



ACTCOSS 2020 ACT Election Issue Brief

Climate and Energy: A Just Transition

For a just and fair Canberra, the next ACT Government must:

- Implement an effective plan for a just transition to net zero greenhouse gas emissions in the ACT by 2045, if not sooner. This must:
 - Develop a roadmap for low-income and other vulnerable households in the transition from natural gas and to zero emission vehicles that identifies and addresses barriers, ensuring no one is left behind
 - Resource the collection of detailed data to assess whether a just transition is occurring in the ACT
 - Fund independent research on the relative cost-benefit of growing the electricity grid versus maintaining and growing gas infrastructure
 - Undertake and invest in workforce planning and skills training to ensure adequate capacity to deliver high quality services across the energy efficiency sector, and create jobs
 - Establish a mechanism for joint governance of a just transition by community, government, technical experts, and business.
- Ensure Utilities Concession eligibility is adequate and targeted toward need (including to ACT Services Access Card holders) and continue the Energy Support Voucher program across all ACT energy retailers through the Utilities Hardship Fund
- Require ACT energy retailers to provide regular 'better offer notifications' to their customers, telling them if they have a plan that could reduce their bills
- Introduce legislation for staged minimum energy performance requirements for rental properties by the end of 2021

- **Expand energy efficiency and productivity programs for low-income and rental households, aligned with the proposed National Low-income Energy Productivity Program**
- **Fund community energy consumer advocacy to represent the long-term interests of low-income, small business, and community sector energy consumers in decision making on climate and energy policy and programs.**

The issue

Implement an effective plan for a just transition to net zero greenhouse gas emissions in the ACT by 2045, if not sooner. This should include a detailed roadmap for a socially just transition to net zero greenhouse gas emissions – including the transition from natural gas and the transition to zero emission vehicles – based on a fair and equitable distribution of risks and costs. This plan must be based on extensive and genuine community engagement. Climate change planning should be inclusive and collaborative, with strategic collaboration on disaster resilience, to capture the range of networks, relationships, expertise, and knowledge available.

Action on climate change is a social justice issue. People living in low-income households are more likely to be negatively impacted by climate change. In acting on climate change, mitigation and adaptation measures must not entrench or exacerbate disadvantage. Action on climate change should be aimed at reducing poverty and inequality and improving wellbeing. It should ensure that low-income households have access to more affordable, renewable energy; the benefits of distributed energy resources (e.g. solar panels); and healthy and affordable housing that is energy efficient.

Extend Utilities Concession eligibility so that it is targeted toward need (including to ACT Services Access Card holders) and continue the Energy Support Voucher program. Not all low-income households are concession-card holders currently eligible for concessions such as the Utilities Concession. The Energy Support Voucher program should continue to support low-income energy consumers in the ACT to access bill relief and advice on reducing energy costs and improving energy efficiency.

Implement the ICRC's recommendation that ACT energy retailers provide their customers with regular 'better offer notifications' by mid-2021 at the latest so that ACT energy consumers do not pay more for their energy than they need to.

Introduce legislation for staged minimum energy performance requirements for rental properties by the end of 2021 to support residential tenants who currently face significant barriers to improving the energy efficiency of their housing.

Expand energy efficiency and productivity programs for low-income households in line with the joint community organisation proposal for a **National Low-Income Energy Productivity Program**.¹

Fund community energy consumer advocacy to represent the long-term interests of low-income, small business, and community sector energy consumers in decision making on climate and energy policy and programs including a commitment to the continuation of the ACT Energised Consumers Project as a vital mechanism for energy consumer advocacy in the ACT.

The evidence

- People experiencing social and economic disadvantage are disproportionately impacted by climate change²
- More than one-third of ACT region residents (35.9%) live in homes that perform poorly in heatwaves: they heat up quickly, cool down slowly, and high costs are incurred to cool them during extended heatwaves³
- Low-income households face poverty premiums in terms of affording up-front costs of energy efficiency or productivity improvements that would provide long-term cost savings.
- Rental households face a split incentive barrier to landlords investing in energy efficiency improvements that would deliver energy savings to tenants
- Low-income households in the ACT spend a greater proportion of their income on energy than the average household – nationally, one in four households whose main source of income is an income support payment, spend 10% of their income on energy⁴

1 ACROSS et al., *Joint Proposal for Economic Stimulus – Healthy & affordable homes: national low-income energy productivity program*, ACROSS, Sydney, 2020, <https://www.across.org.au/wp-content/uploads/2020/06/Economic-Stimulus-Healthy-Affordable-Homes-NLEPP-June-2020-Final-18062020.pdf>.

2 N Islam & J Winkel, *Climate change and social inequality*, DESA Working Paper No. 152, United Nations Department of Economic and Social Affairs, October 2017, https://www.un.org/esa/desa/papers/2017/wp152_2017.pdf.

3 J Schirmer & B Yabsley, *Living well with a changing climate: findings of the 2018 ACT Longitudinal Survey on Climate Change*, Health Research Institute, University of Canberra, Canberra, July 2018, https://www.environment.act.gov.au/_data/assets/pdf_file/0019/1316521/Longitudinal-Survey-ACT-Resilience-to-Climate-Change-Report.pdf.

4 ACROSS, Brotherhood of St Laurence & ANU Centre for Social Research and Methods, *Energy stressed in Australia*, ACROSS, Sydney, 2018, pp. 4-6, <https://www.across.org.au/wp-content/uploads/2018/10/Energy-Stressed-in-Australia.pdf>.

- Over the past five years, electricity and gas prices in Canberra have increased by 25.1% and 30.7% respectively⁵
- In the past year, the number of energy customers on payment plans has increased by 42% for electricity and 55% for gas; 15% of ACT electricity customers (26,782) are entitled to receive a concession; concession customers account for over half (56%) of the 1,288 hardship customers⁶
- In 2020-21, a typical customer on ActewAGL's standing offer will see a 2.56% (\$43) reduction in their annual electricity bill, due in part to the growth in renewable energy generation⁷
- The complexity in comparing market electricity offers has acted as a barrier to consumers' ability to change plans or switch retailers to lower their energy bills, with 67% of ACT residents who had tried to compare electricity offers finding the experience difficult.⁸

Testimonials

"To cut back the electricity bill we don't use a hot water system or a refrigerator" – Brian*, aged 68⁹

"This was just so wonderful and as an older person it was lovely to be able to speak to an ActewAGL staff member in person. They advised me that they can disconnect my gas as I don't use gas appliances anymore. This means I don't have to pay the supply charge which will make a big difference to my budget" – Attendee at Care Financial Counselling Service's Bring Your Bills Day as part of the ACT Energised Consumers Project, March 2020

"Currently there are more people out of work. Many of those that do still have jobs are working from home. During the Coronavirus Pandemic energy retailers have provided extensions of time to pay bills. Soon these extensions will be up, winter bills will arrive and be higher for many people who have spent so much time at home, and government support will decrease. We are bracing for a significant spike in people experiencing energy hardship and are particularly concerned for those whose health and wellbeing is at risk if they cannot

5 ACTCOSS, *ACT Cost of Living Report 2020*, ACTCOSS, Canberra, forthcoming.

6 AER, *Retail energy market performance update for Quarter 3, 2019-20*, AER, 2020, <https://www.aer.gov.au/retail-markets/performance-reporting/retail-energy-market-performance-update-for-quarter-3-2019-20>.

7 ICRC, *Commission releases final report on retail electricity prices for small customers*, Media release, ICRC, Canberra, 5 June 2020, https://www.icrc.act.gov.au/_data/assets/pdf_file/0003/1556184/Media-Release-Electricity-Final-Report.pdf.

8 ACT Government, *YourSay Community Panel Electricity plan comparability survey*, ACT Government, Canberra, 2020, https://www.icrc.act.gov.au/_data/assets/pdf_file/0003/1474761/YourSay-Survey-final-results.pdf.

9 ACTCOSS, ACTCOSS, *Food security, food assistance and the affordability of healthy food in Canberra*, ACTCOSS, Canberra, 2019, <https://www.actcoss.org.au/publications/advocacy-publications/report-food-security-food-assistance-and-affordability-healthy>.

pay their bills” – Carmel Franklin, CEO, Care Financial Counselling Service and the Consumer Law Centre of the ACT

“Nearly 80% of our greenhouse emissions in the ACT come from using gas in our houses and driving cars. The emissions cuts we need to make to reach zero net emissions will involve changes by the community, whether that’s switching houses off gas or shifting from petrol to electric vehicles which can run on clean, renewable electricity.

“But it’s crucial that the whole community is supported to upgrade to new appliances and vehicles, and that low-income households are not left behind using increasingly expensive and old technologies. The good news is that if households are supported to upgrade to energy efficient electric appliances, and even electric vehicles, that running costs will be lower. We can and must afford to invest in a just transition for all Canberrans” – Helen Oakey, Executive Director, Conservation Council ACT

* Not real name