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Low Carbon Communities Team - LIEEP  
Department of Climate Change and Energy Efficiency  
GPO Box 854  
CANBERRA ACT 2601

Via email: [lieep@climatechange.gov.au](mailto:lieep@climatechange.gov.au)

To whom it may concern:

### **Comment re Low Income Energy Efficiency Program: Design Options**

The Public Interest Advocacy Centre (PIAC) welcomes the opportunity to comment on the design options of the Low Income Energy Efficiency Program (LIEEP).

PIAC is an independent, non-profit, law and policy organisation that works for a just and democratic society by taking strategic action on public interest issues. PIAC has, as a key area of work, energy and water policy. The Energy + Water Consumers' Advocacy Program (EWCAP) represents the interests of low-income and other residential consumers of electricity, gas and water in New South Wales.

PIAC welcomes the introduction of the LIEEP, an initiative developed to assist low-income households reduce energy consumption as part of the Australian Government's climate change plan—*Securing a Clean Energy Future*.<sup>1</sup> As noted in the Consultation Paper, many low-income households are significantly impacted by rising electricity prices as they often have limited capacity to reduce energy consumption through energy efficient behaviour.<sup>2</sup> PIAC believes that supporting targeted programs for low-income and vulnerable households is an important step in promoting energy efficiency, which can help safeguard many households against future rises in energy prices.

PIAC understands that the Minister for Climate Change and Energy Efficiency (the Minister) will be responsible for selecting the projects to be funded under the LIEEP.<sup>3</sup> As proposed in the consultation paper, the Department of Climate Change and Energy Efficiency (the Department) will make recommendations to the Minister for funded projects, with consideration to the diversity and geographical spread of projects across Australia.<sup>4</sup>

PIAC submits that the inclusion of geographical spread is an essential component in the assessment process for LIEEP projects. PIAC believes that all low-income and vulnerable consumers must have equitable access to programs that will assist their households be more energy efficient. These programs should target a wide scope of consumer needs across a range of geographical locations to ensure that the Australians most vulnerable to rising electricity prices and extreme climate conditions are reached under this initiative.

The situation of many NSW rural and regional energy consumers illustrates why consumers across a range of geographic locations should have access to energy efficiency programs.

<sup>1</sup> Dept. of Climate Change and Energy Efficiency, *Low Income Energy Efficiency Program – Public Consultation Paper* (2011) 4.  
<sup>2</sup> Ibid.  
<sup>3</sup> Ibid 9.  
<sup>4</sup> Ibid.

In NSW, households in rural and regional areas currently pay higher electricity costs than those in metropolitan areas. The Independent Pricing and Regulatory Tribunal of NSW (IPART) notes that household bills in these areas are higher — partly due to greater consumption and partly due to higher regulated electricity prices than metropolitan areas.<sup>5</sup>

On 1 July 2011, the average regulated prices for electricity across NSW increased on average by 17.3%.<sup>6</sup> Rural and regional consumers, serviced by the regulated retailer Country Energy/Origin Energy, were subject to the highest price rise, with average electricity prices rising by 18.1%. Essentially, consumers in this supply area faced the highest percentage rise on the highest base price. Consumers supplied by regulated retailers in more urban regions of NSW faced indicative annual price rises of between \$216 and \$230 — while annual price rises in Country Energy/Origin Energy were forecast to be in the vicinity of \$316.<sup>7</sup>

IPART acknowledges that higher consumption in rural and regional areas of NSW could be the result of extreme weather conditions as well as the predominance of detached and larger housing stock.<sup>8</sup> PIAC also notes that average household income in rural and regional NSW is lower than the average income in metropolitan areas.<sup>9</sup> In some areas of inland NSW, IPART has evaluated that the median electricity bill represents more than 6% of the median disposable household income. This compares to less than 3% in most areas in Sydney, where incomes are higher and bills are lower.<sup>10</sup>

Additionally, PIAC notes that rural and regional consumers often have particular difficulties accessing financial support. PIAC's research into electricity disconnection across NSW found that people in rural communities often do not access payment assistance such as Energy Account Payment Assistance (EAPA) vouchers because of privacy concerns. This is due to the small size of many local communities in rural areas and the increased likelihood that people needing assistance will personally know the provider.<sup>11</sup>

Consumers in rural and regional NSW face higher electricity prices, have high consumption patterns influenced by location and housing type; and face challenges in accessing assistance. These dynamics have a relationship to geographic location. As such, PIAC believes it is important that the Department remains mindful of the geographical spread of proposed projects when making its recommendations to the Minister for the allocation of funding under the LIEEP.

Please contact myself or Carolyn Hodge, Senior Policy Officer, on 8898 6520 or at [chodge@piac.asn.au](mailto:chodge@piac.asn.au), if you require any further information.

Yours sincerely



**Edward Santow**

**Chief Executive Officer**

Public Interest Advocacy Centre

Direct phone: +61 2 8898 6508

E-mail: [esantow@piac.asn.au](mailto:esantow@piac.asn.au)

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<sup>5</sup> IPART, *Changes in regulated electricity retail prices from 1 July 2011* (2011) 77.

<sup>6</sup> IPART, *Final Report – Changes in regulated electricity retail prices from 1 July 2011*, (2011) 2.

<sup>7</sup> Ibid.

<sup>8</sup> Ibid 77.

<sup>9</sup> IPART, above n 5, 78.

<sup>10</sup> Ibid.

<sup>11</sup> Jessie Connell and Wesley Hill, *Cut Off II: The Experience of Utility Disconnections* (2009) Public Interest Advocacy Centre 27.