ACOSS Submission Senate Inquiry into Fair Dinkum Power

March, 2019

Who we are

ACOSS is the peak body of the community services and welfare sector and the national voice for the needs of people affected by poverty and inequality.

Our vision is for a fair, inclusive and sustainable Australia where all individuals and communities can participate in and benefit from social and economic life.

What we do

ACOSS leads and supports initiatives within the community services and welfare sector and acts as an independent non-party political voice.

By drawing on the direct experiences of people affected by poverty and inequality and the expertise of its diverse member base, ACOSS develops and promotes socially and economically responsible public policy and action by government, community and business.

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Contents

1 Inquiry Terms of Reference

a. the potential for empowering energy consumers to play a more important role in the National Electricity Market, through providing diverse services in:

   i. energy generation,
   ii. demand response and energy efficiency,
   iii. grid stability and reliability services,
   iv. alternatives to conventional network investment, and
   v. peer-to-peer trading between households and businesses;

b. the potential for these services to deliver lower energy costs and increased energy reliability;

c. the changing role of retailers in the National Electricity Market in light of the growing empowerment of consumers;

d. the impacts of privatisation;

e. regulatory reforms which would empower energy consumers, including the following key groups:

   i. households, including low income households and renters,
   ii. farms,
   iii. small businesses, and
   iv. major energy users;

f. the likely long-term impacts, including to emissions, reliability and stability, of energy consumers playing a larger role; and

g. any other related matters.

2 Introduction

ACOSS welcomes the opportunity to make a submission to the Senate Inquiry into Fair Dinkum Power. ACOSS' views about the energy transition comes from our role representing the interests of people on low-incomes and those experiencing the impacts of poverty and disadvantage in Australia, as well as our role as the peak body for the community services sector.

ACOSS views affordable, clean, reliable energy as essential. It is critical to the health, wellbeing, economic participation and social inclusion of Australians.

ACOSS also supports the imperative to reduce greenhouse gas emissions and shift away from fossil fuels, like coal and gas, to clean and renewable energy. People experiencing poverty and disadvantage are usually the first and hardest hit by the impacts of climate change caused by the burning of fossil fuels such as coal and gas, yet they often have the least capacity to cope, adapt and recover.[1] Limiting global warming is critical.

However, if the transition to a clean energy and a net zero economy is not managed well, is not inclusive and equitable, people experiencing poverty and disadvantage are likely to be worse off.

[1] Mallon, K, Hamilton, E, Black, M, Beem, B & Abs, J 2013, Adapting the community sector for climate extremes: Extreme weather, climate change & the community sector – Risks and adaptations, National Climate Change Adaptation Research Facility, Gold Coast, 286 pp. (www.nccarf.edu.au/publications/extreme-weather-climate-change-community-sector)

Recent energy price increases have disproportionately affected certain vulnerable groups. A report by ACOSS and the Brotherhood of St Laurence, *Energy Stressed in Australia*, found that low-income households are paying disproportionately more of their income on energy bills, and this has risen since 2008. The lowest-income households now spend on average 6.4% (compared to 5.9% a decade ago) of their income on energy, while the highest-income households spend on average 1.5% (compared to 1.4% a decade ago). Our research shows that it is not just the price of energy, but the size of the bill and capacity to pay that contributes to unaffordable energy bills.[2]

Current failure to properly manage the energy transition is contributing to price rises, in addition to high network costs, retail price gouging and high gas prices. Any additional costs resulting from a transition to clean energy are keenly felt. However, it is clear that certainty in climate and energy policy is sorely needed and when we get it, it should keep costs down.

The shift from a centralised grid to a more decentralised and diversified one, creates both opportunities and benefits, it also potentially creates risks and losses. [3]

For example, CSIRO predict up to 66 per cent of households will generate some energy by 2050.[4] While such a shift is modelled to provide greater efficiency in the system and save the average household $414 annually compared with a future based on business as usual, the CSIRO research noted some will benefit more than others.

Put plainly, there are concerns that, without significant policy and regulatory reform, the future energy market will create a two-tiered system between those who can access and afford distributive energy resources and those who cannot, further widening the gap between the haves and the have-nots.

This inequity is further exacerbated when incentives to support the uptake of distributive energy are recouped in a regressive manner through electricity bills, rather than more progressive means, such as on budget. Those with distributive energy contribute less.

As an essential service, it is critical that the most vulnerable in our society can access affordable clean electricity. Given that at this point in time not all can access distributive energy products and services equitably, consideration must be given how our future energy system is structured and what programs and policies need to be put in place to ensure how everyone can benefit, in particular low-income and disadvantaged households.

3 Low-income and disadvantaged households pay more and have less choice and control

In Australia the price of electricity has increased by 117% or 76% (in real terms) and gas increased by 89%, (53% in real terms) over the last decade.[5]

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[2] ACOSS, BSL, TCI (2017) Empowering disadvantage household's to access affordable, clean energy. https://www.acoss.org.au/wp-content/uploads/2017/07/ACOSS_BSL_TCI_Empowering-households.pdf

[3] Energy generation, demand response and energy efficiency, grid stability and reliability services, alternatives to conventional network investment, and peer-to-peer trading between households and businesses;

[4] Energy Networks Australia and CSIRO (2017) 'Electricity Network Transformation Roadmap: Final Report', http://www.energynetworks.com.au/sites/default/files/entr_final_report_web.pdf

[5] ACOSS and BSL (2018) Energy stressed in Australia. https://www.acoss.org.au/wp-content/uploads/2018/10/Energy-Stressed-in-Australia.pdf

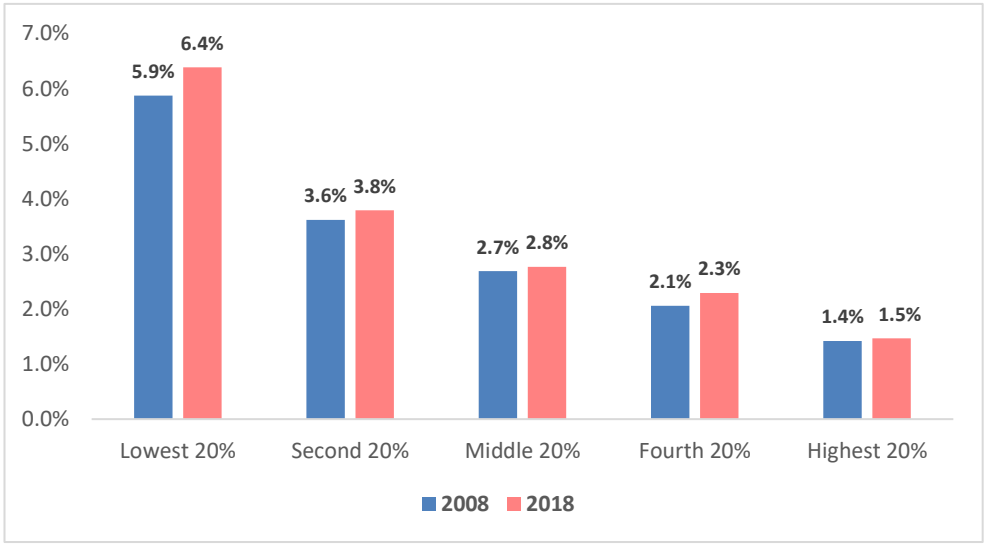
A recent report released by ACOSS and Brotherhood of St Laurence, *Energy Stressed in Australia*,[6] finds that despite very strong energy price increases over the past decade there has been relatively little change in average energy costs compared to incomes. The average share of energy costs to disposable income increased from 2.3 per cent to 2.4 per cent over the last decade.

However, the analysis found that some groups pay disproportionately more of their income on energy bills, and that their energy costs have risen more sharply since 2008, contributing to an increase in inequality and poverty. These groups include people on low-incomes, people on Newstart and Youth Allowance, sole parents, single pensioners and renters.

Low-income households are hit hardest by high energy bills

As shown in figure 1, on average, low-income households spend 6.4% of their income on energy (after concessions are taken into account), while high-income households (highest 20% of the income spread) spend far less relative to their incomes – an average of 1.5%.

Figure 1. Electricity and gas expenditure as a percentage share of income by disposable income quintiles



This graph shows energy expenditure as a share of income by each 20% of households, the lowest 20% of households by disposable income and the highest 20%.

One in four (roughly 455,604 households) are now paying over 8.8% of their income on energy (electricity or gas). This is up from 7.6% in 2008.

This is despite the fact that low-income households appear to use less energy, spending less in dollar terms per year.

Energy expenditure is reaching unprecedented levels in certain population groups

Those households dependent on income support payments such as Newstart and similar allowances are hit hardest by high prices, with one in four of these households spending more than 9.7% of their incomes on energy. The plight of some Newstart recipients has deteriorated dramatically since 2008, when a quarter were spending over 7.7% of their incomes on energy.

[6] ACOSS and BSL (2018) Energy Stressed in Australia. https://www.acoss.org.au/wp-content/uploads/2018/10/Energy-Stressed-in-Australia.pdf

Those households whose main source of income is either pensions (such as Age Pension, Disability Support Pension and Parenting Payment) or other government benefits (such as Carers Allowance and Family Tax Benefit B) are also spending more of their income on energy. One in four households on pensions spend more than 6%, and one in four on 'other government benefits' spend more than 8%.

Single parent and lone person households (many of whom are reliant on Government pensions) spend more of their income on electricity and gas than many other household types. One in four single parent households are paying more than 5.3% and lone person households paying more than 5.7%. Women make up the vast majority of single parents (82%)[7] and recipients of Parenting Payment Single (95%)[8].

Other groups not able to be identified specifically in *the Energy Stressed in Australia* research that other research has found to be vulnerable to energy stress include: Aboriginal and Torres Straight Islanders; people from cultural and linguistically diverse backgrounds; people with disabilities or medical conditions; and low-paid wage earning households.[9]

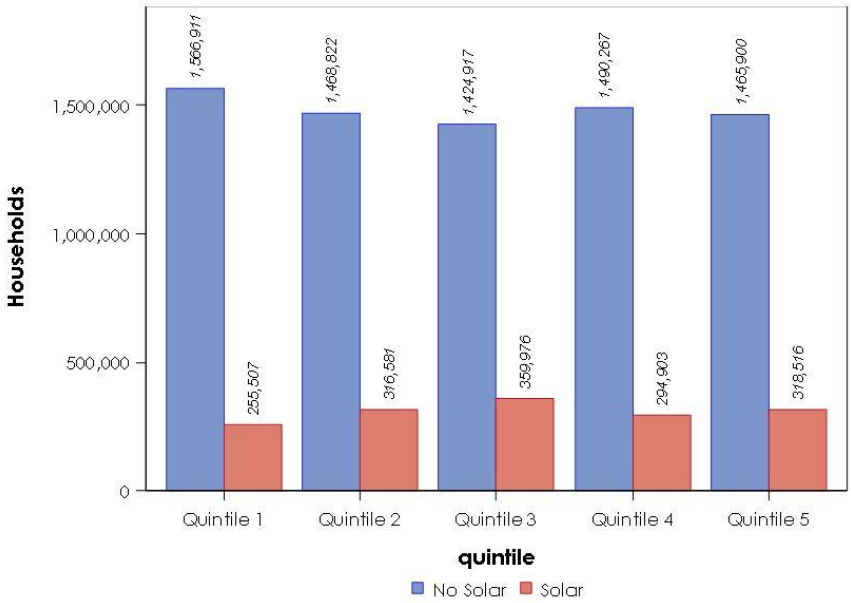
People on low-income more likely to live in inefficient homes and have less solar

People on low incomes and low-wealth are more likely to live in inefficient homes, have less efficient appliances[10], and less likely to have solar power.

The *Energy Stressed in Australia* report found that around 17% of Australian households now have solar panels, reducing their energy bills by an average of $400 per annum.

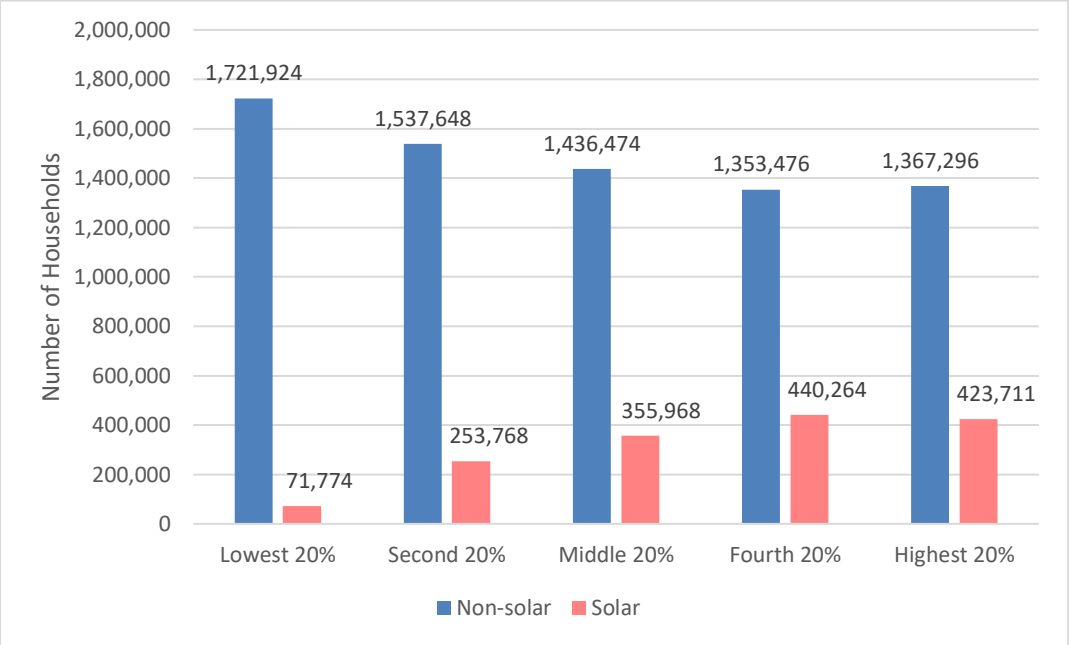
While ownership of solar panels is fairly consistent across income levels (see figure 2), it varies more greatly between wealth quintiles (see figure 3). This is in part because many older people have relatively low incomes but own their own homes and can afford solar panels with the help of government programs.

Figure 2. Solar Panel Households by Income Quintile



[7] Australian Bureau of Statistics (ABS): Census 2016.
[8] Department of Social Security (2018): Administration data, March 2018.
[9] ACOSS, BSL, TCI (2017) Empowering disadvantage household's to access affordable, clean energy. https://www.acoss.org.au/wp-content/uploads/2017/07/ACOSS_BSL_TCI_Empowering-households.pdf
[10] ACOSS (2013) *Energy Efficiency and People on Low Incomes*, http://www.acoss.org.au/images/uploads/ACOSS_ENERGY_EFFICIENCY_PAPER_FINAL.pdf

Figure 3 Solar Panel Households by Wealth Quintile



Renters are particularly vulnerable

People renting their homes are of particular concern. For example, in the Australian Capital Territory (ACT), 43% of rental properties are 0 star rated.[11] A report by QCOSS *Choice and Control*,[12] found that while approximately 80% of Queensland owner-occupiers have insulation, only around 40% of renters do. Similarly, approximately 40% of owner-occupiers have solar power, while only 4% of renters do.

Thirty-nine per cent of people on low incomes live in rental properties, and they are twice as likely to be renting as those in the highest income quintile. Sole parents are more likely to be renting than couples, as are people on Newstart and newly arrived migrants.

Most (74%) low-income renters rent from a private landlord (DSE 2009)[13] and private renters are significantly more likely to enter energy hardship programs than owner-occupiers.[14]

Unaffordable energy bills creates more hardship

Our research finds that it is not just the price of energy, but the size of the bill and capacity to pay that contributes unaffordable bills and energy stress.[15]

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[11] https://www.allhomes.com.au/news/canberra-renters-in-worst-properties-in-the-market-according-to-new-report-20180413-h0ypdm/.

[12] Queensland Council of Social Service (QCOSS) (2017) *Choice and Control? The Experiences of Renters in the Energy Market*, https://www.qcoss.org.au/choice-and-control-experiences-renters-energy-market.

[13] DSE 2009: Housing condition/energy performance of rental properties in Victoria. Department of Sustainability and Environment July 2009

[14] IPART 2010: Independent Pricing and Regulatory Tribunal of New South Wales (IPART) (2010) Residential Energy and Water Use in Sydney, the Blue Mountains and Illawarra: Results from the 2010 Household Survey, Sydney, IPART.

[15] ACOSS, BSL, TCI (2017) Empowering disadvantage household's to access affordable, clean energy. https://www.acoss.org.au/wp-content/uploads/2017/07/ACOSS_BSL_TCI_Empowering-households.pdf

People's response to energy stress reveals itself in the number of different ways:

- Households who are unable to pay their energy bills on time and end up in energy retailer hardship programs or get disconnected.
- Households who restrict their energy usage to the detriment of their health or well-being, for example living in a very cold home in winter or hot home in a summer heat wave. This often affects people's health.
- Households who trade off other parts of life for energy, for example forgoing school excursions, going without food, or not paying rent.

There are more than 3 million people in Australia living below the poverty line, including 739,000 children.[16] Many, especially those renting privately, are likely to experience energy stress.

People on Low-incomes or experiencing disadvantage have less choice and control

Increasingly, consumers are being required to engage in their home energy usage if they want to lower their energy bills. While there is some evidence that some at-risk households do engage actively in the energy market to find the best deals, other people face limits and barriers.

Some of the limits and barriers to engage with the market include:

- lack of capital;
- lack of access due to rental or geography;
- language and literacy barriers;
- health issues or disabilities;
- low trust in the energy market and new services;
- complexity, confusion and lack of transparency;
- increased complexity

These limits and barriers increases people's vulnerability.

There is potential to empower consumers to play a more active role in the energy market that could lead to lower bills, more reliable and stable grids, and contribute to emissions reductions. Yet, unless there is reform to ensure low-income and disadvantaged household are not left behind, we could be creating another poverty divide.

4 Distributive and decentralised energy services: opportunities and risk

Energy generation, demand response, energy efficiency, peer-to-peer trading and other new energy services can provide many opportunities including:

- reduced energy bills,
- improved grid stability and reliability;
- avoiding the need to build large scale and peak generation facilities;

[16] ACOSS and UNSW (2018) Poverty in Australia 2018 https://www.acoss.org.au/wp-content/uploads/2018/10/ACOSS_Poverty-in-Australia-Report_Web-Final.pdf

- supporting a faster transition to clean energy;
- reducing greenhouse gas emissions.

For example, the CSIRO and Energy Networks Australia (ENA) predict up to 66 per cent of households will generate some energy by 2050.[17] The shift is modelled to provide greater efficiency in the system, reduce the need for significant investment in traditional poles and wires ($16 billion by 2050), improve reliability and security, pay customers for grid support, and save the average household $414 annually compared with a future based on business as usual.

However, the report also examined the difference between 'active participants' – those who could access solar and batteries – and those who could not or did not. The report showed that all were better off under the roadmap scenario (cheaper bills) than the counterfactual scenario. Active participants were better off than passive ones, and the gap between active and passive cohorts narrowed by between 30 to 66 per cent depending on household type.

The three million people in Australia living below the poverty line and the millions in private rental or public housing are least likely to have choice and control, and most likely to miss out.

Without specific policies to address this inequality, ACOSS is concerned that the future energy market will create a two-tiered system - those who can access and afford and household solar and storage and those who cannot.

There are some good examples of programs that are benefiting low-income and disadvantaged households.

The South Australian Government is implementing a solar and battery program for 24,000 community housing where all tenants of the community homes benefit even if their home is not suitable for solar or battery.[18] The Queensland Government is piloting the installation of solar energy on public housing[19] in three locations. St George Community Housing have invested in building new and retrofitting older community houses to incorporate energy efficiency and solar PV with support from the Clean Energy Finance Corporation (CEFC) and NSW Government. Residents are saving up to $570 dollars each year per property. [20]

The Moreland Energy Foundation in Victoria focus on providing local communities with energy advice and support to invest in affordable renewables for low-income earners and the community.[21]

For private renters, landlords have no incentive to invest in energy saving measures, even when these measures are free. City councils including Darbin in Melbourne[22] and the City of Adelaide[23] are providing programs to remove up-front costs of installing solar for landlords. The NSW Government announced in 2018 a $24 million program to provide discounts for upgrades to more than 20,000 rental homes to enable low-income renters to benefit from energy efficient measures.[24] Upgrades could include more energy efficient lighting, heating and hot water systems. A community group in regional NSW has teamed up with the not-for-profit CORENA fund to give landlords interest-free loans to install solar on

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[17] Energy Networks Australia and CSIRO (2017) 'Electricity Network Transformation Roadmap: Final Report', http://www.energynetworks.com.au/sites/default/files/entr_final_report_web.pdf

[18] https://virtualpowerplant.sa.gov.au/virtual-power-plant

[19] https://www.qld.gov.au/housing/public-community-housing/public-housing-tenants/during-your-tenancy/solar-panel-trial

[20] http://www.sgch.com.au/reducing-energy-poverty-in-community-housing/

21 See for example: https://www.mefl.com.au/news/unaa-awards/#more-2524 and http://www.theleader.com.au/story/4071387/power-bills-to-be-cut/

[22] http://www.darebin.vic.gov.au/Darebin-Living/Caring-for-the-environment/EnergyClimate#Solar-Programs

[23] https://yoursay.cityofadelaide.com.au/solarsavers

[24] https://www.environment.nsw.gov.au/energyefficiencyindustry/new-energy-efficiency-measures-announced.htm

their rental properties.[25] Private enterprises like SunTenants[26] and Matter[27] are providing business models where tenants and landlords save money. However, without mandatory requirements for rented properties to meet minimum energy standards, landlords are unlikely to invest in energy efficiency and install solar at the low end of the rental market.

Some Indigenous communities are benefiting from solar power, helping to reduce energy bills, create jobs, grow communities, and care for the land. They are being delivered by a mix of government funding such as the ARENA and Northern Territory Government project at Daly River[28] and private investment such as the Indigenous Business Australia partnership with Indigenous corporation AllGrid Energy in the Barkly tablelands[29].

There are a number of small peer-to-peer trading pilots occurring around Australia which could provide benefits to those actively engaging or lucky enough to have a donor. [30] There could be more systematic benefits from a redesign of the grid and energy market.[31]

In the future all new properties may have clean energy measures embedded as standard. The CEFC has recently partnered with Mirvac[32] to embed clean energy measures in residential communities in Sydney and Brisbane that will meet 90% of household consumption.

While these examples are heartening, we are not doing enough. Initiatives to date have been small-scale, slow and piecemeal.

Emerging technologies that automate efficient energy use in the home, store energy, sell excess energy into the grid or provide it to those without access to solar, could provide significant benefits to low-income and disadvantaged households. But they need to be systematic and easy to use.

Those on low-incomes and experiencing disadvantage have different needs and require different solutions. ACOSS fears leaving the solutions purely up to the market and fragmented government policies will not be enough to reduce cost of living pressures and household power bills for all.

It is incumbent on governments, the energy sector and developers of emerging technology to priorities the removal of barriers and **invest first** in programs to deliver clean energy solutions to low-income and disadvantage households. This will not only relieve energy and financial stress but create benefits, it will have positive social, health, and economic outcomes for communities.

5 Rethinking our energy System

The structure of the current energy system and market is no longer fit for purpose.

For example, Western Australia energy provider, Western Power, argues:

> *The old ways of designing and building the electricity network are gone.*

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[25] https://corenafund.org.au/big-win-projects/current-breakthrough-projects/
[26] https://www.suntenants.com/
[27] http://go.matter.solar/going-solar
[28] https://arena.gov.au/projects/northern-territory-solar-energy-transformation-program/
[29] https://www.theguardian.com/sustainable-business/2016/jul/26/people-powered-renewable-energy-project-changes-indigenous-lives-in-barkly
[30] https://onestepoffthegrid.com.au/tag/peer-to-peer-trading/
[31] See for example https://onestepoffthegrid.com.au/virtual-power-plants-will-change-energy-business/
[32] https://www.cefc.com.au/media/files/cefc-and-mirvac-to-help-homebuyers-reduce-energy-costs-at-new-masterplanned-communities.aspx

To improve your power supply, keep network costs down and respond to customer demand for renewable energy choices, we're evolving from a network built solely on transmission and distribution lines to a modular grid.

That's a grid that connects solar, batteries, advanced meters, microgrids and stand-alone power systems seamlessly with the essential poles and wires.

To deliver a true modular network, the regulatory framework we adhere to requires amendments. It's not fit for purpose and we are working with regulators to help us exploit new technology for the benefit of our customers.

AEMO and Energy Networks Australia, have also recognised the system is no longer fit-for purpose and regulatory and market reform is needed. They have joined forces to establish the Open Energy Networks consultation on how best to transition to a two-way grid that allows better integration of Distributive Energy Resources for the benefit of all consumers.[33] ACOSS is concerned the Open Networks consultation is too focused on the shorter-term technical and regulatory challenges, which while important, we need to explore systemic approaches to build energy networks that are inclusive and equitable.

Further ACOSS is concerned that instead of treating energy as an essential service, our future energy system is being driven by this notion that:

- all consumers will become prosumers[34], ignoring the barriers that exists for many people, and
- that more choice is good, ignoring the costs and complexity that 'choice' has created;

Building in the needs of vulnerable households into new energy solutions and services will be critical to ensure our future energy system and society is inclusive and more equitable.

If we take bold steps now, Australia's smart energy revolution will address inequality, not further entrench it.

Recommendation 1: ***The federal Government established a taskforce to consider what the future energy system should look like under a more decentralised and distributive system including changes to the grid and market structure, regulation, and policies, to ensure a more centralised and distributive energy system systematically benefits all consumers, including people on low-incomes.***

The taskforce must include consumer representative, including low-income and disadvantage households.

6 Interim policies to support low-income and disadvantage households participate in new energy opportunities

Support low-income and disadvantage households access energy efficiency and solar

While there are some energy efficiency programs being run by state and territory governments, the Clean Energy Finance Corporation and community groups, major problems remain:

- With some notable exceptions, many programs run for short and uncertain periods of time. This increases their transaction costs and reduces certainty for industry.
- Many of the programs are not of a sufficient scale to address the problems they face.

[33] https://www.energynetworks.com.au/sites/default/files/open_energy_networks_consultation_paper.pdf
[34] Proactive consumer

    - They often invest in only small ticket items and not where large-scale savings can be made, such as hot water and insulation.
    - They are not systematic, and therefore only reach a small proportion in need.
- Only some tailored programs include rooftop solar PV.
- Landlords to date have not shown interest in investing in energy efficiency of their investment properties, even when programs like the national insulation scheme have been at no cost.

A recent report from ACOSS and BSL, *Affordable, clean energy for people on low incomes*,[35] modelled the potential savings investment in energy efficiency or energy productivity (solar panels) and found significant savings.

Three energy efficiency scenarios were modelled:

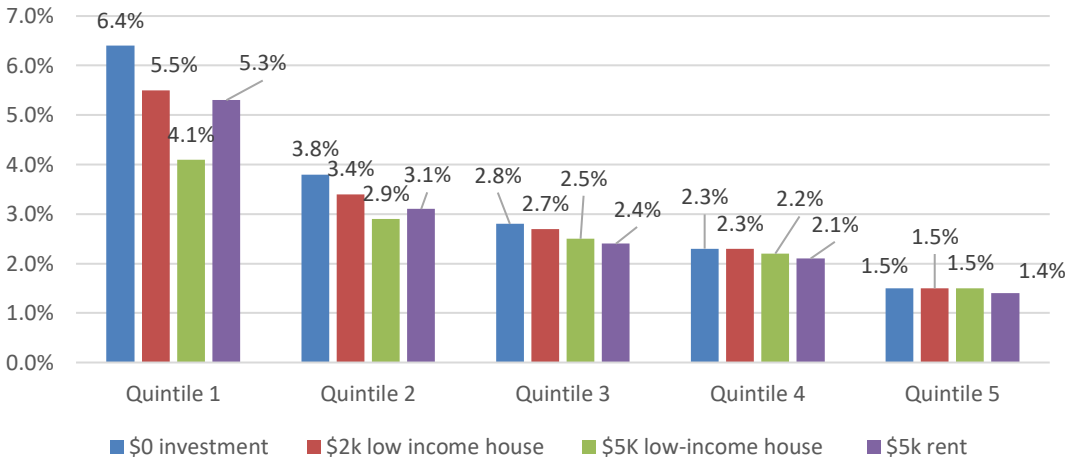
- $2,000 investment for low-income households;
- $5,000 investment for low-income households;
- $5,000 investment through rental standards

Potential savings for apartments could be between $128 and $246 per annum, depending on climate zone and size of investment.

For houses, the potential savings were larger, from $310 up to $1,749 depending on climate zone and size of investment.

The report also modelled the energy efficiency scenarios across household types, finding significant benefits to low-income households. Figure 4 shows there are positive changes to energy expenditure as a percentage share of income

Figure 4. Electricity and gas expenditure as a percentage share of income by income quintiles and by different energy efficiency scenarios

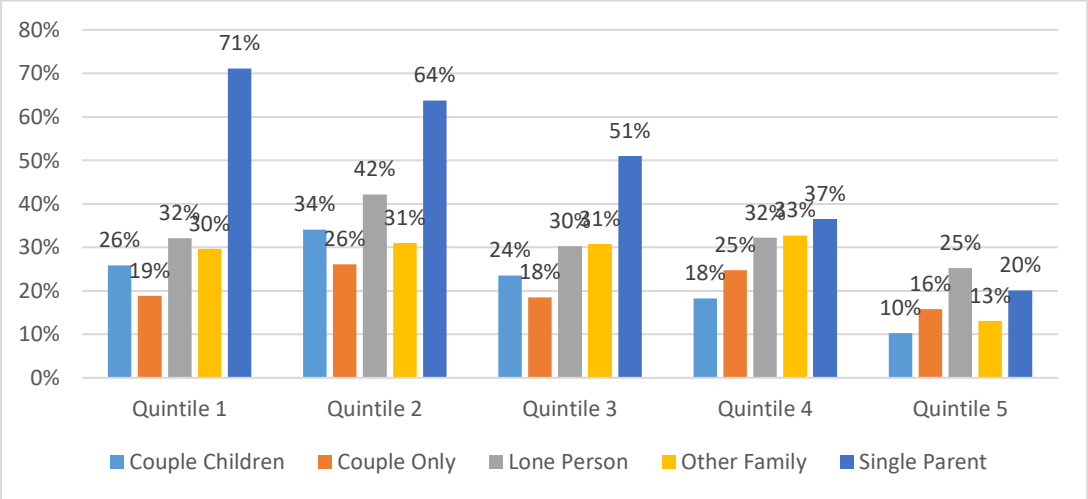


It appears from figure 4 that scenario 1c (a mandatory energy efficiency standard for rental properties) is on average not as beneficial as the $5,000 investment to all low-income houses. However, the results are masked by the number of low-income earners who rent versus own their own home (a large

[35] ACOSS and BSL (2019) Affordable, clean energy for people on low incomes. https://www.acoss.org.au/wp-content/uploads/2019/02/FINAL-Report-Affordable-clean-energy-for-people-on-low-incomes_web.pdf

number of pensioners). Mandatory energy efficiency standards would be of significant benefit to low-income renters, especially single parent households who have a high level of renting (see Figure 5).

Figure 5. Energy bill winners resulting from energy efficiency standards for rental properties by household type



Investment in energy efficiency for households can provide multiple significant benefits to people, governments, retailers and the broader community. Benefits include lower energy bills, improved health and well-being, improved resilience of the electricity system, and reduced emissions.

However, as noted in section 4, low-income and disadvantaged households face significant barriers to implementing energy efficiency. ACOSS recommends the following:

Recommendations 2: The *Federal Government should coordinate with State and Territory governments to introduce mandatory energy efficiency standards for rental properties:*

- ***If necessary, provide incentives to landlords to upgrade rental properties, including investigating potential tax mechanisms. Priority should be given to upgrade low-cost rental properties;***
- ***Review mechanisms that facilitate landlord support for tenants to initiate upgrades to their homes or fixed appliances to improve their homes;***
- ***Implement safeguards to avoid adverse effects on housing affordability, including measures to avoid significant rent increases or unnecessary removal of properties from the low-cost rental market following upgrades.***

Recommendations 3: The *Federal Government should work with State and Territory governments to create an investment vehicle to invest in solar and energy efficiency equity programs for public and community housing.*

Recommendations 4: The *Federal Government should establish a Clean Energy for Indigenous Communities Fund to invest in energy efficiency improvements and access to solar energy and battery storage for regional and remote Aboriginal and Torres Strait Islander communities.*

Recommendations 5: The *Federal Government develop a funding mechanism (like the Solar Cities program) in conjunction with State governments, local councils and energy retailers, to install energy*

efficiency measures and solar photovoltaic technology for households with low incomes or who are otherwise disadvantaged.

The cost of transition to clean energy should be distributed equitably

Mechanisms to support the transition to clean energy also contribute to the electricity price. Australia's national RET (which incentivises growth in small scale (SRES) and large scale renewable energy (LRET)), state-based feed-in tariffs (FiTs) and energy efficiency schemes, represent around 8 per cent of the average electricity bill. This figure varies depending on the State.

These schemes have provided broad benefits such as emissions reductions and downward pressure on wholesale prices, while avoiding new peak generation and job creation. However, allocating costs of these schemes through electricity bills is regressive because low-income households pay disproportionately more of their income on energy.

In addition, because the cost of schemes are currently recovered on electricity bills through charges applied *to each unit of energy consumed*, households with solar (who already benefit from FiT and SRES), typically contribute less to grid costs. This is because solar households typically have lower energy bills due to less consumption on the grid.

Historically many households were on high FiTs with bills close to zero dollars. The NSW scheme has ended and the Queensland government shifted their FiT scheme to the government budget. Three premium schemes still exist in Victoria, the ACT and South Australia (although not open to new customers), which are levied through bills. The RET (SRES and LRET) is national and applies to all households. Network charges are for the most part applied *to each unit of energy consumed.*

We need to allocation these costs in a more equitable way.

Recommendations 6: ***Distributive energy subsidies, such as those for small scale solar PV and batteries, should come off power bills and onto government budgets.***

A paper by the Total Environment Centre and Renew, *Cross about subsidies: the Equity implications or rooftop solar in Australia,* discusses additional solutions.[36]

Additional policies needed to make energy more affordable for low-income households

As well as directly supporting energy transitions for people with low incomes, the government should improve their capacity to meet energy and other essential costs by lifting the lowest social security payments.

Recommendation 7. ***The Federal Government should increase the single rates of Newstart, Youth Allowance and related payments by at least $75 per week. These payments should be indexed to wage movements as well as prices (whichever is higher) to ensure they maintain pace with community living standards.***

Recommendation 8: ***The Federal Government should increase maximum rates of Commonwealth Rent Assistance by 30% ($20 per week for a single person on Newstart Allowance).***

Recommendations 8: ***Energy concessions for people receiving social security payments should be based on a proportion of cost incurred rather than flat-rate subsidies*****.**

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[36] https://assets.nationbuilder.com/boomerangalliance/pages/3743/attachments/original/1545277015/Solar_Subsidies_Report_-1.pdf?1545277015

Contact

If you have any further questions please contact

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