

6 July 2018

By email: NationalEnergyGuarantee@environment.gov.au

Hon Josh Frydenberg MP
Minister for the Environment and Energy
Parliament House
Canberra ACT 2600

Dear Minister,

National Energy Guarantee Draft Detailed Design Consultation Paper - Commonwealth Elements

The Consumer Action Law Centre (**Consumer Action**) welcomes the opportunity to comment on the National Energy Guarantee (**Guarantee**) Draft Detailed Design Consultation Paper for Commonwealth Elements (**Consultation Paper**). We write to express our support for the Australian Council of Social Service (**ACOSS**) submission in response to the Consultation Paper.

About Consumer Action

Consumer Action is an independent, not-for profit consumer organisation with deep expertise in consumer and consumer credit laws, policy and direct knowledge of people's experience of modern markets. We work for a just marketplace, where people have power and business plays fair. We make life easier for people experiencing vulnerability and disadvantage in Australia, through financial counselling, legal advice, legal representation, policy work and campaigns. Based in Melbourne, our direct services assist Victorians and our advocacy supports a just market place for all Australians.

The government must address climate change on an equitable basis

Emissions reductions targets should be set at higher levels than those proposed in the Consultation Paper. Higher targets would see a reduction of emissions beyond business as usual and could reflect the electricity sector's ability to decarbonise faster than other sectors. Climate change will disproportionately impact disadvantaged and vulnerable people who have less access to resources to respond. It is therefore important that Australia takes this opportunity to decarbonise and reduce the impact of climate change in the long-term interests of all consumers.

In 2015 Consumer Action established the Demand-side Energy Reference Group which was made up energy sector leaders. The group considered how to optimise consumer outcomes in the transforming energy market, and their discussions informed our *Power Transformed* report. A key principle for future decision making recommended in the report was that:



*"The benefits of the transforming energy market should be shared across the whole community."*¹

With this principle in mind we especially support the ACOSS recommendation that Energy Intensity Trade Exposed Industry (**EITE**) should not be exempt from the emission's obligation. Costs that are not borne by EITE industry due to exemption will be redistributed to all other customers. Residential customers, especially those facing or anticipating payment difficulty should not end up covering a disproportionate share of costs from the Guarantee and have this additional cost compound their payment difficulty. Such outcomes would reflect reform having moved in the opposite direction to this *Power Transformed* principle.

Please contact Jake Lilley on 03 9670 5088 or at jake@consumeraction.org.au if you have any questions about this letter.

Yours Sincerely,

CONSUMER ACTION LAW CENTRE



Gerard Brody
Chief Executive Officer

¹ Consumer Action (2016). *Power Transformed; unlocking effective competition and trust in the transforming energy market*, available at: <https://policy.consumeraction.org.au/2016/07/31/power-transformed/>

