Media Release

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Billion-dollar premium driving cost-of-living pressures: consumer, small business and social sectors

“Every cent matters right now”: joint statement

Consumer, small business and social sector groups are calling for the energy regulator to take urgent action on the energy network premium helping drive needless cost-of-living pressures.

In a joint letter and submissions to the Australian Energy Regulator, the groups say big energy networks are profiting unreasonably from a complex regulatory process known as the Rate of Return Instrument (RORI) at the expense of households and small businesses. The Rate of Return Instrument currently under review by the Australian Energy Regulator, sets the rate that consumers pay networks to compensate them for their investments in poles, wires and substations.

In their submissions, these groups argue that while investment in energy networks is crucial for reliable and accessible power, costs must be recovered at the lowest level necessary and the current proposal doesn’t achieve this.

“We have long believed the Rate of Return Instrument has been set too high and that consumers pay an unnecessary premium. While the Australian Energy Regulator’s draft goes some of the way to fixing the problem, it must go further. Every cent matters right now to people in Australia,” said Brendan French, CEO at **Energy Consumers Australia.**

“More than a billion dollars of consumers’ hard-earned money is being poured down the energy network drain. That’s money that can and should be back in Australians’ pockets for other essentials. The Rate of Return Instrument is one of the single biggest decisions that will impact on the energy bills of households and small businesses. The Australian Energy Regulator needs to put consumers first and not let energy networks needlessly profit from this complex regulatory process.”

“The current proposal addresses some of the billion-dollar premium, but there’s still hundreds of millions on the table. Our joint letter to the Australian Energy Regulator makes a simple request - maximise every cent possible back to households and small businesses facing cost-of-living pressures.”

ACOSS CEO Dr Cassandra Goldie said, “Energy networks continue to make significant profits at a time when people on low and modest incomes are struggling to heat their homes in winter, cool their homes in summer and put food on the table.

“The AERs proposed changes, while welcome, do not go far enough given the significant impacts electricity prices are having on inflation and cost-of-living. The AER must implement further measures to reduce unnecessary network profits. Its job is not to strike a ‘balanced outcome’ between energy networks and consumers. Its job is to put people first.”

The Australian Energy Regulator is expected to make its final decision in December.

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Editor’s notes:

The joint letter and submissions from Energy Consumers Australia and ACOSS are available here: [Link coming soon, contact us for embargoed materials]

Explainer: One of the highest impact decisions for home energy bills is about to be made. Here’s why it matters: https://energyconsumersaustralia.com.au/news/one-highest-impact-decisions-home-energy-bills-about-made-heres-why-matters

Further quotes available from joint statement signatories:

Financial Counselling Australia - Dr Domenique Meyrick, CEO

"Financial counsellors are seeing first-hand the pressure that rising living costs are placing on households across Australia. Energy is an essential service, and consumers should not be paying more than is necessary. We support measures that help ensure network costs are fair, transparent and deliver the lowest reasonable cost to consumers."

Consumer Action Law Centre – Stephanie Tonkin, CEO

“Unaffordable energy bills are one of the main issues consumers speak to our financial counsellors about on the National Debt Helpline, and our data shows that the amount people are owing on these bills is increasing and becoming impossible to pay down. Lowering network costs, particularly for people with entrenched debt or hardship, would provide some much-needed relief to so many consumers struggling to meet their cost-of-living expenses."