

Energy Efficiency Improvement Scheme Team

Thank you for the opportunity to comment on the setting of the *Priority Household Target (PHT)* for 2018. As part of the *Energy Efficiency Improvement Scheme (EEIS)*, the PHT is achieved through a requirement that a set proportion of EEIS savings be delivered in these priority households every year. This initiative is critical in ensuring the cost of living impacts of climate change are managed, particularly for the low income demographic in the ACT.

I commend the Energy Efficiency Improvement Scheme Team for their work on the EEIS, and with it, the PHT, which is essential for supporting low income households.

It is important that the target remains a *legislated* requirement to ensure the market continues to reinvent its activities in a way that meaningfully benefits people in need in the ACT. This is particularly true at a time of falling solar system and solar battery prices when it is necessary to ensure that the social equity divide is bridged, otherwise this gap will only grow larger. The extent of the challenge is represented by the work of various NGOs, including the ACT Council of Social Service (ACTCOSS).

“We don’t run our heaters in winter for obvious reasons. It costs too much. It would be nice to be able to run the heaters a little bit. Same with cooling in summer, it’s just not done.”

Low income household member ⁱ

There are around 30,000 households in the ACT that have utility concessions. This figure under-represents those in need as not all of Canberra’s vulnerable have pension cards.

“One third of Australians living in poverty have a job.” ⁱⁱ

Many who have minimum wage jobs do not qualify for the pension cards but survive on a similar income and struggle to pay their utility bills.

With so many in need, it would be unacceptable to reduce the PHT.

The best setting for the EEIS PHT in 2018 is 20%, the same as for 2016 and 2017.

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Recommendations

1. Extend the EEIS to public housing

This is a great opportunity to deliver much needed energy cost savings to low income households that have not received the benefits of the EEIS due to living in public housing. This could be in the form of targeted activities such as upgrading inefficient heating systems with a non-ducted heat pump. Installing energy-efficient appliances has been found to be one of the best ways to reduce electricity bills, even more so than building improvements.ⁱⁱⁱ Public housing policies must change to reflect technology and most importantly the needs for their clients: comfort and cost. It is important to note that Spotless is currently running a program for this and additionality under the EEIS must be ensured if these services are being transferred to an EEIS installer to deliver.

2. Ensure the eligibility criteria for the PHT is accurate

Some families in the ACT, such as single-income parents with children, are struggling to pay their energy bills but as they do not have a concession card, they are not eligible for activities under the PHT. ACTCOSS would suggest that a single person household with less than \$40,000 annual income and families with less than \$80,000 annual income are as vulnerable as many who are receiving pension support.^{iv} Consideration should be given to the current approach for determining priority households to ensure programs are reaching those most in need in our community.

3. Improve community engagement

So far the PHT has been successful in delivering energy saving activities to 2/3 of priority households, as measured against the utility concession scheme. This is a good outcome but it would be excellent if 100% of identified priority households received these services. It is necessary to consider how to communicate the availability and benefits of the scheme to the remaining one third of households.

4. Bridge the divide

As the delivery of free services such as the replacement of light globes is no longer cost-effective to continue, the EEIS is moving towards co-contribution for significant energy-saving appliances like insulation, solar and battery storage and non-ducted heat pump systems. While this might be feasible for some households, the initial monetary investment will represent a significant barrier to the most vulnerable members of our society, most of whom are renting and therefore not able to make these changes. It is now well recognised that people who are vulnerable, on low income and/or suffering from hardship, are highly likely to be significantly adversely affected by both climate change and mitigation policies set to increase the cost of energy.^v The alignment of EEIS and hardship programs is recommended in order to better anticipate the problem as early as possible. This alignment should be undertaken in a transparent manner with the retailer, in recognition of the commercial benefits of providing enduring energy solutions to hardship customers who may never be in a position to pay off their debt.

Thank you for your consideration of the above comments.

Yours Sincerely

A handwritten signature in blue ink that reads "Kate Auty". The signature is written in a cursive style with a large initial 'K'.

Dr Kate Auty
Commissioner for Sustainability and the Environment

5 May 2017

References

ⁱ Housing and Homelessness Policy Consortium, ACT, 2016 - *Housing affordability and the labour market in the ACT*.

ⁱⁱ Australian Council of Social Service, *Poverty in Australia 2014*, 2014, p. 32.

ⁱⁱⁱ <http://vcoss.org.au/state-budget-submission-2017-18/cut-the-cost-of-living/> accessed 27 April 2017.

^{iv} <https://www.actcoss.org.au/publications/advocacy-publications/submission-discussion-paper-options-improve-fairness-and> accessed 10 April 2017.

^v Borrell, J., Lane, S. & Fraser, S. (2008) Likely Effects of Global Warming and Mitigating Policies on Rural Households. *New Community Quarterly* (6), 4, pp. 4-10.