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More Benefits For Vulnerable in Shopping Around Than Assistance

Independent research shows some vulnerable energy customers could benefit more from shopping around than from government assistance – with potential savings up to 5 times the value of the government assistance.

The Energy Networks Association has released analysis, *Supporting Vulnerable Energy Customers*, showing that in every state in Australia, the potential benefits to vulnerable customers who shop around exceed the government financial assistance.

ENA CEO John Bradley today called on Australian governments to undertake a national review of assistance to vulnerable consumers, including not only the financial assistance they provide but the support for participation in complex retail markets.

“Sweeping changes in energy use and new technology means a national review of assistance is required.

“For most customers, energy remains a small proportion of the household budget at just 2%, however the lowest income households are likely to spend over 10% of their income on energy,” Mr Bradley said.

“The ENA commissioned this report to identify opportunities to improve assistance for vulnerable energy customers so that the ‘safety net’ works for those who need it most.”

Mr Bradley said that the paper outlines a range of options for governments to consider and for use by energy retailers and network service providers.

“Energy companies can assist by transitioning vulnerable customers to cost-reflective tariffs and, with governments, providing better information to help customers shop around.

“A number of studies show that tariff reform will assist vulnerable customers – in fact, about 80% of those vulnerable customers are paying more than they would under cost reflective tariffs.

Mr Bradley said the Options Paper supported previous calls from the National Roundtable on Energy Affordability for a review by Australian Governments of their assistance to vulnerable customers.

“While there may be some justifiable differences, eligibility rules and the forms of assistance across the national energy market vary widely– such as some States using capped subsidies and others providing percentage-based discounts

“Given the sweeping changes in energy use, now is the time for Australian governments to cooperate in a national review of energy assistance schemes to make sure assistance is effective and targeted.”

Mr Bradley said network businesses were keen to support effective solutions with governments, energy retailers and consumer advocates and would be conducting a number of consultative forums to discuss the Options Paper.

“Networks costs are now moderating or falling in many states but there are still more opportunities for customers to save on their total energy bill.

“Customers who use comparison websites and access information on their energy usage can achieve energy savings of hundreds of dollars per year.”

Mr Bradley said the introduction of cost-reflective network charges would also provide lower bills to customers who use more of their energy off peak – and this included most vulnerable customers.

“Most network tariffs in Australia currently don’t reward customers who use more energy off-peak and research shows this could be disadvantaging 4 out of 5 vulnerable customers,” Mr Bradley said.

“A transition to fairer network tariffs will need to be carefully managed with appropriate information and assistance to vulnerable customers, so its timely to also undertake a national review of government assistance. “

Networks are seeking input from stakeholders on how vulnerable customers could reduce their bills, if they are given time to understand and respond to cost-reflective pricing developed in consultation with customers.

“While we can make tariffs fairer, tariffs are generally a relatively blunt tool for assisting vulnerable customers because they struggle to take into account a customer’s financial capacity.

“Some networks are also evaluating the option of ‘social tariffs’ to assist vulnerable customers in the transition to cost-reflective pricing and the Options Paper seeks feedback on this measure.

“At the same time, the ENA supports a coordinated national review by Governments of the effectiveness of the safety net provided through government -funded energy concessions or hardship assistance to around 1 in 4 households in Australia.”

Mr Bradley said the national review should be undertaken in a timely way, to align with new national electricity rules requiring the introduction of more cost-reflective network pricing no later than 2017.

The two papers are available from the ENA Website

[ENA Information Paper: Supporting Vulnerable Energy Customers](#)

[HoustonKemp Options Paper: Supporting Vulnerable Energy Customers](#)

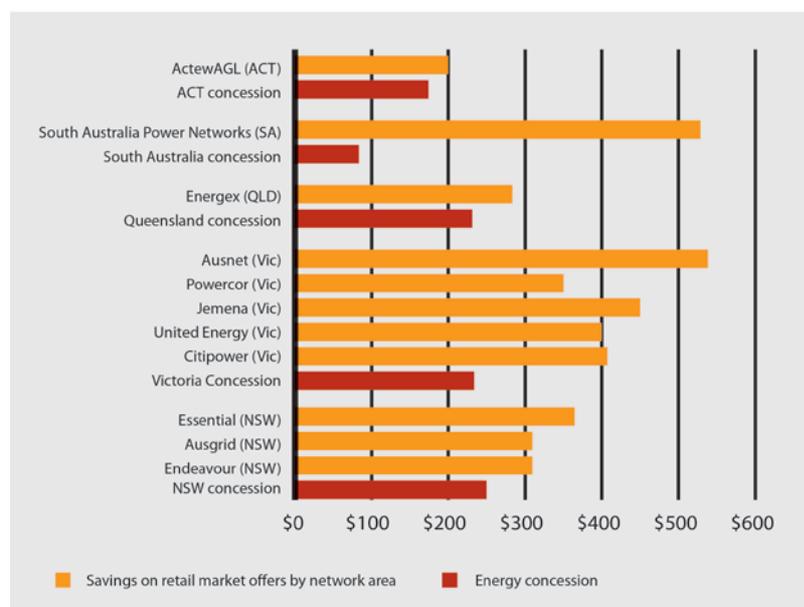
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Media Contact Emma Watts 02 62721514 or 0402 459 565

ENA is the peak national body for Australia’s energy networks; and represents gas distribution and electricity network businesses on economic, technical, environment and safety regulation as well as national energy policy issues.

Excerpt from ENA Information Paper: Supporting Vulnerable Energy Customers

Figure 3: Comparison of annual bill savings from shopping around and energy concession



Source: Australian Energy Regulator, Annual Report on the Performance of the Retail Energy Market, 2013-14