



Outcomes of the Energy Advocates Workshop

Prepared by

COTA Australia

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Foreword

Since the establishment of the COTA Energy Advocates Program in 2017, the energy advocates have continued to meet bi-monthly by teleconference, and to share information through a COTA energy email group. During the past 12 months, COTA energy advocates have been active in every National Energy Market (NEM) jurisdiction through membership of network business customer councils, Ombudsman advisory committees and various other reference groups and consultative groups.

In 2019, funding was received from Energy Consumers Australia for a 1.5-day face-to-face workshop for COTA energy advocates. The purpose of this workshop was to enable COTA energy advocates from every NEM jurisdiction to collaboratively develop joint advocacy positions on a discrete set of key emerging issues which will impact significantly on older energy consumers over the next 12 to 18 months. The workshop took place in Melbourne on 10-11 October 2019.

In setting the agenda for the workshop, participants chose to focus on the following key emerging issues:

- Energy Charter Disclosure Statements
- Regulatory changes for embedded networks
- Concession reform

There was also significant discussion around energy and consumer education more broadly (including peer education), Consumer Data Right, Tariff Structure Reform, Hardship Programs and the impact of the Default Market Offer.



Workshop Attendees (left to right): John Green (QLD), Pete Newman (NSW), Ian Fletcher (TAS), Lee Choon Siaw (VIC), Jenny Mobbs (ACT), Sue Averay (SA), Margie Smith (QLD), Jill Moran (COTA AUS), Robyn Robinson (QLD), Ros Herbert (TAS), Paul Simpson (SA), Chander Khera (ACT)

Energy Charter Disclosure Statements

Background

Energy businesses across the energy supply chain in Australia have committed to the Energy Charter to progress the culture and solutions required to deliver energy in line with community expectations. The Energy Charter took effect from 1 January 2019, and signatories were required to submit the first round of Disclosure Statements to an independent Accountability Panel by 30 September 2019, detailing their performance against the Charter principles for the first 6 months of 2019. 18 energy businesses that were signatories at the end of June 2019 submitted Disclosure Statements to the Accountability Panel.

Discussion Outcome

COTA workshop participants reviewed the 18 Disclosure Statements and collaboratively developed a submission to the independent Accountability Panel's request for responses to the initial round of Energy Charter Disclosure Statements. Many advocates also participated in Public Forums conducted by the Accountability Panel during the week commencing 14th October 2019, both in-person and via teleconference. COTA Australia consolidated a written submission to the consultation on behalf of the energy advocates, which was well-regarded by the Accountability Panel (*See Appendix A*). COTA Australia received feedback that it was among the most thorough and high-quality submissions received. This is testament to the high-quality work and consideration by the energy advocates.

Regulatory changes for embedded networks

Background

Embedded networks are private electricity networks that are owned, controlled or operated by exempt network service providers. They are connected to a distribution or transmission network through a 'parent' connection point, and serve multiple customers at 'child' connection points. Common examples of embedded networks include shopping centres, retirement villages, manufactured home parks, apartment complexes, some community housing complexes and caravan parks. While there is limited data available on the current number of embedded network customers, stakeholders have suggested that there could be as many as half a million. Therefore, any changes to embedded network arrangements could benefit a large number of customers. Older consumers commonly reside in premises serviced by embedded networks, however there is currently a lack of information detailing the numbers and locations of older consumers in embedded networks; and about the quality of service they experience, costs, billing issues, complaints handling avenues etc.

In 2019, the AEMC released details of new National Energy Market rules and laws to implement a new regime for embedded networks. The key outcomes of the new arrangements for embedded network customers will include:

- improved consumer protections in areas such as disconnections, billing information, payment options and notification of planned outages; and new protections such as access to customer hardship programs and a retailer of last resort scheme
- an enhanced ability for the AER to monitor and enforce the compliance of sellers in embedded networks with the obligations to provide these protections
- improved industry financial and data transfer processes to help more retailers compete in embedded networks, giving customers more choice and access to competitively-priced market offers

- giving embedded network customers market-compliant meters that are registered with the Australian Energy Market Operator (AEMO) to make it easier for customers to switch retailer and get better information about their usage and bills
- giving embedded network customers the same rights as grid-connected customers when upgrading their connections eg when installing electric vehicle charging stations within apartment blocks
- through changes recommended to state governments, providing improved access to concession schemes and emergency financial assistance, access to independent dispute resolution and new reliability protections.

During 2020, it is anticipated that AER and AEMO will update a number of guidelines, procedures and systems to give effect to the new laws. State governments, regulators and ombudsmen will also need to consider and implement any required changes to jurisdictional regulations.

Discussion Outcomes

The Energy Advocates have identified this as a priority area of advocacy. There will be future opportunity to respond to issues papers, and to review the rollout plan. There will also be opportunities at the State and Territory levels to ensure that the intended protections are implemented.

During 2020, COTA energy advocates consider that there will be a need to:

1. Focus on ensuring that guidelines, procedures and systems, and any necessary jurisdictional changes meet the needs of older consumers in embedded networks. Particular concerns were raised about:
 - a. Protection with regards to disconnections (including life support arrangements)
 - b. Universal access to state/territory ombudsman schemes
 - c. Billing information (including billing content),
 - d. Availability of a range of payment arrangements,
 - e. Advance notification of planned outages,
 - f. Availability of customer hardship programs,
 - g. Frameworks that enable individuals to extend network connections,
 - h. Provisions for electric vehicle charging
 - i. Access to concession schemes and independent dispute resolution.
2. Promote the need for education and awareness programs for consumers in embedded networks to explain the changes to their protections and obligations;
 - a. Energy Advocates to consider the development of an information sheet for residents in an embedded network, possibly to include as part of the Energy Made Easy Program
 - b. COTA ACT to prepare an article for an upcoming newsletter to explain the changes.
3. Establish contact with respective jurisdictional governments to clarify their intentions with respect to embedded network arrangements in the jurisdiction.

Whilst the Australian Energy Regulator will progress the majority of these issues, advocates are aware that many lie within state and territory areas of responsibility. The advocates will therefore be encouraging state and territory COTAs to write to their respective energy ministers, referring to the AEMC report, and requesting information about their plans for embedded networks in their jurisdiction. In December, advocates will discuss the contents of the proposed letter for each of their respective energy ministers. It is recognised that the Victorian jurisdiction is following a separate but parallel path, and a similar approach will be adopted in the Victorian jurisdiction.

Concessions Reform

Background

Energy concession reform has been on the industry's reform agenda for some time, and COTA has long advocated for nationally consistent energy concessions. One of the difficulties is that energy concessions fall under the control of state jurisdictions, not the Federal Government. Following input from COTA, the ACCC Retail Electricity Price Inquiry Report recommended that:

COAG should improve concession schemes across the NEM to ensure that, to the extent possible, there is a uniform, national approach to electricity concessions. Concession schemes should:

- *be means tested to ensure that they are targeted at those most in need*
- *include a fixed dollar amount to offset daily supply charges and a percentage discount to offset variable usage charges*
- *only require consumers to reapply for concessions where this is necessary for the administration of the concession scheme.*

To date, there has been no action to address these recommendations. Energy Charter signatories wish to work with energy advocacy organisations to develop a shared view of the future of energy concessions and to advocate a way forward. Some other organisations advocate strongly for percentage-based concessions, which would be detrimental to older consumers. It is important that the views of older consumers are represented in these discussions.

Discussion Outcomes

Energy advocates proposed:

- that COTA continues to support implementation of the ACCC recommendation on energy concessions;
- that advocates participate in the Energy Charter Concessions Working Group to contribute to potential design of future energy concession schemes.

The energy advocates called for harmonisation of concessions across jurisdictions in terms of:

- Eligibility for concessions; and
- Process to apply for the concession

The energy advocates agreed that the following principles should be adapted nationally:

- Needs based
- Simplification of administration
- Making the process transparent and easy
- Existing offline and online

These principles are based on the 'Energising Concessions report' by QCOSS¹

¹ Queensland Council of Social Services, 2014. Energising concessions policy in Australia.

Consumer Data Right

Background

In May 2018, the Australian Government announced that it would include energy data in the Consumer Data Right (CDR) which will allow consumers to authorise the sharing of their data with an accredited service provider, such as a comparison site, to access tailored, competitive services.

The ACCC has released a position paper on a data access model for energy data. Currently, it is anticipated that the CDR implementation timetable will be released before the end of the year.

Discussion Outcome

There was significant discussion about privacy implications for data related to energy. Concerns were raised that, for example, it may be possible to determine whether a home is occupied based on energy usage. There were also concerns raised regarding the ability for some providers to charge consumers for access to their own energy data when it is provided via a smartphone app.

However, it was also considered that the CDR presents an opportunity for those who could use it to make more informed decisions as consumers – in managing their bills, when considering switching providers, and when seeking a range of other energy services.

Ultimately, the advocates landed on the following position.

Energy advocates acknowledge that the CDR is coming to energy, and there are benefits available for those who are able to successfully take advantage of the consumer data right. However, there are concerns about:

- *allowing entities to charge for access to a consumer's own data,*
- *ensuring that the benefits associated with the energy CDR are available to consumers who are not on-line,*
- *security issues.*

Tariff structure reform

Background

Tariff structure reform relates to electricity network tariffs ie the charges that pass from an electricity distributor to a retailer. Retailers may then choose to mirror the tariff structure directly in consumers' bills, or to repackage into arrangements to suit each consumer's requirements. All electricity network businesses are required to submit a Tariff Structure Statement to the AER for approval as part of their 5-year Regulatory Reset Process. The AER is encouraging the network businesses to speed up the process of tariff reform. In its 'Retail Electricity Price Inquiry Report', the ACCC supported more rapid introduction of tariff reform. It also recommended a 12-month sampling period for customers who are assigned a new advanced meter so that each customer can make choices relevant to their usage patterns.

Discussion Outcome

In general, many older people are likely to be able to take advantage of cheaper costs for electricity during the day. As such, they are more likely to benefit from cost reflective tariffs. We are particularly concerned about people with medical heating and cooling needs who would not be able to change their usage pattern, and they are the people who will need assistance through the complementary measures so they are not worse off under the reform.

Issues for older consumers will include:

- Understanding the options available to them including 'opt out' provisions, and how to take advantage of revised tariff arrangements;
- Encouraging network businesses to run trials to understand the impact on different consumer classes;
- Ensuring appropriate complementary measures are in place for those consumers who are adversely affected by the changes.

Hardship Programs

Background

Older consumers typically:

- Are not aware of the existence of hardship programs
- Consider that there is a stigma attached to participation in such programs
- Unnecessarily ration energy usage so as not to incur unaffordable energy debt
- Pay their utility bills even if this means foregoing necessary expenditure on food, medication, social activities.

Previously, this has automatically excluded older consumers from hardship programs, because one of the entry requirements was that a customer must be in arrears with the retailer to qualify.

Discussion Outcome

Energy advocates observed that older consumers are not receiving the benefits of retailer hardship programs as and when required. It was noted that there is little information available about:

- Actual participation of older consumers in hardship programs
- Barriers to entry
- Experience of older consumers in hardship programs
- How could hardship support for older consumers be improved.

Default market offer

Background

The 'default market offer' (DMO) was introduced on 1 July 2019, and was designed to set the prices that could be charged under standing offers - the default offer for consumers that have not switched to a retailer's market offer. Standing offer prices are often significantly higher than market offer prices. The DMO is most likely to benefit individuals who are not engaged in the market – who have low levels of energy literacy, and perhaps low levels of digital literacy.

The DMO is also designed as a 'reference price' to help consumers more easily compare market offers, as the offers now must be compared to the same 'base rate'.

The DMO will be set annually by the Australian Energy Regulator.

Discussion Outcome

Energy Advocates welcomed the introduction of the DMO, as an important safeguard against consumers being charged exorbitant charges.

Energy Advocates raised concerns more broadly about energy literacy, noting that the ability to compare market offers is more likely to benefit those who are already actively engaged in researching and understanding their options as a consumer.

There was agreement that Energy Made Easy, peer education programs and consumer information provided by the retailers themselves and the AER will play a critical role in translating the protections of the Default Market Offer into better consumer choices. The risk is that the DMO will be considered 'standard', and some may not explore options.

Future Research Priorities

One of the objectives of the Energy Advocates' Workshop was to identify possible future research priorities for older consumers. Workshop discussions revealed two priority areas where advocates considered that further research is required to provide a sound evidence base for future advocacy. The two priority areas are:

1. Experiences of Older Consumers in Embedded Networks

In particular, questions to be addressed include:

- How many older consumers are served by embedded networks (electricity, gas, hot water), and where are they?
- What information do consumers have regarding their supply arrangements?
- Are consumers generally satisfied with their supply arrangements and service quality?
- How are bills formulated and what billing practices are in place?

- What dispute resolution avenues exist?
- What provisions are available for payment arrangements, hardship provisions, access to concessions & rebates?

2. Hardship Programs for Older Consumers

In particular, questions to be addressed include:

- Are older consumers aware of the availability of hardship programs?
- What is the actual participation of older consumers in hardship programs?
- What are the barriers to entry for older consumers?
- How could hardship support for older consumers be improved?

Appendix A – Letter to the Energy Charter Panel



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25 October 2019

Dr Wendy Craik AM, Dr Cassandra Goldie,
Mr Andrew Richards and Mr Phillip Weickhardt
Accountability Panel
The Energy Charter

By email to: submission@theenergycharterpanel.com.au

Dear Accountability Panel Members,

Feedback on the Energy Charter Disclosure Statements

COTA Australia writes in response to the Disclosure Statements provided by energy retail service providers, in accordance with their commitment to The Energy Charter. COTA Australia and the Energy Advocates are pleased to provide feedback on the Disclosure Statements, and welcome the opportunity for open and continued dialogue around the needs of energy consumers.

The Energy Advocates are a panel of consumers, consisting of representatives from each State and Territory jurisdiction in the National Energy Market. The Energy Advocates are supported by Council on The Ageing (COTA) Australia, the national consumer peak body for older Australians which represents over 500,000 older Australians through more than 1,000 seniors' organisation members of State and Territory COTAs and around 40,000 individual members and supporters.

The feedback in this letter was developed at a face-to-face meeting of the Energy Advocates held in Melbourne on 10 October 2019. Some of this feedback has been provided at the Energy Charter Forum in Melbourne on 14 October 2019, and the teleconference consultation held by the Panel on 16 October 2019.

Firstly, we would like to congratulate the retail service providers on their demonstrated commitment to the Charter, and the efforts put into developing the Disclosure Statements. In particular, we were pleased to see:

- There is a clear emphasis on hardship in most Disclosure Statements;
- Consumer-friendly, plain English has been used throughout;
- There are some impressive initiatives from RSPs, including good examples of home appliance swaps, and home energy efficiency reviews; and
- When used, the graphic representations were clear and easy to understand.

Despite the strong progress, there are a number of changes that could be made which would improve the usefulness of the Disclosure Statements in the long term. The Energy Advocates have agreed that the following five recommendations would improve the Disclosure Statements.

1. Reduce the spin

Firstly, there was a sense that some Disclosure Statements were heavy on marketing spin. The overall corporate feel and vibe made some consumers feel like they are being 'marketed to'. Make efforts to reduce jargon and spin, and avoid unnecessary repetition. For example, there was a sense that some Disclosure Statements were seeking credit for changes that were required of them, such as the changes to the Default Market Offer.

Some Disclosure Statements chose to highlight some of the corporate social responsibility programs alongside the initiatives to improve consumer experience. Whilst the Energy Advocates applaud strong corporate social responsibility efforts, there is a question about whether it belongs in the document, and whether it is being used as a proxy for having a consumer focus at the systems level.

2. Be wary of making assumptions about consumers

The Energy Advocates consider that Energy Charter signatories need to demonstrate a better understanding of the variability of different customer cohorts. Many Disclosure Statements emphasised a focus on financial hardship. This is indeed a critical area of importance to consumers. However, it is not the only way in which a consumer may be considered vulnerable. There was a trend in many Disclosure Statements to have a fairly restricted interpretation of vulnerability.

For example, there was a widespread assumption that all consumers will interact online. Many of the improvement initiatives described in the Disclosure Statements involve online communication and delivery of services, without acknowledgement of the need for complementary support for consumers who are not online. The increasing move to a digital online environment for services, including billing support, is creating a significant challenge for those older Australians who are inexperienced in using computers and smart phones, and may not be in a position to afford the associated costs. Often a reduction in offline and shop front can leave older Australians with fewer options to access services and support. As part of having a consumer focus, Energy Charter signatories must demonstrate and report against a plan to provide services to Australians who can't, or don't want to, engage with them online. Similarly, there was little in the Disclosure Statements about ways in which services are being provided to people from culturally and linguistically diverse backgrounds.

3. Use consistent evidence and metrics

The biggest challenge for consumers is that the evidence/metrics is not comparable across the Disclosure Statements. Comparable data is key to consumer choice and control, and will allow for comparisons over time as some of the initiatives and changes describe in the Disclosure Statements trickle through. Comparable data is fundamental in measuring the success or otherwise of both the individual business, and the success of the whole Energy Charter. To this end, the Energy Advocates would recommend clear and measurable data that can be compared.

The development of a valid and reliable set of metrics also affords an opportunity for operators to benchmark services and may serve as an inducement to non-signatories to participate in the Charter

process. Customer familiarity with and use of disclosures as a comparison tool would have the potential to provide further encouragement to sign on to the process

Consistent metrics may necessitate some level of standardised layout across the Disclosure Statements. For example, this may include a standard table or checklist with standard measurements that consumers can expect to see in each Disclosure Statement. The Energy Advocates agree that consumers would be best served by a simple, standardised layout. For such a layout to be implemented, the statements should be shorter (maximum 5 - 10 pages).

4. Define and emphasise Sustainability

Sustainability is a key priority area for The Energy Charter and the Energy Advocates. On the whole, advocates noted that sustainability was never defined and, on the whole, had one of the weakest responses in the Disclosure Statements. Future Disclosure Statements should give greater emphasis to this area.

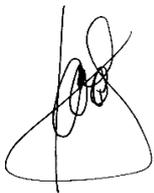
5. Show evidence of consumer involvement

Very few Disclosure Statements had evidence that customer committees, or consumer representatives, had been involved in the signoff of Disclosure Statement reporting. Having explicit consumer involvement and oversight was identified as an important component to the reporting.

Overall, the Energy Advocates were happy to see the Disclosure Statements place consumers' needs and voices at the fore and admire the commitment of RSPs to the principles of the Energy Charter. The Energy Advocates thank the Panel for the opportunity to provide feedback on the Disclosure Statements and look forward to seeing the long-term outcomes of the Energy Charter.

If you have any questions regarding our feedback, or wish to engage further with the Energy Advocates, please do not hesitate to contact us via Jill Moran, Senior Policy and Research Officer at COTA Australia, via email jmoran@cota.org.au or on 02 6154 9470.

Yours sincerely,



Ian Yates AM
Chief Executive

COTA Australia on behalf of the Energy Advocates: Robyn Robinson (Chair of the Energy Advocates), Lee Choon Siaw, Chander Khera, Jenny Mobbs, Sue Averay, Paul Simpson, Margie Smith, Rosalind Herbert, Ian Fletcher, Pete Newman, John Green, Jill Moran (COTA Australia)