

Media Release

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No net zero, without consumers as the heroes

Retail energy price increases of up to 20% this year and expectations of even greater price rises to come are taking their toll on consumer sentiment, according to the latest Energy Consumer Sentiment Survey.

Released biannually, this survey is the nation's leading indicator of what households and small businesses think and feel about the state of the energy system and how it impacts them.

"On any measure the survey results in this December 2022 report are truly concerning," Energy Consumers Australia's Chief Executive Officer, Lynne Gallagher said today.

"Consumers are losing faith that the energy system can deliver for them, with only 35% of households saying that they are confident the market is working in their interests, down by 11% in the past year.

"The last time confidence was this low was in 2019, before default offers for electricity were introduced.

"While Australians are facing cost of living pressures across the board, steep energy price increases are once again a source of shock for households and small businesses."

Positive sentiment about the value for money of electricity and gas has fallen in the past year (by 8% to 59%, and by 10% to 60% respectively), and by way of comparison continues to be significantly lower than the perceived value for money of banking services (at 74% in December 2022).

When asked to nominate their highest priority for the energy transition, 51% of consumers nominate affordability, ahead of ensuring system resilience (12%), replacing ageing coal and gas plants with new technology (13%) and transitioning to renewables (13%).

"Declining confidence is doubly damaging because we are undergoing an energy transition to net zero in which consumers are the heroes and expected to participate more and more, as generators and storers of electricity in their homes, by electrifying their appliances and vehicles and changing some electricity use to different times of the day," Ms Gallagher said.

"All of this requires them to trust that the system has their interests at heart and to believe that the future will deliver better outcomes. At the moment consumers are far from convinced."

The survey is the only contemporary, self-reported data that captures the burden of energy prices on households and the December 2022 report finds the energy divide has widened in the past 6 months.

Households with median income (currently \$93,000 annually) are paying 3.2% of their income in electricity costs (up 0.5% since June 2022), which rises to as high as 12.4% for households with income below \$20,000 (up 0.6%). On the other hand, for those households with incomes above \$100,000 the burden of electricity costs is significantly less (ranging from 2.6% to 1.9%) and at most has increased by 0.3% since June 2022.

"Inequity in access to more energy efficient housing, appliances and technologies is playing out in these poorer outcomes for half of Australian households.

"These findings underline the urgency of Energy Ministers coming together and committing to near, medium and long-term measures that address the structural barriers to affordability and greater equity of outcomes for households.

"Action to lower energy prices is critical but we also need action to help consumers control their energy use and bills, while putting support in place to shield the most vulnerable consumers from severe impacts."

As a matter of urgency, Energy Ministers should agree to:

- tackling the source of rising electricity prices, by interventions that break the nexus between global and domestic prices for coal and gas used in electricity generation;
- keeping consumers informed of the benefits of these interventions, and the potential impact on future changes in retail electricity and gas prices;
- ensuring that the direct assistance provided for bill relief is adequate and that all households that are entitled to assistance have easy access, given the expected significant cumulative increases in the retail price of electricity and gas that will vary by jurisdiction;
- empowering consumers to take control over their energy use, through a national information campaign in 2023 that includes advice on the significant bill savings available from draught proofing and ceiling insulation and directs consumers to sources of grants, no interest or discounted loan schemes; and
- further co-ordinating initiatives across Federal, State and local government and industry to improve the energy performance of all homes and widespread access to smart energy technologies.

About Energy Consumers Australia

Energy Consumers Australia is the independent, national voice for residential and small business energy consumers. We enable residential and small business energy consumers to have their voices heard by the sector by working with other consumer groups to gather evidence-based research with a national perspective, distil it to key viewpoints, and feed it back to the market to influence outcomes.

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