



14 July 2022

AGL Energy Customer Council Open Letter

Much of the policy discourse around the energy transition to date has focused on the supply side of the market, being the transition away from high carbon polluting generation sources to renewable sources of energy. However, we, the undersigned AGL Energy Customer Council members, believe that *people* (demand side) must be at the heart of the energy transformation.

For over 24 years AGL has sought advice from its Customer Council, one of the longest serving energy consumer advisory groups in Australia. With recent debate about the future structure of Australia's energy markets, the Customer Council has been reflecting on its progress and the challenges ahead for energy customers and specifically discussing the issue of fairness of the energy transition since second half of 2021. This is a summary of agreed priorities and considerations for policy makers, market bodies and the energy sector more broadly.

The time for action is now. With the pace of energy transition gaining unstoppable momentum, domestic and global market forces are throwing Australia into a whirlwind of decarbonisation, decentralised renewable energy, distributed (or consumer) energy resources and green technology. The cost of status quo and inaction is dramatically increasing energy costs and inequity. We need action now to ensure the energy markets of the future will be equitable. Whether all Australians will have an opportunity to participate in and benefit from the transition will be determined by the actions we take today. We call upon governments, policymakers, regulators, industry, consumer advocates and peak bodies to work together to ensure that the energy transition provides just outcomes for all consumers.

Affordability is dominating the social agenda. Energy prices in Australia having reached the low point of the cycle post-pandemic, are now rising sharply for both electricity and gas during the first half of 2022. Following the height of the pandemic, we continue to see an industry trend in growing consumer debt levels¹ compounded by an increase in number of individuals experiencing entrenched and enduring affordability issues. Beyond the energy sector, interest rate increases, and rising inflation will widen the gap between household resources and the cost of living for many Australians. In our vision of the future energy system, all consumers will have the opportunity to share in the benefits of the energy transition rather than this once in a generation change widening the gap even further. This will require solutions that not only overcome challenges relating to the gas and electricity sectors but also a reassessment and reorientation of our social policies, more broadly.

2025 and beyond. The Energy Security Board (ESB) is currently working to develop an energy framework that ensures Australians maintain access to reliable and adequate supply as the energy markets transform. A key component missing from the ESB work stream is active and vibrant engagement with consumers to create a vision of energy fairness in the new energy world.

The energy industry is already mobilising. Many innovative solutions and framework designs are currently being explored in the energy industry, such as the Australia Energy Regulator's 'game changer' initiatives which will support customers experiencing vulnerable and disadvantaged circumstances.

¹ [AFER media release on Quarterly Retail Performance Report Q3 2021-22](#), 29 June 2022; [Victorian Energy Market Report, March 2022](#), p28

Changes of this scale are inherently complex and require collaboration across all levels of governments, industry, and the community sector and how the costs of these will be shared, both now and in the future, will need to be considered at design stage. Some of the potential social reforms, tailored energy reforms and other energy opportunities are considered in the diagram on page 3.

A framework for success. There is no single solution that will ensure energy fairness for all Australians. Rather, we need to consider and develop a suite of well-constructed and targeted measures which go beyond the traditional approaches. As the traditional energy system is undergoing significant change, so should our thinking about the central role of the energy consumer. We want the government, Energy Ministers, Regulators, Department Heads, policymakers, and market bodies to address the following key structural questions for the energy transition through transparent, constructive, and effective dialogue and meaningful reforms:

1. **Co-responsibility** – Specifically, how will governments, the community, and the energy industry as a whole (including, retailers, networks, and generators) work together to support customers experiencing short-term, episodic, or entrenched vulnerability?
2. **Amplifying consumer agency** – How can innovative new solutions be used to strengthen consumers agency in controlling their own individual energy use, costs and transformation journey? Affordability and equitable access should be principles that are considered when developing measures that drive market reforms such as:
 - tariff design that is simple to understand and empowers consumers to make sound decisions about how they live;
 - solutions and tools that give people access to data from smart meters that allows them to understand how they use energy so they can make informed decisions;
 - government financial support that ensures consumers can participate and benefit from the new energy system; and
 - strong consumer protections to ensure that consumers can confidently engage with and adopt new energy products and services.
3. **Inter-generational fairness** – How can governments and policymakers ensure that the decisions we make today are sustainable and benefit future generations of energy consumers without transferring a huge cost burden? For example, further reforms to standards for housing will provide better energy efficiency and quality of life now and for future generations.

The AGL Energy Customer Council has run continuously for 24 years with a membership panel that includes some of Australia’s most experienced consumer advocates and industry representatives who work to advance the interests of a broad range of energy consumers in Australia. As the energy transition becomes a reality, we urge everyone to come together to work harmoniously and collaboratively on developing a framework that ensures every energy consumer gets fair and universal access to our new and modern energy system.

Yours sincerely,

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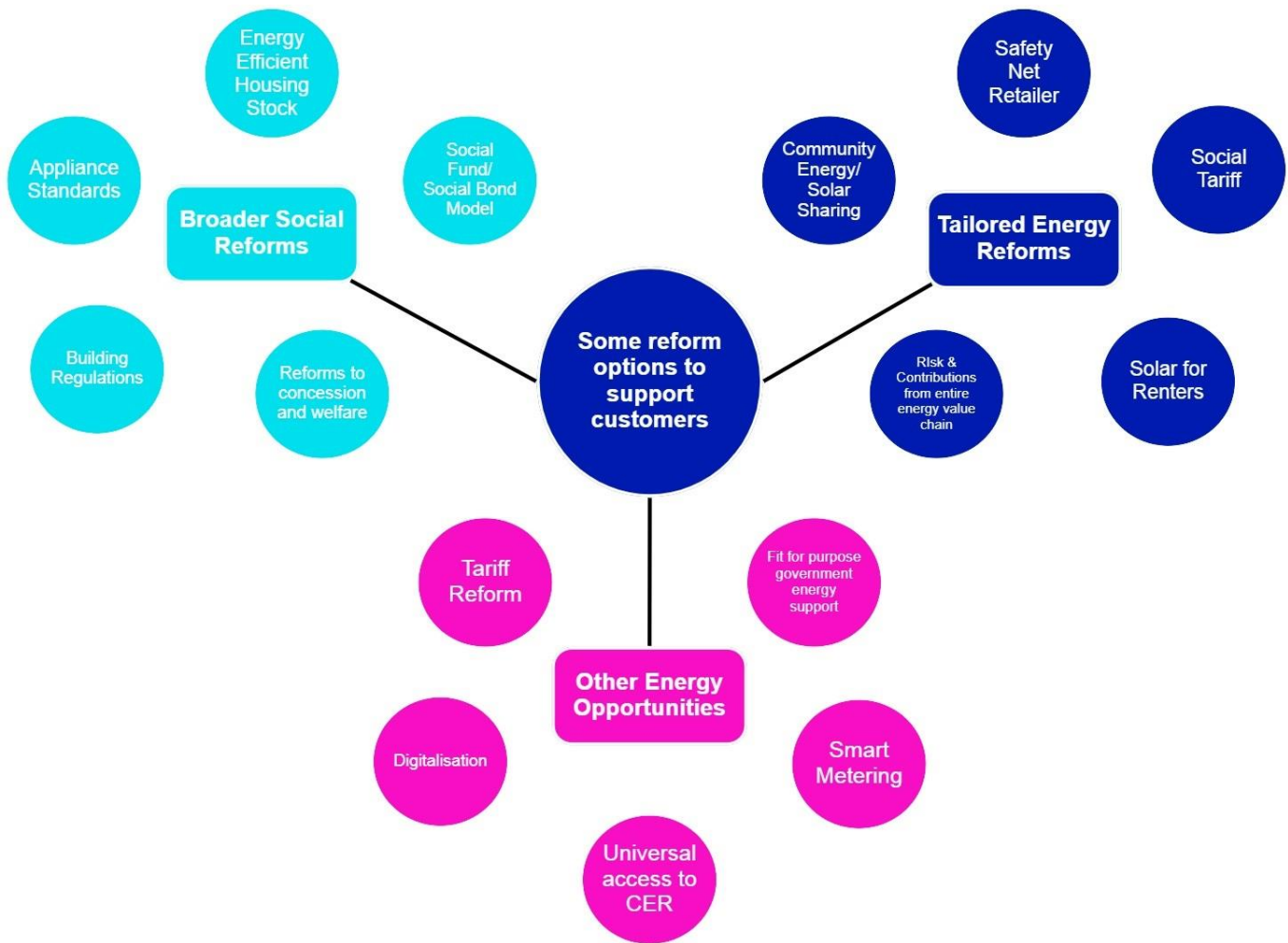


Diagram 1 illustrates some of the opportunities and reforms available in the energy sector and beyond to ensure consumers have an opportunity to access the benefits that the energy transition has and will unlock.