



The Energy  
Charter  
INDEPENDENT  
ACCOUNTABILITY  
PANEL



## The Energy Charter

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

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.

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

As a provider of 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.

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.

The Panel agrees 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. 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. 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.

### 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.

#### 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' 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 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

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

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

***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.***

## RECOMMENDATIONS

### The Panel recommends that Energy Charter Signatories:

#### Principle 1: We will put customers at the centre of our business and the energy system

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

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:
  - all customers who are struggling to pay their electricity or gas bills are moved to the best retail offer for their current circumstances; and
  - 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

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

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

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.