

Energy industry stepped up in 2019-20 but is unprepared for looming challenges: Energy Charter review

8 December 2020

Australia's energy suppliers must lift their game to be ready for a post-pandemic debt tsunami and to make energy transition work for energy consumers, according to the annual independent assessment of the voluntary sector-led Energy Charter.

The Energy Charter Independent Accountability Panel today published its second annual assessment of the progress and performance of the 19 Signatories to the Energy Charter and the broader energy sector.

Chair of the Panel, Clare Petre, said energy suppliers had done well to deal with some significant challenges in the last 12 months including natural disasters and COVID-19, but failing to meet the looming challenges would come at great cost to all energy consumers especially people in vulnerable circumstances.

Ms Petre said 2019-20 was tough for households and businesses, including the companies that generate, deliver and sell the electricity and gas that is so integral to our lives.

"The Panel considers that the way affected Energy Charter Signatories supported their customers through the catastrophic bushfires and other natural disasters was a credit to the commitment of those companies and their people. From our observations and stakeholder feedback, the response to the COVID-19 pandemic has been more mixed", Ms Petre said.

Ms Petre said that it was evident to the Independent Panel that Energy Charter Signatories are taking a serious approach to asking themselves how well they are delivering better outcomes for customers.

The Independent Panel identified two tests of the strong commitment to the Energy Charter expressed by Signatory CEOs:

1. How well Signatories are preparing for a potential post-pandemic debt tsunami when government and other support for their customers is removed or reduced in 2021.
2. The contribution of Signatories to ensuring that the inevitable transition to net zero emissions is as stable, least cost, and as fair as possible.

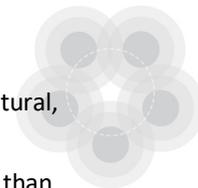
Ms Petre said Energy Charter Signatories passing these tests was necessary for good consumer outcomes, but others needed to work with them, including energy retail and network businesses and new generation companies who have not yet signed up to the Charter.

Ms Petre said meaningful, unavoidable obligations attach to being in the business of delivering a life-sustaining product that people must have.

"Energy Charter Signatories have stepped up. The energy industry has played a key and often life-saving role in response to natural disasters and COVID-19, alongside other essential industries.

"However, in the provision of a service that is essential – to people's daily lives, to the economy and to our national competitiveness – a pass mark isn't good enough. Signatories cannot be content that they are on track to deliver against the Energy Charter Principles, or satisfied that they are generally doing the right thing by their customers, unless they have collectively acknowledged looming major challenges and are working together to proactively manage likely consumer impacts and capture opportunities for consumer benefit."

The independent panel's 2019-20 report makes 15 recommendations to Energy Charter Signatories, with a strong focus on proactive identification of and assistance to customers in vulnerable circumstances.



It also called for a shared understanding of customer vulnerability – including financial, physical, cultural, digital disadvantage – so that no customers are left behind or denied support.

“Companies should actively identify and reach out to customers in vulnerable circumstances rather than continue to rely on consumer self-advocacy, which often means that support is not made available until debt has already accrued.”

The independent panel also called for a whole of sector focus on making energy transition work for consumers.

Selected recommendations to Energy Charter Signatories:

- Find ways to utilise payment and usage data to proactively identify and assist customers in vulnerable circumstances, so that the industry and policy-makers are taking all steps within their power to support customers in financial difficulty and to reduce payment difficulties in 2021.
- Audit all customers on payment or hardship plans, and immediately and retrospectively switch them to the cheapest plan available and adjust the debt accordingly.
- Work with governments to establish a practically failsafe system to ensure each and every customer who is entitled to a concession receives it.
- Adopt and each publicly articulate a clear, collective approach that builds on recent energy industry acknowledgements of the inevitability of change, effectively communicates how the “north star” of net zero emissions feeds into better consumer outcomes, and drives a whole of sector focus on making energy transition work for consumers.

Ms Petre said the Panel was extremely disappointed to receive advice that Origin Energy and AGL had decided to withdraw from the Energy Charter.

“Our report has called on those energy providers who are not already Signatories to sign up to the important Energy Charter. We therefore consider that this withdrawal from the Energy Charter by two such major Australian energy providers as Origin Energy and AGL, shows poor leadership at a time when the energy industry needs to work together more than ever”.

“The major energy retailers and grid companies that are not already part of the Energy Charter and the major new renewable generation companies should step up to contribute and collaborate through the Energy Charter.”

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2020 Independent Accountability Panel Report

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