

Letter from EUCG to IAP for 2021 Report

To members of the Energy Charter Independent Accountability Panel:

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Dear panellists,

Thank you for your time and focus on working with energy industry stakeholders to enhance outcomes for consumers across the entire energy system. The Charter signatories enable an open and collegiate dialogue about affordability, reliability & sustainability, improved customer service and responses to customer vulnerability, in a transforming system.

We appreciate your interest in meeting with the End Users Consultative Group (EUCG) recently. The EUCG consists of approx. 17 representatives from consumer and small business groups and commercial & industrial end-users and their representative associations. It was established to act as an advisory group to the Industry Working Group and the Independent Accountability Panel (IAP), as well as collaborate on initiatives with the energy businesses. The group is not a decision-making or peak body. Among other roles, members offer feedback to the IAP on performance and progress. Accordingly, this letter reflects the collective views of EUCG members, but not necessarily the policy positions of individual member organisations.

Key considerations for the IAP Panel in 2021: Further highlighting and incentivising better-practice

Members of the EUCG are committed to working collaboratively all year round with energy businesses on improvement initiatives. All stakeholders in the energy ecosystem have important roles and responsibilities to play to move consumer energy outcomes forward. EUCG members recognise that governments and regulatory frameworks have a key role in addressing energy system design and incentive challenges, and that working with the Energy Charter is a means to collaborate outside of formal regulatory processes.

The EUCG recognises that regulatory frameworks tend to focus on setting minimum requirements rather than best or better-practice, and that working with industry on such practice is important and expands the overall landscape of expectation and possibility for all stakeholders.

Following the unique COVID-19 period, EUCG members recently revised the EUCG Terms of Reference. The EUCG identified value in engaging with signatories early within strategic priority planning cycles (e.g. planning for Better Together initiatives) as well as making structured input to support select BT initiatives. It would be useful for the IAP to recognise and reinforce this collaborative planning and forward-looking role.

Regarding disclosures:

- Is it possible to make it more evident in disclosures where a company is going beyond their regulatory obligations?
- For businesses that are at the leading edge, are there ways to recognise their innovation and leadership, compared with businesses that are slower to move, or resist change?
- Are there ways to recognise businesses that have assisted others to lift their game?

There remains a shortage of consumer representation and engagement in the energy sector, and involvement of consumers and consumer representatives is needed across all levels of the energy system. Some energy retailers and networks are setting up consumer advisory structures to gain insights into affordability and other challenges and Energy Consumers Australia provides invaluable support to a range of initiatives. The EC offers whole of system opportunities for putting the consumer at the centre. With this in mind, it would be helpful for the IAP to encourage continued resourcing of consumer advocacy capacity by the EC signatories.

Agreement with the two proposed IAP themes

We support the proposed IAP report focus on two key themes: affordable and accessible energy, and transition to a decarbonised energy system, in ways that put customers at the centre and leaves no-one behind. While some residential and business customers are more vulnerable, the Charter cannot replace regulated hardship requirements or individual business community programs. It can however offer an opportunity to build on these to plan and deliver system-wide initiatives that work in the best interests of all consumers.

In the year ahead there are several opportunities for collaborative work between energy businesses and their key stakeholders. With a continually changing context, here are some particular opportunities for consideration:

The role of the Energy Charter in the transition to net zero.

Regulators and policy makers will maintain their focus on minimum requirements and consumer advocates will maintain a focus on all parties to step up in their roles to support those most vulnerable and ensure a fast and fair transition to a decarbonised energy system. Collectively, we must also keep a clear focus on the importance of industry and its roles.

We need better-practice leaders in business, and we need collaborations to support accelerated decision making and actions. The EC Maturity model offers a tool that can foster that rapid increase in expectation and a continuous improvement and the EC governance architecture, shared values and the Better Together initiatives can be leveraged to work on identified transition priorities

The emerging challenge of decarbonisation, combined with the need for no consumers to be left behind (or rather that customers are put front and centre and that the transition delivers positive outcomes for all), requires a depth and breadth of response that necessitates collegiality and collaboration across the industry to deal with common, cross-cutting issues and what must be seen as a shared duty of care. Some businesses are more ambitious than others, but consumer representatives see opportunities for leadership across the EC.

- Businesses could reflect science-based targets and address those emissions most material to decarbonising the system as a whole - Scope 1 and 2 emissions as well as consideration of Scope 3. For downstream users, upstream decarbonisation is critical to their transition to net zero.
- Continuing industry transformation to support DER
- New products and technologies being developed and rolled out (e.g. Smart Meters)
- Holistic integration of affordability and decarbonisation. For example, to ensure that positive incentives (e.g. replacing old appliances) don't lock customers into poorly priced deals.
- Outcomes for embedded network customers
- Energy literacy in diverse communities
- Further development of initiatives to address payment difficulties, for instance debt waivers.
- Work to identify the cohort of the population who cannot pay for essential energy needs and to genuinely collaborate with relevant jurisdictions to ensure these consumers are not expected to

pay full per capita costs. As an essential service, all consumers should be able to access sufficient energy at a fair and sustainable price.

“Electrification of everything” is currently in public debate. There are significant opportunities for rescoping who is part of the energy transition, what’s on the table and developing a vision for consumer outcomes over the longer term.

- In the transition to decarbonised energy systems, how will this relate to transport? Energy businesses must focus on support to electric vehicles (EVs) and enabling access for businesses as well as residential consumers to the long-term cost benefits of running EVs.
- Given the loss of big retailers from the EC, is this theme a way to re-engage them, as well as invite EV infrastructure businesses to the table?
- What is the relationship between the hydrogen development sector and other parts of the system? How can this future be developed in ways that are both climate friendly and enhance outcomes for all the different cohorts of consumers?

Opportunities to collaborate on advocacy across transition but also affordability

Lastly, we raise the serious issue of the cohort of people who simply cannot afford their energy. The EUCG raises this priority as a key area for potential collaboration on action within signatories but specifically also for solutions from regulators and government.

Customers are impacted by regulatory frameworks covering all energy system participants - from retail to networks and generation. And the actions of all energy system participants in their transition activities will have customer impacts.

For example, the National Energy Objective (NEO) does not cover decarbonisation or social equity, despite industry and advocates together advocating for attention to equity during the recent AEMC Access & Pricing rule change. Looking to the year ahead, it would be useful for the EC signatories to be encouraged to collaborate with EUCG members regarding reform and policy, for example associated with the AER consumer vulnerability strategy work.

We thank you for your commitment to the IAP process.

On behalf of End Users Consultative Group members:

- Cath Smith, Independent Chair, EUCG
- Dale Holliss, Company Secretary, Bundaberg Regional Irrigators Group* & Director, National Irrigators Council
- Douglas McCloskey, Policy Officer, Energy & Water Consumers' Advocacy Program, PIAC
- Gavin Dufty, Senior Policy Manager, St Vincent de Paul*
- Robyn Robinson, Energy Advisor, COTA (National)
- Geoff Buchanan, Senior Policy Officer, ACTCOSS*
- Dr Lucy Mercer-Mapstone, Stakeholder Engagement & Policy Officer, TASCOS*
- Robert Mallett, Executive Officer, Tasmanian Small Business Council*
- Aimee McVeigh, CEO, QCOSS*
- Simon Moore, Policy Manager - Infrastructure, Business NSW
- Emily Wood, Communications Manager, Energy Users Association of Australia (EUAA)
- Taneesha Amos-Hampson, Graduate Policy Officer, Energy Consumers Australia*

Some signatories are representing an authorised position of their affiliated organisation*, while others are signing as an EUCG member.