

2 November 2018

By email: emma.watts@theenergycharter.com.au

Emma Watts
Project Director
The Energy Charter

Dear Emma

Consultation Draft of the Energy Charter

Consumer Action Law Centre writes to respond to the Consultation Draft of the Energy Charter (**Draft Charter**). While we support this initiative, we consider that it is no replacement for an effective regulatory regime that ensures energy providers meet community standards and expectations.

Our feedback on the Draft Charter is as follows:

- Vision – we consider that it is a mistake for the vision to say nothing about emissions reduction or sustainability. While the vision talks of economic prosperity as well as social inclusion, this would be improved by being clearer about the expected interaction between the energy industry and the environment. Consumers want sustainable energy too. We would urge consideration of the “trilemma”, which Consumer Action discussed in its 2013 report on creating an affordable, secure and sustainable energy market.ⁱ
- Principle 1 – we consider that this principle could be more specific about the impact of misaligned incentives. Under current market arrangements, energy providers can be rewarded by not putting customers at the centre of their business and energy system. While this principle references remuneration structures, it might be more helpful if the charter said something about tackling or disrupting incentives that promote poor outcomes for consumers. We note the wording of principle in action 1.3 includes reference to employee rewards, but this could be clearer.
- Principle 2 – it would be clearer for this principle to state “we will seek to reduce prices for customers”. The principles in action could also say something about rejecting excessive differences in prices. We refer to this commitment from the Association of British Insurers as an example which could be replicated.ⁱⁱ
- Principle 3 – we support this principle, however we consider that it could be improved by more explicitly stating that industry will not over-invest at the expense of consumers.
- Principle 4 – we would urge reconsideration of the term “customer experience”. This term is largely corporate jargon and lacks clarity in meaning. As an alternative, we would encourage this to be redrafted as “We will improve customer service”.

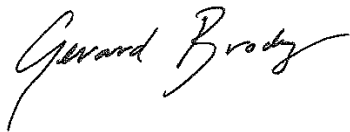


- Principle 5 – we support this principle. We consider that this principle to cover not only choice and access, but also bill payment and debt, as well as energy consumption. We would encourage the energy charter to look more closely at other initiatives that respond to customer vulnerability such as the proposed International Standard on Vulnerable Customers,ⁱⁱⁱ or the consumer vulnerability strategy produced by the UK energy regulator, Ofgem.^{iv}
- Finally, we note that the governance framework primarily focuses on self-reporting but involves a panel that can assess those reports, and evaluate performance. We urge that the charter be clear that the panel has a duty to call out and name poor performers, rather for this be hidden. It is only with this sort of transparency will there be incentives on energy industry participants to improve.

Please contact me on 03 9670 5088 or at gerard@consumeraction.org.au if you would like to discuss this with me directly.

Yours Sincerely,

CONSUMER ACTION LAW CENTRE



Gerard Brody
Chief Executive Officer

ⁱ Consumer Action, *A Policy Trilemma*, available at: <https://consumeraction.org.au/policy-report-a-policy-trilemma-creating-an-affordable-secure-and-sustainable-energy-market/>

ⁱⁱ Association of British Insurers, available at: <https://www.abi.org.uk/news/news-articles/2018/05/insurance-industry-takes-action-on-excessive-differences-between-new-customer-premiums-and-renewals/>

ⁱⁱⁱ International Standards Organisation, *Vulnerable consumers*, available at: <https://www.iso.org/committee/6614775.html>

^{iv} Ofgem, *Vulnerable Customer Strategy*, available at: https://www.ofgem.gov.uk/sites/default/files/docs/2013/07/consumer-vulnerability-strategy_0.pdf

