (two responses)

7.How can the ACT Government show further leadership in energy efficiency?

Consolidated responses Financial Counsellors

- Extend the availability of innovative energy efficient technologies and appliances to those in low to moderate income groups, including possible involvement in pilot or trial site.
- Spend money on activities or consumer education, not just marketing that tells us that the government is doing something.
- ACT Government public housing stock to be built to a higher standard and retrofit existing housing stock to increase effectiveness of energy saving measures and behaviour.

- Clients appreciate information from energy provider just before winter starts around ways to save on bills so opportunity for timely government information/education campaigns.
- ACT Government to ensure that consumers get the benefit of a more transparent pricing structure.

Consolidated responses clients/consumers

No feedback provided

Demand Management

8.How can we accelerate the roll out of smart meters and other smart devices?

Consolidated responses Financial Counsellors

- Energy storage options are not currently cost effective & batteries lose capacity over time. Consumers to be informed of longer-term cost including any maintenance or replacement costs - possible financial trap especially to retirees etc.
- These items are price sensitive so consider bulk purchase to lower unit pricing.
- Little interest in smart meters among low to moderate income clients has been demonstrated so education and an information campaign re benefits are needed but must be supported by free/heavily discounted pricing.

Consolidated responses clients/consumers

General Comments:

Eight of the 15 respondents had either not heard of smart meters or had no idea what they were. There was a general apprehension that it sounded complicated. In addition to communication an awareness of the benefits and utility of the technology, the issue of cost would need to be addressed.

- I haven't heard of this but would love to know more (two responses)
- Two respondents have smart meters and one person did not understand how it works and thought it was too complicated and was not yet familiar with correct usage
- No- my parents got one and are unhappy with bill increases

Natural Gas

9.Are people happy to switch entirely from gas to electricity?

Consolidated responses Financial Counsellors

- Changeover costs are high and time to recoup investment can be long. Gas offers instant heat and cooking so will require marketing which addresses these benefits and shows how electric options offer a better alternative.
- Some clients remember the incentives to switch to gas from electric so barriers or inertia and confusion about the case for change needs to be overcome.
- Gas is seen as more efficient by clients, despite information on the $20 to $40 per fortnight to cover energy supply. Public housing may need to drive change by replacing appliances etc.

Consolidated responses clients/consumers

General Comments:

Generally, consumers are aware of the gas supply charge and that switching to an all-electric house can save money. Six respondents would like to switch but felt that replacing appliances etc was a barrier to change.

- No – I like gas and would not be happy!
- Gas is most effective for heating house and felt that electricity resources were more finite
- Moved from gas to electricity for cooking as did not think that gas was a safe choice for kitchens in retirement home accommodation
- Wants to switch as would save money with electricity but unaffordable so would appreciate a subsidy but co-payment would need to be very small

10.Should the ACT government consider setting a renewable gas target?

Consolidated responses Financial Counsellors

- Yes, information to consider alternatives and cost comparisons for consumers could support any adoption of targets (set the stage for change).
- Although clients are price sensitive and may have to make decisions around values versus fiscal reality, the ACT Government could encourage low income residents (verbal and written), households wanting to be at the forefront of adaption to support transition to a zero emission future and small businesses by partnering with community organisations to share information about an orderly transition but also seek insights and concerns as the transition progresses to inform refinement and adaption of the Climate Strategy.

Consolidated responses clients/consumers

No feedback provided