# Submission to Energy Charter Signature Disclosures 2021

## The Energy Charter Independent Accountability Panel

11 November 2021

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About ACOSS

The Australian Council of Social Service (ACOSS) is a national voice in support of people affected by poverty, disadvantage and inequality and the peak body for the community services and civil society sector.

ACOSS consists of a network of approximately 4000 organisations and individuals across Australia in metro, regional and remote areas.

Our vision is an end to poverty in all its forms; economies that are fair, sustainable and resilient; and communities that are just, peaceful and inclusive.

ACOSS views access to affordable, clean, reliable energy as essential: it is critical to the health, wellbeing, economic participation and social inclusion of people.

ACOSS also supports the imperative to reduce greenhouse gas emissions in line with global goals to limit warming well below 2 degrees and pursue a limit of 1.5 degrees. This is vital to limit climate impacts, noting that people on low-incomes will be affected first and hardest as they are least able to cope, adapt and recover. The energy sector has the technology and community support to transition first and faster.

We note that ACOSS CEO, Dr Cassandra Goldie, is a member of the Independent Accountability Panel in her individual capacity and was not involved in preparing or finalising this submission.

About the Energy Charter

The Energy Charter (EC) is a voluntary commitment by some energy businesses to put the customer at the centre of their businesses and deliver better outcomes for them.

There are 21 member organisations (the “Signatories”) (in the 2020-21 reporting year) spanning gas and electricity, generation, networks infrastructure and retailing, and government, listed, and private ownership models. The list of Signatories can be found at <https://www.theenergycharter.com.au/signatories/>.

Each year Signatories make [disclosures](https://theenergycharterpanel.com.au/industry-disclosures/) on how they are tracking towards the commitments made to the five principles of the Energy Charter.

The [Energy Charter Independent Accountability Panel](https://theenergycharterpanel.com.au/) assesses the disclosures and reports on findings

Summary

ACOSS welcomes the opportunity to make a submission to the Energy Charter Independent Accountability Panel on the EC Signatories FY2021 disclosures.

FY2021 continued to be a tough year for people, communities and business as a result of ongoing and uncertain lockdowns and restrictions due to COVID-19, as well as increasing awareness of the climate crisis and the need for urgent action. Many people experienced energy stress for the first time or continued from 2019-20, on top of dealing with loss of property, jobs, income and other social, health and financial stressors.

What’s clear is that energy debt, deprivation and disconnection remain persistent, with the challenges of FY2021 shining a light on the failures of the system to protect people experiencing vulnerability. What’s more, failure to address issues relating to the energy transition to zero emissions, such as access to energy measures and technologies that can reduce energy bills, and a lack of planning around the gas transition, means people on low incomes or experiencing disadvantage are at risk of being left behind and facing worsening energy poverty.

While we saw some progress amongst EC Signatories towards meeting the principles set out in the Charter, the Signatories responses to the ongoing COVID-19 crises and persistent issues around energy vulnerability, energy affordability, access to energy savings technology, and the need to rapidly decarbonise, continued to be mixed. Improvements are occurring, but more needs to be done.

While there is clearly a role for government and energy regulators to implement policies and measures to help address some of the underlying factors contributing to issues around energy affordably, access, hardship decarbonisation and energy vulnerability, there are also clear and necessary roles for companies within the energy sector to be influencing appropriate policy change at Government and regulatory levels.

With respect to the Energy Charter disclosure process, it is difficult for many under-resourced consumer advocates to meaningfully engage in the numerous regulatory processes, let alone engage in non-regulatory processes. Disclosures, while significantly shorter this year (thank you), could be reduced further to a few effective pages by excluding comparable information (i.e. removing duplication between disclosures) and reporting only on actions going beyond minimum practice or actions required by regulation. Signatories could, for example, include a high level "beyond regulation" table demonstrating where they are changing culture and excelling in the Charter principles and not claiming credit for things they are required to.

The Charter is a strong attempt at cultural change and ACOSS believes the Charter could be a worthwhile process, however we encourage the EC to better engage with community and consumer groups, better resource engagement, and for that engagement to be authentic and appropriate. But most of all we encourage the EC signatories to be bolder in creating the change that is necessary for a more inclusive, sustainable, zero carbon energy system that actively improves the outcomes for all people, the community and the environment.

This submission focuses primarily on immediate and urgent actions ACOSS would like Signatories to take in response to growing numbers of people experiencing energy vulnerability and the need for a fast, fair and inclusive transition.

The submission ends with a request for Signatories to continue to make progress on other recommendations ACOSS outlined in 2019 and 2020, and analysis of progress towards these recommendations is included.

Recommendations

**Recommendation 1**: EC establishes a #BetterTogether initiative jointly with community and consumer groups, to explore how energy companies can work constructively with community and consumer groups to influence government policy and market regulation that would make significant differences to address the systematic issues underpinning energy vulnerability.

**Recommendation 2**: Work with community and consumer groups to co-design and prioritise #BetterTogether initiatives.

**Recommendation 3**: EC Signatories demonstrate good faith and follow their own ***Better Practice Consumer Advocacy Support Guide*** to provide customer council sitting fees, fully or co-fund advocates participation or positions, work with advocates on funding mechanisms for participation in #BetterTogether initiatives, and work with advocates to find a tenable solution for broad and appropriate engagement that maintains advocates’ independence.

**Recommendation 4**: Signatories work with the End-User Consultative Group (EUCG) to develop guidance on standardising the presentation of achievements against previous commitments to improve clarity and comparability.

**Recommendation 5**: EC review principles to ensure they are aligned with community expectations including:

* Updating the principles inaction under Principle 3 “we will provide energy safely, sustainably and reliably”.
* EC Signatories expand customer centred focus to include community centred focus (see 2020 recommendations).

**Recommendation 6**: EC Signatories make a clear overarching commitment to support and advocate for the rapid transition to a zero-carbon energy system well before 2050, with targets of between 50 -75% by 2030 (updated from our 2019 recommendation).

**Recommendation 7**: EC signatories implement plans to reduce scope 1, 2 and 3 emissions in line with Australia’s fair share of the science-based targets linked to the goal of the global Paris Agreement to reduce emissions well below 2 degrees C and pursuing a limit of 1.5 degrees (updated from 2019 recommendation).

**Recommendation 8**: EC signatories develop a framework in collaboration with community and consumer groups, of practical consumer and decarbonisation principles to inform a realistic transition strategy for the gas industry, based on net zero before 2050 and stronger 2030 emissions reduction targets.

**Recommendation 9**: Recognise the need to build a more resilient energy system in the face of more frequent and intense severe weather events.

**Recommendation 10**: Support community groups advocacy calls for the federal Government to establish an Energy Transition Authority to work with and support workers and communities impacted by the transition to clean economy.

**Recommendation 11**: EC signatories commit to prioritise providing access to clean technology, services and products to support people on low-income participate in and benefit from the energy transition.

**Recommendation 12**: EC Signatories sign up to the [National Low-income Energy Productivity Program](https://www.acoss.org.au/wp-content/uploads/2021/08/Brief-Proposal-and-implementaion-plan-for-National-Low-income-Energy-Productivity-Program-September-2021.pdf) (NLEPP)

**Recommendation 13**: EC signatories support the [Healthy Homes for Renters campaign](https://www.healthyhomes.org.au/), which is calling on all jurisdictions to commit to mandatory energy efficiency standards in rental properties.

**Recommendation 14**: EC signatories support increasing energy efficiency standard for new residential buildings to at least 7 star.

**Recommendation 15**: While COVID related economic and social disruptions remain we continue to urge energy companies to:

* Pause disconnections for non-payment.
* Pause debt collection.
* Waive penalty and late fees for customer at risk (i.e. not just for customers on hardship programs), including additional interest charges. No one should pay extra if they’re struggling to pay bills on time.

**Recommendation 16**: Retailers implement an approach that treats customer statements in good faith

**Recommendation 17**: Retailers implement the Victorian Payment Difficulty Framework across all jurisdictions.

**Recommendation 19**: Utilising the *AEC’s Best Practice for Energy Retail Assistance*, Signatories demonstrate good faith and use and report against their own Best Practice for the Energy Charter period 2021-22

**Recommendation 18**: Signatories work closely with Financial Counsellors to expand and improve training for staff to ensure a wider pool of staff have expertise and authority to provide early assistance measures

**Recommendation 20**: Retailers should develop systems to undertake an audit of all existing customers eligibility to get concessions and rebates, check that they are applied.

**Recommendation 21**: Signatories develop systems and training to assist all eligible customers to understand concession and rebate processes and can access concessions when opening or moving accounts.

**Recommendation 22**: EC Signatories to not proceed with disconnections for non-payment and work with consumer groups on possible solutions.

**Recommendation 23**: If disconnections do occur, we urge networks and retailers to work together to provide a pre-visit service.

**Recommendation 24**: Signatories waive either fully or partially current customer debt, and commit not to sell debt to unregulated credit collection agents, or credit default list customers.

**Recommendation 25**: EC Signatories sign up to the Raise the Rate for Good campaign.

**Recommendation 26**: Signatories partner with trusted large and small community organisations to run services such as energy literacy, financial counselling, energy efficiency audits or energy efficient appliance schemes, that directly improve energy affordability.

# Discussion

The Energy Charter year 3 reporting period July 2020 to June 2021 continued to be a tough year for people, communities and business, as a result of ongoing and uncertain lockdowns and restrictions due to COVID-19, increasing awareness of the climate crisis, and the increasing urgency of a Fast, Fair and Inclusive Transition.

Many people experienced energy stress for the first time or continued from 2019-20, on top of dealing with loss of property, jobs, income and other social, health and financial stressors.

What’s clear is that energy debt, deprivation and disconnection remain persistent, with the challenges of FY2021 shining a light on the failures of the system to protect people experiencing vulnerability.

### COVID-19 continues to highlight systematic vulnerability to energy

In June 2021, the ACCC reported that COVID has resulted in increased consumption by 10% and consequently higher bills.[[1]](#footnote-1) ACCC Chair Rod Simms said:

COVID-19 had a major effect on electricity use last year. Many households that were already experiencing financial difficulty had higher electricity bills to pay, and although lower bills for small businesses would normally be something to celebrate, it wasn’t a welcome outcome in the context of a pandemic recession.

The most recent AER retailer energy market performance data paints a concerning picture where we are seeing on the one hand fewer customers on hardship programs than a couple of years ago, but when they do enter hardship programs, they have higher levels of energy debt (see box 1).

The data would suggest that not enough is being done to identify at risk customers early. The EC’s ***#BetterTogether - COVID-19 Customer Vulnerability Research***, has also highlight the ongoing impact of COVID-19 on people, particularly people more vulnerable to energy hardship.

In the most recent report (September 2021) from the *#BetterTogether - COVID-19 Customer Vulnerability Research*[[2]](#footnote-2) found that:

* Recovery trajectory has been curbed by the widespread lockdowns that have occupied many of the eastern states of Australia
* COVID-19 related stress has worsened as the pandemic escalates around the country, particularly amongst older respondents and and women.
* Hardship groups (people on JobSeeker, Young Adults and renters) that have relied on now non-existent income supplements, have incurred the largest degree of financial hardship.
* Reduction in spending is the most common alleviating measure that respondents are utilising. Adversely impacted groups are more likely to reduce household spending.

The research shows that the COVID-19 crisis continues to exacerbate energy affordability concerns as many people experience reduced income, increase in energy consumption and increasing energy and household debt.

The key findings support what consumer advocates have been saying regarding significant stress levels in vulnerable households, in particular those on Jobseeker, and clearly demonstrates the urgent need to ***Raise the Rate*** of Jobseeker.

There have also been widespread impacts on travel, tourism, accommodation, hospitality and entertainment industries, and those working in those industries. It is unclear how these industries will be impacted as vaccines role out and borders re-open. Its likely some people will continue to experience additional financial and health stressors over the coming 12 months.

We were pleased to see some extra financial supports for people experiencing energy hardship provided by energy companies.

Such as the NSW networks COVID support packages, including Endeavor Energy’s $1.57m rebate to assist 8,589 customers. While the total package is $3.44M, it includes deferral of $1.87m to support 11,000 customers, who can be expected to join the debt tsunami when the deferral ends.

ACOSS also welcomes the recently announced $1.5 million from Energy Charter signatories to support vulnerable customers impacted by COVID[[3]](#footnote-3) including advice, education, and financial support (noting this announcement technically falls into the 2021-22 Disclosure period).

However, while this announcement is welcome, it only represents approximately $50 of assistance per hardship customer (30,417 customers with an average debt of $772 in 2019-20[[4]](#footnote-4)).

While ACOSS was initially consulted, via a phone call at the ideation stage, our recommendation to consider looking at providing funding to support systematic changes was not considered. Our recommendation to also bring a group of consumer representatives together to brainstorm ideas with EC Signatories was also not progressed. We would recommend in future such programs should be co-designed with EUCG members and other relevant community and consumer groups.

As will be discussed in the recommendations below, there is clearly more EC signatories can be doing to tackle some of the structural and systemic drivers of energy vulnerability and hardship that have been shone a light on during the COVID crisis.

### Response and planning for extreme weather were positive

There have been some positive changes to business practices through the learnings of responses from EC Signatories during the bushfires in the previous reporting period, including disaster preparedness and response, such as partnering with community groups, equipment repairs, counselling, business recovery and job creation, communications (including updates, calls to life support customers, and face to face support and community meetings), financial assistance (waiving debts and fees) and pausing disconnections. Endeavour Energy for example, provided assistance packages following flooding across the Hawkesbury/Nepean Valley, including free inspections of meter boards, waiving all application, establishment, and electrical contractor fees, pausing disconnections and providing a Community Liaison Officer at evacuation centres. APA continued to support communities by contributing over $730,000 in social investments and donations.

We are also happy to see Endeavor Energy plan to employ a Social Programs Lead and Community Liaison Team. We hope the position is adequately funded and invite them to work with community organisations to identify and act on priorities.

We do however question the idea of “*returning to normal’ post COVID*” when there were many systemic inequities pre-COVID. COVID has provided some opportunities to rethink systems, such as the improved consumer protections we’ve seen that could continue, including no disconnections for incapacity to pay, debt waivers. Others are more systemic, such as increased income support and rental protections.

Other Signatories, such as Essential Energy are working with communities to reduce natural disaster impacts, and list minimising the cost impacts of drought and bushfire as a focus area for the remaining three years of the current regulatory period, but plan to do this via cost pass through. It would be good to see evidence of consideration of alternative community actions (i.e. not just business risks and impacts) that lead to real cost reductions or spreading before cost pass-through is taken as an option, bearing in mind that capital investment now may reduce costs is subsequent regulatory periods (e.g. using composite poles).

Some retailers put bans on disconnections, deferred billing, debt and fee waivers, and extended times with customer service staff to bushfire affected customers.

The EC #BetterTogether Bushfire Response initiative, was very welcome, and from all reports was important for information sharing between networks and retailers to support affected customers. It was also positive in the breadth of Signatories involved. We are happy to see similar actions continue into the current Disclosure period and see the opportunity for increased resilience to bush fires, such as Ausgrid’s pre-emptive customer assistance, leading to 95% of private electrical asset defects being rectified by customers without needing Ausgrid’s emergency intervention.

We do however note that in the changing climate, improving climate resilience needs to become business as usual for energy companies, both in terms of business risk and impacts on customers and communities.

### The Energy Charter needs to be bolder

We acknowledge the challenges 2020-21 posed for energy companies and their staff in continuing to provide access to reliable energy during uncertain COVID-19 lockdowns and restrictions, extreme weather events, and welcomed the continuing focus on staff safety in the disclosures.

All Signatories demonstrated they have taken steps to become more customer centred, have increased awareness of both the need for urgent transition and affordability issues, with many noting there is still significant work to be done. We would encourage organisations to think beyond their customer and think of the community to ensure all consumers are benefiting. We would also encourage signatories to take on board any strong actions of other signatories. In 2019-20, for example, we encouraged stakeholders to follow the lead of ActewAGL apply to the AER for exemption to explicit informed consent. As yet, no parties have progressed this recommendation, even though it is likely to have a significant positive impact on customers most in need.

We welcome the #BetterTogether initiative on energy concessions and the reported increase of number of customers on energy concessions due to efforts to inform potential eligible customers. We encourage this work to continue, including options to improve retailer systems to ensure customers remain on concessions when they move or change retailers. We look forward to working with the EC Signatories on the joint SACOSS and ACOSS research project modelling differential impacts of changes to electricity concessions.

We welcome the continued #BetterTogether - Energy literacy for CALD communities online ‘train the trainer’ program run by the Voices for Power project of the Sydney Alliance and supported by Ausgrid.

However, as noted above, the challenges of the past two years with respect to increasing extreme weather and COVID-19 has shone a light on the failures of the system to protect people experiencing vulnerability.

There is still significant work required at government, regulator, and energy company level.

Governments have a significant role to enable system change and consumer lead programs and policy, such as having responsibility to provide income support and better consumer protections.

Regulatory frameworks need to be modernised to satisfy community expectations, such as updating the National Energy Objective (NEO) to cover decarbonisation and social equity, as industry stakeholders and advocates have advocated for through the Access and Pricing rule change[[5]](#footnote-5).

There clearly is also a significant role for energy companies. We do not believe signatories and industry stakeholders are “held back” by government or regulatory policy – they can get on with it.

We have seen plenty of examples where companies do “get on with it”. Some are more ambitious than others, but we want to see leadership across the EC Signatories. There are clear and necessary roles for companies within the energy sector to be influencing appropriate policy change at Government and regulatory level. We want to see Energy Charter Signatories be bold.

# Key Energy Charter Recommendations for 2020-21

## Further improve Energy Charter response and engagement

ACOSS believes the Charter is a good attempt at culture change. While we note that culture change is an ongoing process, we encourage the EC to fully embrace ‘better practice’, better engage with community and consumer groups, better resource engagement, and for that engagement to be authentic and appropriate.

### Energy Charter Advocacy

We strongly encourage Signatories to publicly support the advocacy positions of community sector and consumer groups where they are advocating for policies that can address some of the underlying drivers of energy vulnerability and hardship; support people who are at risk of being left-behind in the energy transition; and facilitate faster energy decarbonisation.

We note that energy companies regularly advocate around energy policy reform. We also note that many businesses are increasingly looking at how to achieve purpose beyond profit and realising their role in influencing and creating the change that is needed.

Principle 1.5 of the Energy Charter says:

[Energy businesses should] Demonstrate a culture of innovation and collaboration for positive customer outcomes, including through the sharing of insights with government, research institutions and across the supply chain, as well as **joint advocacy** on regulatory, **policy** and operational issues.

Yet we have seen few examples where energy companies have supported joint advocacy on regulatory and policy issues that would make significant differences to address the systematic issues underpinning energy vulnerability, such as more adequate income support, energy efficiency standards for new and existing buildings, energy investment in low-income homes, and reforming the National Energy Objective to include decarbonisation and social equity.

As a group of companies that seek to engage in better practice, we believe the EC Signatories can be doing better to support community and consumer groups advocacy efforts that aim to address the drivers of energy vulnerability.

Recommendation 1: EC establishes a #BetterTogether initiative jointly with community and consumer groups, to explore how energy companies can work constructively with community and consumer groups to influence government policy and market regulation that would make significant differences to address the systematic issues underpinning energy vulnerability.

#### Greater EC Co-design and support for consumers to participate

There appears to be increasingly less engagement and co-design opportunities with the Energy Charter in 2020 and 2021. Many of the #BetterTogether initiatives were not co-designed with consumer representatives and only involve signatories as partners, and not consumers or consumer advocates.

We understand some consumer advocate organisations were involved in some initiatives, or were invited, but lack of resourcing, as well as advocates being stretched with the number of regulatory and market design processes, limits ability to engage.

We encourage the Energy Charter and its signories to engage community groups, consumer groups and consumers further when developing the #BetterTogether initiatives to co-design and prioritise #BetterTogether initiatives.

Recommendation 2: Work with community and consumer groups to co-design and prioritise #BetterTogether initiatives.

Having said this, resources for consumer engagement is an ongoing issue. While a recommendation of the IAP in 2019-20, was for every Signatory to have a customer reference council, this requires significant resourcing or risk advocate burnout.

This can in part be addressed through sitting fees for customer councils, or funding of advocacy positions. As well as ensuring that any engagement, targets areas that advocates have the capacity to influence and that will impact consumer outcomes, as suggested in the Energy Charters’ ***Better Practice Consumer Advocacy Support Guide***.[[6]](#footnote-6)

Energy Queensland for example, have a high-level focus to implement a way for consumer advocacy to be better resourced in the 2021-22 reporting period. #BetterTogether initiatives for example, could be co-designed with advocacy organisations or other relevant stakeholders as an EUCG process, funded by industry partners.

There are also opportunities for Signatories to partner with and finance trusted community organisations to either employ advocates or run services that directly improve energy affordability or transition. ActewAGL for example, partnered with the Canberra Innovation Network for the ZeroCO2 hackathon, contributing as both a prize partner and mentor, Energy Australia partnered with Uniting to provide energy efficiency support to vulnerable customers, while Aurora, TasNetworks and Hydro Tasmania funded a part time advocacy role.

Recommendation 3: EC Signatories demonstrate good faith and follow their own ***Better Practice Consumer Advocacy Support Guide*** to provide customer council sitting fees, fully or co-fund advocates participation or positions, work with advocates on funding mechanisms for participation in #BetterTogether initiatives, and work with advocates to find a tenable solution for broad and appropriate engagement that maintains advocates’ independence.

### Improving energy charter disclosures

Disclosures, while significantly shorter this year (thank you), could be reduced further to a few effective pages by excluding comparable information (i.e. removing duplication between disclosures) and reporting only on actions going beyond minimum practice or actions required by regulation. Signatories could for example include a high level "beyond regulation" table demonstrating where they are changing culture and excelling in the Charter principles.

Signatories have stated that their actions have benefited communities or consumers, but don’t always substantiate these claims. Signatories should provide evidence (or links to such evidence), as well as qualify or quantify the extent of the benefit. The IAP also recommended in 2019-20 that *Disclosures make clear whether previous year commitments have been delivered and continue to increase the consistency of presentation of their Disclosures*. Signatories did this to various degrees of clarity.

As with previous years, many signatories need to be more critical in their use of the Maturity Model self-assessment tool. Ranking themselves too high may damage the reputation of the Energy Charter if the perception is signatories are not addressing community expectations, risking consumer advocates involvement, and may limit motivation for innovative action.

Recommendation 4: Signatories work with the End-User Consultative Group (EUCG) to develop guidance on standardising the presentation of achievements against previous commitments to improve clarity and comparability.

### Review EC Principles

We also note the world has also changed in the three short years since the maturity model was developed. The community has higher expectations around the need for a fast, fair and inclusive transition.

For example, in its recent climate of the Nation report[[7]](#footnote-7), The Australia Institute found that 73% of Australians think Australian governments should plan to phase out coal mining and transition to other industries, 68% think Australia should completely end coal-fired power generation within the next 20 years.

We think it would be appropriate and timely for the Energy Charter to review and update their principles.

Recommendation 5: EC review principles to ensure they are aligned with community expectations including:

* Updating the principles inaction under Principle 3 “we will provide energy safely, sustainably and reliably”.
* EC Signatories expand customer centred focus to include community centred focus (see 2020 recommendations)

## Commitment to a Fast, Fair and Inclusive Transition

### Support for faster transition to net zero emissions

People experiencing financial or social disadvantage are impacted by climate change first, worst, and for longer periods because they have access to fewer resources to cope, adapt and recover. It is already exposing them to greater levels of harm and disadvantage and is posing a particular threat to First Nations communities and to the future of our young people.

Climate change impacts and a slow, poorly managed transition to zero emissions are a major threat to ending poverty and inequality, and the community sector’s ability to support our communities. Without rapid, fair and inclusive action on climate change, these threats will continue to worsen.

More than 100 community sector organisations released a [climate change declaration](https://www.acoss.org.au/signed-community-sector-climate-change-declaration-2021/) calling on the Federal Government for a fair, fast and inclusive national plan to cut climate pollution this decade.

The science shows that to keep warming at 1.5 degrees Australia must do its fair share and reduce climate pollution by 75% by 2030 and net zero emissions by 2035.[[8]](#footnote-8) This would require a shift to net zero electricity also by 2035 if not sooner, given the energy sector has the technology available to make the transition faster than other sectors. NSW, Victoria and South Australia have committed to emissions reductions of around 50% by 2030. Many comparable economies like the US, UK, France have committed to reduce emissions by 50% or more by 2030.

We welcome the Net Zero commitments of ActewAGL (but can’t support the self-assessment of “exceeding” without opportunities being more inclusive), APA, Jemena and others, but wish to see these goals bought forward from 2050 to 2035, as this is the date the science of climate change demands.

Other signatories, such as Endeavor Energy, however, do not have a rapid transition as a priority for 2020-21, with inadequate targets to reduce greenhouse gas emissions by just 25% by 2024 and 40% by 2035, and on a FY19 baseline. Ausgrid have a target of just 17% reduction by 2030.

We also note and support Energy Australia, Translink and Endeavor Australia’s emission reduction targets for Scope 1 and Scope 2 emissions. These need to be tightened to 75% reduction by 2030. Furthermore, we’d encourage inclusion of Scope 3 emissions, to be considered as ‘evolved’ in the Maturity Assessment.

Of particular concern for ACOSS is how signatories are engaging around the transition from fossil gas and electrification of households.

We acknowledge APA’s mention of its Climate Change Management Framework supporting delivery of their ambition to achieve net zero operations emissions by 2050 but have concerns about their plans to increase fossil gas into the network. We also acknowledge the work of APA, Jemena and Energy Australia to advance renewable hydrogen projects in commercial and transport settings.

Based on the science ACOSS believes fossil gas is incompatible with a zero-carbon economy and while renewable hydrogen could play a significant role in Australia’s energy exports the case for network renewable hydrogen for households is less clear cut, especially given all homes would need to change appliance to cater for hydrogen gas and continue to pay two supply charges/network fees (electricity and gas). Analysis by Renew found that it is cost-effective for new homes to go all-electric with solar, rather than connecting to the gas grid.[[9]](#footnote-9)

Recommendation 6: EC Signatories make a clear overarching commitment to support and advocate for the rapid transition to a zero-carbon energy system well before 2050, with targets of between 50-75% by 2030 (updated from our 2019 recommendation).

Recommendation 7: EC signatories implement plans to reduce scope 1, 2 and 3 emissions in line with Australia’s fair share of the science-based targets linked to the goal of the global Paris Agreement to reduce emissions well below 2 degrees C and pursuing a limit of 1.5 degrees (updated from 2019 recommendation).

Recommendation 8: EC signatories develop a framework in collaboration with community and consumer groups, of practical consumer and decarbonisation principles to inform a realistic transition strategy for the gas industry, based on net zero before 2050 and stronger 2030 emissions reduction targets.

Recommendation 9: Recognise the need to build a more resilient energy system in the face of more frequent and intense severe weather events.

### Support for just transition for impacted workers and communities

We are pleased to see Jemena, CS Energy, CleanCo, APA, Energy Australia, and Powerlink Queensland participating in the #BetterTogether Transitioning Communities program, looking at options to support communities who will be impacted by Australia’s transition to a lower carbon generation mix.

Community Transitions needs to be society wide, and cannot be done by industry bodies alone. There are some great examples of the strong cross sector engagement and employee training needed, such as the work of The Next Economy,[[10]](#footnote-10) bringing in a broad cross section of community, government and industry players. If not already, we recommend partners of this initiative strongly work with unions, community organisations and The Next Economy (or similar collaborative organisations) on further developing options to support communities in transition.

We would also encourage EC Signatories to work with unions and community groups to advocate for the establishment of and funding for an Energy Transition Authority to support worker retraining and redeployment and worked directly with impacted communities to develop and support economic diversification and transformation plans

Recommendation 10: Support community groups advocacy calls for the federal Government to establish an Energy Transition Authority to work with and support workers and communities impacted by the transition to clean economy.

### Supporting people experiencing financial and social disadvantage benefit from the transition to clean energy

Many vulnerable and low-income households do not have the agency or capital to access Distributed Energy Resources (DER), energy efficiency measures, demand response or digitalisation, that would allow them to participate in and fully benefit from the energy transition.

In addition, people experiencing financial disadvantage are also paying disproportionally more of the costs of the transition due to inequitable allocation of costs and subsidises.

As such we would like to see EC signatories make a commitment to fair, equitable and inclusive transition, which would include:

* Supporting and advocating for policy reform that enables fair, equitable and inclusive outcomes; and
* Ensuring internal policies, services and products deliver fair, equitable and inclusive outcomes.

There are some examples in the Disclosures where EC signatories are supporting access to technologies and measures to help people participate in and fully benefit from the energy transition.

Such as AIG’s Vulnerable Customer Assistance Program (VCAP) initiative to assist customers with funding for emergency appliance purchase or repairs and offer financial support for switching to more efficient gas appliances (although we’d like to see a reduction is fossil gas). Nonetheless systemic issues around the split incentive and affordability need to be addressed.

ActewAGL can be congratulated for focussing on supporting the electrification of transport. We acknowledge it is difficult to support low-income households to access Electric Vehicles due to the up-front costs. We look forward to finding solutions that allow low-income households to access electric vehicles, which have lower costs over their lifetime compared to internal combustion engine (ICE) vehicles, including managing the risk of low-income households being left with the more expensive and polluting options in the near future. ActewAGL’s Bill Credit is a good policy, but still leaves low-income households missing out.

We welcome ActewAGL expanding their Energy Solutions business to residential customers, including access to smart home products/services and electrification of the home, energy efficiency upgrades for public housing under the Energy Efficiency Improvement Scheme (EEIS), and community organisations under their Community Energy Efficiency Scheme (CEES), replacing gas space and water heating with electric appliances.

In addition to their residential support, ActewAGL also have a Community Energy Efficiency Scheme (CEES), providing free appliance upgrades to community organisations. While there have only been eight upgrades so far, such a program could be expanded. Our members have told us they often miss out of Government programs targeting small business, especially if they rent their premises.

In addition, in reviewing the disclosures documents, we note that some of the signatories with more progressive and inclusive actions are able to take them because there are supportive jurisdictional policies or programs in place. This is particularly relevant for energy efficiency and transition programs in jurisdictions with energy efficiency certificate schemes for example, or support for social housing, such as solar and batteries.

We nonetheless note that Signatories can take much stronger actions regardless of government policies and programs if they so choose.

For example, reducing energy demand through energy efficiency, access to rooftop solar with batteries and demand management, can be of direct financial benefit to DNSPs through avoided costs of upgrading networks.

Recommendation 11: EC signatories commit to prioritise providing access to clean technology, services and products to support people on low-income participate in and benefit from the energy transition.

In some cases, the outcomes we need won’t happened without regulatory and policy intervention. For example, ensuring all new homes are built to high energy efficiency standards and enable EV charging, while require updated new building standards. Overcoming the split incentive to improve the energy efficiency of existing rental properties will require mandating energy efficiency standards in rental properties. Access to rooftop solar and batteries for all people experiencing financial disadvantage will not happen without targeted support or possible regulation.

EC Signatories can play an important role in supporting the advocacy of community and consumer groups to achieve some of the regulatory and policy reform above.

For example, more than 50 organisations, including Smart Energy Council, Clean Energy Council, AIG, and property council supported a proposal for Federal and State Governments to invest in a National Low-income Energy Productivity Program (NLEPP)[[11]](#footnote-11) which would result in 1.8 million low-income public housing, community housing, low-income homeowners and low-income rental properties receive $5,000 worth of energy efficiency and/or solar, which would save up to $1,200 a year on energy bills. ACOSS approached the Energy Charter seeking support for the program, but to date none of the Signatories has expressed an interest in being active supporters.

Building Ministers are currently deciding on whether to increase new build energy efficiency standards for the current 6 star to 7 stars, with opposition coming from parts of the building industry. Support from energy companies for increasing the standard would be a positive and welcome intervention.

Recommendation 12: EC Signatories sign up to the [National Low-income Energy Productivity Program](https://www.acoss.org.au/wp-content/uploads/2021/08/Brief-Proposal-and-implementaion-plan-for-National-Low-income-Energy-Productivity-Program-September-2021.pdf) (NLEPP)

Recommendation 13: EC signatories support the [Healthy Homes for Renters campaign](https://www.healthyhomes.org.au/), which is calling on all jurisdictions to commit to mandatory energy efficiency standards in rental properties.

Recommendation 14: EC signatories support increasing energy efficiency standard for new residential buildings to at least 7 star.

## Affordability and the interests of vulnerable consumers

### Additional measures still required as COVID impacts ongoing

As the economic, social and health impacts of COVID continue and will do so well into 2022, EC signatories should continue to avoid activities that will further increase energy vulnerability and hardship.

Recommendation 15: While COVID related economic and social disruptions remain we continue to urge energy companies to:

* Pause disconnections for non-payment.
* Pause debt collection.
* Waive penalty and late fees for customer at risk (i.e. not just for customers on hardship programs), including additional interest charges. No one should pay extra if they’re struggling to pay bills on time.

### Identify people who may be experiencing energy vulnerability early

We note a number of the EC retailers have or are in the process of implementing measures to identify people who may be experiencing energy vulnerability or financial difficulty, and offer support and assistance early. While this is already a requirement of retail payment difficulty and hardship policy guidelines, it is crucial in mitigating the long-term impacts of COVID-19 on households. For example:

* ActewAGL Proactively monitored hardship customers to ensure the maximum number were on the best offer
* Aurora proactively contacted around 10,000 customers who they have assessed would be better off on a Peak and Off-Peak Plan and offered to put them on the better deal.
* AGIG are training service providers and field crews to identify customers and communities facing vulnerability and refer them to AGIG.
* Energy Australia implemented an early hardship identification approach, using 10 customer behavioural reference points with external credit information to establish a customer score, triggering contact with the customer to offer assistance.
* Energy Australia have enhanced customer safety in their credit collections systems, so collections activity is automatically stopped on any account where family or domestic violence has been flagged. The account is then managed manually so appropriate steps are taken to protect the customer.
* Energy Australia are training and providing staff with tools to understand mental health issues – how to spot them and what to do if someone needs help. To complement that training, leaders are being provided with a tool to engage in good mental health conversations.

Many retailers have worked to improve awareness of their hardship and support programs, and implemented simpler measures to defer payments and debt, and raise awareness of rebates and concessions for eligible customers. Ergon Retail, for example, increased customer access to rebates by 7665, or 3%, hardship numbers decreased by 229 (3.3%), and 1103 customers successfully transitioned from our hardship (23%).

Many retailers continue to exhibit a heavy reliance on consumer self-advocacy, which often means support is not made available until debt has already been accumulated. Alongside this, retailers have continued to highlight concerns that consumers who can pay will not pay. This perspective represents a lack of good faith that often means even when consumers are in contact with their retailer, they do not get the strong support outcomes they need. Approaches such as Powershop’s should be more consistently applied to help build better long-term support relationships between people and their retailers.

Recommendation 16: Retailers implement an approach that treats customer statements in good faith

We have previously recommended that retailers implement the Victorian Payment Difficulty Framework (PDF) across all jurisdictions. Signatories have not included this in their Disclosures. In our 2019[[12]](#footnote-12) and 2020[[13]](#footnote-13) *Health of the NEM* reports, we noted that and early analysis of the PDF by CALC[[14]](#footnote-14), suggests it is contributing to a significant drop in disconnections and providing better support to people struggling with energy debt, while also acknowledging some concerns and risks around non-compliance. The Framework offers a readymade template for how to regulate for better early provisions of assistance to households, as a right that is not subject to eligibility. Considering that most retailers are already required to have systems to implement the PDF. The view of ACOSS and our members is that the PDF is superior to the AER Hardship Guidelines as it offers greater protections to vulnerable households and ACOSS continues to urge retailers to take an approach consistent with the PDF across all jurisdictions. We encourage retailers to contribute to the current review of the PDF.[[15]](#footnote-15)

Recommendation 17: Retailers implement the Victorian Payment Difficulty Framework across all jurisdictions.

### Appropriate support is provided when consumers contact retailer

In our submission last year we reported that ECA commissioned research found that 20% of households surveyed say they have already requested financial assistance to pay their electricity bill. Of these, half (10%) received help which was useful, and half (10%) did not receive help that was useful.[[16]](#footnote-16) The Consumer Action Law Centre note that in their work they hear from consumers who have contacted their retailer but are not given assistance in terms of an affordable payment plan, access to concessions, best offer or advice on energy reduction.

Within the disclosures we see some examples of hardship customers being provided a case manager (e.g. Endeavor Energy). We note a number of Signatories increased call centre staff and/or assigned case workers, translated information into multiple languages, provided energy efficiency tips or even 50% contributions to No Interest Loans (Aurora Energy). We are happy to see many Signatories report they have provided training for customer service and hardship teams. Some have partnered with organisations to provide additional support including training financial counsellors (Aurora in partnership with Anglicare). We do nonetheless hear from Financial Counsellors in our network that they do need to fight hard to get appropriate support.

We recognise that many retailers provide good support to people through their hardship programs. However, there is concern that many more people in genuine financial difficulty are not assisted through hardship programs, and by trained hardship support staff. The widespread impacts of COVID-19, together with their protracted duration, require wider application of assistance and support measures. This means simpler access to a range of support measures, as well as ensuring that a wider pool of staff are provided with the training and authority to assist people experiencing payment difficulty.

Recommendation 18: Signatories work closely with Financial Counsellors to expand and improve training for staff to ensure a wider pool of staff have expertise and authority to provide early assistance measures

### Use the AEC’s Best Practice for Energy Retailer Assistance

The Australian Energy Council, energy companies and a broad range of consumer advocates from the Energy Consumers Australia Roundtable Payment Difficulty and Concessions Group collaborated to develop the ***Best practice energy retail customer assistance - through COVID and beyond***, and its companion document ***Best Practice for Energy Retailer Assistance: Guidance for retailers seeking to implement best practice customer support***.[[17]](#footnote-17) It includes case studies of what best practice might look like. The overarching objective of the statement is to “*outline agreed best practice principles and outcomes of assistance*”. Collaborating organisations agreed this should be “*used to inform the development and implementation of retail processes for supporting people in payment difficulty such that the impact of payment difficulty on households is minimised and they are assisted in their recovery from the impacts of COVID-19”*.

The guide is intended to be flexible enough for any retailer to use for their own circumstances and that of their customers. It was only recently published in June 2021, so ACOSS does not expect retailers to report using it in the 2020-21 period, but we are disappointed signatories have not indicated their intention to use or report against the guide for the Energy Charter period 2021-22. To do so would demonstrate good faith from collaborators, and indicate a real commitment from retailers to work with advocates and other consumer stakeholders to realise real benefits for vulnerable customers, communities, and industry. Consumer advocates nonetheless look forward to working with the AEC and retailers to develop this guide further.

Recommendation 19: Utilising the *AEC’s Best Practice for Energy Retail Assistance*, Signatories demonstrate good faith and use and report against their own Best Practice for the Energy Charter period 2021-22

### Concessions and Rebates

We welcome the #BetterTogether initiative on energy concessions and the reported increase of number of customers on energy concessions due to efforts to inform potential eligible customers. We encourage this work to continue, including options to improve retailer systems to ensure customers remain on concessions when they move or change retailers.

However, our members continue to report that many of their clients hold concession cards, but are unaware they are eligible for concession, or are confused which concession cards can be applied to which concessions, and what the process is. Often when account is closed or moved, all the details (like if they have concession) fall off and do not get carried through to the new account. They also report that customers may get rejected for rebates (e.g. when the retailer system talks to Services Australia), but the retailer may not then let the customer know. This could simply be due to misspelt name; different post codes; one name only in some cultures; not having full name etc. These can easily be solved. We invite Signatories to continue working with the Energy Consumers Australia Consumer Roundtable enabling group on retail assistance for payment Difficulties.

Recommendation 20: Retailers should develop systems to undertake an audit of all existing customers eligibility to get concessions and rebates, check that they are applied.

Recommendation 21: Signatories develop systems and training to assist all eligible customers to understand concession and rebate processes and can access concessions when opening or moving accounts.

### No disconnections for non-payment

We understand some EC retailers started issuing disconnection for no-payment service orders after the release of the AER’s second *Statement of Expectations[[18]](#footnote-18)* (from 1 August 2020) despite subsequent *Statement of Expectations[[19]](#footnote-19)* continuing to request retailers minimise disconnections.

AER data shows high rates of disconnections November 2020 before the Christmas period and then increasing again mid-January to mid-July 2021, where there has been a slight decrease in disconnection through July and August 2021.[[20]](#footnote-20)

We continue to be extremely concerned about the impact of disconnection on consumers during this time of extreme and widespread household stress brought on by COVID-19, increasing unemployment, the absence of government support for 1 million people and winding back of government support for millions more.

We note the ‘Knock Before You Disconnect’[[21]](#footnote-21) trial, a collaboration of a number of Signatories, has been successful in reducing the number of disconnections, and that Endeavor plan to expand the trial and SA Power Networks continue their program. This is very welcome.

However, we would like to see the industry look for longer-term solutions to avoid the use of disconnection for non-payment. We understand it has been established practice to use disconnection notices to drive consumer engagement, this represents a punitive threat that undermines scope for a positive ongoing relationship between retailers and their customers, particularly those in difficulty. We argue a commitment to putting the consumer and community at the centre of the business process is completely contrary to account management practices based upon threats and implicit assumptions that consumers are withholding payment intentionally.

Long term relationships of mutual trust and good faith are critical to managing and overcoming periods of household payment difficulty, hardship and debt. Disconnections from an essential service undermine this, not only by their direct impacts, but by increasing household stresses, and inducing payments where those payments may simply be compounding financial difficulty. All EC Signatories should commit to payment management processes that do not rely upon disconnections, and work with consumer and community groups on more constructive alternatives.

Recommendation 22: EC Signatories to not proceed with disconnections for non-payment and work with consumer groups on possible solutions.

If disconnections do occur, we urge all networks and retailers to work together to provide a pre-visit service as per the Endeavour and SA Power Network trials/programs.

Recommendation 23: If disconnections do occur, we urge networks and retailers to work together to provide a pre-visit service.

### Commitment to write down hardship debt

In last year’s submission to the Energy Charter Independent Panel, ACOSS called for a write down of energy hardship debt. Debt has increased while the federal government has reduced JobSeeker and JobKeeper payments. It is likely many people in debt will be unable to pay off the debt in total, and will be facing financial pressure in other areas of their life. We encourage EC Signatories to look at waiving either fully or partially current customer debt. Consumer groups would be willing to work with EC Signatories on potential solutions.

There is the example of ActewAGL Staying Connected hardship team applying a $100 Energy Support Fund to a $500 debt of a customer escaping domestic violence, having left the property over 12 months previously. This debt is clearly not her responsibility and should have received 100% debt waiver.

In addition, debt deferral often just means the household faces payment difficulty at a later date, potentially exacerbating issues if it coincides with other financial obligations. Where possible, especially for the larger retailers, signatories should offer debt waivers, potentially improving customer retention.

Recommendation 24: Signatories waive either fully or partially current customer debt, and commit not to sell debt to unregulated credit collection agents, or credit default list customers.

### Support advocacy to improve people’s capacity to pay for their energy

People on low-incomes spend significantly more of their income on energy bills than people on high incomes (6.4% compared to 1.5%).[[22]](#footnote-22)

Last year, there were reports from retailers seeing repayment of pre-COVID debt by some customers, which analysis suggest is most likely a result of the Coronavirus Supplement that doubled the JobSeeker Payment at the onset of COVID-19.

For example, in their 2020 Disclosure Powershop noted in their disclosure (p 10):

*We do believe that the increase in Government payments beginning in March/April due to COVID-19 has had the effect of allowing customers in debt to pay off their energy debts faster. This is a powerful insight in the willingness of customers to pay their debts, but the inability for them to do so without proper financial support.[[23]](#footnote-23)*

However, the #BetterTogether - COVID-19 Customer Vulnerability four stages of longitudinal research clearly showed that on average people on Jobseeker incurred the largest degree of financial hardship during the COVID period.

The experience of COVID shows how providing adequate income support is critical to ensuring people can afford the basic and provides powerful insight in the willingness of customers to pay their debts, but the inability for them to do so without proper financial support.*[[24]](#footnote-24)*

ACOSS had approached Energy Charter Signatories seeking their support for the Raise the Rate campaign,[[25]](#footnote-25) and join a broad coalition of supporters of the campaign,[[26]](#footnote-26) which seeks to secure an adequate safety net for those unable to access a job. As Powershop notes, customers are willing to pay debt if they have the proper financial support.

We are significantly disappointed that to date none of the EC Signatories have supported the campaign.

Recommendation 25: EC Signatories sign up to the Raise the Rate for Good campaign.

### Collaborating for the potential post-pandemic debt tsunami

There is significant opportunity for increased collaboration between Signatories, consumer advocates and other stakeholders in terms of transition, COVID and ensuring no-one is left behind. Such collaboration would also ensure any strong and positive actions are likely enacted upon by a number of stakeholders, rather than been isolated actions.

Recommendation 26: Signatories partner with trusted large and small community organisations to run services such as energy literacy, financial counselling, energy efficiency audits or energy efficient appliance schemes, that directly improve energy affordability.

#### Aboriginal and Torres Strait Islander Communities

Many Signatories referenced their Reconciliation Action Pan (RAP), which should be considered business as usual. Individual action in the RAPs, however, may contribute to the Maturity Assessment. We acknowledge the positive action of Signatories engaging with Aboriginal and Torres Strait Islander communities, such as Energy Queensland and Powerlink partnering with the Indigenous Consumer Assistance Network (ICAN) to provide scholarships for seven regional Queenslanders to complete their Diploma in Financial Counselling to provide further support to customers, improving energy literacy through monthly engagement activities in Woorabinda and across eight Card Operated communities. TransLink’s internal cultural training and EQL partnering with Local Councils to improve energy management in First Nation communities as a focus for 2020-21.

We would like to see reference to more evidence of broader impacts, such as which communities, impact regarding improving housing stock, health and energy demand for example.

## Continue to progress the 2019 and 2020 Recommendations

In addition to the recommendations above, we would like to see further progress made on the recommendations we outlined in 2019 and 2020. We have included those recommendations again below, with an analysis of progress to date. For further detail, please see our [2019](https://www.acoss.org.au/wp-content/uploads/2019/11/ACOSS-submisison-on-Energy-Charter-Disclosures-2019-Final.pdf) and [2020](https://www.acoss.org.au/wp-content/uploads/2020/11/ACOSS-submisison-on-Energy-Charter-Disclosures-2020-Final-30102020.pdf) Submission.

### 2020 Recommendations

Recommendation 1: Retailers implement an approach that treats customer statements in good faith

**ACOSS analysis of progress**

* This recommendation is demonstrated through mechanisms that default to putting less emphasis on customers who struggle to pay their bills, maintain payment plans, or engage with utilities, to demonstrate their need for support.
* Several retailers report updating and improving their systems, particularly through training staff to better understand the needs of customers at risk of or in hardship.
* Some retailers report increased customer engagement, home visits, debt relief, or more sustainable payment plans. Aurora Energy have also seen a significant increase in customer hardship completions, for example.
* Nonetheless, our members still report a significant number of cases where customers struggle to get debt relief, or access concessions and rebates, indicating there is still work to be done.
* Report on the increase in access to concessions and rebates, debt relief, successful completion of hardship programs **(We acknowledge many signatories are doing some of these).**
* Consider co-designing approaches with consumer organisations employing financial counsellors.

Recommendation 2: Retailers implement the Victorian Payment Difficulty Framework across all jurisdictions

**ACOSS analysis of progress**

* No Retailers mention the Victorian Payment Difficulty Framework (PDF), even though this is supported in the 2019/20 IAP (Recommendation 7) to use the Victorian Payment Difficulty Framework as the benchmark in responding to the debt tsunami.
* Essential Energy is indirectly supporting the PDF through a representative on and Australian Standards working group.
* The IAP could consider recommending retailers use the Victorian Payment Difficulty Framework, especially if they already operate in Victoria.

Recommendation 3: Expand and improve training for staff to ensure a wider pool of staff have expertise and authority to provide early assistance measures

**ACOSS analysis of progress**

* Several Signatories reported either action on improved staff training, a future focus or at least an awareness of the need for improved staff training. Some however, fail to go beyond minimum practice.
* Similar to Recommendation 1, our members still report a significant number of cases where customers fail to get adequate support, such as debt relief, access to support programs (such as the Home Energy Emergency Assistance Scheme in Queensland), or access concessions and rebates.
* Consider co-designing training and other approaches with consumer organisations employing financial counsellors.
* That said, ActewAGL for example is providing annual hardship training for customer facing staff, and reviewing its induction training for all new staff, which is delivered by the Staying Connected hardship team. Essential energy have completed some staff awareness training, while Aurora Energy have included training around the role of Financial Counsellors and recognising financial hardship and abuse in partnership with Anglicare.
* Others, such as Endeavor Energy, Energy Australia and Essential Energy, have a future focus on training for their contact centre staff. Endeavor Energy specifically aims to improve identification and assistance of customers facing vulnerable circumstances.

Recommendation 4: All retailers apply to AER for exemption to explicit informed consent rules to shift identified customers on to best offer, including customers on hardship support programs, customers in receipt of government rebates, customers in receipt of emergency payments, and customers on payment plans or with accumulated debt

**ACOSS analysis of progress**

* ACOSS considers this a strong action for those customers most in need. Besides the initial action by ActewAGL, we found no evidence of Signatories taking such action to support these customers.
* The IAP should consider making a recommendation that retailers apply to the AER, taking the ActewAGL action as a good practice.

Recommendation 5: EC Signatories to not proceed with disconnections and work with consumer groups on possible solutions

**ACOSS analysis of progress**

* A total pause on disconnections appears to be limited to periods of the AER Statement of Expectations or lockdowns, with signatories appearing to return to some disconnections after June 1st 2021.
* The 2019/20 IAP recommends Signatories *aspire to no disconnections*, language that may only serve to limit stronger action by Signatories. This language could be improved to encourage more affirmative action.
* There are some examples of no disconnections, but mostly only following extreme weather events. APA did not disconnect customers during lockdown periods, while Essential Energy voluntarily stopped some (for flood affected customers) disconnections for non-payment.
* Several Signatories have partnered with consumer organisations to reduce disconnections, with many joining the ‘Knock prior to Disconnection’ #BetterTogether initiative. Energy Queensland, Powerlink and ICAN Learn are another example of a partnership with consumer groups.
* All Signatories should consider such partnerships in their operational areas.
* Energy Australia reviewed payment plans and entitlements to government assistance, which is minimum practice, but also stopped disconnections for customers currently not in their Energy Assist program but have been in the past. They also have ‘reviewing their Wellbeing Visit Trial’ as a future focus.

Recommendation 6: If disconnections do recommence we urge networks and retailers to work together to provide a pre-visit service

**ACOSS analysis of progress**

* Many signatories report *aspiring to no disconnections*, an IAP 2019/2020 recommendation, such as providing a pre-visit service, training to identify and assist customers facing vulnerable circumstances, or hand delivery of notices.
* Some Signatories report completing home visits to ensure engagement, while others encouraged customers to contact their retailer, albeit under the threat of disconnection.
* Consider reporting pre-visit services and their impact on disconnections **(We acknowledge some signatories are doing this).**

Recommendation 7: Waive either fully or partially current customer debt, and commit not to sell debt to unregulated credit collection agents, or credit default list customers

ACOSS analysis of progress

* While signatories reported improvements, our members still report a significant number of cases where customers fail to get debt relief. Many Signatories rely on debt deferrals, which often leave customer worse off later on, while others made use of more customer centric and supportive debt waivers and payment matching. Others also demonstrated a reduction in referrals to debt collection agencies.
* We strongly support utilities providing debt waivers and providing funds to those most in need. Such an outcome could be achieved with networks and retailers co-designing programs **(We acknowledge some signatories are doing this).**
* Horizon Power, for example, used debt matching to help customers get off hardship plans, and making use of the Customer Support Officers rather than hardship or credit officers. They also made use of partnership with non-government organisations to deliver the tailored Hardship Energy Efficiency Scheme (HEES) for more targeted support.
* Energy Australia also used payment matching and debt waivers to lower the average debt of customers, and a stay on referring outstanding debt to external collection agencies for customers previously in the EnergyAssist program. Energy Australia also automatically ended debt collection for households where domestic violence may be occurring.

Recommendation 8: EC Signatories sign up to the Raise the Rate for Good campaign

**ACOSS analysis of progress**

* The Energy Charters ***COVID-19 Vulnerable Customer Research Series*** demonstrates the value of raising the rate (income support) to improve affordability and reduce hardship and household stress. Recommendation 6 of the 2019/20 IAP also refers to the need for income adequacy through income support.
* ACOSS has approached the Energy Charter and its Signatories seeking support for this campaign, but to date none of the Signatories has expressed an interest in being active supporters.
* Consider joining the Rase the Rate for Good Campaign.[[27]](#footnote-27)

Recommendation 9: EC Signatories sign up to National Low-income Energy Productivity Program

**ACOSS analysis of progress**

* Recommendation 6 of the 2019/20 IAP is that signatories become more active on policy questions that feed into energy affordability (e.g. low-income households’ access to energy efficiency and income adequacy). To date, no signatories have acknowledged the National Low-income Energy Productivity Program.
* Providing energy efficiency information on websites can be helpful for proactive customers, but is ineffective on its own. Signatories with stronger energy efficiency actions are enabled by jurisdictional government support or energy efficiency programs. Signatories need to be more proactive in advocating for stronger jurisdictional and federal programs for energy efficiency for low income and rental households.
* Consider signing up to and advocating for the National Low-income Energy Productivity Program.[[28]](#footnote-28)

Recommendation 10: EC Signatories expand customer centred focus to include community centred focus

ACOSS analysis of progress

* ACOSS was happy to see broader actions supporting communities in the face of extreme weather events. This included debt relief and a stay on disconnections for affected customers.
* We encourage further grants and partnerships with community organisations that go beyond just their customers.
* Consider broader community opportunities in a Fast, Fair and Inclusive Transition, such as Stanwell’s support for The Next Economy’s community engagement, or Aurora Community Voices program, but in particular supporting or funding community led programs increasing access to energy efficiency or DER for low-income households and renters **(We acknowledge some signatories are doing this)**.

Recommendation 11: Evaluate and modify disclosure review process in 2021 to enable greater consumer input

**ACOSS analysis of progress**

* Many consumer organisations would like greater input into the disclosure review process. It is however onerous, over a short time frame and inadequately resourced. We are happy to see discussion of better resourcing of advocacy organisations (e.g. Energy Queensland have this as a future focus), and that this is included in the EUCG Better Practice Guide,[[29]](#footnote-29) but we would like to see this specifically addressed by Signatories with regards to the disclosure review process. We suggest the IAP make a specific recommendation that signatories review their process in 2021/22 to enable greater consumer input.

### 2019 Recommendations

Principle 1 – we will put customers at the centre of our business and the energy system

* Embedding energy users into organisational governance, systems and process, for example:
* Consider appointing board members with consumer advocacy backgrounds.
* Establish an energy user engagement panel, which goes beyond typical consultation, but also reviews internal policies and processes, products and services, marketing and advertising, and provides feedback on how they can be improved.
* Processes in place to research and analyse energy user characteristics, needs, concerns, and expectations.
* Demonstration of how the business is responding to and incorporating energy user needs in products, pricing, and services. For example:
* Engagement with customers – how does the business ensure that energy users end up with the right product that suits their needs and this is catered for in the businesses approach to advertising, marketing and contracting?
* Product design and pricing – how does the business ensure, at the energy cohort and individual level, that product design meets the likely needs of energy users, and pricing is fair for and within customer groups.
* Service aspects of their business – how are Signatories ensuring that ‘customer service’ is able to identify energy user needs and circumstances to meet these needs and appropriately solve problems? This particularly relates to people experiencing vulnerability who may have difficulty in obtaining or assimilating information, due for example to age, disability or background, and are therefore less able to buy, choose, or access suitable products
* Identification of obstacles in existing structures, processes, values or incentives that are preventing the Signatories from fully responding to its customers’ needs and concerns

**ACOSS analysis of progress**

* While none of the Signatories examined at have consumer representatives on their board, most report elevating some process to the executive level.
* Most Signatories report some effort to put customers at the centre of their business and the energy system, such as improved training of staff in identifying customers at risk of hardship, increased consumer engagement or switching to better offers or tariffs. Some Signatories report using customer feedback to improve product and service design. Others report progress to the Board, and include co-design processes with consumer advocates, while other acknowledge the need for improving executive engagement with customers. Not all disclosures, however, provide evidence of progress [We note many Signatories do.] Many actions for customers are at the trial scale rather than across the board, offering scope for expansion and improving the Maturity Model classification levels.
* Some signatories have existing or established new customer councils while WA have the Western Australian Advocates for Consumers of Energy Forum, similar to our recommendation for an energy user engagement panel. Others have referred to the resource demands on customer representatives and have instead gone for ongoing engagement with consumer advocates. We look forward to a future focus on better resourced consumer advocacy as proposed by some Signatories.
* We also see some Signatories collecting data to monitor and review their actions that aim to put customers at the centre, as well as surveys, polls, interviews and case studies. Some mentioned staff surveys, where it’s clearly customer and community opinions that should be canvassed.

Principle 2 – We will improve energy affordability for customers

* Detailed analysis of the true affordability position of different energy users (including housing tenure, income level and source, household size, energy use across seasons, hardship indicators).
* Identification of the spread (percentage) of customers against the business product offers including those on the cheapest offer and those on default energy plans including average MWh of customers on different plans.
* Identification of the obstacles in the business to all energy users being on an energy plan that best meets their needs.
* Measures to assist customers (i.e. advice, information and highlighting strategies) in minimising their bills.
* More sophisticated analysis of the drivers of energy affordability and leadership in proactively advocating for policy and regulatory reform that will address affordability drivers, especially for energy users experiencing vulnerability.
* **Justification** that advocacy positions taken are in the long-term interests of ALL their customers.
* Greater genuine engagement with consumer advocates to better understand drivers and solutions to energy affordability issues, develop joint solutions and shared positions, and support their advocacy efforts.

**ACOSS analysis of progress**

* Signatories have reported some research and analysis on customer needs and outcomes of programs, trials, policies, utility behaviours and offers, including priorities for vulnerable households, or improving analytical metrics and tools. Some Signatories were more proactive getting eligible customers onto hardship programs, but our members still report customers failing to get adequate support. There were a number of debt waivers, but unfortunately still a number of debt deferrals, which often provide minimal support to vulnerable customers in the long term. Several signatories reported updated systems for early identification and engagement of customers at risk of hardship, on poor offers or with inappropriate tariffs. There were some positive examples of partnering with consumer organisations to assist vulnerable customers.
* In terms of analysis, there were some examples of retailers analysing customer energy use in order to encourage more affordable deals or tariffs, with ActewAGL making this BaU. Some measures of affordability however, were around perceptions of customers, rather than objective analysis against benchmarks. Some also rely on technologies inaccessible to renters and low-income households.
* Several Signatories reported partnering with consumer organisations and consumer advocates to understand customer needs and design systems. Such engagement requires greater resourcing to be effective.

Principle 3 – We will provide energy safely, sustainably and reliably

* A clear overarching commitment to support and advocate for the rapid transition to a zero carbon energy system. **[Noting Powershop has committed to this.]**
* ACOSS and many of its members support a goal of achieving net zero emissions before 2050 and at least 45% by 2030. Australia’s energy system has the capacity to reduce emissions rapidly using current technology, compared to other sectors, and must be prioritised for fast, early emissions reductions.
* A plan to reduce business (scope 1) emissions in line with science based-targets linked to the goal of the global Paris Agreement to reduce emissions well below 2 degrees C and pursuing a limit of 1.5 degrees. ACOSS and many of its members support a goal of achieving net zero emissions before 2050. **[Noting Powershop has 100% carbon offset for scope 1, 2 and 3 emissions.]**
* A recognition of the need to plan for a just transition for communities dependent on income from mining and generating electricity from fossil fuels.
* A comprehensive strategy to respond to the equity as well as technical economic challenges of a high DER future system.
* A recognition of the need to build a more resilient energy system in the face of more frequent and intense severe weather events.

**ACOSS analysis of progress**

* There is a noticeable change in signatories to address the transition to a cleaner future, and we congratulate the increased number of Signatories with targets to achieve a zero-carbon energy system.
* We are happy to see the *#BetterTogether - Transitioning Communities* initiative, but would like to see it developed further to advocate for the need to plan for a just transition for communities dependent on income from mining and generating electricity from fossil fuels (as a minimum). We also note that many technology-based actions are inaccessible to renters and vulnerable households, and that the initiative could be leveraged to develop a comprehensive strategy to further respond to the equity challenges of a high DER future system. It is unclear if the initiative includes customer representatives, how extensive and resourced it is in terms of being a “working group”, and commitment to actions that will enable a plan for a fast, fair and inclusive transition. [**We note that some of these actions have partially been implemented by many Signatories.**]
* We are happy to see initiatives to reduce Scope 1 and Scope 2 emissions. These should be expanded to action on Scope 3 Emissions.
* We are also happy to see customer supports in the face of severe weather events and actions to improve system resilience.

Principle 4 – we will improve the customer experience

* Demonstration that Signatories are embedding fairness in the development of product design and pricing and customer engagement.
* Innovation to better enable customers to identify the offer that best meets their needs.
* Improvement to advertising and communications of offers to all customers to ensure the information is clear and inclusive, including for culturally and linguistically diverse and low literacy customers and customers without technology. [**We note that this has partially been implemented by many Signatories.**]
* Further consideration of how to link KPIs to improved customer outcomes. [**We note that this has partially been implemented by many Signatories.**]
* Procedures put in place by Signatories to engage more directly with the Ombudsmen to reduce the number of complaints and implement strategies to better manage complaints. This would include better data analysis of the trend and type of customer complaints (including repeat complaints) to Ombudsman offices and escalated complaints within Ombudsman offices as a result of poor responses or lack of resolutions offered.

**ACOSS analysis of progress**

* In terms of embedding fairness, Signatories reported increased and improved training of staff to identify and support customers at risk of hardship. There are also examples of improved fairness in product design through research, surveys, or working groups, including partnerships with consumer organisations. We nonetheless hear from members that vulnerable customers struggle to get adequate support. We therefore encourage retailers to implement an empathetic approach that treats customer statements in good faith rather than being punitive, such as scripts that assume eligibility and facilitates access to consumer protections.
* We were happy to see a small number of Signatories proactively identify customers who could be on better offers, but nonetheless encourage retailers to apply to AER for exemption to explicit informed consent rules to shift identified customers on to best offer.
* There was almost no reporting on improving marketing and advertising. We are nonetheless pleased to see action on improved communications, such as staff training, internal engagement, customer journey mapping and sharing of good practice. Many disclosures acknowledge there is still room for improvement. This is a good opportunity to partner with consumer organisations, particularly those that employ Financial Counsellors.
* Some signatories reported on actions for Culturally and Linguistically Diverse communities and customers. Such communication should be BAU (e.g. translators and translated materials), but we acknowledge some Signatories went beyond common practice, such as support the Voices for Power training.
* Most Signatories have procedures put in place to engage with the Ombudsman. Some signatories reported increased engagement and partnerships with the Ombudsman, or supporting their programs, with some reporting a decrease in complaints.

Principle 5 – we will support customers facing vulnerable circumstances

* Identification of the design initiatives in the business offers that respond to customer vulnerability (aimed at reducing the need for customers to self-identify as vulnerable). [**We note that this has partially been implemented by some Signatories.**]
* Reporting of the percentage of customers currently on hardship programs and the percentage of customers that were on hardship programs but are no longer on them due to missing payments etc. [**We note that this has partially been implemented by many Signatories.**]
* Reporting of the percentage of customers eligible for hardship who are not receiving hardship assistance.
* Examination of whether all customers on hardship programs are accessing the benefits that they are entitled to and plans to get them onto government rebate programs, and other programs. [**We note that this has partially been implemented by many Signatories.**]
* Examination of whether every customer on a hardship program is on the most appropriate offer and plans to put them on the best offer. [**We note that this has partially been implemented by many Signatories.**]
* Reporting of the debt levels of customers in payment difficulty. [We note that this has partially been implemented by many Signatories.]
* Details of training provided to credit and hardship teams and call centre staff to identify and assist customers at risk of, or experiencing, payment difficulty. [**We note that this has partially been implemented by some Signatories.**]
* Details of programs to assess whether there is a faulty meter, energy intensive appliance, inefficient heating/cooling issue.
* Businesses should explore what they can do over and above their regulatory obligations to assist customers facing vulnerable circumstances. For example, how can the business overcome the split incentive problem to deploy energy efficiency **(for example ActewAGL partnered with Housing ACT to provide energy efficiency upgrades to public housing)**, solar PV **(Energy Australia and AGL partnered with NSW Government to provide solar to social housing)** and batteries to allow vulnerable customers to participate and/or target low-income households for trials of virtual power plants (VPPs).
* Evidence of proactive and collective engagement with, and advocacy on behalf of, customers experiencing vulnerability to achieve better affordability outcomes for these customers.
* Signatories create a fund to support social sector organisations to deliver community energy programs to support energy bill literacy and reduce energy vulnerability.

**ACOSS analysis of progress**

* Several Signatories reported on improved programs for vulnerable customers, such as training and processes for early detection and support. Many actions nonetheless still rely on the customer contacting the retailer.
* At least one signatory reported on number of customers who completed hardship programs, but numbers were skewed due to precautionary carryover for COVID affected customers. There does not appear to be much analysis or reporting on eligible customers not on hardship programs, or why they may have not completed the hardship program. Similarly, there is minimal reporting on debt levels of customers in payment difficulty. [**We note that these actions are partially been implemented by some Signatories.**]
* Several Signatories analysed if customers could be on better offers (or tariffs). As previously mentioned, we encourage all retailers to apply to AER for exemption to explicit informed consent rules to shift identified (vulnerable) customers onto the best offer for their circumstances.
* Some Signatories contributed to community funds, partnerships or projects to support access to energy efficiency, or increase energy literacy. These were however limited, and partially reliant on jurisdictional programs, noting that Signatories can elect to go beyond regulation and government policy. A broader, sector wide program, as recommended by the ACCC (Recommendation 38), would be more effective, inclusive and targeted. This is a good opportunity for Signatories to advocate that Jurisdictional governments implement energy efficiency programs and policy for vulnerable households.

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#### Contact

Kellie Caught

Program Director - Climate and Energy, ACOSS

E: kellie@acoss.org.au M: 0406383277

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