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SUPPORTING VULNERABLE ENERGY CUSTOMERS

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PERTH ROUNDTABLE, 17 JUNE 2015

Supporting vulnerable energy customers

Addressing energy affordability

- > 2 per cent of the average household budget
- > up to 10 per cent of the household budget of low income earners

Options for managing energy affordability:

- > a safety net that works for those who need it most
- > electricity network tariff design
- > supporting customers to make informed decisions about their electricity use

A safety net for those that need it most

A national review of assistance, with the leadership of COAG Energy Council

- > to ensure that assistance is effectively targeted and appropriate, across jurisdictions

Options to consider:

- > harmonising the value of assistance across jurisdictions
- > effective targeting of assistance based on need
- > maintaining the relative value of concessions over time
- > providing assistance to finance household or community investments in technology or energy efficiency improvements

Impact of tariff reform – who will benefit?

Multiple studies indicate tariff reform benefits more than 60% of electricity customers:

- > vulnerable customers likely to benefit **more** as they have more off-peak use.

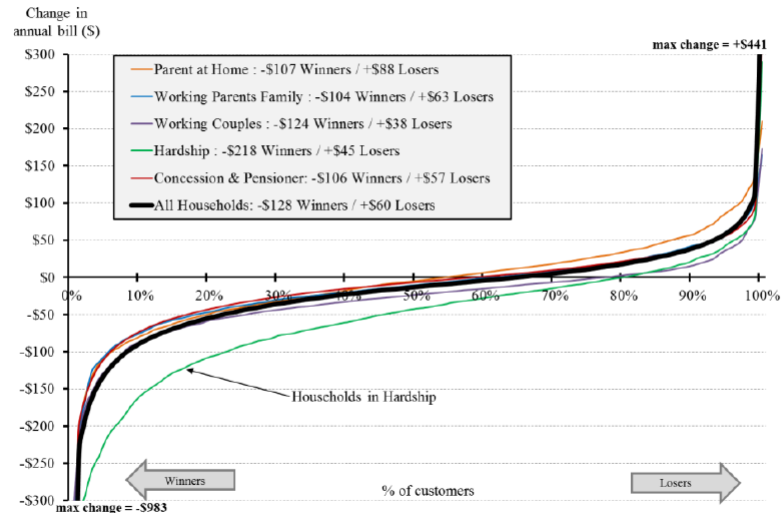
SmartGridSmartCity (2014) :

Research shows vulnerable customers:

- > are more willing to shift load;
- > rated the behaviour changes they made as easier (less disruptive), than other households;
- > are more likely to report their ability to reduce their bills had 'increased a lot'.

Nearly 80 per cent of hardship customers are paying *more* under flat rates

Figure 16: Household wealth transfers after Demand Response, after tariff rebalancing



Source : Simshauser and Downer (2014) "On the inequity of flat-rate electricity tariffs" AGL Applied Economic and Policy Research

Managing affordability - electricity network tariff design

Tariff design is a relatively blunt tool

- > need to consider public policy questions
 - governments or networks best placed to design tariffs to support vulnerable customers?
 - taxpayers or network customers to fund support for vulnerable customers?

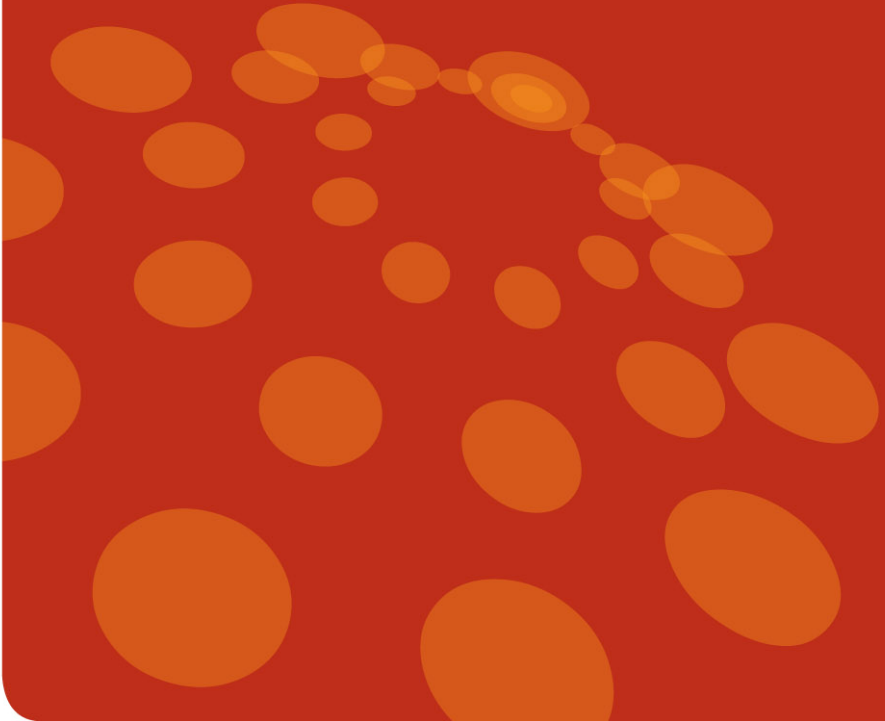
Options to consider:

- > social tariffs, e.g through discounts, caps or rebates to be passed through to the customer
- > glide path or transition cost reflective network pricing over time to limit the potential for some customers to experience bill shock

Supporting customers to make informed choices

Options to consider:

- > more informative and frequent retail bills
- > consistent use of language in describing tariffs
- > information kits to reach households without access to the internet
- > directory of on line resources, portals and comparison websites
- > assistance for front line services.



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