

Grant Priority Issues

Removing barriers in the energy market for all Australians



Purpose of this document

We are interested in exploring high-quality grant projects which address knowledge gaps on this issue. As part of a series, this document aims to provide an overall picture of the issue and the potential areas where your organisation could build knowledge and capacity to support energy policy development or programs to benefit households now and in the future.

There may be other opportunities and challenges relevant to households and small businesses that we have not identified. If you believe your organisation is well placed to address any of the knowledge and capacity gaps that are important to this community, please contact our grants team (grants@energyconsumersaustralia.com.au) or Kerry Connors, Director, Energy Inclusion (kerry.connors@energyconsumers.com.au) to discuss further.

For more information about the Grants Program visit: www.energyconsumersaustralia.com.au/grants.

Summary

Households and small businesses can have very different outcomes in whether their energy costs are affordable. Our research shows that a majority of households encounter barriers to managing their energy costs, and the energy transformation is likely to present new challenges. The experience of small businesses is very likely to be the same. We need research on ways to support the diversity of consumers and effective support to overcome the barriers they face in managing their energy costs, now and in the future. We need to understand how working with consumers to design and develop programs, products and services achieves better outcomes, and ensures the regulatory framework gives people agency and appropriate protections.

What is the problem that needs to be addressed?

Without energy at an affordable cost, people cannot live in healthy and comfortable homes, and small business cannot be competitive. Given the essentiality of energy, it is reasonable that policy-makers and regulators have tended to focus on protecting people in energy hardship. But the energy transformation means we must pay greater attention to the other barriers that consumers face in managing high energy bills.

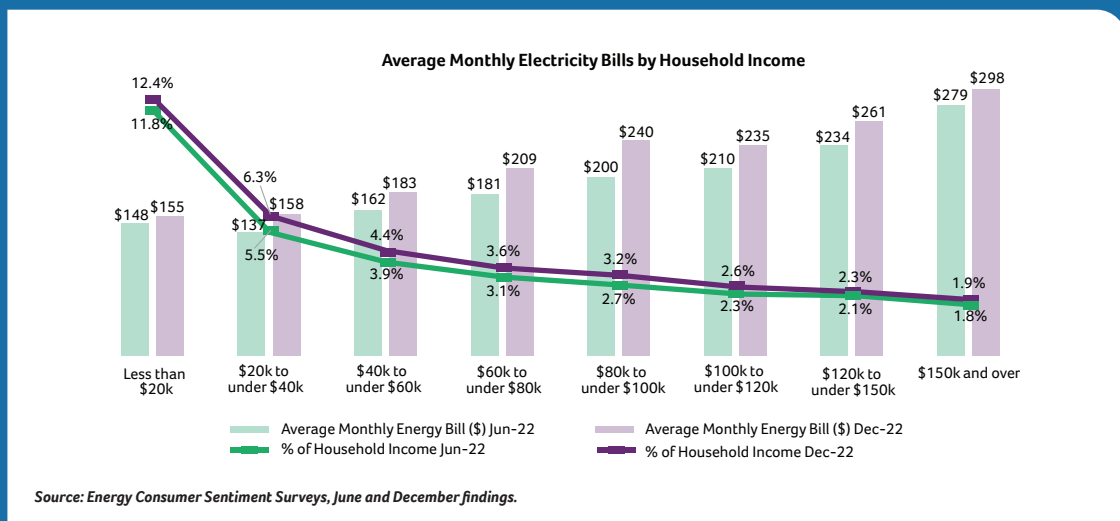
Households can face substantial and multiple barriers to affordable energy. They vary, depending on the energy decision: e.g. renters can switch retailers but can't install solar panels, or a retired couple can install solar panels, but live in a rural area where the network's capacity imposes constraints.

Barriers are thrown up by characteristics of the energy market, such as complexity of the product or service design, poorly designed or hard to find tools and information, generic information that doesn't fit individual needs, or difficulty in finding effective redress or dispute resolution.

Barriers can also derive from people's personal circumstances: e.g. where you live, your housing type, home ownership, age, income, level of literacy, fluency in English, access to internet or digital capabilities, or whether you've had a recent life event – such as illness, job loss, or a partnership breakdown – that affects your ability to pay your energy bills in the short-term.

It is likely that nearly everyone will hit one of those barriers; we tend to assume that only a marginal number of Australians face exclusion, but a quick drill into our [Energy Consumer Behaviour Survey](#) revealed that **at least 82% of households** are likely to face one or more barriers to engagement.

These are barriers people are encountering now, but the transformation in the energy system will throw up different challenges. People will be asked to take more active control of their energy use, changing their habits at home and at work to use energy in the day when renewable energy is abundant, and less at night when it is scarce. People will be asked to invest in improving the energy performance of their homes and businesses, to optimise and leverage household generation and storage, as well as make them more resilient to a changing climate.



If we do not actively address these barriers, there is a real risk that the energy divide that already exists will widen further. Currently half of all households (above median income) are paying between 2-3% of their household income on electricity, while the remaining half are paying between 3-12%.

Those with efficient homes, rooftop solar, a battery and electric vehicle in the garage have more choices in how they meet their energy needs and interact with the system. Those who rent and those who live in shared buildings have fewer options, and may experience higher electricity costs.

At a time when household and small business budgets are being hit by cost of living increases, a majority of Australians are concerned that electricity and gas ***will become unaffordable*** for some people in the next three years. ***Small businesses*** have seen energy costs increase in the last two years and will struggle to absorb any future energy price rises.

We know the future that consumers are looking for - ECA's ***Consumer Values, Expectations and Needs research*** asked people what they wanted from a future energy market: they told us they wanted it to be affordable, simple, easy to manage, clean and where they feel confident they can participate and be treated fairly.

Why is this a priority for Energy Consumers Australia?

ECA aspires to a market that is inclusive, providing equity of access and opportunity. Creating inclusivity is a goal and a process – it means designing regulation, products and services that enable engagement and provide opportunities for people to participate; it provides support to engage; it uses co-design and research to understand the experience of diverse consumer voices and support their engagement in market decisions; and it provides people with agency and confidence their voice is heard in decision-making.

What work is currently underway?

GOVERNMENT ACTION

All Australian Governments offer some assistance in the forms of concessions or rebates on energy bills. In December 2022, the Commonwealth announced its ***Energy Bill Relief Fund*** that will deliver up to \$1.5b of temporary support directly to electricity bills, jointly funded with relevant States and Territories on a dollar-for-dollar basis, and in addition to any existing schemes.

There are also various programs supporting advice, grants or loans, or direct assistance to install or replace appliances or solar PV, energy efficiency and retrofitting, or energy audits (this ***gateway*** links to home and business support programs). Programs vary widely between States and Territories and tend to target a group or groups of customers for a defined period.

Australian governments are also working on developing an **energy equity framework** and metrics to monitor levels of energy hardship (some preliminary findings are available **here**).

MARKET BODY ACTION

The Australian Energy Regulator's (AER) **Towards Energy Equity Strategy** outlines a series of actions it will take to assist consumers experiencing vulnerability, including early identification toolkits for energy retailers, improving consumer protections, and reducing disconnections. The Strategy was built on close **consultation with vulnerable consumers**. The AER is also supporting whole-of-sector **game changer** reform, to address systemic barriers to affordability.

The Essential Services Commission Victoria (ESCV) has released its **Getting to Fair Strategy** - a three year roadmap aiming to address barriers faced by consumers. It has also developed a guide to sensitive and appropriate engagement with consumers experiencing vulnerability.

Energy regulators publicly report on consumer outcomes - the AER publishes quarterly **performance reports** monitoring emerging trends such as rates of debt and disconnection. The ESCV's **Victorian Energy Market Report** provides a similar annual snapshot of the market.

COMMUNITY ACTION

There are a range of consumer and community organisations working nationally or in their State or Territory who have undertaken research about the needs of particular groups (see, for example, the members of the **National Consumer Roundtable on Energy** or the **First Nations Clean Energy Network**).

Recent research includes the work done by the Brotherhood of St Laurence on **rising energy stress**, Better Renting's **citizen research**, St Vincent de Paul Society Victoria **tracking energy prices**, Consumer Policy Research Centre's investigation of **why eligible consumers aren't receiving concessions**, and a consortium of organisations calling for **concessions reform**.

There are also community initiatives aiming to empower households and small business, such as Sydney Alliance's **Voices for Power** or advocating for certain consumers, such as **Solar Citizens**.

Small business has been represented by peak bodies, with recent research from Business NSW recommending how to provide **more effective advice and assistance to SMEs**, and from the Council of Small Business Organisations Australia on how SMEs were **impacted by COVID**.

INDUSTRY ACTION

Key energy industry initiatives include the **Thriving Communities Partnership**, which enables collaboration across multiple sectors, including energy, to facilitate access to essential services. The **One Stop One Story Hub** program is a world-first, providing a platform and single access point that means people can access help across a range of utilities. **The Energy Charter**, a group of like-minded energy organisations, have worked collaboratively on a range of projects under its #BetterTogether program.

What actions has Energy Consumers Australia undertaken?

Our annual ***Energy Consumer Sentiment Survey*** and ***Energy Behaviour Sentiment Survey*** regularly track consumer trust and confidence, providing insight into consumers experience in the market, including where people have concerns about engagement and affordability. Our ***Power Shift*** project underlined the need to design for diversity – there is no ‘one size fits all’ solution to support engagement, so to be effective, assistance must be tailored to individual needs. The Power Shift ***Supporting Households Framework*** is a tool to consider when a household faces a barrier, and the forms of assistance and support most likely to help them overcome it.

Gaps in the work program and evidence-base – what else needs to be addressed?

There has been significant research undertaken in Australia and overseas in recent years, with a particular focus on low-income households in energy hardship. Preliminary research to see what other relevant work has been done will refine your application’s project plan and methodology.

UNDERSTANDING THE NEEDS OF DIFFERENT TYPES OF CONSUMERS

We need to understand the unique barriers faced by specific groups of consumers, particularly those whose interests have not been well understood – examples include (but are not limited to) First Nations households, CALD households, embedded network consumers or regional consumers in Renewable Energy Zones. There are evidence and knowledge gaps about their lived experience, as well as considering how their situation changes in a transforming energy system.

There is limited understanding about the diversity of small business needs in the energy transformation, including what assistance measures are effective for different businesses.

More robust data would be valuable on households that manage to pay their energy bills but forego other essential services, including food and medicine to back up consistent anecdotal data.

DESIGNING EFFECTIVE SUPPORT

We see value in building our evidence base of effective programs in other sectors or internationally that have delivered enduring relief from high bills, rather than just the current bill.

We need to consider how to design and deliver programs that address multiple barriers to affordable energy, and facilitate collaboration between decision-makers around those intersections – for example, social services, health, housing, transport and energy.

ADVICE, INFORMATION AND TOOLS

The evidence base underlines the value of independent, timely and accurate support and advice, but there is work to be done to understand what that looks like for particular groups of consumers, and how best to deliver it.

ALTERNATIVE APPROACHES TO REGULATION, PRODUCT AND SERVICE DESIGN

To build more fit for purpose products and services, we see value in research using or assessing the value of using human-centred design methodologies, such as co-design or ethnographic research.

Related to that, it would be useful to understand the barriers perceived by industry, government and market bodies to consumer-centred design.

Energy regulation is not keeping pace with the changes in the market, the range of business models and the blurring of what is 'energy supply' and what is not. We need to understand where current regulatory arrangements are not addressing barriers to consumer engagement in the market.

***We welcome your ideas on how to address these priority issues.
To find out more about the Grants Program, [click here](#).***