

Foresighting Forum 2018: Opening address

Speech by Rosemary Sinclair, CEO of Energy Consumers Australia
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This is the opening address CEO Rosemary Sinclair presented at Energy Consumers Australia's annual flagship event Foresighting Forum 2018.

Thank you Uncle Allen Madden.

I want to begin by paying my respects to the Gadigal People of the Eora Nation on whose ground we meet.

Let me now welcome you to the Energy Consumers Australia Foresighting Forum for 2018.

It is fantastic to see so many familiar faces – and some new ones – for what I know will be two days of “energetic, powerful and super charged” dialogue made possible of course, by the Program Development Committee and our 9 chairs and 41 speakers, all leaders in this sector, who invested so much in the Foresighting Forum... before we even start!

Thank You! for your time and your insights. The agenda reflects hours of conversation and cogitation leading up to today.

I also want to acknowledge our networking sponsors KPMG and Maddocks.

One of the best and most interesting sessions at Foresighting Forum 2017 was the informal, let me say ‘emergent’, engagement at the Old Clare Hotel at the end of Day 1.

This year we thought we would try to capture and formalise this *spirit of engagement*.

And this was made possible by Maddocks (Rob Gregory) and KPMG (Cassandra Hogan). Thank you.

In my time with you this morning I want to get to the heart of our theme for Foresighting Forum 2018. And in doing so I want to set out the questions we have been asking ourselves about the future of the sector and the challenges we need to overcome.

Questions I hope we can begin to answer in the plenaries and interactive panel sessions over the next two days.

The theme for Foresighting Forum 2018 is, ‘*Take Charge: shifting power to consumers in the using, making and trading of energy*’.

Power Shift is a project funded by the Commonwealth about making energy management work for consumers on low incomes and consumers with vulnerabilities. It has ended up challenging our own thinking about energy services for all consumers, and how consumers will transform the energy system. How the Power has indeed Shifted! This work was the genesis for the Foresighting Forum 2018 theme.

We have seen consumers Take Charge in other sectors – shifting power forever by insisting on new services, modes of delivery and business models. Think Music. Think Media. Think Taxis. Think Hotels. Consumers insisting on being partners, creating value for themselves and others. Whole sectors disrupted by Devices, Data and Dissatisfaction.

Consumers identifying flaws in the orthodoxy and “misbehaving” until the sector catches up.

Our deliberate *future-orientated* framing “Take Charge: shifting power to consumers” is consistent with the philosophy of the Foresighting Forum...a forward focus on issues we can only solve together.

It might seem out of sync with the affordability crisis many households and small businesses are reporting right *now*.

Surely the *now* is where our focus should be?

The fiction is “we can’t afford to look too far ahead”.

The fact is... we can’t afford NOT to!

Indeed we must have a very clear view of where we are going if we are to overcome the immediate challenges.

Our compass through the thicket of self-interested positions as we work to restore community confidence will be a shared focus on re-shaping the energy sector into one that consumers want and value.

To understand and respond to what consumers want, we have to deal with two sets of issues:

The now – where the issue is Affordable Energy.

The next – where the issue is Optimised, Individualised Energy.

Where are we now – we are wrestling with Unaffordable Energy and very dissatisfied consumers.

Simply stated, energy has become unaffordable. Price rises and flat wages growth have generated what Rod Sims calls an ‘affordability crisis’. After ten-years of price increases, many households and small businesses have exhausted the changes they can make to reduce or shift their use to keep their bills under control ...the next step is a major upfront investment in kit e.g. solar and batteries...an option that is not even available to many Australians who rent their home or office for their small business.

This is an economy-wide problem. The most recent Energy Consumer Sentiment Survey is showing that households and small businesses generally have lost confidence in the energy sector: they do not believe they are getting value for money and they do not believe the sector is working in their interests.

The Survey indicates that consumer satisfaction with current reliability remains good. There are concerns about future reliability. But consumers are not telling us they want even higher levels of reliability. Further price rises to fund even higher reliability levels would not sit well with the community – it would further undermine the trust and confidence we need to transform to a cleaner, more sophisticated, more resilient energy system.

The community is telling us that decisions about reliability and emissions must be done within an ‘*affordability constraint*’. They are telling us that ‘affordability’ can’t be merely aspirational – it must be an actual outcome of ‘The System’. It must be an explicit criterion in our decision-making up and down the supply-chain. And consumers must see evidence of this on the bills.

Our highest priority right now – and a focus for our conversations today and tomorrow – is acting on this clear signal from the community. ECA’s view is that we together – all of us, energy companies, market designers, regulators, market operators, policy makers and advocates need to do two things:

1. Work within an ‘*affordability constraint*’ across the sector; and
2. Directly and quickly empower consumers with services, tools, information, to help them get control of their energy use and costs. We are talking about managing not rationing use.

We need to reduce the pressure on consumers now, to create confidence for a transformation that will require new investment, experimentation, and risk-taking.

We see these two priorities, sector-wide focus on affordability and help to manage energy use,

Combined with the ACCC’s Review findings and recommendations coming in June, providing a bridge to the future energy market envisaged by Dr Finkel in his Blueprint.

The Next Phase – is all about optimised and individualised energy

We need to rethink the frameworks we’re using to guide the longer-term transformation of the sector.

First and foremost is the ‘Trilemma’, a dominant concept in energy circles, which sees transformation as a closed system problem, requiring three objectives – objectives in tension – to be solved: emissions reduction, reliability and affordability.

Our sense is that ‘Trilemma Thinking’ tends to narrow or confine thinking to the short term and current technology, causing decision makers to default to big, supply-side solutions, rather than exploring fully the possibilities of new technology and a system where reliability, affordability and emissions reduction might align – for example, because efficiently deployed decentralised renewable energy resources reduce the cost of energy and increase the resilience of the system.

The Trilemma is a *defensive* framing that is making us think that the very best we can do is to just manage to keep the power on with a lower rate of growth of price rises.

We need a new, positive, framing where:

- The many partners in a decentralised system are working together to deliver an optimised system,
- one that includes the household and small business...
- that does not end at the power point ...
- where the objective is not to build and build and build with consumers just paying and paying and paying
- but to optimise the system creating value for all the partners

A positive framing where,

- The consumer is taking charge,
- their data is their *asset*, and

- energy companies are responding to incentives embedded in the design of the market
- to tailor services that meet the very different needs, preferences and circumstances of Australia's households and small businesses...
- where energy services (including the bill) are increasingly **individualised** in a way that we enjoy in other sectors.

A system that delivers *affordable, optimised and individualised* outcomes is not utopian or even unduly optimistic.

We see examples of it right now...in City Smart's *Reduce Your Juice*, in the ARENA-AEMO demand response trials, in the new services and platforms that are emerging that we will hear more about in the next two days.

The call to action

So how do we move this forward? How do we shift the power so consumers can Take Charge?

We need to work together to think about these challenges from the perspective of households and small businesses...

Dwelling on what we really mean when we talk about 'affordable', on what we really mean when we talk about 'rewarding consumers', how we can really enable 'choice', 'engagement', using information and tools. Not more information but information that makes sense and is readily available to me when I want to make a decision.

The discipline of "about the consumer, for the consumer, and from the perspective of the consumer" is informed by our own experience through the Power Shift project which as I said is about making energy management work for consumers on low incomes and consumers with vulnerabilities.

But which has ended up challenging our own thinking about energy services for *all* consumers, and how consumers will transform the energy system.

- Power Shift is revealing that households and small businesses do want to 'engage' and 'partner', they are 'taking charge'.... and we need to o Meet them where they are.
 - Make it easy.
 - Make it relevant.
 - Tailor it.

The *affordable, optimised, individualised* future is one we can only build together through dialogue and collaboration.

At times of complexity and change, the easiest thing to do is to retreat to the certain, the clear position that I know is in my interests.

But the community is expecting more from us. They are still expecting excellent engineering, they want effective economics and attention to affordable outcomes...but in addition they want much more innovation focused on shifting the power to them.

From a sector that is essential – to comfortable homes, to competitive businesses.

I thank you for your willingness to come together, to open-up, debate, talk and explore.

My hope is that by the end of tomorrow we will not only have a new set of insights about delivering outcomes for consumers that can inform work across the sector, but we will have made new connections that can form the basis of the partnerships that will remake the energy sector in Australia shifting the power to consumers and helping them to Take Charge.

Thank you.