

28 November 2018

By email: [info@esb.org.au](mailto:info@esb.org.au)

Energy Security Board  
c/ COAG Energy Council  
Department of the Environment & Energy  
GPO Box 787  
CANBERRA ACT 2601

Dear Energy Security Board

### **Energy Security Board Strategic Energy Plan consultation on proposed metrics**

The Consumer Action Law Centre (**Consumer Action**) welcomes the opportunity to comment on Energy Security Board (**ESB**) Strategic Energy Plan consultation on proposed metrics.

We support the ESB developing a set of outcomes and objectives and associated tangible metrics that will measure whether these outcomes and objectives are achieved. We also support the metrics that have been initially proposed. However, to appropriately measure achievement of the objectives under '*affordable energy and satisfied customers*' and '*effective development of open and competitive markets*' the ESB must expand the metrics.

Our comments are detailed more fully below.

### **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.

### **Energy is an essential service**

Energy is an essential service. Australian households need energy to maintain good physical health, mental wellbeing and the ability to participate in society. The Strategic Energy Plan must recognise the need to access energy, as currently many Australians go without other essentials to stay connected or are disconnected from energy supply.



Our *Heat or Eat* report<sup>1</sup>, the Victorian Council of Social Services' *Power Struggles* report<sup>2</sup> and the Public Interest Advocacy Centre's *Close to the Edge* report<sup>3</sup> are just three of the many publications presenting evidence of the detriment to Australians who struggle to maintain access to essential energy services.

### Recommended changes to metrics

Consumer Action recommends the metrics below to measure whether the energy system is delivering good outcomes for all households. These metrics should be adopted by the ESB to ensure that the Strategic Energy Plan considers all consumers' experiences and can inform better outcomes from future policy making.

Outcome: affordable energy and satisfied consumers	
Objectives	Proposed metrics
Energy is increasingly affordable for all consumers, supported by adequate consumer protections and access to dispute resolution	<ul style="list-style-type: none"> <li>No consumers disconnected because of an inability to pay for energy</li> <li>Reduced complaints to ombudsman services about inappropriate assistance or no assistance being offered in response to payment difficulty<sup>4</sup></li> <li>Reduced complaints to ombudsman services about high billing<sup>5</sup></li> <li>Reduction in consumers using credit facilities, including buy now pay later services such as DeferIt, to pay energy bills.</li> </ul>
Consumers are empowered to manage their demand and can access distributed energy and energy resources	<ul style="list-style-type: none"> <li>No Australian reports going without heating, cooling or other essential energy usage because energy is unaffordable</li> <li>No hospital admissions are attributed to poor energy efficiency in a patient's housing</li> <li>All Australian housing stock achieves a 7-star energy efficiency rating</li> </ul>
Consumers are able to easily identify and secure the best deal for their circumstances	<ul style="list-style-type: none"> <li>No household is in payment difficulty due to paying high rates on an energy plan with an expired benefit period</li> </ul>
Vulnerable consumers are on suitable pricing plans, receiving concessions when needed, and can benefit from distributed energy and energy efficiency schemes	<ul style="list-style-type: none"> <li>Full coverage of concession and emergency payments (such as the Utility Relief Grant in Victoria<sup>6</sup>) for all consumers who are experiencing payment difficulty</li> <li>No consumers denied or involuntarily exited from energy retailer assistance or hardship assistance programs<sup>7</sup></li> </ul>

Outcome: effective development of open and competitive markets (where appropriate)	
Objectives	Proposed metrics
Retail markets are competitive and deliver efficient <b>and fair</b> outcomes for consumers (emphasis added)	<ul style="list-style-type: none"> <li>The proportion and distribution of customers receiving a bad deal is reduced (the primary metric).</li> <li>Levels of comprehension with respect to key market information is enhanced (aimed to ensure that people who have the capacity have the opportunities to make effective choices).</li> </ul>

<sup>1</sup> Consumer Action Law Centre, 2015. *Heat or Eat; Households should not be forced to decide whether they heat or eat*. Available at: <https://consumeraction.org.au/wp-content/uploads/2015/08/Heat-or-Eat-Consumer-Action-Law-Centre.pdf>

<sup>2</sup> Victorian Council of Social Services, 2017. *Power Struggles; Everyday battles to stay connected*. Available at: <https://vcoss.org.au/wp-content/uploads/2018/04/POWER-STRUGGLES-2017.pdf>

<sup>3</sup> Public Interest Advocacy Centre, 2018. *Close to the Edge – a Qualitative & Quantitative Study*. Available at: <https://www.piac.asn.au/wp-content/uploads/2018/11/PIAC-CTTE-Consolidated-Report-FINAL.pdf>

<sup>4</sup> For example; the Energy and Water Ombudsman Victoria reports regularly on trends in "credit issues" and billing issues see: <https://www.ewov.com.au/reports>

<sup>5</sup> Ibid

<sup>6</sup> See: <https://services.dhhs.vic.gov.au/utility-relief-grant-scheme> and reporting in the Essential Services Commission annual Victoria Energy Market Reports (currently unpublished due to AGL reporting issues).

<sup>7</sup> This information is also collected and reported by reporting in the Essential Services Commission annual Victoria Energy Market Reports (currently unpublished due to AGL reporting issues)

	<ul style="list-style-type: none"><li>• Levels and types of customer complaints are monitored for trends and issues – a key measure focusing on after-sales service not merely the buying or switching experience.</li></ul>
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Please contact Jake Lilley on 03 9670 5088 or at [jake@consumeraction.org.au](mailto:jake@consumeraction.org.au) if you have any questions about this submission.

Yours Sincerely,  
**CONSUMER ACTION LAW CENTRE**



Gerard Brody  
Chief Executive Officer

