



## Customer Council Open Letter 2023

The actions taken today will determine whether all Australians will have an equal opportunity to participate in and benefit from the energy transition. We call upon governments, policymakers, regulators, industry, consumer advocates and peak bodies to work together to ensure the energy transition provides equitable outcomes for all consumers.

We strongly believe that people, equity, and fairness must be at the heart of the energy transformation. It is incumbent on us to make sure the actions we take now ensure the energy markets of the future will achieve these objectives.

**Affordability continues to be a key concern.** As foreshadowed in [our previous letter](#), energy prices have increased significantly.\* This is putting extra pressure on energy consumers who are already stretched by other cost-of-living pressures due to inflation and interest rate rises.

In our vision of the future energy system, all consumers should have the opportunity to share in the benefits of the energy transition. This will require solutions that not only overcome challenges relating to the gas and electricity sectors, but also a reassessment and reorientation of Australia's social policies more broadly.

**The energy transition is powering ahead at pace.** Although there have been some recent delays in the delivery of major projects, energy products and services are transforming rapidly, due to new technologies and to meet the imperative to act on climate change.

As part of this transformation, many innovative solutions and framework designs are currently being explored across the energy industry. Changes of this scale are inherently complex and require collaboration across all governments, industry, and communities.

We must consider how the costs of these changes will be shared, both now and in the future, including an orderly and coordinated exit from the use of fossil fuels for energy. As part of this consideration, we must ensure that we have appropriate cost allocation frameworks in place so that all consumers pay their fair share towards the energy transition.

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\* In 2023, the Default Market Offer (DMO) for residential customers increased by 19.6% to 24.9% for residential customers and 14.7% to 28.9% for small business customers. The Victorian Default Offer (VDO) increased by 25%.

**Our framework of success.** As the traditional energy system is undergoing significant change, so should our thinking about the central role of the energy consumer.

We want governments, energy ministers, regulators, policymakers, and market bodies to urgently address the following key structural elements for the energy transition through transparent, constructive, and effective dialogue and timely and meaningful reforms:

1. **Co-responsibility**

Governments, the community, and the energy industry (including retailers, networks, generators, and other energy service providers) must continue to work together to support customers experiencing short-term, episodic, or entrenched vulnerability.

2. **Amplifying consumer agency**

Innovative solutions, leveraging new technologies and modern approaches, should be used to strengthen agency in supporting consumers to control their energy use, costs, and transformation journey.

3. **Equity**

Governments and policymakers must ensure the decisions we make today are sustainable and benefit current and future generations without transferring a major cost burden.

**Short-term actions and longer-term change.** Governments and industry participants have made various announcements to try and meet these challenges, which have primarily focussed on energy bill relief, energy efficiency and electrification for households, energy performance improvements for small business, and decarbonisation initiatives for industrial enterprises.

Building on this momentum, we make the following recommendations to government and industry.

**Immediate actions – shape the right customer supports across the nation**

Current customer support mechanisms for energy customers should be more nationally consistent, easier for retailers to administer, and deliver enduring value for customers doing it tough.

Governments and industry should, wherever possible:

- Harmonise state concessions schemes and energy relief grants programs to create a more targeted and unified concessions framework across Australia.
- Fast-track the roll out of smart meters across Australia to unlock potential consumer benefits, prioritising customers experiencing vulnerability.
- Accelerate business energy upgrades including through durable, accessible bonus tax deductions to businesses for items that will improve energy performance permanently, and funding pilots demonstrating best practice in decarbonisation, energy efficiency, and energy cost reductions within different commercial sectors.

## Strategic focus – Clearly articulate where the industry needs to go

With recent statements from the Energy and Climate Change Ministerial Council highlighting an increased willingness for governments to work together towards common aspirations, there has never been a better time to coordinate on the challenge of delivering a fairer and more equitable decarbonised energy system.

This requires a coordinated approach and a consistent long-term ambition. While the immediate actions proposed above will help, we also strongly encourage government and industry to look at the structural and strategic issues associated with the current energy market and associated frameworks to ensure they continue to be fit for purpose.

With the right focus on immediate actions and a long-term view, we believe all customers can benefit from the energy transition, and Australia can achieve a more prosperous and equitable future energy system where all customers have access to clean and affordable energy.

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