

South Australian Council of Social Service

Energy concession now, what works and challenges for the future

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St Vincent de Paul Society
VICTORIA
good works



Challenges for Energy Concessions the Governments roll in energy affordability

Key design challenges of energy concessions from across the national energy market – what works and what could be improved

And

Challenges for the future



FLEXIBLE



Is the concessions design flexible and adaptive ? Respond to changes in prices as they rise and fall or as new pricing methodologies arrive - TOU, demand, seasonal etc

Good example of this is the Victorian concession that is % based - as prices changes and tariff design change it seamlessly adjusts unlike fixed rate concessions



EQUITABLE



Does the concession adjust as your consumption changes – household size
appliance type etc

Where multiple pricing zones (networks) will it adjust eg NSW flat rate concession
those with higher charges (such as those in the country areas) get proportionally less
concession than those in the city

Does it deal with multiple fuel sources some Victoria have a concession for both gas
and electricity – others just one energy concession



ELIGIBLE



Who gets the concession? Is it means tested, aged tested or something else?

Example QLD people over 60 get it regardless – Yep even Clive Palmer while no HCC

Challenges as the population ages and stays in work force for longer or as the unemployment rates rise and fall - makes you wonder what the concession is trying to do.



ACCESSIBLE



Application fatigue this is a challenge for all states but a few examples

South Australia general concession and NSW for the family energy rebate

Both have detailed application process (relative to other states) that is a barrier to entry – and effects the uptake of the concession

Similarly from billing period to billing period need to keep reapplying as new HCC and PCC are issues people fall of and don't even know they have this applies to majority of concessions



PORTABLE



All struggle with this – and of major concern within a deregulated retail market as people switch they often forget to reactivate concession with new retailer



PURPOSE



What's is the desired outcome? Often the governments are very unclear on the purpose is it to:

- provide a tax rebate
- reduce disconnections
- promote adequate consumption to live comfortably
- support access to supply (discount the fixed charge)
- maintain access to supply (discount the consumption component)

Is the amount meaningful to achieve the desired outcome ?



Challenges for Energy Concessions FUTURE CHALLENGES

What's the concession discounting? In past the bill on kWh and MJ is this the bill before of after market offer discounts have been applied? (this has been an issue in Victoria)

Should concessions be extended to energy services? Could be a more efficient way to deliver energy efficiency type services and other schemes if the energy market is offering them as part of energy products / services OR could exclude them from the concession amount

New and emerging technologies and pricing – how does the concession play out with PV? EV energy management systems and move to demand and capacity pricing (issues of fixed vs % based)

Concessions and other policy objectives – SA has offered incentives to concession card holders to seek better deal in the past this could be a good strategy in future