



Tasmanian Council of Social Service Inc.

Submission to *The Draft Tasmanian Renewable Energy Action Plan 2020*

September 2020



INTEGRITY
COMPASSION
INFLUENCE

About TasCOSS

TasCOSS is the peak body for the community services industry in Tasmania. Our membership includes individuals and organisations active in the provision of community services to low-income, vulnerable and disadvantaged Tasmanians. TasCOSS represents the interests of our members and their clients to government, regulators, the media and the public. Through our advocacy and policy development, we draw attention to the causes of poverty and disadvantage, and promote the adoption of effective solutions to address these issues.

Please direct any enquiries about this submission to:

Adrienne Picone

CEO

Ph. 03 6231 0755

Email: Adrienne@tascoss.org.au

Introduction

The Tasmanian Council of Social Service (TasCOSS) welcomes this opportunity to contribute to the *Draft Tasmanian Renewable Energy Action Plan 2020* (Draft Plan).

TasCOSS represents the interests of low-income and disadvantaged Tasmanians and advocates on their behalf. Our submission is informed by our research, engagement with our members, collaboration with our industry organisations and networks, and the lived experiences of the Tasmanians we represent, all of whom are energy consumers.

TasCOSS considers energy an essential service; fundamental to community, family and individual health and wellbeing, as well as to overall economic activity. TasCOSS also considers renewable energy to be crucial to both climate change mitigation and adaptation. Climate change will disproportionately affect people on low incomes who have limited ability to address climate change impacts, making its prevention via uptake of renewable energy sources a key social justice issue.

Our primary interest in energy policy is ensuring all Tasmanians, regardless of their means, are able to afford to maintain access to a reliable, safe, household energy supply. Our key focus is energy affordability for residential customers, in particular, low-income households.

Through this submission, we aim to influence the final Plan so that it delivers for Tasmanians:

- lower electricity prices;
- increased protections for vulnerable customers;
- improved household energy efficiency;
- greater access to alternative energy options;
- reduced carbon emissions; and
- increased job opportunities for disadvantaged Tasmanians.

Key Issues

Priority 1 – Transforming Tasmania into a global renewable energy powerhouse

TasCOSS supports in-principle each of the key targets under this priority area. We view the potential to double renewable energy generation to 200% of our current needs as an admirable goal that will help the national economy transition to a lower carbon future and reinforce Tasmania's reputation as a world-leader in renewable energy. Implicit in this goal is a presumption that Project Marinus will proceed. TasCOSS is concerned at the risk for Tasmanian

customers to be burdened with the costs of Marinus Link and this transition, when it will primarily benefit mainland customers and investors in renewable energy developments.

Action 1.2 – Continue to progress Project Marinus and Battery of the Nation

TasCOSS acknowledges the great potential inherent in Project Marinus. A project of this size and scope has the potential to benefit many aspects of Tasmanian life, including through increased investment, boosting the local workforce and their communities, increased returns to government and importantly, supporting Australia to transition to a low-emissions, renewable energy future.

Our core concern with Project Marinus is its cost and the potential for detrimental consequences for Tasmanian consumers, in particular, residential customers. The key question of who will pay for the Marinus Link — both the capital investment and through the fair cost allocation — remains unanswered.

TasNetworks' *RIT-T Project Assessment Draft Report* states the costs of constructing and operating Marinus Link and supporting transmission must be met by customers through higher transmission prices¹. TasNetworks also recognises that energy market benefits from Marinus Link are principally to mainland National Electricity Market (NEM) customers².

Given Tasmania is almost 100% renewable energy self-sufficient, the Marinus Link is not required to meet the electricity demand of Tasmanian residential customers. Therefore, it is fundamental that Tasmanian households are not burdened with increased costs to fund an infrastructure project that principally benefits mainland NEM customers.

The Draft Plan states that an appropriate fair cost allocation methodology for interconnectors *"... is an important step to ensuring Tasmanians only pay their fair share for Project Marinus"*³. TasCOSS is interested to better understand what Tasmania's 'fair share' is considered to be, taking into consideration TasNetworks' analysis that mainland NEM customers are the major beneficiaries of Marinus Link.

Knowing the Tasmanian Government's view in relation to the state's fair share of costs, prior to the determination by the Energy Security Board, will assist in the assessment of whether Tasmania will be required to pay a fair, or unfair, share for Marinus Link. This will also help the Tasmanian community to have confidence that we are not paying disproportionately for

¹ TasNetworks, *RIT-T Project Assessment Draft Report – Summary Document*, December 2019, p.10.

² TasNetworks, *Initial Feasibility Report*, February 2019, p.16.

³ Department of State Growth, *Draft Tasmanian Renewable Energy Action Plan 2020*, p.8.

infrastructure that principally benefits mainland NEM customers and that households will not be burdened with Project Marinus costs through higher electricity bills.

Recommendation: The Tasmanian Government states its view of Tasmania's fair share of Marinus Link costs, prior to the determination of the fair cost allocation.

To ensure the potential inherent in Project Marinus realises benefits for Tasmanian consumers, TasCOSS would welcome guarantees that Tasmanian residential customers will not be worse off as a result of Marinus Link over the life of the asset.

Recommendation: Government provides a form of guarantee that Tasmanian residential customers will not be worse off as a result of Marinus Link over the life of the asset.

Priority 2 – Making energy work for the Tasmanian Community

TasCOSS supports in-principle each of the key targets under this priority area. A key focus for TasCOSS is ensuring residential customers, in particular low-income households, have access to an affordable, secure and safe electricity supply.

Action 2.1 – Supporting electricity customers during COVID-19

TasCOSS commends the responses by government and the energy businesses to the COVID-19 crisis. The way the Tasmanian community has worked together to prioritise safety and support each other in challenging circumstances has been extraordinary.

The Tasmanian Government acted quickly to support Tasmanian customers from the impacts of COVID-19, by introducing a moratorium on electricity disconnections, freezing prices, waiving fees and charges and establishing the \$5 million *COVID-19 Customer Support Fund*. TasCOSS welcomes these measures and the recognition of the need for additional support for Tasmanians who experience hardship.

COVID-19 has resulted in hardship for many in our community, with some experiencing for the first time the need for extra support to keep on top of their energy costs. However, prior to coronavirus thousands of Tasmanian households were experiencing energy vulnerability due to poverty. These are households living on the lowest incomes, including job seekers and many elderly, who are spending a higher proportion of their income on energy bills than other households. These customers deserve the same level of support as that afforded to customers during a time of crisis.

TasCOSS would like to see additional support measures — such as the moratorium on disconnections and a support fund to prevent customers accruing energy debt — continue beyond the coronavirus pandemic period, to provide ongoing relief and support to customers experiencing hardship.

Recommendation: Make permanent additional supports for customers in financial stress, in particular the moratorium on disconnections and a customer support fund.

National data indicates that during the height of coronavirus restrictions, reductions in commercial energy consumption were matched by increases in household energy consumption. AEMO analysis⁴ shows that commercial consumption reduced by up to 20% due to lockdown restrictions limiting business activity, while residential demand increased due to lockdowns and working from home, offsetting the reductions in commercial load.

During this period, Tasmanian small businesses benefitted from a 100% bill waiver, while at the same time there was a transfer of consumption from businesses to households. TasCOSS would welcome further assistance for low-income households that have experienced higher electricity bills as a result of working and staying at home due to COVID-19.

Recommendation: The Tasmanian Government considers additional assistance for low-income households impacted by COVID-19.

Action 2.2 Establish a pricing framework that results in affordable electricity prices for Tasmanian consumers

With the Tasmanian Government on track to achieve its target of the lowest regulated electricity prices in the nation⁵, TasCOSS encourages the adoption of a bolder, more meaningful target.

AEMC analysis⁶ shows that while 98% of customers in Tasmania are on a standing offer, only a minority of customers in other NEM jurisdictions are on standing offers. The proportion of customers on standing offers in other NEM states ranges from 13% to as low as 5% in Victoria and is declining. This means most customers in Australia are not on regulated prices, but are accessing market offers.

⁴ Australian Energy Market Operator, Quarterly Energy Dynamics Q2 2020, 22 July 2020, p.3.

⁵ Hon Guy Barnett MP, Delivering low cost, reliable clean power for Tasmanians, Media Release, 22 June 2020.

⁶ Australian Energy Market Commission, 2020 Retail Energy Competition Review, 30 June 2020, p.45.

Analysis by the AER⁷ shows that across the NEM, energy bills⁸ for customers on market offers are lower than customers on standing offers. Given this, a target of achieving the lowest regulated price in the nation is of little benefit to Tasmanian households, when a majority of NEM customers are accessing market offers that are resulting in lower energy bills than Tasmanian customers on the regulated price.

Recommendation: The Tasmanian Government reconsiders its target of the lowest regulated electricity prices and revises it to a target of the lowest electricity prices (standing or market offer) in the NEM.

Action 2.4 Monitor, evaluate and ensure the progressive rollout of advanced meters to Tasmanian households

TasCOSS supports customers having greater control and understanding of their electricity usage through the introduction of new technologies. The ability for customers to access their own data from data holders, in a format that is easy to interpret and use, will empower customer decision making.

We do not expect customers should have to pay, or be charged, to access their own data, a principle underpinned by the Commonwealth Government's *Consumer Data Right* which will soon be extended to the energy sector⁹. Furthermore, using technologies such as advanced meters provides increased efficiency — and therefore profits — for retailers, and/or the costs of providing such services may already be included in existing tariff structures.

TasCOSS has advocated for the removal of the *Aurora+* app fee since its introduction and we continue to hold this view. Customers should not be charged to access their own data and information by using a tool that also delivers benefits to the retailer. We acknowledge Aurora Energy has removed the app fee for its hardship customers. At a minimum, we urge the fee also be removed for concession customers, but our aim is for the fee to be removed for all customers.

Recommendation: The Aurora+ app fee be immediately waived for concession customers and a commitment made to remove the fee for all customers.

⁷ Australian Energy Regulator, *State of the Energy Market 2020*, p.245.

⁸ Using average consumption in each jurisdiction of both electricity and gas.

⁹ <https://www.accc.gov.au/focus-areas/consumer-data-right-cdr-0>.

Action 2.6 – Continue support for energy efficiency programs

TasCOSS agrees with the Draft Plan that improving energy efficiency is one of the most cost-effective ways for households to take control of their energy use, reduce their energy bills, improve their health and help take action to control climate change¹⁰. Investment in household energy efficiency programs can have an immediate impact as both an economic stimulus measure during the COVID-19 recovery and reducing household energy bills.

TasCOSS has been working with more than 50 social, housing, business, environment, local councils and research groups on initiatives to stimulate investment in household energy efficiency. A joint proposal has been developed that encourages federal and state governments to consider investment in energy efficiency stimulus measures for low-income households.

The *National Low-income Energy Productivity Program* proposal is attached at Appendix A and is focused on four key initiatives:

1. **Social housing** – Federal and state/territory governments provide matching funds to invest in energy efficiency upgrades and solar PV installations for social housing.
2. **Low-income home owners** – Federal government partners with state governments, local councils and community organisations to provide energy efficiency upgrades and solar PV installations for low-income owner-occupiers.
3. **Inefficient rental properties** – Federal government provides grants to landlords to support the upgrade of energy-inefficient rental properties.
4. **Low-income appliance replacement** – Governments provide subsidies for low-income households to replace inefficient household appliances.

This proposal leverages a range of screw-driver and paint-brush ready projects that will deliver long-term social, environmental and economic benefits for our state, but importantly, is focused on people most at risk and most in need as we build our recovery from COVID-19.

Investment in household energy efficiency and solar for people on low incomes would quickly create jobs in manufacturing, installation, training, auditing and local retail. It will increase the disposable incomes of low-income households through reduced household energy costs, benefiting those who most need it and those who will spend these savings back in the economy.

¹⁰ Department of State Growth, *Draft Tasmanian Renewable Energy Action Plan 2020*, p.18.

Investment in household energy efficiency initiatives would also deliver on other Tasmanian Government priorities including reducing energy bills, improving health and wellbeing, cutting carbon emissions and reducing the load on the electricity grid.

Investment in energy efficiency upgrades are job-intensive and can deliver economic stimulus at scale and speed. A major drive to improve the energy efficiency of low-income households will deliver jobs at a time when our economy needs it most, with benefits for those who need them most.

Recommendation: All levels of government and National Cabinet work together to implement the joint proposal for a National Low-income Energy Productivity Program.

TasCOSS acknowledges the important role of government schemes and programs to help improve energy efficiency. In particular, we acknowledge the assistance to low-income customers through the No Interest Loan Scheme (NILS) and Power\$mart Homes programs and the success of the Tasmanian Energy Efficiency Loan Scheme (TEELS).

TasCOSS welcomes the additional \$1 million provided to NILS Tasmania that will allow it to increase its no-interest loans and subsidy program. However, NILS has some limitations in terms of eligibility, affordability and access for people who do not own their own homes and the TEELS and Power\$mart Homes programs are now discontinued.

During the height of COVID-19 restrictions, TasCOSS received a number of enquiries from customers wanting information on energy efficiency programs to reduce their consumption and lower their power bills. While we were pleased to be able to direct people to the TasNetworks free home energy consultation service and provide advice on energy saving tips, an unmet need was identified for financial assistance with household energy efficiency upgrades.

In the absence of a *National Low-income Energy Productivity Program*, TasCOSS encourages the re-establishment of household energy efficiency investment programs.

Recommendation: The Tasmanian Government re-establish the Power\$mart Homes program and the Tasmanian Energy Efficiency Loans Scheme.

Priority 3 – Growing the economy and providing jobs

TasCOSS supports in-principle each of the key targets under this priority area.

A job-rich proposal that will help people and communities to recover from COVID-19, stimulate the local economy and create jobs, is the *National Low-income Energy Productivity Program* (Appendix A). It will provide:

- an economic stimulus by targeting projects that generate jobs quickly but deliver long-term security;
- assist the most disadvantaged customers through improved household energy efficiency and lower power bills; and
- deliver long-term social, economic and environmental benefits including healthier homes.

In addition, TasCOSS would like to see incentives targeting investment in alternative renewable energy projects such as distributed energy resources (DER).

The changing nature of the electricity system through increased DER has implications for social equity. Just as Tasmanians on low incomes have little capacity to invest in household energy efficiency measures, they are also disadvantaged when it comes to investing in more affordable energy solutions such as solar panels and battery storage. This is also the case for renters, who are more likely to be excluded from access to DER.

As the growth in DER continues, there is a risk that without significant investment and incentives targeted at low-income and private rental households, the future energy market will create a two-tiered system between those who can access and afford DER and those who cannot. This will result in those who cannot afford DER continuing to pay more for their energy, contributing to energy inequality.

Recommendation: The Tasmanian Government develops policy solutions and support measures targeted at Tasmanians on low incomes and renters, that encourages investment in DER.

TasCOSS understands the importance of skills and training to improve employment opportunities. We also know the impacts COVID-19 has had on specific workforce cohorts, in particular the disproportionate employment impacts on women and young people.

Upskilling and re-skilling Tasmanian workers will be critical in the COVID-19 recovery and the *Energising Tasmania* skills and training initiative can play a key role in transitioning workers into the renewable energy sector. TasCOSS would like to see a concerted effort to target women, young people and the long-term unemployed through the *Energising Tasmania* initiative,

supporting them into job opportunities emerging from a *Tasmanian Renewable Energy Action Plan*.

Recommendation: Work with community, business and skills and education providers to attract young people, women and the long-term unemployed into the Energising Tasmania initiative.

Conclusion

TasCOSS welcomes the release of the Draft Plan and supports in-principle the priority areas and key targets it sets out.

Our primary focus is influencing the development of the Draft Plan to improve energy affordability for residential customers, in particular, low-income households. We support measures in the Draft Plan that will lead to lower electricity prices and have made a number of recommendations aimed at improving energy affordability and increasing protections for vulnerable customers, such as those experiencing financial stress.

We emphasise investment in household energy efficiency measures as a key solution to improving affordability by lowering energy bills, as well as aiding our recovery from COVID-19 through economic stimulus and creating jobs. Our joint proposal for a *National Low-income Energy Productivity Program* encourages federal and state governments to consider investment in energy efficiency stimulus measures for low-income households.

TasCOSS expresses concern with a presumption in the Draft Plan that Project Marinus will proceed, without addressing the key question of who will pay for the Marinus Link – both the capital investment and through the fair cost allocation. We are concerned at the potential for Tasmanian households, in particular low-income customers, to be burdened with the cost impacts of Project Marinus through higher electricity bills, while the benefits of additional interconnection flow primarily to mainland NEM customers and proponents of renewable energy developments.

Recommendations

1. The Tasmanian Government states its view of Tasmania's fair share of Marinus Link costs, prior to the determination of the fair cost allocation.

2. Government provides a form of guarantee that Tasmanian residential customers will not be worse off as a result of Marinus Link over the life of the asset.
3. Make permanent additional supports for customers in financial stress, in particular the moratorium on disconnections and a customer support fund.
4. The Tasmanian Government considers additional assistance for low-income households impacted by COVID-19.
5. The Tasmanian Government reconsiders its target of the lowest regulated electricity prices and revises it to a target of the lowest electricity prices (standing or market offer) in the NEM.
6. The *Aurora+* app fee be immediately waived for concession customers and a commitment made to remove the fee for all customers.
7. All levels of government and National Cabinet work together to implement the joint proposal for a *National Low-income Energy Productivity Program*.
8. The Tasmanian Government re-establishes the Power\$mart Homes program and the Tasmanian Energy Efficiency Loans Scheme.
9. The Tasmanian Government develops policy solutions and support measures targeted at Tasmanians on low incomes and renters, that encourages investment in DER.
10. Work with community, business and skills and education providers to attract young people, women and the long-term unemployed into the *Energising Tasmania* initiative.

Attachments

Appendix A - National Low-income Energy Productivity Program

Appendix A - National Low-income Energy Productivity Program – Addendum