



Tasmanian Council of Social Service Inc.

Energy Consumers Advocacy Project AP 849 Gateway Review

September 2018



INTEGRITY
COMPASSION
INFLUENCE

About TasCOSS

TasCOSS is the peak body for the community services sector in Tasmania. Our membership includes individuals and organisations active in the provision of community services to Tasmanians on low incomes experiencing disadvantage.

TasCOSS represents the interests of its members and their clients to government, regulators, the media and the public. Through our advocacy and policy development, we draw attention to the causes of poverty and disadvantage, and promote the adoption of effective solutions to address these issues.

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TasCOSS Energy Consumer Advocacy Project AP 849 Report for Gateway Review

Overview

In this Report, TasCOSS responds to the request for a Gateway Review of AP 849.

It explains the work that has been completed to date in 2018 and the approach that TasCOSS is proposing for the duration of the project.

Following on from a comprehensive Gateway Review in 2017 TasCOSS has further reviewed the strategy, outcomes, budget and the resources needed to undertake effective advocacy on behalf of Tasmanian energy consumers and complete this project successfully.

As a result of this current review we do not predict any need to make any major changes to budget allocations for the next year.

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1. Background

In 2016 TasCOSS applied to Energy Consumers Australia (ECA) to fund a 3 year project 2017-2019. TasCOSS has previously received funding from ECA (previously the Consumer Advocacy Panel) on an annual basis for over 10 years.

Funding was granted for AP 849 *TasCOSS Energy Consumer Advocacy Project*, amounting to a 3 day per week (.6 FTE) role in energy advocacy, commencing January 2017. Funding for 2018 was contingent on a successful Gateway Review at the end of 2017 and funding for the third year of the project is dependent on the current Gateway Review.

- Appendix 1 TasCOSS Energy Consumers Advocacy Project AP 849

2. Review of the TasCOSS Energy Advocacy Project

2.1 Transition in the Energy Advocate role at TasCOSS

During this review period, Dr Cynthia Townley, the project manager for AP 849 resigned in May 2018. There was then a period of recruitment required to fill this position.

In July 2018, Bernadette Jago joined the team at TasCOSS, assuming the role of TasCOSS Senior Policy Analyst with responsibility for the ECA project AP 849, *TasCOSS Energy Consumer Advocacy Project*.

The early part of her appointment has been focused on gaining the subject matter expertise, establishing both state based and national networks and responding to the local opportunities to lobby and advocate on behalf of low income and disadvantaged Tasmanians. This has been in an environment of change and uncertainty in the national energy sector together with substantial activity in Tasmania's energy environment.

Following the March 2018 Tasmanian State Election a new Minister for Energy was appointed. Minister Barnett announced a renewed commitment to a continuing increase in energy supply, in the form of pumped hydro and windfarms, together with a review of Solar Feed in Tariffs (FiTs) and a second Basslink interconnector as his priorities.

2.2 Updated strategy and outcomes for AP 849

Following a comprehensive 2017 strategic review of AP 849 in preparation for the Gateway Review, specific opportunities were identified to build capability and evidence. We have refined the project outcomes and success indicators providing greater clarity about how we will build our evidence base and develop and implement our advocacy strategy over the remanding period of the grant.

We continue to develop and maintain our evidence base through direct engagement with consumers and community sector workers, networking with other advocates and remaining up to date with relevant reports and issues papers.

TasCOSS has a history of submissions, research and analysis that allows us to place people's experience and stories in a wider context of persistent and recurring problems, and emergent issues. We regularly draw on advocacy networks including the COSS energy policy network. The TasCOSS library of submissions and reports provides an enduring resource of information, and our skills and experiences are extended by our advocacy networks. We continually adapt, review and refine our position to best reflect the needs and interests of the Tasmanian community.

A major focus of the evidence base built through the second year of the project has been in the TasCOSS *ENERGY: The lived experiences of Tasmanian consumers* report. Prepared through Statewide consultation with Tasmanians on low income and suffering disadvantage, and the community service providers who support them, the report provides insight into how Tasmanians on low incomes experience energy in our State.

We have drawn on a broad range of sources to deepen and enrich our understanding of how people in Tasmania experience their energy services - their challenges, their strategies and their ideas of how the system could do better. Throughout the consultation we found that some are rightly proud of how they manage their energy use. Some manage with wise purchasing decisions, using resourceful and skillful means to navigate various discounts and rebates, along with balancing long benefits and short term costs. Others have found ways to adjust their household energy use to align with the cheapest costs. Many people recognise the value of using energy frugally and efficiently, but for some, the financial need to restrict energy use leads to compromised living conditions.

The consultations allowed us to listen closely and openly and is where we heard the stories of people's resilience and skills, as well as the impacts and outcomes of the policy decisions by State and federal Governments.

The insights from report have and will be used in TasCOSS's energy advocacy on behalf of low income consumers. It has a much broader advocacy use for TasCOSS. For example, the close connection between energy use and the condition of rental properties mean that the 'voices' from the report will also feed into TasCOSS's ongoing advocacy around energy performance standards for rental and social housing accommodation.

The report also highlights the intersection of energy with cost of living issues more generally, and the insights gleaned from the report will contribute to TasCOSS's campaign around the need for inclusive growth. As Appendix 2 demonstrates, the Tasmanian economic and social environment is in many respects unique in Australia. The snapshot demonstrates that, while energy hardship exists across the country, persistent and cumulative disadvantage in many Tasmanian communities means energy hardship hits households harder and reverberates more deeply than in communities not experiencing deep and multi-faceted disadvantage.

- Appendix 2 provides a copy of the report, *ENERGY: The lived experiences of Tasmanian consumers*.
- Appendix 3 provides a snapshot of the Tasmanian environment.

2.3 Achievements

The successes outlined below show that TasCOSS is a trusted and valued advocate for the Tasmanian community, with clear, respected and demonstrated influence on energy policy makers.

- TasCOSS has been re-appointed and to the Australian Energy Regulators (AER) Customer Consultative Group and the ECA Board Reference Group.
- In January 2018, TasCOSS brought community sector stakeholders together for a day of discussions with the ECA Director of Strategy Engagement. Followed up with a series of meetings to advance Thriving Communities in Tasmania, with Aurora and other stakeholders.
- Represented Tasmanian consumers at the September 2018 ECA Housing Summit

- Contributed to the KPMG Stage 1 Review of ECA
- Completed a major report *Energy in Tasmania – the Lived Experiences of Consumers*
- Conducted Energy Efficiency workshop for Northern Migrant Resource Centre workers to help them better advise their clients on energy use.
- The Minister's Office pro-actively engages with the TasCOSS CEO in regard to the Government energy announcements, reflecting our standing as a trusted and valued voice on behalf of Tasmanian households.
- TasCOSS has kept cost of living and the impact of energy bills front and centre in the public debate. It continues to be the 'go-to' organisation for Tasmanian media organisations for information and comment on national and state energy issues, particularly those that affect Tasmanians on low-income and experiencing disadvantage.
- Our consistent advocacy contributed to the Government taking measures to cap electricity costs. TasCOSS was able to influence the then Minister for Energy directly to ensure that residential customers outside the regulated framework (Aurora Pay As You Go, or APAYG customers) would also be protected from the potential price rises.
- Our position on energy costs is cited in all three of Tasmania's daily newspapers, the Mercury, the Examiner and the Advocate.
- The Tasmanian Department of Premier and Cabinet recognised TasCOSS' credibility and expertise by awarding a tender to deliver Staying Connected, a series of workshops for community sector workers on assisting clients with energy bills and energy efficiency measures.
- Participated in the Department of Communities (Tasmania) September 2018 roundtable for the Affordable Housing Action Plan 2019 – 2023.
- TasCOSS is part of a funded UTAS research project exploring the intersection of energy literacy and financial literacy in Tasmania. The aim of the research is to better understand areas where energy and financial literacy problems occur and investigate the potential for educational experiences to impact positively on consumer behaviour.
- TasCOSS is engaging with the TasNetworks Revenue Reset process, including a written response to their Direction and Priorities Consultation Paper in September 2017; is an active member of TasNetworks Pricing Reform Working Group; and an active member of TasNetworks Customer Council.
- Active member of the Office of the Tasmanian Economic Regulator's Customer Consultative Group (OTTER is responsible for economic regulation of wholesale and retail electricity services in Tasmania as these are monopoly businesses).
- TasCOSS is an active member of the Aurora Vulnerable Customer Reference Group.
- Contribution to ACOSS submissions through the Climate and Energy Policy Network.
- TasCOSS maintains our strong links with stakeholders within Tasmania, and a distributed brains trust including the COSS network, members of the Roundtable, NemChat forum, ECA subject matter experts and others.

- In the week beginning 24 September TasCOSS will attend the joint AER and AEMC workshop on rule changes to strengthen the protections for customers in hardship, and the national tariff workshop for energy advocates.
 - Appendix 4 contains a further summary of project activities.

3. Work Program 2019

TasCOSS Project Objective: Ensuring that the interests of Tasmanian energy consumers on low incomes and those who often live in vulnerable or disadvantaged circumstances are effectively represented in the policy and regulatory debates at a state and national level, ensuring the Tasmanian consumer voice is heard, and promoting good energy outcomes for Tasmanian households.

Action	Activity	Success measures	Impacts
Ensure decision makers and key stakeholders are aware of the cost of energy impacts on those Tasmanians on low incomes and experiencing disadvantage	<ul style="list-style-type: none"> • Maintain and build relationships and networks with key decision makers at all levels of government • Ongoing media and parliamentary monitoring 	<ul style="list-style-type: none"> • Influence narrative in local media • Number of submissions • Contractual obligations met 	<ul style="list-style-type: none"> • Increased awareness of energy disadvantage in policy setting in government and • Increased advocacy in the Tas community sector
Inform TasCOSS energy advocacy with the voices of the Tasmanian community	<ul style="list-style-type: none"> • Consultations with consumers (held in a diversity of settings/regions) • Consultations with community sector workers working with disadvantaged consumers (held in a diversity of settings/regions) • Data from participants in <i>Staying Connected</i> consumer energy literacy workshops • Ongoing research output (into energy policy, regulatory technological issues).Continue program of outreach into the community to hear people's experiences 	<ul style="list-style-type: none"> • 2019 Lived Experiences Report • An evidence based understanding of the transition process to cost reflective pricing and the complexity and confusion which may arise among energy consumers that will inform future advocacy • Discussions feed into evidence for policy change/advocacy • Voices of energy consumers are reflected in TasCOSS policy and advocacy 	<ul style="list-style-type: none"> • Low income consumers feel enfranchised and included. • Tasmanians on low incomes and experiencing disadvantage see their concerns and needs reflected in TasCOSS advocacy • Energy policymaking in Tasmania is more responsive to the community

	<ul style="list-style-type: none"> • Better understand the nonfinancial aspects of energy consumer vulnerability. • Work closely with TasNetworks to access both data and consumers who have participated in the EmPOWERing You Trial. • Access baseline data to enable behaviour change analysis, effectiveness of various communications strategies and technology platforms. • Develop and distribute evidence and information to members and key opinion and policy leaders 		
Participate in Review of Tasmanian Energy Concessions in line with the ACCC Restoring Electricity Affordability and Australia's Competitive Advantage-Retail and Electricity Pricing Inquiry, which notes concessions and rebate schemes should be targeted to those most in need, and be consistent across jurisdictions	<ul style="list-style-type: none"> • Represent the 36% of Aurora residential clients on concessions in the process • Hold government to account to provide ongoing funding for consumer and community organisations to improve energy literacy outcomes. • Submit funding proposal for a series of workshops for community sector workers to assist clients with their energy literacy and energy efficiency measures • Participate in the state government review of 	<ul style="list-style-type: none"> • Concessions change to better reflect the needs of Tasmanians on low income or experiencing disadvantage 	<ul style="list-style-type: none"> • Increased affordability for low income consumers in Tasmania

	concessions currently being initiated		
Progress a Thriving Communities model in Tasmania	<ul style="list-style-type: none"> Continue discussions with essential services providers as potential partners for a Thriving Communities hub in Tasmania 	<ul style="list-style-type: none"> Forge partnerships for Thriving Communities model in Tasmania Thriving Communities project charter agreed 	<ul style="list-style-type: none"> Better outcomes for energy/essential services consumers, especially those on low income
Progress outcomes of September 2018 Housing Summit	<ul style="list-style-type: none"> Participate in any next steps following the ECA Housing Summit Capitalise on opportunities to influence state government processes currently underway that will shape performance standards into the future 	<ul style="list-style-type: none"> Outcomes of the summit are embedded in TasCOSS advocacy policy Outcomes of Housing Summit are raised with Tasmanian stakeholders including Ministers for Energy and Housing. 	<ul style="list-style-type: none"> Outcomes have been advanced and advocated for in Tasmania

4. Conclusion

This Gateway Report provides the ECA Board with a clear account of our advocacy activities. Many key Tasmanian stakeholders, from private providers to the Minister, are seeking our input and engagement, and this signals clearly that our knowledge and advocacy in this area is valued. We are therefore confident that this project delivers effective advocacy which is in the long-term interests of Tasmanian energy consumers.

Appendix One

TasCOSS Energy Consumer Advocacy Project AP 849

ECA Objective: Promoting the long term interests of consumers of energy

TasCOSS Project Objective: Ensuring that the interests of Tasmanian energy consumers on low incomes and those who often live in vulnerable or disadvantaged circumstances are effectively represented in the policy and regulatory debates at a state and national level, ensuring the Tasmanian consumer voice is heard, and promoting good energy outcomes for Tasmanian households.

Key topics: Cost of energy; consumer protections (electricity, gas); national market issues; energy and climate change; emerging issues.

Summary of methodology: Build and maintain evidence base, build and maintain effective collaborative partnerships with stakeholders, influence decision-makers through strategic advocacy.

Indicators of success:

- ✓ TasCOSS is the 'go to' source of knowledge about energy issues faced by low income and vulnerable Tasmanians – partnerships with interstate and within-state colleagues, collaborations within the community sector, invited submissions, invited participations on reference groups and committees, uptake of (reference to) TasCOSS policy and advocacy work.
- ✓ Positive feedback from stakeholders such as Aurora, TasNetworks, Tasmanian community stakeholders, energy advocates from other jurisdictions, national and state regulators.
- ✓ Decision makers (e.g. government, regulators) listen to TasCOSS about energy issues for low income consumers – respond to TasCOSS submissions, consider/act on recommendations, seek meetings with TasCOSS, invite comment from TasCOSS, cite TasCOSS in Hansard.
- ✓ Media seek TasCOSS comment on energy issues.
- ✓ TasCOSS is recognised as the Tasmanian representative in national meetings such as AER CCG, ECA Board Reference Committee, and National Consumer Roundtable on Energy.
- ✓ Successful grant applications for TasCOSS (including in partnership) to undertake/participate in projects related to the energy sector in Tasmania and low income consumers.
- ✓ TasCOSS is consulted in other agencies' research projects.
- ✓ Membership of project and research reference groups.
- ✓ Applications for representation roles are successful.

Outputs/deliverables:

- ✓ Submissions and reports.
- ✓ Contributions to consultations and related projects.
- ✓ Media releases/responses.
- ✓ Participation in forums and meetings.

Appendix Two

ENERGY: The lived experiences of Tasmanian consumers

Appendix Three Tasmanian snap shot

There are particular circumstances in Tasmania that makes effective energy advocacy so important.

- Tasmanian households spend more on electricity per week than households in any other state or territory, besides the NT. (HES)
- For the broader 'domestic fuel and power' category, Tasmanian households spend more than the national average, but less than households in VIC, SA, NT, and the ACT. (HES)
- Tasmanian household spending on electricity (2.8%) or domestic fuel and power (3.3%) is the highest proportion of mean disposable household income in the country, by either measure. (HES)
- Tasmanian households in the lowest disposable income quintile spend 6.5% of their mean disposable income on domestic fuel and power, compared to the national share of 5.8%. (HES)
 - The relative difference in expenditure as share of income is actually *wider* in higher income quintiles.
- The CPI indicates that Hobart electricity prices have risen by approximately 48% since June 2008 (or in the past ten years). By comparison, the national CPI for electricity has risen by 117% in the same interval. (CPI)
 - Hobart's growth is the slowest of any capital/state over this period.
- 34.9% of Tasmanian households receive most of their income from government pensions or allowances, compared to 23.8% nationwide. (HES)
 - 20.9% of households receive 90% of their incomes or more from government pensions or allowances, compared to 15.0% nationwide.
 - And only 35.8% of households receive *none* of their income from government pensions or allowances in Tasmania, compared to 50.8% nationwide.
- Tasmania has seen approximately 3.7% total employment growth over the past decade, compared to 16.9% nationwide (Jul 2018/Jul 2008). (LFS)
 - In the past five years, Tasmanian employment growth has been approximately 7.9%, compared to 9.6% nationwide (Jul 2018/Jul 2013).
- 10.2% of Tasmanian households could not pay a gas, electricity, or telephone bill on time in the past year (2015-16 survey), compared to 9.7% nationwide. (HES)
 - 3.5% of Tasmanian households sought assistance from a welfare or community organisation, compared to 2.6% nationwide.
 - 36% of Aurora residential customers are on concessions
- Over the past five years, rents have risen in Hobart at almost twice the rate of the average of Australian capital cities. (CPI)

Sources:

ABS (2017). 6530.0 - Household Expenditure Survey, (HES) Australia: Summary of Results, 2015-16. Retrieved from <http://www.abs.gov.au/ausstats/abs@nsf/PrimaryMainFeatures/6530.0?OpenDocument>

ABS (2018). 6401.0 - Consumer Price Index, (CPI) Australia, Jun 2018. Retrieved from <http://www.abs.gov.au/ausstats/abs@nsf/mf/6401.0>

ABS (2018). 6202.0 - Labour Force, Australia, Jul 2018. Retrieved from <http://www.abs.gov.au/ausstats/abs@nsf/mf/6202.0>

Appendix Four

TasCOSS current activities

Representations: National Groups and Committees

Energy Consumers Australia (ECA) Board Reference Committee
Australian Energy Regulator (AER) Customer Consultative Group
Trajectory for Low Energy Buildings – Stakeholder Reference Group
ECA September 2018 Housing Summit

Representations: Tasmanian Groups and Committees

Aurora Energy Vulnerable Customer Stakeholder Group
Office of the Tasmanian Economic Regulator's (OTTER) Customer Consultative Committee
Energy Hardship Fund Reference Group
Emergency Relief Providers (Combined Agency Network) meetings
TasNetworks Customer Council and Pricing Reform Working Group
TasNetworks Project Marinus Customer Engagement Forum (second interconnector assessment)
AER draft decision- TasNetworks Regulatory Proposal for 2019-24

Meetings with decision makers

Energy Minister and Ministerial Advisors
Minister for Housing and Planning
Aurora Energy CEO
TasNetworks CEO
Tas Gas CEO
Hydro Tasmania CEO

Advocacy Collaborations and Networks

AER & AEMC joint workshop – Hardship Rule Change
National Consumer Roundtable on Energy
ACOSS Climate and Energy Policy Network
Tasmanian Policy Officers Network
AER Customer Challenge Panelists
Tasmanian Energy Policy Group
UTAS –Exploring the Intersection of Energy Literacy and Financial Literacy (ongoing)
Department Communities Tasmania – September 2018 Housing Roundtable
Launceston Migrant Resource Centre – Energy Efficiency presentation

Submissions late 2017 & 2018

Tasmanian Legislative Council Inquiry into State Government Ownership of TasWater
Submission Department State Growth – Solar Feed in Tariff Review
Submission AER Issues paper TasNetworks D&T Determination 2019-24
Submission Department Energy & Environment Consumer Data Right (Energy)
Submission OTTER - 2018 Water & Sewerage Price Investigation Draft Report

Submission TasNetworks Directions & Priorities Consultation Paper (Reset 2019-25)

Legislation

Gas Industry Act 2018 (part 9: Obligation to Supply)

Electricity Supply Industry Amendment (Price Cap) Bill 2018

Media and Consultations

TasCOSS CEO is a regular presence on local ABC radio and television, and frequently cites in the three Tasmanian daily newspapers.

Appendix Five

Financial update as August 2018

TasCOSS is on track across the ECA budget line items with expenditure to date representative of the budget submitted last year

Overall, with consumer consultations planned in the coming weeks and a comprehensive report to be written, designed and printed, we will be within budget on all other areas by the end of the year.

We do not predict any need to make any major changes to budget allocations for the next year.