

The Energy  
Charter  
**INDEPENDENT  
ACCOUNTABILITY  
PANEL**

The Energy Charter

# **Assessment of achievement of better outcomes for Australian energy consumers in 2020-21**



December 2021

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Last year we characterised the Energy Charter reporting period – with its natural disasters and COVID-19 context – as unprecedented. During 2020-21, this period of upheaval and stress continued for many energy customers and worsened for some, in particular for people already doing it tough. The energy industry has also had to grapple with these issues, along with the accelerating embrace of net zero targets.

What will the ‘new normal’ look like as we emerge from the arduous COVID-19 environment? Will the opportunity for real and continuing systemic change be taken up? Where will the benefits and costs of the energy transition land and will it be equitable?

The Energy Charter Independent Accountability Panel (the Panel) has found that last year’s themes of energy affordability and the transition to net zero emissions can no longer be considered in isolation from each other. A fair transition must have people in the most vulnerable circumstances at its centre. Designed well, the transition can deliver better affordability for customers most at risk.

Getting the energy transition right to improve customer outcomes is the central theme of the Panel’s third Annual Report. The Signatories to the Energy Charter and the consumer representatives who have engaged with this year’s Panel process think about energy transition in a variety of ways. However, their view is unanimous that Australia’s energy system will continue to transform to align with global emissions reduction expectations, and that this is a huge and urgent undertaking.

This report makes the case that Charter Signatories have a unique opportunity to help lead the transformation of Australia’s energy system to both lift the productivity and competitiveness of the Australian economy and improve the lives of Australia’s most vulnerable people.

However, this outcome is far from assured. We will get energy transition badly wrong if:

- significant unnecessary costs are imposed on households and businesses;
- a disproportionate and unfair cost burden falls on those people who can’t afford or who don’t benefit from the array of new technology;

- we fail to help fossil fuel communities and workers through the industrial migration to a net zero emissions economy.

The Panel’s remit is to assess the progress and performance of Signatories and the broader energy sector against the Energy Charter. Our assessment of whether Signatories have achieved better outcomes for energy customers in 2020-21 centres on the five Energy Charter Principles that give practical effect to the promise at the heart of the Energy Charter: ***Together, deliver energy for a better Australia.***

Our recommendations reflect the needs and expectations that consumers have expressed to the Panel. This Report discusses the progress of Charter Signatories, as well as where progress has been limited or patchy. There have been some very positive initiatives by Signatories, but they need to be scaled up and become Business as Usual rather than isolated trials. The Panel is clear that we can only get energy transition right if the energy industry, governments, and market bodies work together. The Energy Charter can assist in making this happen.

The time has come for everyone involved in the supply of energy to Australian households and businesses to move on from the early skirmishes of energy transition and return focus to consumer and economic objectives.

This must be ambitious. Market and technology responses to climate change are accelerating, yet customers with less resources are largely excluded from the multiple benefits of this change. The latest AER data confirms the Panel’s concerns in 2020 of a debt tsunami. Average household energy debt for gas and electricity has increased by 12% in the last twelve months.

Signatories need to demonstrate that they are putting customers most at risk at the centre of their efforts to tackle the main game of energy transition. Governments have a major responsibility and must also step up.

We hope that this Report helps Signatories, other energy companies, governments and market bodies to work together to achieve better outcomes for consumers.

## The Energy Charter Independent Accountability Panel

**Clare Petre:** Panel Chair    **Andrew Richards:** Panel Member - Commercial and Industrial end-user representative

**Cassandra Goldie:** Panel Member - Consumer representative    <https://theenergycharterpanel.com.au/about-us/>

# Executive Summary



Financial year 2020-21 was another difficult year for many energy customers across Australia.

As a provider of essential life-sustaining services, the energy industry has played a key role in the ongoing response to COVID-19, alongside governments, market bodies, businesses and civil society. Energy suppliers are called on to be one of the economy's shock absorbers and, in the case of network businesses, to be an integral part of the emergency response to natural disasters. The imperatives for cross-sector collaboration have also intensified.

Charter Signatories demonstrated improvement against the five Energy Charter Principles. However, in general Signatories have not acted on the two key challenges of affordability and the energy transition with the boldness, vision and urgency that the Panel called for last year. The energy industry is falling further behind reasonable community expectations because the rate of maturation is slower than the required rate of industry transformation.

## Key Findings

- Two measures to improve the affordability of energy for people in vulnerable circumstances should not be further delayed:
  1. All customers who are struggling to pay their electricity or gas bills should be moved to the best retail offer for their current circumstances; and
  2. Every customer who is entitled to a concession or rebate should be placed on it.
- Signatories need to speed up their maturation against the Energy Charter Principles so they can tackle the main goal of an efficient and fair energy transition.
- Energy transition can benefit people on low incomes rather than leaving them behind. But only if their interests are at the front of the design, not an afterthought.
- Signatories, governments and market bodies must work together to drive an energy transition that is efficient and fair.

***The energy supply system transformation that is imperative to an economy coming into alignment with global emissions reduction expectations can lift the productivity and competitiveness of the Australian economy and improve the lives of people who are most vulnerable.***

The Panel believes that the overall improvement achieved by Signatories creates a platform from which they can play a key role in making Australia more prosperous, more sustainable and fairer. But we agree with consumer representatives that a major step up in ambition and action by Signatories is now urgent and necessary.

Ultimately, Signatories can only meet the expectations of customers and the broader community if governments and market bodies join with them in a coordinated approach, and set sensible, coordinated policy and regulatory foundations to align with a net zero emissions economy that is as efficient and fair as possible. It is not acceptable that vital, valuable and achievable reforms to improve affordability, such as shifts to best offer plans, automating access to concessions, and minimum

energy efficiency standards have been left in the too hard basket. This Panel's annual but repeatedly ignored recommendations in relation to those reforms are part of a chorus. Fixing this collective failure of the energy industry, governments and market bodies requires collective will and collaboration. The Panel calls on Signatories to take the lead.

We need to move out of the COVID-19 period with a new approach rather than reverting to how things were done before. The COVID-19 period has sharpened the tools we need. Now is the time to ensure that energy transition is put on track so Australia can get to net zero as efficiently and fairly as possible.

## SIGNATORIES' 2020-21 PERFORMANCE

### Summary of Signatories' Self-Assessed Maturity

Overall, Signatories again saw themselves as performing best against Principle 3: *We will provide energy safely, sustainably and reliably*, while the spread of self-assessed maturity was greatest for Principle 5: *We will support customers facing vulnerable circumstances*.

Signatories' average self-assessment across all Principles increased from 2.40 to 2.86 out of 5, despite the withdrawal of Origin and AGL, who self-rated highest in 2020.

Across the five Principles, the 15 Signatories who published Disclosures in 2021 self-assessed their maturity as Emerging (2 out of 5) or lower on 23 out of 75 scores, compared to 41 out of 75 last year.

Signatories see themselves as maturing steadily rather than rapidly. This was also reflected in their targets for maturity improvement.

### Summary of Stakeholder Views

Stakeholders told the Panel that, while the debt tsunami forecast in our 2020 Report is still evolving, a large volume of debt has built up during the COVID-19 Statement of Expectations period, and that broader and deeper energy stress is coming when that period ends and debt collection and disconnections recommence.

Stakeholders expressed frustration at the lack of movement in relation to energy efficiency measures, eligible people receiving concessions, and customers being put on the best plan for them.

Other key points that came through consistently from stakeholders included:

- The Energy Charter should contribute to energy transition being a process that reverses rather than exacerbates the widening gap between the haves and have nots.
- Unfair cross subsidies must be avoided.
- Inadequate consultation and benefit sharing is causing new generation and transmission infrastructure to have adverse impacts on rural landholders.

## Independent Accountability Panel Assessment of Signatories' 2020-21 Performance

### Have Signatories achieved better customer outcomes aligned with the Energy Charter?

Signatories have continued to improve. Collaboration between businesses on #BetterTogether initiatives and elevation of the customer voice within some Signatories is leading to positive consumer outcomes.

However, basic measures to improve the affordability of energy for people in vulnerable circumstances continue to be delayed.

Charter Signatories' maturation against the Charter Principles must be pursued with renewed vigour. The Principles are effectively the bare minimum actions that must be squared away rapidly so Signatories can succeed in the main goal of an efficient and fair energy transition. Without commitment to and achievement of rapid improvement, the Charter could come to be seen as enabling low ambition and slow improvement.

Charter Signatories are expected to "think big, be bold". The Panel thinks the current rate of improvement lacks ambition and urgency.

### Implementation of Panel's 2020 Recommendations

Overall, the 2021 Disclosures improved in terms of addressing the Panel's previous Report.

However, a new section titled Assessment of Signatories' Responses to the Panel's 2020 Recommendations shows that a high proportion of the Panel's 2020 recommendations were embraced by exception only, partially embraced or ignored altogether.

There is considerable overlap between this year's recommendations and the recommendations of the Panel's 2020 and 2019 reports. The Panel urges faster progress on key recommendations related to affordability and the energy transition.

## Independent Accountability Panel Assessment of Signatories' 2020-21 Disclosures

### General standard of the Disclosures

The Disclosures continued to improve the third time around. Signatories have generally:

- taken a serious approach to asking themselves how well they are delivering outcomes against the five Principles
- focused on Energy Charter actions rather than Business as Usual

The Panel would like to see:

- greater standardisation of Disclosures to aid comparison
- Disclosures addressing Panel recommendations
- use of traffic lights and other visual approaches that aid quick review
- messages from the Chair and the customer council

# Recommendations



The recommendations consolidated below are set out through the Report. Most are relevant to multiple Principles. Some are good candidates for #BetterTogether initiatives. A new section of this Report assesses Signatories' Responses to the Panel's 2020 Recommendations. The Panel notes that recommendations made in our 2020 and 2019 Reports remain relevant unless expressly superseded in this Report. This Report repeats some 2020 Recommendations of particular importance or urgency in light of our findings in 2021.

**TABLE 1: CONSOLIDATED RECOMMENDATIONS**

The Panel recommends that Energy Charter Signatories:	
<b>Principle 1: We will put customers at the centre of our business and the energy system</b>	
1.	Appoint Directors with a strong consumer and social policy skill set into Board and Governance structures.
2.	If not already in place, Signatories should establish a customer reference group or customer council. Signatories should then commit to go beyond simply informing this group of what they are doing, but seek to involve them in key decisions and empower them to play an active role in shaping key aspects of business practices and investment decisions where appropriate. <b>Repeat of 2020 Panel recommendation.</b>
3.	Elevate the Energy Charter to the highest possible extent within the organisation, including involving their Board in development of Energy Charter Disclosures and linking performance review standards and leadership remuneration to customer outcomes. <b>Repeat of 2020 Panel recommendation.</b>
4.	Champion across the industry and implement the Energy Charter Better Practice Consumer Advocacy Support Guide including fully or co-funding of consumer advocacy roles, participation and processes.
<b>Principle 2: We will improve energy affordability for customers</b>	
5.	Focus on urgent implementation of long delayed basic measures to improve the affordability of energy for people in vulnerable circumstances. Signatories should ask governments and market bodies to join them in committing that: <ul style="list-style-type: none"> <li>• all customers who are struggling to pay their electricity or gas bills are moved to the best retail offer for their current circumstances; and</li> <li>• every customer who is entitled to a concession or rebate is placed on it.</li> </ul>
6.	Establish a #BetterTogether initiative with community and consumer groups to develop a joint advocacy approach to affordability issues, including income adequacy and energy efficiency standards, as they have done in relation to net zero emissions, because both are vital to getting energy transition right.
7.	Collaborate with government and community services to deliver energy efficiency retrofitting on a systemic scale for low-income households.
<b>Principle 3: We will provide energy safely, sustainably and reliably</b>	
8.	Call for a clear and responsible 2030 national emissions reduction target aligned with keeping global warming to 1.5 degrees, to guide investment and public education.
9.	Set business emissions reduction targets and strategies for delivering on these.
10.	Jointly commit with governments and market bodies to ensuring that energy transition benefits vulnerable consumers, agree a process to deliver on that commitment and make it happen.
<b>Principle 4: We will improve the customer experience</b>	
11.	Continue to simplify energy bills so that energy usage and costs are easy to comprehend and provide specially trained customer contact staff who can help customers to understand energy usage in the home or small business. This could extend to developing a specialist energy advisor role within the customer service centre. <b>Repeat of 2020 Panel recommendation.</b>
12.	Work more closely with consumer groups to expand and develop community collaborations with customer groups that are less likely to actively engage through mainstream channels. <b>Repeat of 2020 Panel recommendation.</b>

13. Develop plans for the universal rollout of smart meters with clear targets and milestones, including addressing the trend of DER being installed without a smart meter through a #BetterTogether initiative and/or a rule change proposal.

**Principle 5: We will support customers facing vulnerable circumstances**

14. Immediately and collectively, 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 2022. The process should include engagement with experts and consumer groups. **Repeat of 2020 Panel recommendation.**
15. Work with financial counsellors and other community services to continue to expand training and other support strategies for customers at risk of financial hardship including energy efficiency audits and appliance schemes and energy literacy.
16. Adopt the #BetterTogether “Knock Before You Disconnect” as a Business as Usual activity, following the successful trial of this practice by some Signatories during COVID-19 and aspire to no disconnections, working with consumer groups to deliver on that outcome.
17. Adopt the Victorian Payment Difficulty Framework as the benchmark for supporting customers to deal with the increased debt levels that have built up during the COVID-19 Statement of Expectations period.

**In relation to Energy Charter Signatories’ 2020-21 Disclosures, the Panel recommends that Signatories:**

Make a collective commitment to convergence in their approach to the Disclosures so that it is easier for stakeholders to make comparisons between Signatories and assess each Signatory’s progress. This includes Self-Assessment of Maturity in respect of each Principle, in particular a standard time horizon for maturity targets.

Commit to a maturity sprint, with a view to Signatories’ 2021/22 Disclosures:

1. committing to achievement of minimum maturity across all Principles, Rating 3 – Evolved by 2022/23 and Rating 4 – Empowered by 2023/24;
2. in respect of self-assessments of Evolved or lower, setting out action plans to lift their maturity to Empowered by 2023/24; and
3. taking a consistent approach self-assessing current maturity and setting future maturity targets.

**The Panel notes that action by governments and market bodies is necessary to enable Signatories to deliver on the above recommendations. This required action includes:**

- Support the Energy Charter by requiring that all of Australia’s government-owned energy businesses become Signatories.
- Work with the energy industry to develop and implement an automated system that ensures every person who is entitled to a concession or rebate receives this.
- Implement minimum mandatory energy efficiency standards in rental properties.
- Work to achieve a nationally consistent approach to achieving net zero targets.
- Expand the funding for consumer advocacy including to support participation in the energy transition processes.

# Introduction



Signatories to the Energy Charter have chosen to publicly commit to placing the needs of customers at the centre of their businesses and the energy system. This represents a major shift in an industry where, too often, energy companies considered end-user customers to be just one part of a supply chain.

The establishment of the Energy Charter reflected growing industry understanding of the magnitude and potential implications of the gap between energy industry performance and the consistent public expectation that, in delivery of an essential service, the energy supply chain should operate in the public interest and in doing so be highly responsive to customer needs. Signatories acknowledged that, individually and together,

they had to do better. All Energy Charter Signatories are congratulated for their willingness to be held to account against their own commitments. We encourage other energy industry participants to follow their leadership.

The purpose of the Energy Charter is to progress the culture and solutions required to deliver a more affordable, reliable and sustainable energy system for all. It is focused on embedding customer-centric culture and conduct in energy businesses to create tangible improvements in price and service delivery.

Signatories are required to provide an Annual Disclosure that demonstrates how they are achieving the five Principles in the Energy Charter.

## PRINCIPLE 1:

We will put customers at the centre of our business and the energy system

## PRINCIPLE 2:

We will improve energy affordability for customers

## PRINCIPLE 3:

We will provide energy safely, sustainably and reliably

## PRINCIPLE 4:

We will improve the customer experience

## PRINCIPLE 5:

We will support customers facing vulnerable circumstances

Signatories' Disclosures are an important part of the Energy Charter process, but they are just a tool. It is the outcomes for customers that matter.

## THE INDEPENDENT ACCOUNTABILITY PANEL

The purpose of the Energy Charter Independent Accountability Panel is to constructively assess outcomes delivered by:

1. individual energy businesses that sign up to the Energy Charter (the Signatories); and
2. the whole energy sector over time,

as against the Energy Charter Principles and Principles in Action.

Together, the Panel and the End-User Consultative Group (EUCG), which comprises consumer advocates and other end-user representatives, including small and large businesses, constitute the Independent Accountability Regime for the Energy Charter.

## SIGNATORIES' DISCLOSURES AND THE PANEL'S ASSESSMENT MANDATE

The joint purpose of the Signatory Disclosures and the Panel process is to add value to customers and energy businesses by identifying positive outcomes and endeavours being undertaken by Signatories, and based on stakeholder consultation, providing guidance on where there are opportunities for improvement. This Report is an important part of facilitating the continuous improvement of energy businesses and the industry as a whole against the Energy Charter Principles.

While the Signatories' Disclosures and the Panel Report are important parts of the Energy Charter, they are just part of the story. The benefits to customers and Signatories alike go well beyond the Signatories' Disclosures and the Panel's Annual Report. The purpose of the Energy Charter is to trigger actions and improvements for customers along the entire energy value chain. The Charter has facilitated collaboration and

action that would not have otherwise occurred, and has allowed the better practices of Signatories to be shared across the entire energy industry to the benefit of energy

companies and customers alike. In these times of great uncertainty, it will be crucial for this shared success to continue, as we are truly better together.



**FIGURE 1: INDEPENDENT ACCOUNTABILITY PANEL PROCESS**

The Panel's task was to:

- a. Review Signatories' actions through the Signatory Disclosures and the Energy Charter Disclosure (outlining the collective actions undertaken by Signatories), and by meeting with CEOs.
- b. Ascertain the views of stakeholders (including the Energy Users Consultative Group) on whether the actions taken by Signatories have shown continued improvement towards customer outcomes aligned with the Energy Charter.
- c. Assess and report on whether Signatories have achieved better customer outcomes aligned with the Energy Charter, highlight 'better practice' across different parts of the supply chain, and identify targeted opportunities for Signatories to improve by reference to feedback from customer advocacy groups.
- d. Encourage a forward focus towards continuous improvement across the Signatories for better customer outcomes aligned with the Energy Charter.

In undertaking these activities, the Panel has taken account of the priorities and objectives the Signatories have identified as part of their own Energy Charter self-assessment against a Maturity Model. The Maturity Model is designed to enable constructive comparison of improvement in performance over time, recognising that Signatories are at different stages of maturity and have different capabilities and priorities. The Maturity Model is not a compliance tool. It is a tool to encourage continuous improvement internally within the business.

The Energy Charter is an initiative of the energy industry to re-establish trust, build social licence and restore consumer confidence in the providers of this essential service. Doing those things through significant culture change that puts the customer at the centre of the business is central to a successful outcome. The magnitude and scope of the actions required by Signatories is similar to the changes in Workplace Health and Safety that have occurred in businesses over the last decade – so that it is embedded in organisations from the top down, responsibilities are clear, attitudes are changed, the need for continuous improvement is recognised, and performance is constantly monitored. The Panel asked Signatories to:

1. present a frank self-appraisal of their businesses' current situation, their ambition and how they propose to get there; and
2. avoid presenting a public relations document or a regurgitation of actions that Signatories have to undertake in any case, eg. by law or regulation;
3. ensure their self-assessments under the Maturity Model incorporate opportunities to back up the ratings with data and stakeholder input, including by involving their Customer/Community Council in development of Energy Charter Disclosures; and
4. focus on outcomes not activity, ensure that Disclosures make clear whether previous year commitments have been delivered, and continue to increase the consistency of presentation of their Disclosures, including via implementation of the recommendations in this Report.

# Outcomes Assessment



## Signatories' Disclosures including Maturity Self-Assessment

The 2020-21 Disclosures were Signatories' third opportunity to articulate their progress against the Energy Charter Principles and the second use of Maturity Self-Assessment. The consistency of Signatories' approach to their Disclosures continued to increase, but Signatories should make a collective commitment to convergence so that it is easier for stakeholders to make comparisons between Signatories and assess each Signatory's progress. This includes Self-Assessment of Maturity in respect of each Principle, in particular a standard time horizon for maturity targets.

Score	Maturity
1	Elementary
2	Emerging
3	Evolved
4	Empowered
5	Exceeding

PRINCIPLE 1:	PRINCIPLE 2:	PRINCIPLE 3:	PRINCIPLE 4:	PRINCIPLE 5:
We will put customers at the centre of our business and the energy system	We will improve energy affordability for customers	We will provide energy safely, sustainably and reliably	We will improve the customer experience	We will support customers facing vulnerable circumstances

The self-assessed scores are useful for continuous improvement on a longitudinal basis within each organisation. A second year of data also provides a glimpse into collective progress, ambition and urgency. We compared this year's data to last year's having excluded the scores of departed Signatories.

Overall, Signatories see themselves as performing best against Principle 3. The spread of self-assessed maturity was greatest for Principle 5 which is a concerning observation. These outcomes were the same as last year.

The Panel notes the following insights from the data, as illustrated in Figure 2:

1. Signatories' average self-assessment across all Principles increased from 2.40 to 2.86.
2. Of 28 targets set last year, 0 were exceeded, 18 were met and 10 were not met.

3. Compared to targets set last year, the targets set this year included none that increased in ambition, and several that were reduced or removed.
4. Of 34 targets set for the year after next (2022-23), only four aim to climb more than one maturity score, and eight did not target any improvement from the existing score.
5. There are instances where self-assessed maturity and targets have decreased from last year without explanation.
6. Collective assessment and comparison of targets by stakeholders and the Panel, and benchmarking by Signatories, would be substantially easier if Signatories take a more standardised approach to the time horizons of their maturity targets.

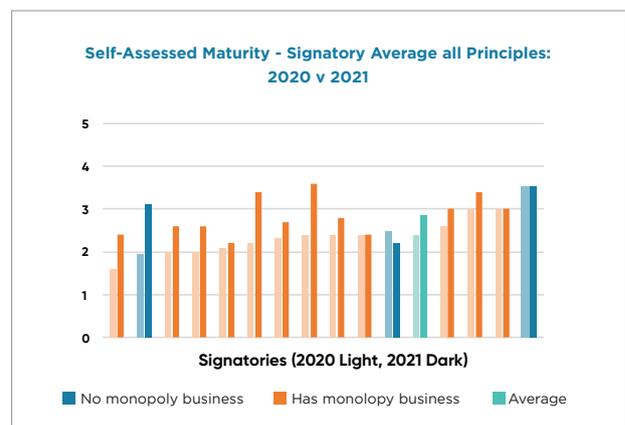
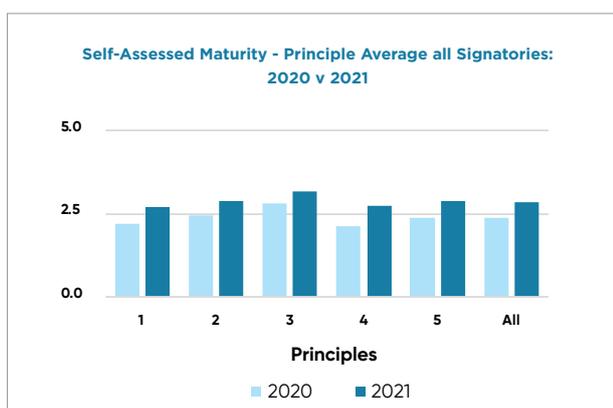


FIGURE 2: SELF-ASSESSMENT OF MATURITY: 2020 V 2021

## Outcomes Assessment:

Signatories' Disclosures including Maturity Self-Assessment

Most Signatories continued to embrace the opportunity to use the Maturity Self-Assessment Model as a genuine tool for continuous improvement. Appropriately, most Signatories acknowledged that they have a long way to go.

Overall, the Panel thinks the second self-assessment process was a positive but insufficient step toward a collective approach to applying metrics to Energy Charter performance. The Panel repeats its 2020 comments that the maturity model will deliver more value for consumers and Signatories in future years if:

- all Self-Assessments incorporate opportunities to back up the ratings with data and stakeholder input;
- Signatories test their self-assessments externally, including with their Customer/Community Councils; and
- Signatories' review of their peers' maturity assessments leads to more consistent approaches over time.

Stakeholder responses and the Panel's overall findings of a lack of ambition and urgency are set out below.

## What Stakeholders have told the Panel

Through public forums and submissions, the Panel heard from a wide range of stakeholder advocates and organisations across Australia. Stakeholders told the Panel that, while the debt tsunami forecast in our 2020 Report is still evolving, a large volume of debt has built up during the COVID-19 Statement of Expectations period, and that broader and deeper energy stress is coming when that period ends and debt collection and disconnections recommence. The Australian Energy Regulator's (AER) recently published Annual retail markets report 2020-21 confirms that "average household energy debt for gas and electricity has increased 12% from \$897 in 2019-20 to \$1000 in 2020-21, while the average electricity debt for a customer upon entry into their retailer's hardship program grew 21% over the same period from \$1,304 to \$1,584."<sup>1</sup> The National Debt hotline is running hot, but not because of energy. People who suffered a loss of income have been focussed on other budget pressures, particularly housing, rent, unemployment and the withdrawal of government COVID-19 support. Uniting Care suggested that energy businesses seem to be less aware and caring than other providers about the fact that people are managing an array of costs, not just energy.

Australia's Energy & Water Ombudsmen expressed the same primary concern, noting that the number of customers on payment plans had returned to around pre COVID-19 levels after a fall at the start of the pandemic period.

The Ombudsmen are key stakeholders for the Panel, as complaints to their offices highlight customer issues generally, and in relation to the Energy Charter. They provided other valuable input about their experience of the energy sector and the Signatories during 2021, including:

- Energy companies can play a part, but it is not their job to fill the social welfare gap, and governments should take responsibility here. It is not good enough that there has been a delay with government grant assistance for some energy consumers.
- It is important for the Signatories to keep working together in the collaborative space of the Energy Charter.
- Messages about a more understanding approach to customers need to be cascaded to the front line of energy companies so that culture change becomes Business as Usual rather than a response to an emergency like COVID-19.
- 2020/21 saw a general reduction in Ombudsman complaints, for reasons primarily related to the continuing COVID-19 situation.
- There has not been enough movement in relation to energy efficiency measures, the energy transition, and ensuring customers are on the best plan for them. As customers present with debt, retailers should ensure that they are on the best tariff for their circumstances.
- The rollout of smart meters is a problem. Only 25% of customers in NSW have a smart meter, so most are still receiving quarterly bills. The smart meter penetration in Queensland is small. That so many people have had Distributed Energy Resources (DER) installed without a smart meter also being installed is a missed opportunity.

The Panel supports the view of the organisations represented in the EUCG that there is an urgent need for a comprehensive rollout of smart meters. We believe that DER should not be installed without a smart meter being installed, and that Signatories would be benefiting their customers if they addressed this through a #BetterTogether initiative and/or sponsored a rule change to stop this trend from continuing.

<sup>1</sup> <https://www.aer.gov.au/retail-markets/performance-reporting/annual-retail-markets-report-2020-21>

## Outcomes Assessment:

### What Stakeholders have told the Panel

Most stakeholders nominated the need for equitable and inclusive transition/transformation as a crucial priority. Stakeholders want to see the Energy Charter contribute to energy transition being a process that reverses rather than exacerbates the widening gap between the haves and have nots. Stakeholders across the board strongly assert that unfair cross subsidies must be avoided.

An increasingly prominent issue in the stakeholder forums was the impact of new generation and transmission infrastructure on rural landholders, with inadequate consultation and benefit sharing being a consistent complaint. The National Farmers Federation called for Rural and Regional Australia impact statements in energy reports and for the Australian Energy Market Operator's Integrated System Plan to have a local community panel. The Victorian Farmers Federation called for changes to entry to farm regulations and better consideration of opportunity costs and secondary industry impacts of conversion of agricultural land to energy generation.

RE Alliance asserted that a major risk to energy transition is social licence, and called on transmission companies in particular to ensure fair treatment and more benefit sharing to bring the community along.

Energy Consumers Australia also articulated the emerging social licence challenges stemming from the imposition of controls on DER.

Other general input from stakeholders included:

- The EUCG described the size and cost of the gap between current and desirable consumer representation and engagement in the energy sector. The Panel agrees that the involvement of consumers and consumer representatives is imperative across all levels of the energy system, and that the gap serves no one, including energy businesses. We again encourage Signatories to build up resourcing of consumer advocacy capacity.
- COTA Australia and the COTA Energy Advocates expressed their disappointment that Origin Energy and AGL withdrew 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."<sup>2</sup>

Stakeholder comments on Signatories' Disclosures included:

- COTA commended an overall trend toward actions beyond regulatory obligations or Business as Usual.
- ACROSS said some Disclosures continued to claim credit for actions that Signatories were required to undertake and should identify beyond BAU activity in keeping with the purpose of the Charter.
- ACROSS called for standardised presentation of achievements against previous commitments to improve clarity and comparability (and suggested that Signatories involve the EUCG in this).
- COTA and TasCOSS recommended that Signatories specifically address the previous year's Panel recommendations in their Disclosures.
- EUAA noted improvement but said greater and more consistent use of tables and traffic light systems would aid in comparison and enable 'at a glance' identification of progress.
- Network of Illawarra Consumers of Energy (NICE) said next year's Disclosures should clearly articulate and demonstrate what Signatories have learnt from the COVID-19 period.
- ECA called for self-reporting of performance results to improve in terms of measurable consumer outcomes and recommended that Signatories adopt a common metric or template for future Disclosures, so that:
  - Signatories can clearly and consistently articulate "what they did, why they did it and the measurable outcome or impact"; and
  - EUCG members can "compare Signatory efforts, easily and succinctly and identify initiatives, high performers and Principle areas that need more attention".<sup>3</sup>

<sup>2</sup> COTA submission, November 2021

<sup>3</sup> ECA submission, November 2021

## Key Findings

The Panel recognises that 2020-21 was another difficult year for many energy customers across Australia. People around the country have had their jobs, businesses and incomes impacted by lockdowns and closed borders. Extreme weather events again affected many. Rising rents and housing shortages placed added pressure on renters, a group that includes most Australians living in vulnerable circumstances.

The Australian Energy Regulator's Statements of Expectations, issued at various points across the COVID-19 period, placed additional customer protection requirements on energy businesses. It was evident from the Disclosures, the CEO interviews and the input of stakeholders that Signatories mostly saw the Statement of Expectations as something to comply with rather than as a prompt to go above and beyond. The Panel believes that this general approach was a missed opportunity to fulfil the Energy Charter Values and to lock in better BAU approaches to affordability and hardship assistance.

Stakeholders expressed concerns about the end of the Statement of Expectations period bringing a reversion to previous, less understanding approaches by energy retailers at a time when, compared to pre-COVID, there are more households and small businesses carrying energy debt, and average debts have risen.

The past year has been a difficult one for the energy industry as well. As a provider of essential services, the energy industry has played a key role in the ongoing response to COVID-19, alongside governments and market bodies. Energy suppliers are quite appropriately called on to be one of the economy's shock absorbers and, in the case of network businesses, to be an integral part of emergency response to natural disasters.

Despite these challenges, Charter Signatories demonstrated further improvement, as measured against the five Energy Charter Principles. The Panel was particularly pleased to see instances of positive consumer outcomes arising from collaboration between businesses on #BetterTogether initiatives. It is also evident that some Signatories have elevated the customer voice and not only listened to what was said but taken action. These are all positive signs of an industry taking steps to deliver on the promise of putting the customer at the centre of their business.

However, it is clear that much bigger steps are required for energy businesses to meet the expanding expectations they face. Charter Signatories are expected to "think big, be bold".

The Panel is concerned that an industry whose maturity lags consumer and broader community expectations cannot be content with becoming somewhat more mature over time, especially when the rate of maturation is slower than the required rate of industry transformation. Getting incrementally better while falling further behind reasonable community expectations is not laudable in any context, and even less so in the provision of a service that is essential – to people's daily lives and their health and wellbeing, to the economy, to our national competitiveness, and to long-term environmental sustainability.

Whilst the Panel noted a range of positive developments, in some areas, there was little evidence of Signatories taking up Panel recommendations from last year that would systematically improve affordability.

In our Report last year, the Panel said of Signatories that, "unless they have collectively acknowledged looming major challenges and are working together to proactively manage likely consumer impacts and capture opportunities for consumer benefit, they will be marked harshly by stakeholders." We can only reiterate the importance of this and lament that progress has been at best patchy and uncoordinated.

***Two basic measures to improve the affordability of energy for people in vulnerable circumstances should not be further delayed.***

The energy industry cannot hope to successfully grapple with the much greater challenges associated with energy transition, and the Energy Charter cannot be deemed a success, unless:

1. all customers who are struggling to pay their electricity or gas bills are moved to the best retail offer for their current circumstances;
2. every customer who is entitled to a concession is placed on it.

These are long-delayed basic measures, the implementation of which:

- would make a huge difference to people in financial stress
- reduce the volume of debt carried by energy suppliers
- is now achievable due the demonstrated collective capacity of energy businesses and governments to capture, analyse and share data.

The Panel recommended these measures in our first two Reports. These are actions that no one in the community would contest. The industry's response to date that these measures are neither possible nor within their power to

deliver has been becoming progressively less tenable over time and is now indefensible. Australia's COVID-19 response has included a volume and complexity of data sharing between organisations, and in particular between government and private organisations that was previously dismissed as impossible.

As the AER confirms, a large volume of debt has built up during the COVID-19 Statement of Expectations period, and that broader and deeper energy stress is coming when the Statement of Expectations period ends.

The extent and success of the data sharing component of the nation's COVID-19 response confirms that the only reason we will continue to have people in energy payment difficulty on the wrong offer, or not receiving concessions or rebates to which they are entitled is if we don't care enough to fix them.

If the absence of a smart meter at a house or business premises where the occupants are in payment difficulty is a constraint on these measures, then that should just be fixed. The Panel recognises that this requires government intervention and a role for distribution businesses.

The Panel also repeats its previous recommendation that the Victorian Payment Difficulty Framework sets a benchmark. We also highlight the importance of customers having access to basic energy efficiency measures as a way of reducing and managing energy costs.

***Signatories need to speed up their maturation against the Energy Charter Principles so they can tackle the main goal of an efficient and fair energy transition.***

Getting energy transition right became the overwhelming central theme of this year's Panel process. Last year's key themes – growing energy debt during COVID-19 and facing up to the reality of transition to a net zero economy – can no longer be considered in isolation from each other.

The Panel welcomes Signatories continuing to mostly engage in robust self-assessment against the maturity model. On the other hand, as demonstrated in the next section of this Report, a collective lack of ambition and urgency is the best way to summarise Signatories' maturity goals and self-assessed improvement compared to last year and last year's goals.

Charter Signatories' achievement of maturation against the Charter Principles is important. It must be pursued with renewed vigour. This is because the Principles articulate important building blocks for an essential industry to deliver better outcomes for consumers. But these building blocks are effectively the bare minimum

actions that must be squared away rapidly so Signatories can succeed in the main goal of an efficient and fair energy transition. It is encouraging that Signatories have acknowledged their individual and collective need to improve, and that they are doing so in a coordinated manner with many valuable initiatives, in collaboration with consumer representatives. However, without commitment to and achievement of rapid improvement, the Charter could come to be seen as enabling low ambition, slow improvement, and thinking that is small and short-term. Some of this year's maturity self-assessments constitute planning to fail.

The Panel recommends that Signatories commit to a maturity sprint, with a view to Signatories' 2021/22 Disclosures:

1. committing to achievement of minimum maturity across all Principles, Rating 3 – Evolved by 2022/23 and Rating 4 – Empowered by 2023/24;
2. in respect of self-assessments of Evolved or lower, setting out action plans to lift their maturity to Empowered by 2023/24; and
3. taking a consistent approach self-assessing current maturity and setting future maturity targets.

Embrace of this recommendation would lead to authentically higher maturity self-assessments. In this event, consumers will review Signatories' 2021/22 Disclosures with an eye to real justification for higher self-assessments and future targets.

***Energy transition can benefit people on low incomes rather than leaving them behind. But only if their interests are at the front of the design, not an afterthought.***

The most important finding arising from the Panel's 2021 engagement with Energy Charter Signatories, consumers, ombudsmen and other stakeholders, is that it is within the collective ability of the energy industry, governments and energy market bodies to ensure that people on lower incomes benefit the most from the fundamental transformation of our energy system that is well underway.

The Panel believes we are at a crossroads.

We can get this once in a lifetime energy transition right. We can deliver an outcome that puts the people with the least at the front of the transition, improving their lives, health and wellbeing in the process. We can deliver meaningful transition pathways to new industry opportunities for fossil fuel communities whose bedrock industries will diminish and disappear over time.

Or we can get energy transition wrong, consigning Australia's households and businesses to unnecessary system cost, and further embedding hardship for people who are the most vulnerable. For many better-resourced households the energy transition means exciting engagement with new technology that will enrich their lives. However, we will fail people with the least resources if we deny them access to the technologies that deliver cleaner, cheaper energy, and also allow a disproportionate and unfair burden to fall on them through incentives for early adopters paid for by cross subsidisation and indirect taxation levied on those who can't afford the technology. At the same time, if we fail to help fossil fuel communities and workers through the clean industrial migration that will benefit most people but not necessarily them, then we will have truly failed to deliver a just transition for all.

We also have an obligation to support workers and community members in high emissions industries through the energy transition. But how well we care for and help them is a true test of the joint commitment of businesses and governments. We have to get this right for the sake of fossil fuel communities, and because we will need to deal with the same challenges in relation to the workers and communities in hard to abate high emissions sectors.

We started this year's Panel process talking about the danger of poorly executed energy transition causing people who are already disadvantaged to fall further behind. A key point stood out from the valuable input that consumer groups added to this process: the Energy Charter is about bold action, joint action and step change, not just measures that smooth the roughest edges or provide remedial action to those in financial stress. While we need to avoid leaving people behind as our energy system transforms, the objective should be higher, as the Charter itself requires.

**“Leaving no-one behind...is ‘Business as Usual’. It’s certainly a wasted opportunity in the context of a climate transition. I think it’s really important to change the framing of the words to say, it’s putting people up front. There has been a consistent failure...to really recognise the opportunities or focus on the opportunities to change the way the system either makes people more vulnerable or lifts them up and puts them at the centre.”**

Public Interest Advocacy Centre

Whether Signatories are serious about their Energy Charter commitments will be revealed by whether they leverage energy transition to work with governments and market bodies to not just avoid leaving people in vulnerable circumstances behind, but design the transformation with the needs of those most at risk at the centre. This action will benefit all energy customers.

The energy transition is now well underway. Signatories should help lead a transition that will deliver on the Charter purpose of a more affordable, reliable and sustainable energy system. To do so, it is essential that, firstly, system redesigns such as grid augmentation are implemented efficiently and the costs distributed fairly. The EUAA highlights this as a high priority to address. Secondly, access to distributed energy technologies to deliver cleaner, cheaper energy must not exacerbate inequalities. Many consumer groups including COTA, ACROSS and the EUCG raise these concerns. Finally, we must adequately support coal communities through the transition. Each of these imperatives are not yet being met.

***Signatories, governments and market bodies must work together to drive an energy transition that is efficient and fair.***

A fair and efficient energy transition will not be achieved by Energy Signatories alone. Signatories have demonstrated that a collaborative approach delivers results. But Governments and market bodies need to collaborate with industry to make a real difference.

We would be more likely to get energy transition right, and ensure better outcomes for consumers overall, if industry and government thought of themselves as jointly and severally accountable to consumers.

The Panel can't assess the performance of Energy Charter Signatories without considering the roles and performance of governments and market bodies. The Panel considers that AEMO joining the Energy Charter as a Supporter lights the way in this regard. If the government-owned energy businesses became Signatories to the Energy Charter, rather than free riding on the good work of others, it would become much more difficult for the two large gentailers who withdrew from the Charter in 2020, Origin Energy and AGL, to maintain that position. The Panel believes that participation in the Charter would also be of great benefit to any new major energy suppliers.

Governments must step up.

## Outcomes Assessment:

### Key Findings

Obvious examples are weak energy efficiency standards that consign low-income people to unhealthy temperatures or unpayable energy bills; people not receiving concessions or other rebates to which they're entitled; customers remaining on retail offers that pointlessly add to debts they can't meet; and dumb meters still hanging on the walls of people who need smart meters for access to real time information about their energy use and more timely billing. The broader economic value of adequate income support has been obvious during the COVID-19 period.

The Panel has noted that the energy industry has begun to find its voice in terms of clear, strong joint advocacy on net zero emissions. We agree with stakeholders who have called on Signatories to do likewise in relation to affordability issues.

The economic efficiency Principles underpinning the National Energy Law have never been more relevant.

The Panel was surprised that the National Energy Objectives were not given more prominence in this year's process. ACOSS' submission called for the NEO to be reformed to deal with decarbonisation and social equity. We acknowledge that there are divergent legitimate views on the National Energy Objectives. We think it is important to highlight that alignment with the economic

efficiency Principles adopted when Australia's energy markets were created will take Australia a good way toward getting energy transition right, by avoiding unnecessary system cost and repeats of previous inequitable cross-subsidisation of early adopters of solar and other distributed energy resources.

If Australia's national and state/territory governments provide stable and coordinated policy, energy businesses will be better placed and under much greater onus to get energy transition right. Forward thinking businesses want this clarity, so they can get on with what they know needs to happen, without taking competitive and political risk. The Charter provides a clear framework for Signatories to lead industry calls for policy and regulatory reforms needed to drive an efficient and fair energy transition.

Central to demonstrating this leadership will be Signatory commitments to setting their own emission reduction targets and milestones and taking a broader position on emission reduction targets both to 2030 and 2050. The Panel has welcomed some progress on this front, for example by ActewAGL, APA, Jemena and Ausgrid, but believes that this work is increasingly urgent and urges all Signatories to report on 2030 and 2050 targets by 2022.

Now is the time to ensure that energy transition is put on track.

## RECOMMENDATIONS

### In relation to Energy Charter Signatories' 2020-22 Disclosures, the Panel recommends that Signatories:

Make a collective commitment to convergence in their approach to the Disclosures so that it is easier for stakeholders to make comparisons between Signatories and assess each Signatory's progress. This includes Self-Assessment of Maturity in respect of each Principle, in particular a standard time horizon for maturity targets.

Commit to a maturity sprint, with a view to Signatories' 2021/22 Disclosures:

1. committing to achievement of minimum maturity across all Principles, Rating 3 - Evolved by 2022/23 and Rating 4 - Empowered by 2023/24;
2. in respect of self-assessments of Evolved or lower, setting out action plans to lift their maturity to Empowered by 2023/24; and
3. taking a consistent approach self-assessing current maturity and setting future maturity targets.

## Assessment of Signatories' Responses to the Panel's 2020 Recommendations

Table 2 sets out the Panel's assessment of Signatories' collective response to the Recommendations set out in the Panel's 2020 Report.

Overall, the 2021 Disclosures improved in terms of addressing the Panel's 2020 Report, including the recommendations in that Report. However, as set out in Table 2, a high proportion of the Panel's 2020 recommendations were embraced by exception only, partially embraced or ignored altogether. A number of this year's recommendations reflect the recommendations of the Panel's 2020 and 2019 Reports. The Panel urges faster progress on key recommendations related to affordability and the energy transition.

**TABLE 2: ASSESSMENT OF SIGNATORIES' RESPONSES TO THE PANEL'S 2020 RECOMMENDATIONS**

In 2020, the Panel recommended that Energy Charter Signatories:	Panel's overall assessment of Signatories' collective responses:
1. Immediately and collectively, 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. The process should include engagement with experts and consumer groups.	Embraced by exception only. EnergyAustralia is to be applauded for the development of their early hardship identification to trigger proactive contact.  Repeated in this year's Panel Report.
2. Audit all customers on payment or hardship plans, and immediately and retrospectively switch them to the cheapest plan available and adjust the debt accordingly. We strongly recommend this becomes BAU for all energy retailers.	Embraced by exception only.  Repeated in this year's Panel Report.
3. Work with governments to establish a practically failsafe system to ensure every customer who is entitled to a concession is placed on it.	Partially embraced.  The #BetterTogether initiative led by ActewAGL is positive, but is based on providing information to help customers identify their eligibility, so not "practically failsafe".  Repeated in this year's Panel Report.
4. 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.	Not embraced.  Superseded by this year's recommendations.
5. Under the #BetterTogether initiative, consider establishing a "Whole of Industry Energy Transition Working Group" to coordinate a long-term response for the industry and a just transition for customers. This working group should include customer representatives and be approached as something of a "blank canvas". This has the potential to elevate the industry above the politics of the day and provide a more stable platform for future investments and joint industry-customer advocacy.	Not embraced.  Superseded by this year's recommendations, which would take the industry and government/market bodies into working together, with collective accountability to consumers.
6. Expand their management of the growing risk that more customers cannot pay their energy bills to include becoming more active on policy questions that feed into energy affordability (eg. low-income households' access to energy efficiency and income adequacy).	Not embraced.  Given high priority in this year's Panel Report.
7. Ensure the highest standards of customer care are implemented in responding to the growing debt tsunami, using the Victorian Payment Difficulty Framework as the benchmark.	Extent of embrace unclear.  The ongoing AER Statement of Expectations has perhaps masked attempts to implement this recommendation. Only when the Statement of Expectations is no longer in place will the true intent of the industry be revealed.

**Outcomes Assessment:**

Assessment of Signatories' Responses to the Panel's 2020 Recommendations

<p>8. Elevate the Energy Charter to the highest possible extent within the organisation, including involving their Board in development of Energy Charter Disclosures and linking performance review standards and leadership remuneration to customer outcomes.</p>	<p>Widely embraced.</p> <p>Ten Disclosures included Chair messages, which is one indicator of board involvement. It would be good to also see greater customer expertise appointed in the Board room as recommended in 2019.</p>
<p>9. If not already in place, Signatories should establish a customer reference group or customer council. Signatories should then commit to go beyond simply informing this group of what they are doing, but seek to involve them in key decisions and empower them to play an active role in shaping key aspects of business practices and investment decisions where appropriate.</p>	<p>Widely embraced.</p> <p>Six Disclosures included customer council messages, which is one indicator of genuine customer council involvement.</p> <p>It is pleasing to see most Signatories have established a customer council of some description. This is a good start, but the next step is to clearly articulate what influence these customer Panels will be able to have over decisions made by Signatories.</p>
<p>10. Continue to simplify energy bills so that energy usage and costs are easy to comprehend and provide specially trained customer contact staff who can help customers to understand energy usage in the home or small business. This could extend to developing a specialist energy advisor role within the customer service centre.</p>	<p>Partially embraced.</p> <p>There are some encouraging signs on this front with genuine attempts to simplify the overall customer experience, including bills.</p>
<p>11. Work more closely with consumer groups to expand and develop community collaborations with customer groups that are less likely to actively engage through mainstream channels.</p>	<p>Partially embraced.</p> <p>The Panel has observed some positive activity in this area with greater outreach and collaboration this year than in the past. However, the lack of diversity in that engagement remains a major issue.</p>
<p>12. Pursue active personal engagement with all customers faced with potential disconnections and aspire to no disconnections, working with consumer groups to deliver on that outcome.</p>	<p>Partially embraced.</p> <p>The #BetterTogether trial of 'Knock before you disconnect' was successful. We support the Ombudsmen and consumer advocate call for all energy companies to commit to this approach.</p>
<p>13. Work with policy makers and market bodies to implement a way for consumer advocacy to be better resourced.</p>	<p>Partially embraced.</p> <p>The Energy Charter Better Practice Consumer Advocacy Guide is in place, with modest examples such as the Aurora, TasNetworks and Hydro Tasmania funding for a part-time role. A number of Signatories pay sitting fees for consumer advocates, and some have appointed Independent Chairs.</p> <p>Repeated in this year's Panel Report.</p>
<p><b>In relation to Energy Charter Signatories' 2019-20 Disclosures, the Panel recommended that Signatories:</b></p>	
<p>14. Ensure their self-assessments under the Maturity Model incorporate opportunities to back up the ratings with data and stakeholder input, including by involving their Customer Council in development of Energy Charter Disclosures.</p>	<p>Partially embraced.</p> <p>The approach to this has been inconsistent. Validation from customer councils would be a highly useful approach.</p>
<p>15. Focus on outcomes not activity, ensure that Disclosures make clear whether previous year commitments have been delivered, and continue to increase the consistency of presentation of their Disclosures, including via implementation of the recommendations in this Report.</p>	<p>Partially embraced.</p> <p>The Panel was pleased to see that, mostly through #BetterTogether initiatives, a focus on outcomes has reaped some positive outcomes. The #BetterTogether Customer Code for Energy Brokers, Consultants and Energy Retailers is an excellent example of this.</p>

## Panel Observations on Signatories' 2020-21 Energy Charter Disclosures

Table 3 provides some individual feedback on each Signatory's Disclosure. Within the scope of the Panel process, we have highlighted where the particular Signatory has done well and where it is considered there is room for improvement. Necessarily, these observations might not point to the most important dimensions of the Disclosure, and each Disclosure needs to be reviewed fully and separately. This table reflects the views of the Panel as well as feedback from community stakeholders.

**TABLE 3: SELECTED PANEL OBSERVATIONS ON SIGNATORIES' 2020-21 ENERGY CHARTER DISCLOSURES**

1. 2020 Clear link between Signatory's actions in 2020/2021 and 2020 Panel Report recommendations.
2. Chair Disclosure contains message from the Chair, indicating board engagement on Charter.
3. CC Disclosure contains message from customer council, indicating stakeholder engagement and validation.

Signatory	2020	Chair	CC	Doing well	Room for improvement
<b>ActewAGL</b>	Yes	No	No	A focus on ensuring that all customers eligible for a concession receive it, addresses key recommendations made in previous Panel reports.	As identified in Disclosure and CEO meeting, online and telephone service offering and outcomes needs more work.
<b>APA</b>	Yes	Yes	No	The company is clearly on a journey to become better connected with a newly defined group of stakeholders and customers. Much of this, such as the Community and Social Performance Plan, is a positive work in progress. Disclosure has clear 'traffic light' presentation of progress against commitments.	It appears that the future of gas is still being viewed from an internal perspective with most stranded asset strategies revolving around what the company is doing to protect shareholders rather than customers. We hope the further evolution of customer centricity will mean this view changes.
<b>Aurora Energy</b>	No	Yes	No	Focus on vulnerable customers and additional efforts to interrogate debt data are worthy of note. One of the few Signatories to be focused on getting concessions to all who are eligible.	Slow rate of maturity growth, especially on Principles one and two ("emerging" in 2020 and 2021), needs to be addressed over the coming year.  All Tasmanian stakeholders raised the issue of the cost of the aurora+ app.
<b>Ausgrid</b>	No	Yes	No	Whole of company approach, including board level engagement, is to be commended. Taking the lead on community battery trials and the establishment of the Network Innovation Advisory Committee are excellent initiatives. Disclosure's table layout and content clear and easy to follow.	There appears to be a lack of urgency in driving the company along the maturity framework. The absence of target dates for achieving further maturity needs to be addressed.
<b>Australian Gas Infrastructure Group</b>	Yes	No	Yes	Excellent linkage between Panel's previous recommendations and actions undertaken over the past 12 months. Vulnerable Customer Assistance Program an example of good practice in assisting energy customers facing hardship. AGIG has also led the discussion on the future of gas and has conducted open and transparent discussions with stakeholders.	While making solid progress moving through the maturity model, we note that stretch targets (empowered and exceeding) have been identified but no firm dates for achievement have been identified.

**Outcomes Assessment:**

Panel Observations on Signatories' 2019-20 Energy Charter Disclosures

<b>CS Energy</b>	Yes	No	No	Work being undertaken with workforce and communities potentially impacted by inevitable closure of fossil fuel assets demonstrates a pragmatic view of the future and shows true empathy for and understanding of issues faced by these groups. Summer Undergraduate Program for refugees and asylum seekers an example of good practice in assisting energy customers facing hardship.	Need to continue to evolve end to end customer centricity including with downstream retail partners.
<b>Endeavour Energy</b>	Yes	Yes	Yes	COVID-19 impact has brought the company closer to its customers and has driven a realisation that while it is important to put programs in place to pick people up it is just as important to understand the reason why they fell in the first place and address the cause not just the effect. A commitment to make “knock before you disconnect” part of BAU is encouraging.	Maturity targets need to have timeframes attached to be meaningful. Maturity in some areas (Principles four and five) also need to be accelerated.
<b>EnergyAustralia</b>	Yes	No	No	Maturity self-assessments and future targets, timeframes and strategies well-articulated. Strong links to previous Panel recommendations are also welcomed. Disclosure used plain language and was easy to follow. Proactive strategies to ensure access to concessions and development of Best Practice Guide for supporting vulnerable customers. Establishing customer wellbeing teams and increasing the number of visits (8,000 in the last 12 months) is an excellent initiative.	While aware of the potential of a “debt crunch” it is unclear what material plans are in place to manage this from a customer perspective.
<b>Energy Queensland</b>	Yes	Yes	Yes	Excellent examples of the customer voice in the Disclosure along with strong links to previous Panel recommendations. Improvements to call centre telephone systems and provision of scholarships for financial counsellors are examples of good practice in assisting energy customers facing hardship. Like many energy businesses, EQ needs to move rapidly from an engineering culture to a customer culture. We can observe positive signs of this occurring.	Despite some encouraging signs, maturity across all five Principles needs to be accelerated in the coming 12 months. That includes establishing clear timelines and targets for moving the company forward.
<b>Essential Energy</b>	Yes	Yes	Yes	Continues to undertake very good customer research and segmentation allowing a deeper understanding of different customer groups and their specific needs. Efforts to assist communities impacted by natural disasters, often going above and beyond typical roles and responsibilities of a utility. Knock before you Disconnect Program an example of good practice in assisting energy customers facing hardship.	The company’s Customer Advocacy Group has identified that ongoing improvements will continue to be required to meet growing customer expectations and the changes in the industry. The company acknowledges the need for a more nuanced relationship with customers, and the need to balance system cost and the overall cost of energy.

**Outcomes Assessment:**

Panel Observations on Signatories' 2019-20 Energy Charter Disclosures

<b>Horizon Power</b>	Yes	No	No	<p>Work being undertaken with remote and Indigenous communities, including increased face to face interactions is to be commended especially given the vast distances involved. Stakeholders appreciated that the Disclosure used plain language and was easy to follow.</p>	<p>Has identified several areas of improvement including the management of life-support customers through better data management and the need to simplify digital platforms.</p>
<b>Jemena</b>	Yes	Yes	No	<p>Continues to undertake very good customer analysis and segmentation, allowing them to develop specific programs, especially for those in non-English speaking households.</p> <p>We also commend the company for clearly engaging recommendations from the Panel's 2020 report.</p>	<p>The company recognises they need to do more in understanding customer vulnerability. Adopting the "knock before you disconnect" approach as BAU would help in this regard.</p> <p>While the company is convinced "green gas" will be a significant part of the future energy mix there is a concern that no 'plan B' seems to exist if green gas does not evolve to expectations.</p>
<b>Powerlink</b>	Yes	Yes	Yes	<p>Powerlink is a standout performer in stakeholder engagement and commitment to 'above BAU' actions, recognising the broader role essential services play in the community. Provision of scholarships for financial counsellors an example of good practice in assisting energy customers facing hardship. The approach to cost and risk sharing of new transmission infrastructure shows the leadership and pragmatism that will be required to ensure consumers are not used as the risk 'shock absorber' for the energy transition.</p>	<p>Acknowledged the need for a strong focus on working constructively and effectively with consumer groups and local government stakeholders – providing more proactive communication and greater visibility of their activities.</p>
<b>Stanwell</b>	No	Yes	Yes	<p>The focus on long-term resilience of communities impacted by the energy transition is a positive development to deliver concrete plans and should be encouraged.</p> <p>The regular What's Watt communication initiative is easy to understand and informative and demonstrates the positive benefits of engaging in the broader discussion on energy transition.</p>	<p>The company should establish a permanent stakeholder advisory council to help guide it through the energy transition. It is clear that more needs to be done on the deep culture change required. Maturity also needs to be accelerated with clearer strategies and timeframes. The absence of target dates for achieving further maturity also needs to be addressed.</p>
<b>Transgrid</b>	No	Yes	No	<p>The willingness to engage with external parties to help drive culture change and deliver better outcomes is encouraging. The Office of the Landowner and Community Advocate initiative in collaboration with EWON is a good example of this. COTA called Transgrid's honesty "excellent".</p>	<p>The transition from an engineering focused organisation to one that is more customer centric needs to gain momentum, especially in the area of social license for greenfield transmission assets.</p>



## Principle 1:

# We will put customers at the centre of our business and the energy system



**Having the right culture underpins the way we behave, the decisions we make and the outcomes we deliver. We recognise that getting the culture right for our customers is crucial not only to deliver on our customer commitments, but also to the long-term success of our businesses.**

**We will develop the culture within our businesses that puts the customer at the centre and will work together and with our stakeholders to deliver the safe, affordable, reliable and sustainable energy system the community expects.**

### PRINCIPLE IN ACTION

To fulfil this principle, energy businesses should:

- 1.1** Have a Board that actively oversees the business's culture so as to be aligned with Energy Charter Principles.
- 1.2** Have management operationally accountable for embedding a 'customer at the centre' culture.
- 1.3** Ensure their work force is engaged and incentives are aligned to drive positive customer outcomes.
- 1.4** Have robust processes to determine customer and community needs and be accountable on how feedback has been considered and incorporated into decision making.
- 1.5** Demonstrate a culture of innovation and collaboration for positive customer outcomes, including through the sharing of insights with government, research institutions and across the supply chain, as well as joint advocacy on regulatory, policy and operational issues.

## Principle 1:

We will put customers at the centre of our business and the energy system



## Signatories' Self-Assessment

Signatories again marked themselves hardest on Principle 1 this year, in particular government-owned and monopoly businesses, which make up a greater proportion of Signatories after the unfortunate withdrawal of Origin and AGL. The numbers highlighted in the Signatory Self-Assessment sections of the Principles assessments exclude the data of businesses that self-assessed last year but not this year.

The number of Signatories self-assessing as Emerging (2 out of 5) or lower was six, down from 11.

Multiple CEOs referred to the fact that the Charter provided a useful frame for them to focus on customers in their reporting up to boards and Ministers.

Stanwell encapsulated the general attitude of Signatories when it suggested that its participation in the Charter had moved it from being a company with an emphasis on keeping the lights on for faceless people to a conversation that brought in and sought to build a strong understanding of the perspective of direct customers and a wide range of stakeholders.

## Stakeholders' Views

Stakeholders emphasised that a large number of energy customers will be in debt after COVID-19, and how Signatories handle that situation will be telling.

Another consistent theme was that, if Signatories really placed their customers at the centre of their business and the energy system, they would join advocacy efforts for housing energy efficiency and adequate income support measures.

The Ombudsmen noted that there was an increase in the proportion of customers on market contracts, as opposed to the often more expensive standing offers from retailers, but that embedded networks is a growing area that exposes a significant consumer protection gap.

ACOSS praised Endeavour Energy's assistance packages and emergency support following major flooding. Ethnic Communities Council NSW said that, while there are some faint glimmers of hope, there remain glaring gaps in customer information in non-English languages.

Sydney Alliance noted that COVID-19 exposed issues already present and it was not a coincidence that COVID-19 most severely impacted poorer areas with large culturally and linguistically diverse (CALD) communities with existing and interrelated challenges like job insecurity, language issues, sustainability and affordability. ECA said it was pleased to see strong recognition of the #BetterTogether Voices for Power Train-the-Trainer Program led by the Sydney Alliance and Sydney Community Forum, which was supported by Ausgrid, Endeavour Energy and Jemena. This collaboration highlights the work being done to assist CALD consumers. Ethnic Communities NSW pointed out that people from culturally and linguistically diverse backgrounds want and deserve the same as English-speakers: to be able to discuss complex issues in their own language. Voices for Power highlighted the importance of involving consumers in the design of programs.

Stakeholders put the strong view that putting customers at the centre of the system was a major lens on the need for better engagement on new transmission.

The EUAA praised the quality of consultation and engagement that has been demonstrated in this year's Disclosures, noting that it had also experienced a general increase in energy businesses' interest in and quality of engagement.

ACOSS called on Signatories to work with community and consumer groups to co-design and prioritise #BetterTogether initiatives.

COTA said there needs to be better understanding of how greater resourcing of consumer engagement has delivered real benefits for consumers.

## Principle 1:

We will put customers at the centre of our business and the energy system



## The Panel's Assessment

The Panel notes a pleasing trend toward greater involvement of boards in Signatories' Charter participation and Disclosure, and more Signatories establishing customer or community councils. There are still exceptions to this, so we have repeated the relevant recommendations from last year's Panel Report. We also welcome the encouraging trend of Signatories creating executive roles with customer focus as their core responsibility. This trend implements 2019 Panel Recommendation 16.

The Panel is pleased to see more Signatories bringing the customer voice into their decision making. We congratulate the Charter for developing the Better Practice Consumer Advocacy Guide in August 2021 as part of the #BetterTogether Know Your Customers and Communities initiative, led by APA and Essential Energy. This Guide must support the 2020 Panel Recommendation that Signatories work with policy makers and market bodies to implement a way for consumer advocacy to be better resourced. Stakeholders expressed disappointment that there has been no significant expansion of resources for consumer advocacy and the Panel shares those concerns.

The National Customer Code for Energy Brokers, Consultants and Retailers and the Customer Voice in the Boardroom initiative demonstrate how collaboration on #BetterTogether initiatives can deliver practical outcomes that benefit consumers. We have yet to see progress on appointing Board directors whose core skillset is customer focus such as social policy expertise, as recommended in 2019. Strong customer skills in Signatory governance is increasingly essential to delivering a fair energy transition.

The contribution of Endeavour Energy and Essential Energy as first responders in major floods (including ferrying food to isolated areas) is a good illustration of putting customers at the centre of their business.

The true test of whether Signatories are putting their customers at the centre of their business and the energy system is whether they work together, and with governments and market bodies, to address the clear challenges with ambition and urgency.

For Signatories to deliver their commitment to this principle requires corporate targets and actions plans that align with global net zero expectations.

## Recommendations

### The Panel recommends that Energy Charter Signatories:

1. Appoint Directors with a strong consumer and social policy skill set into Board and Governance structures.
2. If not already in place, Signatories should establish a customer reference group or customer council. Signatories should then commit to go beyond simply informing this group of what they are doing, but seek to involve them in key decisions and empower them to play an active role in shaping key aspects of business practices and investment decisions where appropriate. **Repeat of 2020 Panel recommendation.**
3. Elevate the Energy Charter to the highest possible extent within the organisation, including involving their Board in development of Energy Charter Disclosures and linking performance review standards and leadership remuneration to customer outcomes. **Repeat of 2020 Panel recommendation.**
4. Champion across the industry and implement the Energy Charter Better Practice Consumer Advocacy Support Guide including fully or co-funding of consumer advocacy roles, participation and processes.



## Principle 2:

# We will improve energy affordability for customers



**We recognise that affordable energy is essential for Australian households and businesses.**

**We will do what we can to make energy more affordable, by running our businesses efficiently so customers benefit, by offering customers energy deals that best meet their needs, helping them manage their energy use, and by working together to improve energy affordability, as well as innovating for cost effective solutions that meet residential and business customer needs.**

### PRINCIPLE IN ACTION

To fulfil this principle, energy businesses should:

- 2.1** Ensure that investment, commercial and operational decisions are cost efficient, and explain how customers benefit from these decisions.
- 2.2** Offer customers energy deals that best meet their needs, supported by effective tools and incentives for customers to manage their energy use and cost.
- 2.3** Work cooperatively across the supply chain and with other stakeholders to improve affordability over the short and long term.
- 2.4** Innovate to deliver competitive energy solutions for business and residential customers.
- 2.5** Advocate on behalf of customers to improve energy affordability through engagement in regulatory and policy processes.

## Principle 2:

We will improve energy affordability for customers



## Signatories' Self-Assessment

As a group, Charter Signatories saw themselves as improving on Principle 2.

A third of Signatories self-assessed as maturing from Emerging (2 out of 5) to Evolved (3 out of 5) in 2020-21, taking the number of Signatories self-assessing as Emerging (2 out of 5) or lower to three, down from 8.

Network businesses tended to place more focus than last year on the importance of their efficiency to the affordability of energy for customers. Avoiding unnecessary costs and ensuring that the burden of necessary costs falls fairly was a central theme of our interviews with Signatory CEOs. There was a recognition that we need to ensure that system redesign, including to support the energy transition, needs to be done as efficiently as possible and costs appropriately and fairly distributed.

## Stakeholders' Views

Stakeholders' consideration of energy affordability mostly focussed on consumers experiencing financial stress.

There was an even greater focus on energy efficiency this year.

One submission referred to energy efficiency as 'the unsung hero', which should be "the number one priority for governments and businesses", and neatly described the economic dimensions of "roof insulation, double-glazed windows, draught sealing, external shading, installing energy efficient appliances and reducing energy usage in homes and workplaces"<sup>4</sup>. It's not just lower operating costs and lower emissions that need to be weighed against the capital costs of energy efficiency in buildings and appliances, it's also the economic activity of large, growing business sectors and the thousands of resulting long-term jobs.

ACOSS said that Signatories should:

1. sign up to the National Low-income Energy Productivity Program.
2. support the Healthy Homes for Renters campaign,

which is calling on all jurisdictions to commit to mandatory energy efficiency standards in rental properties.

3. support increasing energy efficiency standard for new residential buildings to at least 7 star.

The Ombudsmen noted that energy affordability is a shared issue that needs to be tackled collectively by the energy industry. They said that high bill complaints have decreased by volume given the overall decrease in complaints but increased in share of complaints – driven perhaps by people working from home and home schooling.

TasCOSS called for Signatories, or the Energy Charter on their behalf, to advocate for policies and measures to improve income adequacy. This kind of advocacy is what Signatories committed to in Principle in action 2.5:

***Advocate on behalf of customers to improve energy affordability through engagement in regulatory and policy processes.***

ACOSS recommended that Signatories:

1. establish a #BetterTogether initiative jointly with community and consumer groups, to explore how energy companies can work constructively with community and consumer groups to influence government policy and market regulation that would make significant differences to address the systematic issues underpinning energy vulnerability.
2. sign up to the Raise the Rate for Good campaign.
3. partner with trusted large and small community organisations to run services such as energy literacy, financial counselling, energy efficiency audits or energy efficient appliance schemes, that directly improve energy affordability.

## The Panel's Assessment

The Australian Energy Regulator's Statements of Expectations, issued at various points across the COVID-19 period, placed clear customer protection requirements on energy businesses. It was evident from the Disclosures, the CEO interviews and the input of

<sup>4</sup> Dale Stohr, November 2021

## Principle 2:

We will improve energy affordability for customers



stakeholders that Signatories approached the Statement of Expectations obligations as something to comply with rather than as a prompt to go above and beyond. The Panel believes that this general approach was a missed opportunity to fulfil the Energy Charter values.

We were pleased to hear more network business Signatories articulate their commitment to keeping network prices down.

Due to the higher debt levels that have built up across 2020-21, the post-pandemic period looms as an even greater challenge than was evident last year.

Signatories should seek to work with governments in understanding the role of sub-optimal housing energy efficiency, equipment and behaviours in retailer net bad debt costs, with a view to better understanding the economic case for different models of addressing energy efficiency. There are excellent examples of Signatories collaborating with governments and community services to finance energy efficiency retro-fitting that drives down the use and cost of energy for people on low incomes. Signatories should make this a systemic response.

We repeat our statement last year that neither energy companies nor the regulatory framework should get in the way of people in payment difficulties being rapidly moved to the energy plan that is best for them.

The automation of payment of concessions to eligible customers has been a continuing theme for the Panel since inception, and it is frustrating that it has not been resolved. Ensuring that energy customers receive their entitlements is a basic element of reducing energy

affordability stress. The Panel does not want to have to call out this issue year after year, and in an age of advanced technology, it cannot be beyond governments and energy retailers to resolve this matter. Horizon Power has arranged access to the Centrelink Business portal to validate concessions. If Horizon can do this, why can't all retailers?

Government agencies know who should be receiving concessions and where they live; energy companies can flag an address. The person eligible for the concession and the energy account holder being different people should not be an impediment.

The Charter undertook important research over the last period about the impacts of COVID-19 on energy customers. The Charter's #BetterTogether - COVID-19 Customer Vulnerability Research highlighted that the groups facing greatest financial hardship are people on JobSeeker, clearly demonstrating the urgent need to raise the rate of income support. Energy retailers are not able to deal with sustained income inadequacy and poverty but can engage in joint advocacy for this to be addressed.

If Signatories want the Charter to continue to work for them in terms of keeping their businesses in front of regulatory change, they have to take actions and pursue innovations that keep them in front.

For energy affordability to not get worse let alone improve in the future, energy transition must be efficient - unnecessary net system cost and unfair cost/risk allocation must be avoided.

## Recommendations

### The Panel recommends that Energy Charter Signatories:

5. Focus on urgent implementation of long delayed basic measures to improve the affordability of energy for people in vulnerable circumstances. Signatories should ask governments and market bodies to join them in committing that:
  1. all customers who are struggling to pay their electricity or gas bills are moved to the best retail offer for their current circumstances; and
  2. every customer who is entitled to a concession or rebate is placed on it.
6. Establish a #BetterTogether initiative with community and consumer groups to develop a joint advocacy approach to affordability issues, including income adequacy and energy efficiency standards, as they have done in relation to net zero emissions, because both are vital to getting energy transition right.
7. Collaborate with government and community services to deliver energy efficiency retrofitting on a systemic scale for low-income households.



## Principle 3:

# We will provide energy safely, sustainably and reliably



**We recognise the essential nature of energy and the need to deliver and use energy safely, sustainably and reliably. We recognise the role of energy businesses to respond to the shift to a cleaner energy system that is already underway. We understand the value energy brings to the community and the potential consequences and impacts for customers when reliability and quality of energy supply is compromised.**

**We will provide energy safely, sustainably and reliably. We will listen to customer preferences and demonstrate how they inform decisions and outcomes and how the community benefits.**

### PRINCIPLE IN ACTION

To fulfil this principle, energy businesses should:

- 3.1** Maintain the highest standards of safety for their people, the community and the environment.
- 3.2** Engage with customers and the community on investments, and manage operations in line with their expectations, demonstrating how communities benefit.
- 3.3** Develop business strategy and manage operations to respond to the shift to a cleaner energy system that is already underway.
- 3.4** Work with government, other energy businesses, the community and industry bodies to develop a planned transition to a cleaner energy system.
- 3.5** Facilitate new services and technologies that support sustainable energy solutions that meet the changing needs of the market.
- 3.6** Implement solutions across the supply chain:
  - a. that support energy connection, service and reliability that meets customers' needs.
  - b. to resolve service issues that impact customers and the community.

### Principle 3:

We will provide energy safely, sustainably and reliably



## Signatories' Self-Assessment

Collectively, Signatories again saw themselves as performing best against Principle 3.

The number self-assessing as 3.33 or higher increased from three to six. Understandably, given the breadth of this Principle, many Signatories self-assess separately against the safety, sustainability and reliability of their supply.

The Disclosures and CEO discussions again highlighted how well all parts of the supply chain ensured continuity of supply in the face of the COVID-19 and natural disaster challenges of the reporting period.

Signatories increasingly understand that emissions reduction as a “must do” alongside safety and reliable energy.

## Stakeholders' Views

Stakeholders did not tend to focus on safety and reliability beyond very positive acknowledgment of Signatories' maintenance and restoration of energy supply during natural disasters.

Stakeholders focussed a great deal on the imperative and implications of decarbonisation.

COTA called for:

**“Firm commitments, plans and milestones that clearly target the achievement of net zero emissions by 2050”.**<sup>5</sup>

The EUAA expressed concerns about fair distribution of the costs of network expansion associated with a shift to renewable energy and about the treatment of gas pipeline stranded asset risk. It called on the energy industry to take a leadership role in developing a “more equitable cost and risk sharing framework...[to ensure]... a fair contribution to these long-lived assets, including from governments and renewable energy proponents, to ensure that consumers are not overburdened with all the costs and risks of these new assets.”<sup>6</sup>

ACOSS said that Signatories should:

1. recognise the need to build a more resilient energy system in the face of more frequent and intense severe weather events; and
2. support community groups advocacy calls for the Federal Government to establish an Energy Transition Authority to work with and support workers and communities impacted by the transition to clean economy.

St Vincent de Paul noted that electrification creates a single point of failure, which will make that supply even more important.

## The Panel's Assessment

That Stakeholders do not feel it necessary to focus on the safety and reliability of energy supply is a credit to Signatories and the broader energy industry. Despite the continued significant disruption to business operations in 2020-21, energy companies have continued to deliver essential customer service outcomes and to maintain a high level of system/supply reliability. The Panel endorses Signatories' self-assessment that these are the areas where industry maturity is highest.

The Panel again acknowledges the staff of those Signatories who worked hard and smart under the most trying of circumstances to restore services to customers at the earliest possible time.

The commitment to sustainability in this Principle is a challenge, where Signatories' maturity growth is lagging accelerating imperatives.

Compared to last year, our CEO interviews spent more time on how to pursue the transition to low emissions energy, with net system cost and fair cost allocation being key focuses, but this was driven by the Panel conveying stakeholder priorities in the absence of substantial Signatory focus on energy transition in their Disclosures.

<sup>5</sup> COTA submission, November 2021

<sup>6</sup> EUAA submission, November 2021

### Principle 3:

We will provide energy safely, sustainably and reliably



The Charter calls for Signatories to have a plan in place for driving the transition to a cleaner energy system and to place customers at the centre of the plan. With an increasing proportion of governments and businesses committed to net zero emissions by 2050 (or earlier), the need is more pressing for the energy industry to play a leadership role in driving the transition in a way which is efficient, fair and equitable.

Delivery on the promise to consumers articulated in this Principle means developing and pursuing emissions reduction strategies and broader corporate and investment plans that align with keeping global warming well below 2 degrees and a sensible trajectory toward net zero emissions in line with international agreements.

To a large extent, some Signatories have allowed the combination of myriad immediate challenges and unclear government emissions reduction commitment and policy to become excuses to delay the focus on transition. On the other hand, the greater collaboration and consumer care demonstrated by Signatories during the COVID-19 period has been both very positive and a template for working together to get a fair energy transition right. Signatories should work with governments, market

bodies and consumer representatives to identify what they've learnt during the past two years and plan a way out of COVID-19 that creates a template for transition.

The Panel noted that some of the Signatories doing the best work on the transitioning to net zero mark themselves down in their self-assessment, perhaps because their genuine engagement with the customer and workforce issues means they better understand the scale of the challenge in front of them.

It should be evident to Signatories, governments and market bodies that it is in all their interests for consumers to have more of a stake in and sense of driving transition.

For example, there is a need to do better on securing social licence/engagement with farmers and other property owners who are impacted by new transmission infrastructure. Signatories need to do better, including by establishing mutual benefit agreements, engaging early and minimising construction impacts. The #BetterTogether Landholder and Community Engagement project launched in August 2021 is a response to this challenge.

## Recommendations

### The Panel recommends that Energy Charter Signatories:

8. Call for a clear and responsible 2030 national emissions reduction target aligned with keeping global warming to 1.5 degrees, to guide investment and public education.
9. Set business emissions reduction targets and strategies for delivering on these.
10. Jointly commit with governments and market bodies to ensuring that energy transition benefits vulnerable consumers, agree a process to deliver on that commitment and make it happen.



## Principle 4:

# We will improve the customer experience



**We recognise that it should be easy for customers to make informed decisions about their energy use and services, that outcomes should be transparent, and all customers should benefit from the transformation of the energy system. Customer service from energy businesses should be respectful, efficient and seamless, particularly if things go wrong.**

**We will make it easy for everyone to get the best product or service for them regardless of their ability to engage, or interest in, the energy market. We will continually improve our processes and communication and will work together to provide better services across the supply chain to meet customer needs.**

### PRINCIPLE IN ACTION

To fulfil this principle, energy businesses should:

- 4.1** Enable customers to get fair outcomes regardless of their ability or desire to participate in the energy market.
- 4.2** Empower customers by:
  - a. making sure all communication is clear, in plain terms, accessible and understandable;
  - b. providing insightful and useful information and accessible tools; and
  - c. streamlining access to, and portability of, customer energy data.
- 4.3** Ensure that innovation and design in products and services, as well as communication platforms and tools, are driven by customers' needs and preferences.
- 4.4** Have effective and accessible dispute resolution processes, co-ordinated across the supply chain, to resolve customer issues and implement process improvements in response.

#### Principle 4:

We will improve the customer experience



## Signatories' Self-Assessment

Signatories' maturity self-assessments again acknowledged that the quality of customer experience they provide needs to improve.

The number of Signatories that self-assessed themselves as Evolved (3 out of 5) or better increased from four to nine.

The commitment made in the Energy Charter is that Signatories "will make it easy for everyone to get the best product or service for them regardless of their ability to engage, or interest in, the energy market".

## Stakeholders' Views

Stakeholders consider that future improvement to customer experience relies, in part, on Signatories making the right choices about incorporating recent changes into Business as Usual.

The Ombudsmen noted a greater focus by energy companies on customer engagement and how to make energy work better for customers. Complaints about customer service issues have decreased overall and by share of total complaints.

COTA expressed deep concerns regarding digital exclusion.

**"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.<sup>37</sup>**

The Ethnic Communities Council of NSW highlighted the glaring gaps in information in language for CALD communities. The Sydney Alliance noted that COVID-19 had exposed issues already present in poorer areas with high CALD populations, including energy stress and the need for greater assistance in understanding and managing bills and reducing energy consumption.

Energy Consumers Australia noted the imbalance of networks and retailers as Energy Charter Signatories, something that was an issue at inception, but became a more serious issue when Origin Energy and AGL withdrew as Signatories in 2020. The retail layer that deals directly with customers is under-represented in the Charter.

7 COTA submission, November 2021

#### Principle 4:

We will improve the customer experience



## The Panel's Assessment

The Panel agrees with Signatories that the quality of their customer experience needs to improve.

Taking years to sort out basics has a very high opportunity cost, and diverts business and advocate attention away from improving customer experience.

We are pleased to see the development of better, more frequent, and more immediate communication with customers, for example the use of SMS, but Signatories need to broaden their customer segmentation to capture information preferences and literacy.

As the sophistication of customer engagement grows, digital disadvantage will be highlighted even more. The use of automated information and responses suits many customers, but this cannot be allowed to cause others to miss out due to lack of access to computers/devices or lack of digital capacity (eg. among some older people).

We note Energy Consumers Australia's point about the under representation of retail businesses in the Charter. Without the businesses that have the most direct dealings with customers, the Charter will struggle to deliver on this Principle.

## Recommendations

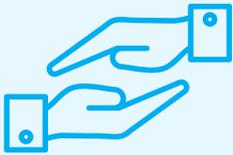
### The Panel recommends that Energy Charter Signatories:

11. Continue to simplify energy bills so that energy usage and costs are easy to comprehend and provide specially trained customer contact staff who can help customers to understand energy usage in the home or small business. This could extend to developing a specialist energy advisor role within the customer service centre.  
**Repeat of 2020 Panel recommendation.**
12. Work more closely with consumer groups to expand and develop community collaborations with customer groups that are less likely to actively engage through mainstream channels. **Repeat of 2020 Panel recommendation.**
13. Develop plans for the universal rollout of smart meters with clear targets and milestones, including addressing the trend of DER being installed without a smart meter through a #BetterTogether initiative and/or a rule change proposal.



## Principle 5:

# We will support customers facing vulnerable circumstances



**We recognise that some households and businesses may experience vulnerability that requires support from energy providers, which may require collaboration with governments and community service organisations. Not all experiences of vulnerability will be the same and providing support requires solutions tailored for different circumstances.**

**We will establish processes for early recognition of, and engagement with, customers facing vulnerable circumstances, support customers to navigate periods of vulnerability and collaborate with the community and government to assist those who need it most.**

### PRINCIPLE IN ACTION

To fulfil this principle, energy businesses should:

- 5.1** Have processes to enable early identification of and engagement with customers at risk of vulnerability, coupled with intervention measures that can prevent customers falling into hardship.
- 5.2** Provide products and services that are tailored to customers facing vulnerable circumstances and support them to get back on track.
- 5.3** Provide flexible solutions that are easy to access and are provided by specially trained frontline staff with expertise in supporting those customers who face additional barriers to engaging with the energy market.
- 5.4** Take a collaborative approach, partnering across the energy supply chain and with government and community service organisations to implement innovative solutions that improve outcomes (affordability or experience) for customers facing vulnerable circumstances.

## Principle 5:

We will support customers facing vulnerable circumstances



## Signatories' Self-Assessment

Signatories again emphasised their responsiveness to COVID-19 and in some cases to natural disasters in terms of support for customers facing payment difficulty.

There was greater emphasis than last year on the reality that customers in vulnerable circumstances includes businesses.

The number of Signatories self-assessing as Elementary (1 out of 5) reduced from five to zero, while five self-assessed as Empowered (4 out of 5), up from two.

## Stakeholders' Views

The EUCG made the key point that there is a cohort of people who simply cannot afford the energy they need to use.

TasCOSS pointed to information from the Tasmanian regulator that confirms many people are facing significant energy stress.

The Ombudsmen said the Energy Charter Signatories' commitment for \$1.5 million to support customers in vulnerable circumstances came at a good time, and that retailers were more understanding of and responsive to customers. The Ombudsmen's key question is whether this approach to consumers in vulnerable circumstances will be sustained post COVID-19. Other stakeholders welcomed the support fund but queried the amount relative to the number of energy customers in financial stress and the fiscal strength of the energy industry.

ACOSS recommended that Signatories should utilise the Australian Energy Council's Best Practice for Energy Retail Assistance, and report against their own Best Practice for the Energy Charter period 2021-22.

ACOSS also recommended that:

- No one should pay extra if they're struggling to pay bills on time.
- Retailers implement the Victorian Payment Difficulty Framework across all jurisdictions.
- Retailers need a wider pool of staff with expertise and authority to provide early assistance measures, and one option to achieve this would be for Signatories to work closely with Financial Counsellors to expand and improve training for staff.
- Charter Signatories should not proceed with disconnections for non-payment and work with

consumer groups on possible solutions.

- If disconnections occur, networks and retailers should work together to provide a pre-visit service.
- Signatories should waive either fully or partially current customer debt, and commit not to sell debt to unregulated credit collection agents, or credit default list customers.

ECA called the #BetterTogether initiative COVID-19 Vulnerability Research led by Jemena, ActewAGL, Energy Queensland, Essential Energy, Powershop and Simply Energy:

**“A good first step, highlighting the need for a significant collaborative effort to take these findings and expand vulnerability support beyond what is expected behaviour of Signatories such as measures which have already been mandated... This ongoing support is particularly relevant for small businesses, who pre-pandemic may not have been considered vulnerable or in need of hardship plans, but this cohort has been hit hard, particularly in Victoria and NSW and within certain industries.”<sup>8</sup>**

In a call for energy efficient housing and other measures to address Australia's “leaky” buildings and raise the standards for new builds, Energy Consumers Australia recently advocated for new homes to have an energy efficiency rating greater than the current 6 stars, to enable comfortable homes at relatively low energy cost. ECA said that achieving an inclusive energy system requires that energy efficient homes are extended to everybody.

COTA's call for “strengthened sector wide focus on customers experiencing or at risk of vulnerability through digital exclusion, CALD background, family violence and elder abuse”<sup>9</sup> highlights the importance of sorting out basic general payment difficulty building blocks like concessions and appropriate offers.

The Public Interest Advocacy Centre suggested that there is a cohort who will never be able to pay for their energy usage and that, rather than continuing to waste time, effort and bandwidth, we should collaborate to remove such people from the full regime and require payment only of a reasonable amount (for example, like social housing charging a percentage of income as rent).

<sup>8</sup> ECA submission, November 2021

<sup>9</sup> COTA submission, November 2021

## Principle 5:

We will support customers facing vulnerable circumstances



## The Panel's Assessment

During the year, Signatories responded to the impact of COVID-19 on customers in various ways, including:

- \$1.5 million financial assistance through the #BetterTogether initiatives.
- Other assistance such as Aurora Energy industry support payments for business – hospitality, events, the arts, tourism.
- EnergyAustralia using indicators of risk of financial vulnerability to identify customers who may face difficulties in bill payment and actively engage them to ensure they have access to measures available.

The Panel agrees with the Ombudsmen that the key question is whether this approach will be continued post COVID-19 and after the Statement of Expectations ends. We recommend that Signatories heed the call from Ombudsmen that Signatories should continue to expand the examples of working with financial counsellors and other community organisations to get ahead of debt issues for customers including coordinating energy efficiency audits and retrofits and energy literacy. The waiver of penalty and late fees for customer at risk (not just for customers on hardship programs), including additional interest charges should be a given.

During the year, hand delivery of disconnection notices has been trialled successfully by a number of retailers and networks – the #BetterTogether ‘Knock before

you Disconnect’ project. As a result of this contact many householders have been engaged, and payment arrangements worked out. This approach is of benefit to energy consumers, but also has an economic benefit to retailers, as it avoids the disconnection/reconnection and debt collection cycle and costs.

**“If we can make contact, we can have a conversation... When we can make contact, we are unlikely to disconnect.”**

EnergyAustralia

**“It’s good practice and good sense.”**

Endeavour Energy

The Ombudsmen agreed that the trial of a visit before disconnection was successful. We recommend that the #BetterTogether Knock before you Disconnect trial be scaled up and become Business as Usual for all companies.

A proactive approach to customer payment difficulty is obviously preferable to a reactive one. Horizon Power has developed an algorithm to proactively identify customers who may be under financial stress and likely to fall into hardship. Again, we ask - if some Signatories can do this, why not all? One Signatory noted that: “We are data rich but not insight rich”. The Energy Charter and the #Better Together initiatives provide the platform for Signatories to undertake essential developments in information technology to assist customers in vulnerable circumstances.

## Recommendations

### The Panel recommends that Energy Charter Signatories:

14. Immediately and collectively, 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 2022. The process should include engagement with experts and consumer groups. **Repeat of 2020 Panel recommendation.**
15. Work with financial counsellors and other community services to continue to expand training and other support strategies for customers at risk of financial hardship including energy efficiency audits and appliance schemes and energy literacy.
16. Adopt the #BetterTogether “Knock Before You Disconnect” as a Business as Usual activity, following the successful trial of this practice by some Signatories during COVID-19 and aspire to no disconnections, working with consumer groups to deliver on that outcome.
17. Adopt the Victorian Payment Difficulty Framework as the benchmark for supporting customers to deal with the increased debt levels that have built up during the COVID-19 Statement of Expectations period.



# Appendices

## Appendix 1: Energy Charter Signatories and 2021 CEO Meetings

Signatory	Business(es)	Ownership	2020 CEO Meeting Attendees
ActewAGL	Energy Retail (ACT)	50/50 JVs between ACT Government and AGL	John Knox (CEO), Rachael Turner (GM Retail)
APA	Gas Transmission and Storage, Electricity Generation (National)	ASX-listed company	Rob Wheals (CEO), Nevenka Codevelle (Group Executive Governance, Risk & Legal), Nives Matosin (Manager Regulatory, Industry Working Group (IWG))
Aurora Energy	Energy Retail (TAS)	Tasmanian Government	Rebecca Kardos (CEO), Andrew Crozier (Chief Product & Customer Officer), Tom Middleton (Manager Government & Stakeholder Relations)
Ausgrid	Electricity Distribution (NSW)	50.4% Australian Super & IFM Investors consortium 49.6% NSW Government	Richard Gross (CEO), Rob Amphlett-Lewis (Chief Customer Officer), Karthik Venkataraman (Head of Customer and Partner Experience), Selina O'Connor (Government & Stakeholder Relations Manager, IWG)
Australian Gas Infrastructure Group	Gas Transmission and Distribution (National)	Cheung Kong (CK) Group companies (Hong Kong Stock exchange listed entities)	Ben Wilson (CEO), Chris Fidler (Head of Customer & Market Services, Multinet Gas Networks, IWG)
CS Energy	Electricity Generation (QLD) and Retail (Large C&I QLD)	QLD Government	Andrew Bills (CEO)
Endeavour Energy	Electricity Distribution (NSW)	50.4% MIRA/AMP Capital/BCIMC/QIA consortium 49.6% NSW Government	Guy Chalkley (CEO), Leanne Pickering (Chief Customer and Strategy Officer), Kate McCue (Manager Corporate Affairs, IWG)
EnergyAustralia	Electricity Generation and Energy Retail (ACT, NSW, QLD, SA and VIC)	China Light & Power (CLP) Group (Hong Kong Stock exchange listed entity)	Mark Collette (MD), Mark Brownfield (Chief Customer Officer)
Energy Queensland	Energex: Electricity Distribution (SE QLD) Ergon Energy Retail: Energy Retail (Regional QLD) Ergon Energy Network: Electricity Distribution (Regional QLD) Yurika: Energy solutions	QLD Government	Rod Duke (CEO), Mark Algie (Director), Michael Dart (Executive General Manager, Customer), Kenny Mizzi (Manager, Customer Advocacy and IWG Member)
Essential Energy	Electricity Distribution (NSW) and Essential Water	NSW Government	John Cleland (CEO), Luke Jenner (General Manager - Customer and Network Services), Belinda Kallmier (Head of Customer Experience, IWG)
Horizon Power	Electricity Generation, Transmission, Distribution and Retail	Government Trading Enterprise (WA Government)	Stephanie Unwin (CEO), Krystal Skinner (General Manager Customer Experience, IWG)
Jemena	Electricity Distribution, Gas Distribution and Transmission (National) Ovida: Energy solutions	60% State Grid Corporation of China 40% Singapore Power (SP) Group (Temasek)	Frank Tudor (CEO), Shaun Reardon (Executive General Manager Electricity Distribution), Anson An (Strategy Manager, IWG)
Powerlink	Electricity Transmission (QLD)	QLD Government	Paul Simshauser (CEO), Jacqui Bridge (EGM Energy Futures), Gerard Reilly (GM Communications, Customer & Engagement and IWG Chair)
Powershop / Meridian Energy	Powershop: Energy Retail (NSW, QLD, SA and VIC) Meridian: Electricity Generation (NSW, SA, VIC)	Australian subsidiary of NZSX-listed entity (51% owned by NZ Government)	Powershop/Meridian was unable to participate in the Independent Accountability Panel process in 2021 due to a sale in process.
Stanwell	Electricity Generation (QLD) and Retail	QLD Government	Adam Aspinall (Acting CEO), Sophie Naughton (Executive General Manager Energy Trading)
Transgrid	Electricity Transmission (NSW)	Utilities Trust of Australia, Spark Infrastructure, CDPQ, OMERS, Tawreed Investments Ltd.	Brian Salter (Acting CEO)

Videos of all CEO Meetings are available at: <https://theenergycharterpanel.com.au/industry-disclosures/>

## Appendix 2: Submissions to and engagement by the Independent Accountability Panel

### WRITTEN SUBMISSIONS

The Panel received submissions from:

- ACOSS – Australian Council of Social Service
- COTA Australia & COTA Energy Advocates – Council on the Ageing
- Dale Stohr – Residential energy customer, Victoria
- ECA – Energy Consumers Australia
- EUAA – Energy Users Association of Australia
- EUCG – End-Users Consultative Group
- TasCOSS – Tasmanian Council of Social Service Inc.

### PUBLIC FORUMS

Forums were held online for New South Wales, Queensland, Tasmania and Victoria (and offered for South Australia and Western Australia). The Panel has considered verbal submissions made in these Forums in our assessment.

Links to all written submissions, as well as audio/visual recordings of the Stakeholder Forums, are available at:

<https://theenergycharterpanel.com.au/public-consultation/>

### ENERGY & WATER OMBUDSMEN

The Panel met with:

- **Janine Young**  
Energy & Water Ombudsman NSW
- **Cynthia Gebert**  
Energy & Water Ombudsman Victoria
- **Jane Pires**  
Energy & Water Ombudsman Queensland

### THE END-USERS CONSULTATIVE GROUP (EUCG)

The Panel met with members of the End-Users Consultative Group.

## Appendix 3: Key Terms and Resources

Energy Charter	The document codesigned by the Industry Working Group and End-Users Consultative Group containing the Principles and Principles in Action. The Introduction to this Report provides a summary. <a href="https://www.theenergycharter.com.au/publications">https://www.theenergycharter.com.au/publications</a>
Principles	The five core commitments under the Energy Charter.
Principles in Action	Twenty-four detailed requirements for Signatories to fulfil the Principles.
Signatories	Appendix 1 lists the 16 Signatories to the Energy Charter as at 30 September 2021, their ownership, and where they operate in the electricity and gas value chains. Fifteen Signatories provided 2020-21 Disclosures. Powershop/Meridian was unable to participate in the Independent Accountability Panel process in 2021 due to a sale in process. CleanCo withdrew from the Energy Charter on 31 August 2021. (Origin Energy and AGL withdrew from the Energy Charter in 2020). <a href="https://www.theenergycharter.com.au/signatories/">https://www.theenergycharter.com.au/signatories/</a>
Disclosures	The Signatories have committed to an annual self-reporting of their performance against the Principles. Signatories lodged these at the end of September 2021. The Energy Charter also lodges a Disclosure. The Disclosures are assessed in this Report. <a href="https://theenergycharterpanel.com.au/industry-disclosures/">https://theenergycharterpanel.com.au/industry-disclosures/</a>
Panel	The Energy Charter Independent Accountability Panel, established to evaluate the Disclosures and assess the degree to which they indicate the Signatories are meeting their Energy Charter commitments. In this Report, the Panel provides its view on the Signatories' third period of commitment, 1 July 2020 to 30 June 2021. The Accountability Framework for the Energy Charter, including the Panel's Terms of Reference are set out at the Panel's website. <a href="https://theenergycharterpanel.com.au/">https://theenergycharterpanel.com.au/</a>
CEO Meetings	The Panel extended an invitation to each Signatory CEO to meet and discuss their Disclosure. Fifteen Signatories, as well as the Energy Charter, participated. A broad range of attendees represented the Signatories, ranging from managers to senior executives to Board Directors. Appendix 1 lists all Signatories and their attendees at the CEO Meetings. Videos of the CEO Meetings are available at: <a href="https://theenergycharterpanel.com.au/industry-disclosures/">https://theenergycharterpanel.com.au/industry-disclosures/</a>
Submissions	The Panel invited stakeholders to make submissions on the Signatories' Disclosures. The written submissions received by the Panel are listed in Appendix 2 and available at: <a href="https://theenergycharterpanel.com.au/public-consultation/">https://theenergycharterpanel.com.au/public-consultation/</a>
Forums	To support the Panel's call for submissions, Stakeholder Forums were held online for New South Wales, Queensland, Tasmania and Victoria (and offered to stakeholders for South Australia and Western Australia). The Panel has considered the verbal submissions made in these Forums in our assessment. Audio/visual recordings of the forums are available at: <a href="https://theenergycharterpanel.com.au/public-consultation/">https://theenergycharterpanel.com.au/public-consultation/</a>

