

The Energy Charter – Independent Accountability Panel

Submission by Dale Stohr

30 October 2020

The purpose of the Energy Charter is:

“to progress the culture and solutions required to deliver a more affordable, sustainable and reliable energy system for all Australians. It is focused on embedding a customer-centric culture and conduct in energy businesses to create tangible improvements in affordability and service delivery.”

Principle One: *“We will put customers at the centre of our business and the energy system”*

Principle Two: *“We will improve energy affordability for customers”*

Principle Three: *“We will provide energy safely, sustainably and reliably”*

Principle Four: *“We will improve the customer experience”*

Principle Five: *“We will support customers facing vulnerable circumstances”*

As a residential energy customer, our family has been satisfied with the quality and reliable supply of natural gas and electricity to our home. We have a smart meter connected and rarely experience faults.

Gas supply and affordability:

The rising costs of natural gas and electricity in recent years is a major concern for us and many families around Australia. Due to the exports of liquefied natural gas (LNG) from Australia to Asia since 2014, domestic natural gas prices have risen substantially for Australian families, small businesses and industrial companies. This has led to individuals and families directing more of their finances to energy costs, reducing energy use in their homes and risking their health and well-being to save on food and other necessities.

The failure by the Federal Government and State Governments on the east coast to ensure a domestic gas reservation scheme was in place to ensure sufficient gas supplies were guaranteed for families and businesses has been an economic and social disaster. The needs of the LNG export companies were put first before the needs of ordinary Australians resulting in domestic gas reserves on the east coast being exported at cheaper prices for Asia than gas supplied to the Australian market. It should never have happened.

Western Australia has a 15% domestic gas reservation policy to retain 15% of gas exports for the local market since 2006 resulting in reliable supply and lower costs for Western Australian families and businesses. Many countries around the world reserve natural gas supplies for their citizens before allowing exports overseas. The United States reserves gas for its local market and controls gas exports, Israel reserves 60% of its offshore gas reserves, Indonesia reserves up to 40% on gas projects and Egypt directs 30% of gas production to domestic customers. Malaysia, Qatar, Norway and Russia control domestic gas reserves through state-owned companies.

Although international natural gas prices have fallen in recent months during 2020, Australian domestic gas prices have remained higher resulting in ACCC Chair Mr. Rod Sims stating, *“... I am yet to hear a compelling reason from LNG producers as to why domestic users are paying substantially higher prices than buyers in international markets. When we have lower gas prices around the world, and the Australian market linked to world gas markets, it is vital that Australian gas users get the benefit.”*

<https://www.accc.gov.au/media-release/domestic-gas-users-paying-too-much>

<https://theconversation.com/australia-has-plenty-of-gas-but-our-bills-are-ridiculous-the-market-is-broken-125130>

Domestic gas reservation scheme consultation:

The Department of Industry, Science, Energy and Resources released the 'Gas reservation issues paper' in October 2020 and is currently consulting with stakeholders and seeking public submissions.

<https://consult.industry.gov.au/onshore-minerals/gas-options/>

https://consult.industry.gov.au/onshore-minerals/gas-options/supporting_documents/optionsforaprospectivenationalgasreservationschemeissuespaper.pdf

"The Australian Government is committed to exploring options for a prospective national gas reservation policy. This aims to ensure Australian gas users get the energy they need at a reasonable price."

Public submissions close on 27 November 2020.

I believe community organisations and charities in Australia should contribute submissions on this proposed domestic gas reservation scheme to assist in reducing of gas and electricity bills for families and businesses. Every effort should be made to reduce gas and electricity costs especially for vulnerable Australians.

I believe that all energy industry stakeholders should make submissions on this proposed domestic gas reservation scheme to increase gas supply within Australia and reduce gas prices for energy customers.

<https://www.abc.net.au/news/2019-07-11/calls-for-gas-reservation-policy-to-bring-prices-down/11299032>

Energy efficiency and sustainability:

I believe the Federal Government and energy industry stakeholders must prioritise reducing the cost of energy for all Australian families, small businesses, commercial organisations and large industrial companies.

Improving energy efficiency in Australian homes, offices, workplaces and industry will reduce the demand for gas and electricity and therefore reduce energy bills and cost-of-doing-business in a sustainable manner.

The Business Council of Australia stated on 25 May 2020 "*... Improvements could include more efficient and controllable appliances and major equipment, especially for heating and cooling; improved thermal envelopes and shading; smart meters and sub-metering; distributed energy generation and storage; fuel switching; and the equipment, training and external advice needed for better energy management.*"

https://www.bca.com.au/building_a_stronger_and_cleaner_post_pandemic_australia

Energy efficiency improvements also reduce greenhouse gas emissions, assist in achieving climate goals, reduce extraction and distribution of fossil fuels and will create new sustainable industries that will employ thousands of people to install these efficiency measures.

<https://theconversation.com/australia-has-failed-miserably-on-energy-efficiency-and-government-figures-hide-the-truth-123176>

The International Energy Agency stated in October 2020 that "*... For projects with low-cost financing that tap high-quality resources, solar PV is now the cheapest source of electricity in history.*"

<https://reneweconomy.com.au/solar-power-is-now-cheapest-electricity-in-history-says-iea-39195/>

Conclusion:

I believe the Independent Accountability Panel has an opportunity to deliver better outcomes for energy customers across Australia particularly regarding energy affordability, reducing fossil fuel demand, improving energy efficiencies and promoting renewable energy solutions for residential and business customers.

Energy customers increasingly demand improvements in the energy market that deliver cleaner, more sustainable power sources that also reduce power bills going forward.

Energy industry stakeholders must listen to their customers and deliver energy solutions that reduce the cost of living for individuals and families and reduce the cost of business for commercial enterprises.

The energy market in 2040 will be very different to the energy market from the year 2000.

The current energy industry (including gas producers, gas pipeline operators, gas retailers, electricity generators and electricity retailers) must meet the expectations of their customers and invest in new technologies rather than perpetuate the old coal and gas model from the past.

Energy industry stakeholders must assess their 'social licence to operate' and understand how their business operations can impact on the communities they serve. A 'social licence to operate' is not about creating a community fund for residents living near a new gas-fired power station or planting trees along a new pipeline. Social licence is the acceptance of an organisation's activities by local communities and ensuring that the organisation can be trusted to operate in a manner that does not adversely impact on local residents as well as the wider population and the environment locally and globally.

The Rio Tinto destruction at Juukan Gorge is one recent example during 2020. Another is the proposed AGL gas import terminal and pipeline project at Crib Point on Western Port Bay in Victoria where many local communities are opposed to the gas project due to concerns about environmental pollution, loss of social amenity, increased air emissions including formaldehyde and greenhouse gas emissions and adverse impacts on the ecological character of the Ramsar wetlands.

<https://ethics.org.au/ethics-explainer-social-license-to-operate/>

<https://www.abc.net.au/news/2020-08-28/agl-floating-gas-mornington-peninsula-environmental-impact/12603832>

<https://www.theage.com.au/national/victoria/report-takes-aim-at-plans-for-crib-point-floating-gas-hub-20200817-p55mh9.html>

With assistance from the Federal Government and State Governments, energy industry stakeholders can deliver better outcomes for all Australians regarding energy affordability and sustainable energy sources.

Thank you for the opportunity to make a submission on this very important issue.

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