

1 November 2021

Clare Petre, Cassandra Goldie and Andrew Richards
The Energy Charter
Independent Accountability Panel

By email to: submissions@theenergycharterpanel.com.au

Dear Clare, Cass and Andrew,

Feedback on the Energy Charter Disclosure Statements

COTA Australia is pleased to provide the IAP with our response to the 2021 Disclosure Statements (Statements) provided by 16 energy service providers. Collectively, these Statements demonstrate the energy sector's increasing acceptance of the Energy Charter. As expressed by several of the signatories, this is critical to deepening the sector's appreciation of its various customer groups personal circumstances. Our COTA Energy Advocates specifically commend businesses for their ongoing support for customers experiencing financial stress due to the impacts of the COVID-19 pandemic, as well as their increasing acknowledgment of other customer groups facing various forms of hardship.

The COTA Energy Advocates are a panel of consumers, consisting of representatives from each State and Territory jurisdiction in the National Energy Market. These COTA Energy Advocates are supported by COTA Australia, the national consumer peak body for older Australians. COTA Australia represents over 500,000 older Australians through more than 1,000 seniors' organisation members of State and Territory COTAs and around 40,000 individual members and supporters.

The COTA Energy Advocates believe there is a marked improvement in some performance areas by some signatories. Yet, they note many of the suggestions made in COTA Australia's previous submissions remain relevant. For instance, the need for consistent metrics and definitions across Statements, as well as a strengthened commitment to other issues including digital inclusion, vulnerability and environmental sustainability.

COTA Australia and the COTA Energy Advocates support the Statements as being critical to building open communication and an informed critique around the needs, preferences and expectations of energy customers. It is within this context we share our disappointment that two of the major retailers have withdrawn from the Energy Charter. We consider their departure diminishes the value of the Energy Charter for all participants. We believe it is important to expand Energy Charter participation across the energy industry over the coming year.

Overall comments

The COTA Energy Advocates applaud the signatories' ongoing and, as many of the Statements show, strengthened commitment to embedding the values of the Energy Charter across the industry to address customer needs and expectations more fully. This growing acceptance of the importance of the energy customer to business success, innovation and sustainability is evidenced by an increased support for co-designed strategies and the energy initiatives that follow.

Moreover, we are pleased to see that many initiatives which in the Energy Charter's initial years were in the planning stages are now close to maturity. Further, we commend that overall, the 2021 Statements evidence a greater preparedness by the signatories for targeting actions that importantly move beyond regulatory obligations or 'business as usual'. This is particularly noticeable in the sector's implementation of customer informed Better Together Initiatives.

COVID-19 impact

COTA Australia again thanks the signatories for their ongoing commitment to assisting energy customers facing increased financial challenges due to the continuance of the pandemic. We congratulate businesses on working with individual customer groups to address their respective needs more appropriately.

Many of the Statements describe a range of innovative, targeted hardship initiatives developed in response to the pandemic. However, as with our previous year's submission, we maintain it is important, and would be useful, for energy businesses to be proactive in informing current (and new) customers of the measures they can expect to continue post-COVID.

As in 2020, the COTA Energy Advocates reported that complaint numbers seem to be lower than those identified in 2019. However, the Statements are silent on the role, if any, COVID-19 has played in this. The COTA Energy Advocates suggest further investigation of this is needed and would propose the 2022 Statements provide an explanation of their findings.

Opportunities for improvement in presentation

Although the quality and presentation of Statements continues to improve, we believe there is still some way to go to ensure they connect with the 'average' customer. Many of the 2021 Statements contain jargon and tend to be overly wordy and dense. Plus, the use of small font sizes does not aid readability and diminishes the potential for engagement.

We consider several Statements are heavily informed by a 'marketing' or 'Annual Report' ethos and, thereby, miss out on engaging with customers in an open and transparent review of current business performance. We suggest this may point to some signatories not being at ease with the purpose of the Statements, or possibly, not prioritising customer engagement over the management of marketplace reputation.

The COTA Energy Advocates identify the Horizon and the Energy Australia Statements as exemplary. Through their use of plain language, and in being well written and easy to follow, these Statements demonstrate a clear intent to communicate meaningfully with as many of their energy customers as possible.

In addition, the COTA Energy Advocates commend honesty in disclosures. In 2021, an excellent example of this was conveyed in TransGrid's Statement.

Self-ratings against the maturity Index

The COTA Energy Advocates are pleased to note the 2021 Statements show many businesses are conservative with their self-ratings against the maturity index. We see this as a clear acknowledgement that signatories accept there is more work to be done to achieve Energy Charter ambitions.

Continuity of disclosures and clear accountability targets

In many instances, the COTA Energy Advocates found it difficult to track customers' lived experience of reported achievements against targets set in previous years. In too many instances, the COTA Energy Advocates note it is difficult to assess if last year's commitments were delivered and, if so, to whom and to what extent. We believe customers prefer to have achievements supported by evidence that connects with their everyday experiences. Wherever possible, this applies equally to displaying trends.

Relatedly, the COTA Energy Advocates consider some of the reported progress comes across as being more opportunistic than planned. We suggest it is critical that businesses pay more attention to the framing of targets and, wherever possible, refrain from reporting progress as 'continue to develop' or 'continue to advance'. From a customer perspective these expressions are without substance, often used to mislead and are experienced as disempowering. They are commonly interpreted as a deliberate means deployed to muddy the prospect of holding a business accountable. More significantly, these vague performance evaluation expressions can erode customer trust and confidence. We believe energy customers want and deserve better than vague and elusive performance measures.

The COTA Energy Advocates want clear and quantifiable forward targets expressed in ways that make sense to energy customers. We see this as fundamental to best practice in performance reporting. Therefore, we encourage the IPA to promote more proactive and codesigned target setting. Further, we suggest the signatories commit to purposefully planning to carry out actions to support each of the Energy Charter's principles. We propose signatories work with a representative customer group to set clear action targets and outcomes that will be understood by and useful to the 'average' energy customer.

Vulnerable customers

Although vulnerability continues to be interpreted differently by signatories, the 2021 Statements are strengthened by a fuller understanding of what is meant by customer vulnerability. More specifically, we welcome the increased focus on supporting vulnerable customers. We are pleased to find financial vulnerability now appears to be better understood by most Signatories. Another important development in this area is the attention being paid to supporting customers experiencing domestic and family violence. In 2022, we believe it is important businesses extend and tailor the available range of supports and resources to meet the needs of people experiencing elder abuse.

The COTA Energy Advocates identify the following initiatives as examples of good practice in assisting energy customers facing various forms of hardship:

- Knock before you Disconnect Program – Essential Energy, Endeavour
- Energy Bars for face-to-face customer channels – ActewAGL
- Vulnerable Customer Assistance Program - AGIG
- Provision of scholarships for financial counsellors – Energy Queensland, Powerlink
- Summer Undergraduate Program for refugees and asylum seekers – CS Energy
- Improvements to call centre telephone systems – ActewAGL, Energy Queensland

On the less positive side, COTA Australia is alarmed that vulnerability through digital exclusion is not addressed well. There are numerous examples of businesses claiming to 'improve the customer

experience' through the introduction of new websites and apps. While this is supported, we propose it is critical that customers who are not online also receive increased and appropriate forms of support.

The Australian Digital Inclusion Index 2021 identifies Australians over 65 years of age as the least digitally included group. COTA Australia recognises this is not only an issue for older Australians. The digital inclusion gap is also being experienced by people with lower levels of income, education and employment. More broadly, across the nation there is an increasing 'digital inclusion gap' between wealthier and poorer Australians. COTA Australia believes no person should be financially and/or socially disadvantaged because they do not, or prefer not, to use online forms of engagement.

COTA Australia strongly encourages future Statements to include an account and evaluation of actions taken by signatories to ensure people who are not digitally engaged are kept as informed of communications, offers and/or important updates as online customers.

Metrics and measurement

As in previous years, we found it difficult to compare and evaluate Statements in the absence of standardised reporting and metrics. For example, many of the current Statements contain claims of 'benefits to consumers. However, for the most part, these claims are presented without any customer related quantifiable and verifiable data. We suggest an easy win, and one that we believe accords with customer preference, would be to have customer savings expressed in dollar terms.

We urge signatories to continue to work on the development of standardised metrics and measures. We see this as critical to providing energy customers with more pragmatic and reliable Statements. These enhanced Statements will support more informed customer engagement, as well as provide a more useful way of understanding and comparing energy market performance, especially the progress made by signatories against the Energy Charter.

A notable Statement in this area was the APA's clear 'traffic light' presentation of progress against past commitments and that anticipated for future targets.

Sustainability

The COTA Energy Advocates are disappointed the 2021 Statements do not convey a shared definition of sustainability. This ongoing omission is especially worrying given sustainability is a key priority area for the Energy Charter, and an enhancement that would be useful to energy customers. As in our previous submissions, in addition to a shared and consistent definition of sustainability, the COTA Energy Advocates suggest that the Statements should demonstrate a rigorous commitment to reducing global warming. We would also ask that they encourage a more rapid and affordable uptake of renewable energy.

The COTA Energy Advocates commend businesses that have set clear net zero 2050 targets. For example, the APA. However, it is clear many of the other signatories have attempted to pass off 'business as usual' activity as if it were a thoughtfully considered and actioned response to the sustainability principle. A greener future should be envisaged as being more inclusive than the provision of a limited range of energy efficient products - such as solar panels and electric vehicles - for those who can afford to consider contributing to reducing the negative impacts on our environment.

COTA Australia firmly believes it is necessary that the energy sector is underpinned by a rigorous and shared commitment to sustainability. The COTA Energy Advocates commend all businesses resolve to better understand and respond sustainably to customers' energy needs. They point to the Community battery trials being undertaken by AusGrid as presenting a creditable example.

Looking forward

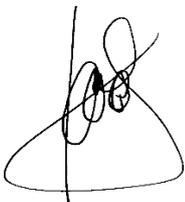
In the next round of Statements, COTA Australia and the COTA Energy Advocates expect to see:

- More deliberate consideration given to addressing the IAP's recommendations
- A more detailed understanding of how the increased resourcing of consumer engagement has delivered real benefits for consumers. We warn against 'engagement for engagement's sake' or in response to a perceived need to compete with industry peers in this space
- A continued focus on affordability and the development/refinement of measures that will deliver qualifiable savings to customers, especially for customers experiencing financial hardship
- Firm commitments, plans and milestone that clearly target the achievement net zero emissions by 2050
- A strengthened sector wide focus on customers experiencing or at risk of vulnerability through digital exclusion, CALD background, family violence and elder abuse
- Consideration and articulation of how the Consumer Data Right for energy can be harnessed to benefit consumers

We congratulate the 16 energy service providers for submitting their 2021 Statements and acknowledge their ongoing efforts to place customers at the centre of their business. We look forward to our involvement in the 2022 process and in providing feedback to the IAP on signatories' progress in making real change in the lives of energy customers. We encourage signatories to move beyond business-as-usual and commit to working in partnership with their customers on the realisation of the Energy Charter's vision to 'deliver energy for a better Australia'.

If you have any questions regarding our feedback or wish to engage further with the COTA Energy Advocates, please contact us via Mary Swift, Policy and Engagement Officer at COTA Australia, via email mswift@cota.org.au or on 0406 34 8787.

Yours sincerely,



Ian Yates AM
Chief Executive

*On behalf of the COTA Energy Advocates: **Robyn Robinson** (Chair of the COTA Energy Advocates), **Chander Khera**, **John Pauley**, **Jenny Mobbs**, **Sue Averay**, **Paul Simpson**, **Margie Smith**, **Rosalind Herbert**, **Ian Fletcher**, **Pete Newman** and **John Green***