



Summary of relevant submission information and testimony

- Currently and historically, energy policy, pricing and supports (such as rebates or concessions) do not work in a co-ordinated way to maximise the benefits to households, the energy system, the economy and the government's budget. Energy policy, tariffs and supports have a role to play in maximising the efficiency of the energy system, supporting the affordability and sustainability of energy, and ensuring that households, businesses and government pay only an efficient amount.
- The interests of the economy, households and government (through its budget) should be aligned through:
 - Energy network pricing or tariff reform that ensures more transparent reflection of costs to retailers through time of use, demand and peak pricing. These provide a better signal to retailers of the cost imposed on the network and the times that it is most costly.
 - Reforms that enable better demand response to ensure that the most effective and efficient response to meeting periods of high demand is undertaken. Most often this is by reducing or shifting energy demand as it avoids higher cost generation and may defer or entirely avoid having to make large, long-lasting network upgrades to accommodate relatively short periods of peak demand.
 - Concessions, rebates and other supporting policies that are designed to respond to a clear objective: to ensure that all households can afford the energy they need to support household health, well-being and productivity. These supporting measures should be proportionate (providing a rebate as a proportion of energy bills), equitable according to household needs, and can operate in tandem with other government programs and policies to improve efficiency and reduce overall usage.

Additional response to question on notice

- While some households may require one-off financial support to pay a particular energy bill, this is not the case for many others. For instance, households that are under financial pressure or otherwise facing disadvantage may have relatively high energy needs as they are unable to access more efficient appliances or housing.
- The circumstances and reasons for disadvantage and vulnerability are often enduring so that temporary or one-off support mechanisms fail to address the underlying causes and provide only short-term relief. As a result, some households require Energy Account Payment Assistance (EAPA) or other support for energy bills on an ongoing basis since the underlying causes persist beyond a single billing cycle.
- Support mechanisms and programs to improve appliance and building energy efficiency can provide an ongoing impact to these households by addressing some of the underlying reasons for energy affordability pressures. By doing so, they can have a lasting impact for a number of years rather than for a single bill.

- Proportional concessions and rebate support, framed by an objective to support household health and wellbeing by ensuring affordable access to essential energy services are needed.
- A comprehensive, 'objective-based' review of rebates and concessions was recommended by the NSW Audit Office as part of its performance Audit of the NSW energy rebate schemes.¹
- Focusing on proportionality aligns the best interests of:
 - the household - efficient and affordable usage to meet their energy needs;
 - the energy system - efficient usage that minimises the need for expensive investment in additional generation and network upgrades; and
 - the government's budget - support essential services that help deliver good household health and well-being with, where possible, a reducing need for that support over time.
- This provides greater scope for policy, programs and reforms in different areas to operate in concert to reduce the overall usage required by households, ensuring that rebates assist household ability to afford the energy they need. Some examples include programs for household energy efficiency upgrades, appliance swaps, solar and battery access, demand response and retail market reforms ensuring best available deals. PIAC provided a detailed response in relation to the NSW housing strategy that demonstrates a range of additional measures which would also support proportional rebates.²
- Tariff reform helps to support system efficiency, by ensuring that the costs of certain consumption are clearly signalled and recovered from those whose usage incurs them. Cost reflective pricing structures such as time of use, peak demand and critical peak pricing provides an incentive to shift usage to times when there is less stress on the system, reducing the overall demand for generation and network capacity. Along with demand response reforms³, this gives households more ways to control their usage (and their bills as a result) while benefitting the overall efficiency of the energy system.
- Because there are times where some energy consumption may not be readily shifted, a switch to cost reflective pricing can have an impact upon affordability for some households. Ensuring that proportionate rebates and other supports exist helps to alleviate these issues since, unlike the current flat concession rates, proportionate concessions better reflect the household's needs. These are also supplemented by government programs improving appliance and housing energy efficiency as well as assistance to provide onsite generation and storage to reduce peak and overall household consumption.

¹ NSW Audit Office, [Energy rebates for low income households](#), September 2017.

² PIAC, [Transforming our housing system towards housing for all – Submission to A Housing Strategy for NSW Discussion](#), July 2020, 25-34.

³ PIAC et al, [Joint submission to wholesale demand response rule change consultation paper](#), December 2018.