

7 September 2017

COTA Tasmania

Submission to inform the development of TasNetworks Direction and Priorities Consultation Paper

Thank you for the opportunity to provide input to TasNetworks Transmission and Distribution Determination 2019-24 consultation paper.

COTA Tasmania is the peak body advocating for the rights and understanding the needs of older Tasmanians. Older Tasmanians are particularly vulnerable to energy price rises. Many are dependent on low incomes including the Age Pension, Disability Support Pension or Newstart Allowance, and are particularly affected by temperature extremes. Heating and cooling is essential to their health and wellbeing.

COTA has heard anecdotally that older Tasmanians sometimes have to choose between heating their home, purchasing medications or eating adequately. Many try to find ways to reduce their energy use to save on bills, sometimes to the detriment of their health and comfort. However, very few older Tasmanians complain about their circumstances, stating that they have always had to make do with what they have and will continue as best they can.

As energy prices continue to increase disproportionately to income and welfare payments, the financial pressure placed on older Tasmanians is growing. TasNetworks has the potential to help reduce the strain on older Tasmanians by keeping the cost of energy to a minimum and supporting people in the community to better manage and understand their energy usage.

There are a number of energy issues affecting older Tasmanians that COTA would like to see addressed in TasNetworks Transmission and Distribution Determination 2019-24.



1. Shifting communications, services and products to online and digital platforms can exclude people with poor digital access and skills.

Though moving services online and introducing digital products improves efficiency and consumer control, some of Tasmania's most vulnerable may be unable to utilise these technologies without support.

Tasmania has the lowest digital inclusion scores in Australia and people with disability, low income and who are over 65 years are the least digitally included in our state (The Australian Digital Inclusion Index, 2017). These people also tend to be the most affected by energy price rises, and information about outages, ways to reduce energy use or bills, and information about new prices, tariffs and energy products could significantly impact these people's lives.

It is vital that TasNetworks communicates with consumers both online and offline, and supports people with poor digital access or skills to utilise new digital technologies. This will be of particular importance with the introduction of demand-based tariffs and smart meters. Consumers should be fully informed about how these will be rolled out and appropriately trained in using and understanding these tariffs and meters to get the full benefit of them, particularly if their digital access and skills are quite low.

2. Consumers need to be supported to better manage their energy and access programs that help them reduce their energy bill without reducing energy use.

The introduction of new tariffs and energy products has made the energy market increasingly complex for consumers and inhibits them from understanding how to use their energy efficiently. TasNetworks must continue to support consumers to understand energy tariffs (what is available and how to best utilise that tariff), energy efficiency techniques and how they can save energy without using less energy.

This final point is of particular importance for older Tasmanians as COTA understands that some people living off a pension are taking energy efficiency too far to their own detriment. Examples of this include going to bed at 4pm so they don't need to use a heater, using candles or solar garden lights left out during the day to avoid using lights at night, or not heating or cooling the house appropriately to maintain good health and comfort. Education about concessions, loan



schemes and financial advice or hardship programs can help consumers to reduce energy bills without reducing their quality of life.

TasNetworks has an important role in educating and supporting its consumers about how to use energy and keep themselves safe. COTA recognises that TasNetworks already supports community programs and partners with community organisations to achieve this. It is vital that with the changing market and increasing costs that even more of this support is provided to consumers in the coming years.

3. Fixed charges must be kept to a minimum.

Fixed charges have a significant impact on low energy use consumers. Many older Tasmanians live either as a couple or alone and use relatively low amounts of energy. High fixed charges are a significant proportion of their energy bills and reducing their energy use may have very little impact on how much they pay.

COTA understands that fixed charges enable TasNetworks to better forecast revenue, but these costs must be kept to a minimum so as to not disadvantage low energy users. TasNetworks must demonstrate that all of its operations and investments are efficient and aim to reduce the strain on consumers.

4. Population samples in upcoming trials and pilots must reflect the diversity of the Tasmanian community.

Engagement with customers from a diverse range of ages, backgrounds and cultures is important to ensure that new tariffs and technologies benefit all of community. Some of the community most vulnerable to energy market changes are those who are the most difficult to engage. This may include people who have poor digital access, low levels of education, are culturally diverse, disabled or on low income.

The energy market is undergoing a large number of changes and all pilots and trials conducted by TasNetworks must be sure to include a diverse cohort to ensure it reflects the Tasmanian community.



With these issues in mind, COTA makes the following comments in response to several of the consultation questions:

Question 2: Are there are other key issues or messages that you want us to know about as we finalise our service and expenditure proposals?

Feedback included: 'Continual improvement in how we communicate with customers is critical, particularly via social media platforms, such as Facebook.' While communicating online and through social media is a useful way to connect with consumers quickly, it is vital that TasNetworks also continues to improve how they communicate with consumers who are offline.

Continuing to support community through program sponsorship is a key issue for TasNetworks, particularly as more people will struggle to afford and understand electricity as power prices increase, new demand based tariffs are introduced, smart meters are installed and new technological advances in solar and batteries occur.

Question 3: Do you share our 2025 vision for TasNetworks? If not, how should it be amended and why?

The vision is good, but could include more about acknowledging, engaging with and understanding people from a range of ages, backgrounds and cultures to reflect the diversity in the Tasmanian community. It is particularly important that all pilots/trials include a diverse customer sample. Monitoring and evaluation of services and programs also need to be well planned and of highest quality.

TasNetworks must also focus on continually improving efficiency energy service delivery to Tasmanians, thereby reducing costs.

Question 4: Do you agree with our direction and priorities for 2019-24? If not, how should they be amended and why?

COTA is pleased that TasNetworks aims to reduce network charges from July 2017 and that costs will aim to be kept as low as sustainably possible. This is very important for low energy



use households whose energy bills are largely made up of fixed costs. Reducing fixed charges will also incentivise people to change their energy behaviour with demand-based tariffs as they are more likely to see reductions in their energy bills.

'We will continue to engage with our customers to ensure that the technologies we deploy are fit for purpose and deliver customer value'. Suggested addition: *...and we ensure that customers are supported to use these technologies effectively to understand and regulate their energy consumption to reduce costs without adversely affecting their lifestyle.*

'We continue to improve the way we communicate effectively with, and listen to our customers'. Suggested addition: *...and their advocates/community organisations that represent them.* Communication must be effective in both online and offline methods.

Question 6: What information would you like to better understand in our preliminary forecast capital and operating expenditure for transmission and distribution?

What has been forecast to cause expenditure changes, particularly increases, year to year?
Are all the expenditures forecast to occur aiming to reduce electricity costs for consumers?
COTA would like an explanation about how investments and operating directions and priorities will result in cost savings for consumers. If not, an explanation about why this expenditure is necessary and the price impact on consumers should be provided.

Question 8: Our transmission outage performance has improved over time. Do you support us changing the measures for big and small transmission outages to provide clearer incentives to maintain or improve performance?

Yes, as long as customers are not affected by penalties if TasNetworks fails to meet new measures.

Question 10: What information would you like to better understand in our tariff reform plan?

More information about how consumers will be educated about new tariffs - will there be tools and support that allow consumers to assess the lowest cost tariffs for their situation?



Will consumers be supported to understand what particular elements of their individual demand could be changed to provide an even lower energy cost via reduced energy use or movement to a more appropriate tariff?

More information about who will be recruited in incentive trials – will these aim to engage a diverse consumer sample, both online and offline?

Question 11: Do you support our approach to tariff reform?

Yes, but it would be useful to mention how TasNetworks will enable consumers to use the new tariffs and technologies effectively.

COTA recognises the effort that TasNetworks have made to consult with their community and address issues to support Tasmanians with their energy use. We appreciate the opportunity to respond to the Determination for 2019-24 on behalf of older Tasmanians.

Yours sincerely,

Sue Leitch

CEO COTA