



**Submission in response to Stakeholder Consultation Paper:
Energy Smart Capital – An Energy Efficiency Scheme for the
ACT**

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About Care Inc

Care Inc Financial Counselling Service (Care Inc) has been the main provider of financial counselling and related services to low to moderate income and vulnerable consumers in the ACT, since 1983. Care's core service activities include the provision of information, counselling and advocacy to low income and vulnerable consumers experiencing problems with credit and debt. Care also has a Community Development, Education and Research program, makes policy and law reform comment on issues of importance to its client group and has operated the ACT's only No Interest Loans Scheme since 1997.

In late 2002, Care was selected as the host agency for the Consumer Law Centre of the ACT. The CLC was officially opened in January 2003 and offers a range of legal services including representation and litigation in relation to consumer law issues. The service employs a full-time practicing solicitor.

Across Care's service delivery programs, the agency responds to over 2000 new requests for assistance every year.

Comments

Thank you for the opportunity to provide comments on the Energy Smart Capital *Energy Efficiency Scheme for the ACT* Stakeholder Consultation Paper. We are supportive of any initiatives that encourage energy efficiency and that aim to reduce greenhouse gas emissions. The benefits to the community of reduced energy consumption and lower energy costs are important for Care's client group, who are primarily low to moderate income consumers, as well as to the broader community.

Care welcomes the consultation paper's recognition of social equity as being an important consideration and principle outcome of any proposed scheme. This provides a platform for an inclusive scheme. Linking and promoting the concepts of reduced energy usage and associated lower energy costs should be promoted as an inclusive message where all members of the community are supported to be part of a cleaner and more efficient energy future.

Care is not able to make comment on the relative merits of any specific energy efficiency measures or on existing schemes operating in other jurisdictions as it is outside of our area of expertise. There is clearly value in reviewing existing schemes and exploring compatibility with the ACT market. It is also essential in this process that there is consideration of the specific climatic conditions and population needs in the ACT jurisdiction. The ACT experiences particularly harsh winter temperatures so a focus would need to be on energy efficiency measures that reduce heating costs.

We agree though that any measures being considered should be broad, flexible and cost effective. Including the non residential sector has the potential to reduce overall energy costs and we would therefore support such a proposal. Low income earners can benefit from the general reduction in costs in addition to deriving benefits from direct participation in the scheme. Similarly, in order to include as many energy retailers as possible, we are in agreement that the threshold be set at 10,000MWh sales per annum.

It appears from the consultation paper that the energy efficiency obligations will be restricted to electricity retailers. There are a large number of ACT households that rely on natural gas for heating and hot water. Care would therefore be in favour of including both electricity and gas suppliers in the program.

We have limited our comments below to addressing the impact of any measures on our core client group. In particular, it is imperative that any future energy efficiency measures do not inadvertently entrench or increase disadvantage. The Feed-InTariff scheme for example, provides many financial and environmental benefits for those in the community who are able to participate. The cost of the scheme is shared by the rest of the community including those on low incomes in the rental market who are unable to participate in the scheme and are generally least able to absorb any increase in energy costs.

Energy audits

Priority for energy audits should be given to groups most at risk of experiencing energy poverty. These groups are amongst the most vulnerable and disadvantaged in our community and Care identifies the following as priority groups:

- recipients of an Energy Concession (currently open to holders of Centrelink Pensioner Concession Card, Centrelink Low Income Health Care Card and Veteran's Affairs Pensioner Concession Card.)
- holders of Department of Veterans Affairs Repatriation Health Card (Gold)

Care also identifies the following as being priority groups

- households renting in the private rental market
- low income home owners who do not qualify for the above Energy Concession
- households accessing utility providers' hardship programs
- households accessing ACAT-EW assistance.

There is a danger that the costs of implementation of any scheme will be passed from utility providers to consumers, and in particular to low income consumers, who are impacted disproportionately by increases in costs.

Care notes the stakeholder paper draws attention to the REES (South Australian Residential Energy Efficiency Scheme) requirement that retailers 'be price competitive in the delivery of energy efficiency services so as to minimize pass-through costs to their customers'.¹ For many low income customers there should be *no* pass through costs.

While in theory an energy audit with implementation of recommendations will lead to lower energy consumption and therefore decreased energy costs, low income consumers will be unable to benefit from the proposed energy audits unless there is concrete practical assistance to follow up the audit (the most basic being things like draft stoppers and curtains).

Care agrees that the number of energy audits to be completed for low income households will need to be specified as this group of consumers may otherwise be overlooked.

Possible flow through costs to tenants is a concern for low income private renters in particular. Landlords of private rental properties have little incentive to follow through on energy audit recommendations as they do not directly benefit from any changes. The stakeholder consultation paper recognises the issue of 'split-incentives'; finding ways to include low income private renters will be important. Care is also of the view that there should be more legislative requirements on landlords to improve the energy efficiency of their buildings. We note that The ***Residential Tenancies (Minimum Standards) Act Amendment Bill 2011*** is currently before the Act Legislative Assembly for consideration. The bill seeks to set minimum standards for properties that are made available for rent in the ACT, including public housing.

There are currently programs such as WEST and WEST Plus that provide low income households support and assistance to reduce energy consumption and costs. New or reworked programs should take into consideration those already in existence. The WEST Plus program for example targets low income private renters and home owners, and tenants of Housing ACT. The program is free of charge and in addition to the provision of home energy audits, there is capacity for a modest retrofit. It is important that any new measures complement rather than replace existing initiatives. Energy retailers would need to be made aware of these programs and have processes in place to refer eligible customers. Given that this may increase demand on these programs it is essential that the Government commit adequate resources for the continuation of such programs.

¹ [Energy Smart Capital](#) Stakeholder Consultation Paper 20/05/11 p7

Over the last decade utility prices have risen strongly and all indications are that there will continue to be steep increases in the cost of energy in future years. Fuel poverty is an issue in the ACT and a concern for many community agencies who work with low income and vulnerable consumers. It is therefore crucial that the ACT Government invest in programs that deliver energy efficient outcomes that will reduce the overall cost of energy, and ensure that such initiatives are accessible to low income households.