



**Annual SACOSS Briefing to the Minister for Energy:  
Energy Pricing Issues Affecting South Australian Consumers**

**June 2020**

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## Background

As per the funding agreement with the Minister for Energy and Mining (“Minister”) for the *Residential Energy Consumers Representation in Energy Regulatory Determinations, Policy Making and Market Monitoring/Development Project*, SACOSS is required to provide an annual briefing to the Minister about energy pricing issues that affect South Australian consumers. The briefing is to include provision of an ongoing comparison between South Australia and Victoria as a benchmarking tool. This paper fulfils this annual briefing output.

The following briefing also discusses the historical and current issues related to wholesale costs on the National Electricity Market (NEM), as these are a significant contribution to electricity prices in SA. As price is only one part of the affordability triangle, and can only be properly understood in relation to income and usage, this briefing will also discuss some of the changes and impacts COVID-19 has had for energy demand and affordability. Information on the impacts of COVID was sourced from research from SACOSS, energy consumer advocates within South Australia and nationally through the National Consumer Roundtable on Energy.

## Retail Electricity Prices

According to the ABS Consumer Price Index, retail electricity prices decreased by 2.8% in South Australia (Adelaide) over the last 12 months, the second year in a row that the CPI has shown a modest decrease. However, the picture is more complicated when gas prices and a longer time frame is considered.

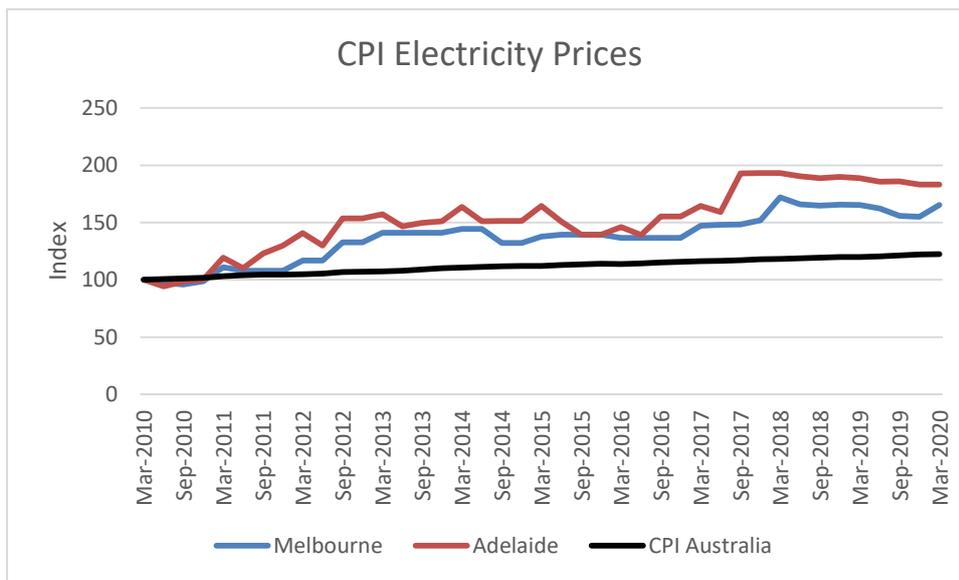
The following tables shows the average price for both electricity and gas in both South Australia and Victoria as at June 2020, as well as price changes over the last year and over the last five years. While the decrease overall retail electricity prices in the last year is welcome news for consumers, as can be seen, it comes on the back of much greater increases in previous years. In addition, as will be further discussed, wholesale electricity prices are decreasing significantly from previous years.

ELECTRICITY			GAS		
	Adelaide	Melb		Adelaide	Melb
Price per c/kWh (average)	36.23	24.21			
Increase last year	-2.8%	0%	Increase last year	3.7%	0.6
Increase since 2015	11.3%	20%	Increase since 2015	3.9%	28.9%

*Source: ABS CPI March Qtr figures and unit cost price Canstar Blue (2020)*

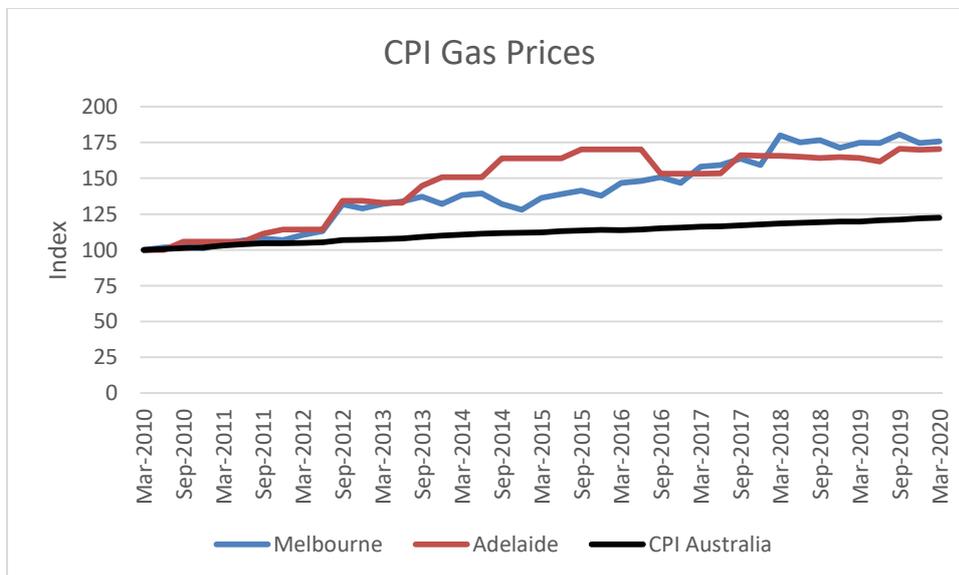
Over both the last year and the last five years, the overall retail price decreases for Adelaide electricity consumers have been more favourable than for their Victorian counterparts, and also better than the national average figures. However, the unit cost per kWh in South Australia remains significantly higher than in Victoria and, as the graph below shows, the ten year picture shows that Adelaide price increases still outstripped those in Victoria and were well above the general inflation rate. Energy affordability remains a concern.

**Figure 1. CPI Electricity Prices (2010-2020)**



While retail gas prices impact on fewer customers, the prices are more volatile than electricity. Yet despite significant rises from 2013 to 2015, Adelaide gas price increases were less than Melbourne over the last ten, five and one year periods.

**Figure 2. CPI Gas Prices (2010-2020)**



### Historical factors in wholesale electricity prices in South Australia

Simshauser (2019a) outlines the drivers responsible for tariff increases in Australia and the timeframe in which these occurred. Between 2007 and 2015 most cost increases were related to network policy failure and what is largely referred to as ‘gold plating’ of networks. Concurrently between 2011 and 2017 environmental schemes contributed to increased

tariffs. More recently between 2017 and 2019 the majority of increases to tariffs were attributed to wholesale electricity costs. Hence the focus of this briefing is on wholesale electricity costs and the impact of consumers in SA of these increases.

Research from Simshauser (2019b) provides a historical view of wholesale electricity prices on the National Electricity Market (NEM) and the multiple factors and lack of long term policy decisions that led to record low spot prices on the wholesale market in 2014 and conversely, to record high prices in 2017. An important point to note when discussing wholesale electricity pricing is that the NEM is an energy only market. In order to ensure enough generation capacity when it is needed, a high Value of Lost Load (VoLL) is required, which is a price cap for generation set at \$14,500 per MWh, among the highest in the world (Simshauser, 2019a, pp.1 & 8). This is in contrast to a capacity market, or as what exists in Western Australia a 'capacity plus energy' market. The Wholesale Energy Market (WEM) in WA contains a reserve capacity mechanism, set two years ahead to ensure that there is enough generation to meet demand in the South West Interconnected System (AEMO, 2020).

Wholesale electricity prices are invariably passed on to consumers from retailers who enter into hedging contracts to manage the risk of price fluctuations on the spot market (ACCC, 2018, pp.104). NEM participants, such as retailers and large energy users enter into bilateral contracts with generators to hedge against price volatility (Molyneaux & Head, 2020). Hedging contracts reduce the risk for both retailers and generators on the NEM to manage exposure to a volatile spot market where prices can reach the price cap of \$14,500 MWh (at times of high demand and low generation) and the price floor of minus \$1000 MWh (at times of high generation and low demand).

As with most issues related to the NEM, it is not simply an issue of high or low demand influencing pricing and many factors such as generator or transmission failure can impact energy flows, and hence pricing on the NEM. The weather, which is somewhat easier to predict in the short term, also influences demand and generation on the NEM, for example in heat wave events. In addition, most baseload generators will hold generation capacity in reserve to ensure there is enough capacity to meet unexpected demand and avoid penalties (AEMC, 2020). The Retailer Reliability Obligation (RRO) is another mechanism to ensure resource adequacy on the NEM. The RRO can trigger forward contracting arrangements for retailers to ensure they have sufficient supply to meet peak demand. If reliability gaps are forecast three years and three months ahead, the RRO mechanism can be triggered. The RRO can thus encourage investment in generation capacity if reliability gaps are forecast (Leslie et al, 2020; AER, 2019).

How retailers and generators hedge is commercial in confidence, therefore consumers are largely unaware of the hedging strategies in place to mitigate potential losses for both

retailers and generators on the NEM. However, there is some understanding of the types of hedging contracts that retailers and generators enter into, such as cap and swap contracts. Swap contracts provide insurance to both the buyer (retailers) and the seller (generators). When the spot price on the market is below the contract price, the buyer pays the difference to the seller. When the spot price on the market is higher than the contract price, the seller – the generator will pay the difference to the buyer – the retailer. Cap contracts essentially mean that buyers will have a cap in place, which insures them of high prices on the NEM. The usual price under cap contracts on the NEM is \$300 MWh (Forster, 2019).

Historical factors that have led to increased wholesale electricity prices on the NEM noted by Simshauser (2019a) include the exiting of 11 coal generators across the NEM from 2012-2017 and the increase in domestic gas prices when many gas generators sold their gas for export to LNG producers. The closure of 11 coal generators on the NEM over the period from 2012-2017 equated to 5156MW of installed capacity that exited the national market at this time (Simshauser, 2019a, p.11). These older coal plants were due for closure and competing with installed wind capacity that, as a cheaper source of generation were reducing spot prices on the NEM. With rising plant costs for coal and reduced spot prices, closure of these plants were inevitable (Ibid). However, as the design of the energy only NEM is to provide market signals for new generation, the impact of such a significant amount of generation exiting the market at this time was inevitably reflected in spot prices.

Simshauser notes how the closure of the 540 MW Northern power station and Hazelwood had the largest impact on spot prices as these closures were uncoordinated and removed a significant baseload contract from the market, with Power Purchasing Agreements (PPAs) from wind and solar generation in its place (Ibid). The use of PPAs for wind and solar generation are often referred to as a broken or missing link, as they provide a fixed price (per MWh) for electricity generated at any time and therefore do not relate to the physical needs of the system to provide generation when it is needed (AEMC, 2020). Rai and Nunn (2020, p.5) also discuss how wind generators in SA are characterised by a negative correlation between wind output and operational demand. This is particularly prevalent at times of high demand (mostly in summer), when there is low wind output. As a result of this correlation, there is more aggregate supply of generation on the NEM at times when wind farms generate, therefore prices are often lower and into negative pricing at this time.

The cascading coal plant closures from 2012 to 2017 that led to increased spot prices on the NEM prompted the recommendation in the Finkel review for all large generators to provide three years notice before closure (Finkel, 2017, p.23). This recommendation was then actioned by the Australian Energy Market Commission who in 2018 implemented a rule change, the National Electricity Amendment (Generator Three Year Notice of Closure) Rule 2019 (AEMC, 2018). The merit order effect ensures for the most part that lower cost

generation is dispatched first in the NEM. Wind generation has been known to displace higher marginal cost generation such as coal and peaking gas generation.

Under the National Electricity Rules, the Australian Energy Regulator (AER) is required to investigate and publish a report when electricity spot prices exceed \$5000 MWh. This monitors competitive behaviour with generators and compliance with market rules on the NEM (Ibid). Pricing events on the wholesale spot market in SA and Victoria exceeded \$5000 MWh on 30-31 January 2020 and again on 2 March 2020. A discussion of the factors that led to these high prices is below.

Prices in SA and Victoria on the spot market reached \$11,204 MWh and \$12,217 MWh between the peak times of 6.30 – 7pm on 30 January 2020. The high spot price event was caused by three factors; high temperatures across SA and Victoria that reached 43 degrees Celsius in SA. This increased electricity demand across SA and Victoria by 870MW. The second contributing factor was the tripping of a generating unit at Loy Yang taking 570MW of thermal generation offline. The final contributing factor to the high prices was a result of the low wind conditions at that time, reducing wind output across SA and Vic by approximately 3200MW and wind generation was 120MW lower than forecasted the previous day. The AER have concluded that the market performed as expected under such conditions and that all available energy was dispatched into the market. The difference between demand and supply at this time was met through imports of electricity from Tasmania through the Bass-link interconnector as well as through the Vic-NSW interconnector. The local dispatch of electricity above \$5000 MWh was also still required (AER, 2020).

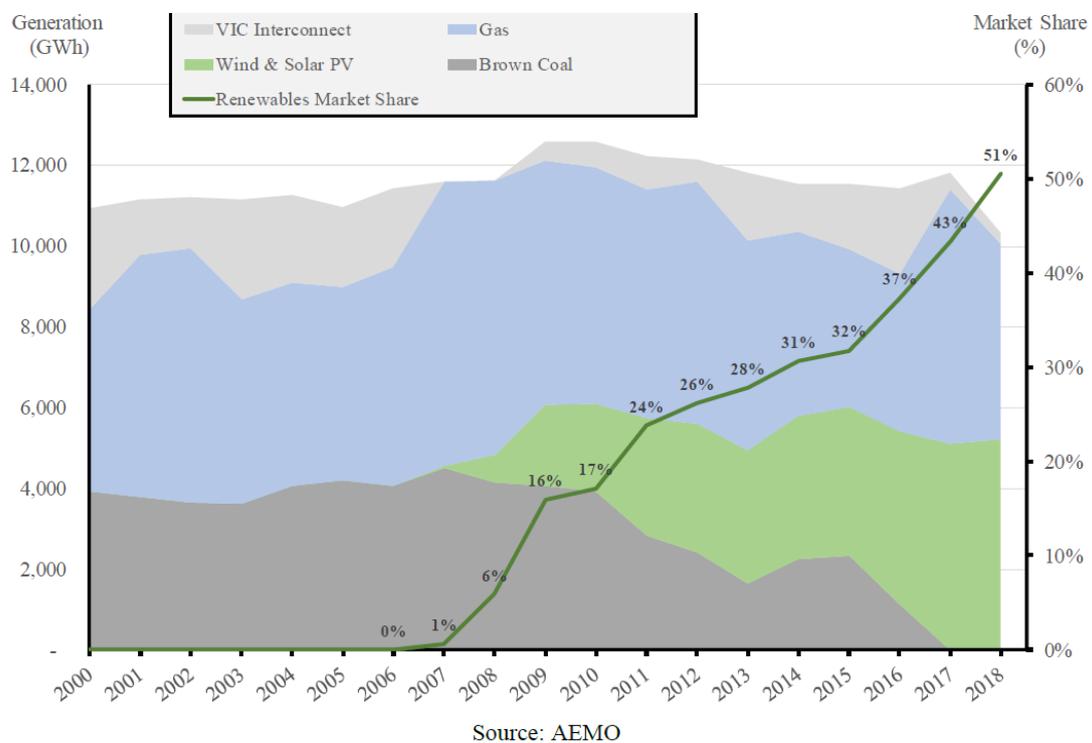
On 31<sup>st</sup> January, another pricing event above \$5000 MWh on the spot market occurred with spot prices reaching \$9832 MWh in SA. This pricing event occurred in South Australia between 2-3pm and multiple times in Victoria and NSW between 3-7pm. This event was caused by failure of the Heywood interconnector due to extreme storm conditions that caused six high voltage transmission towers between NSW and Victoria to collapse resulting in SA being electrically isolated from the rest of the market. As a result of the failure of the interconnector that reduced exports from SA, the Australian Energy Market Operator (AEMO) invoked the Reliability and Emergency Reserve Trader (RERT) mechanism for supply to meet demand (AER, 2020). The RERT is a mechanism to enable AEMO to curtail industrial or aggregated load on the NEM or to ensure a reserve of capacity on the market to meet demand and ensure system security (AEMO, 2020).

Simshauser (2019b) also notes the challenges that occurred in SA with what he terms as the states 'loosely interconnected' region with the advent of increasing amounts of wind generation as a result of the Renewable Energy Target (RET) and a significant wind resource in SA that saw investment in wind generation in the state boom. This saw renewable energy

(mostly wind) increase from zero percent to 51% between 2006 to 2018 (Simshauser, 2019a, p.18). Simshauser also makes the observation that QLD, NSW and VIC by comparison as strongly interconnected states, only saw 8% of the renewable energy share. In addition, SA has a small system size (3100MW peak demand) with a poor load factor that perpetuated merit order effects and saw further coal plant closures between 2012 and 2016. Coal became uneconomic and as stated succinctly by Simshauser gas plants provided an “expensive shock absorber” (Simshauser, 2019a, p.18-19). Figure 3 below shows the change in the generation portfolio in SA from 2000-2018.

**Figure 3 – Change in generation in SA 2000-2018**

Secondary source: Simshauser, 2019b



As can be seen from the above points, there is no single factor that has led to historically high spot prices on the wholesale market over the time period discussed, but instead a number of cascading factors. These factors included the closure of 11 coal generators across the NEM, a sharp increase in variable renewable energy and high gas prices, particularly in SA. These factors have also been perpetuated by the physical and financial characteristics of a network and volatile energy only market that was not designed for variable renewable energy. An historic lack of cohesive national energy policy to effectively plan for an energy transition has also contributed to high wholesale electricity prices that could potentially have been predicted and mitigated.

Petit et al (2017) modelled three different market design scenarios in an energy transition scenario when thermal generation (i.e., coal) is replaced by intermittent generation – a

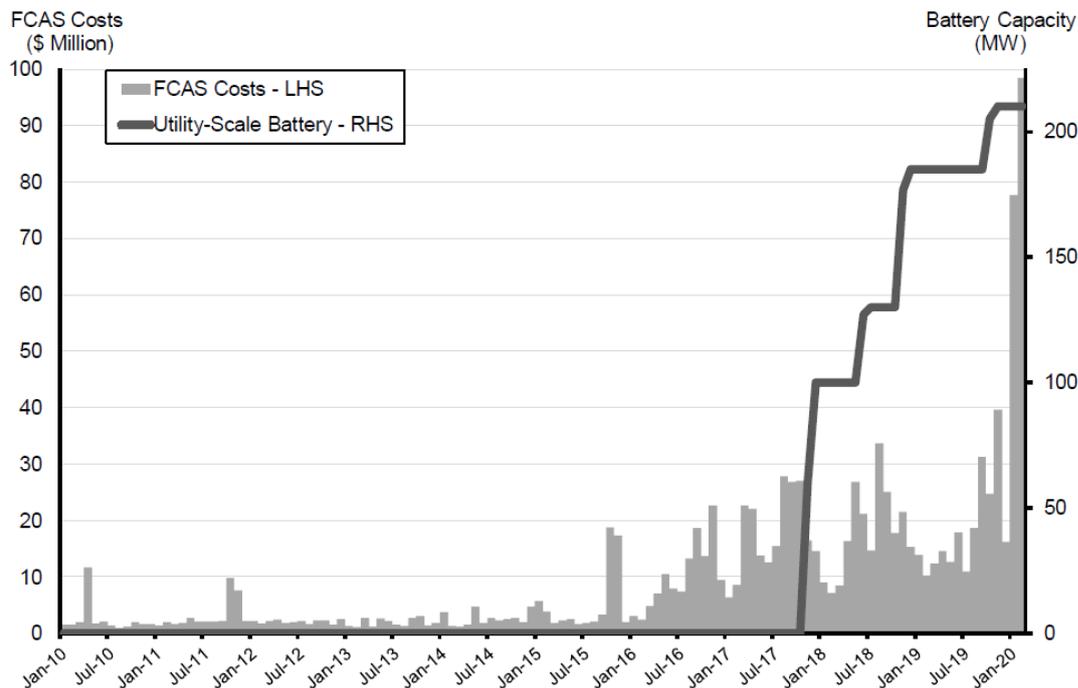
similar scenario to what has happened on the NEM. Through this modelling, the authors found that having some level of capacity (in whatever form) to reduce risk in an energy transition scenario is beneficial. As risk on the wholesale market is what causes retailers to hedge and thus leads to increased retail pricing for consumers, this is an important point. There are varying views however of capacity markets versus energy only markets and claims have been made that capacity markets undermine a clean energy transition as they prioritise thermal generation. It could also be said that several of the interventions occurring now, such as batteries provide some form of capacity reserve, however there is significant uncertainty of the longer term price impacts of the Frequency Control Ancillary Services (FCAS) market as will be discussed further in this briefing.

The Public Interest Advocacy Centre (PIAC) in their response to the Post 2025 Market Design Issue paper note that an energy only price signal in a market with intermittent generation and limited dispatchability (with reduced thermal generation) is inefficient. PIAC also note that peaking plants, such as gas, which are used to meet occasional peaks are a risky investment in an energy only market. The Australian Renewable Energy Agency's (ARENA) submission to this same issues paper discusses various options for balancing variable renewable energy such as storage, diversity in technology and their locations on the NEM (enabled by transmission), energy forecasting, and demand flexibility (ARENA, 2019).

South Australia has attempted to mitigate challenges it faces with increased variable renewable energy through the use of the utility scale Tesla battery storage system of 100MW/129MWh at Jamestown, near the Hornsdale Power Reserve. Aggregated households through the SA Government's Virtual Power Plant program and the Home Battery Scheme are also utilised to manage power system events. Batteries on the NEM are utilised for FCAS and operate on the FCAS market, of which there are eight separate markets with varying services for regulation and contingency (AEMO, 2015). The cost of FCAS to manage variable renewable energy has increased in the period from 2010 to 2019 as shown in figure 4 below, however the rise in FCAS prices did trigger a response on the supply side with the underwriting by the SA Government of the Tesla battery (Simshauser and Gilmore, 2020).

**Figure 4 – NEM FCAS Costs 2010 – 2019**

Secondary source: Simshauser & Gilmore (2020)



Source: AEMO, BNEF.

It is unclear how the FCAS market will impact on wholesale pricing and thus consumers over the longer term. It is understood however that the FCAS market has assisted with price spikes on the spot market in the short term, but the longer term projections are unclear. The market operates on the ‘causer pays’ principle, thus if a generator or interconnector trips, they are liable for the costs of a raise contingency event. However if a lower contingency event is required, costs will be recovered by a large load and/or consumers (Dyson, 2020). Clearly the FCAS market is incredibly complex to the general consumer and as noted by Dyson (2020), “it is vital to understand who is paying what and where.” From SACOSS perspective, the complexity of this market limits our understanding of what costs are being passed to consumers from retailers in FCAS events on the NEM. This is crucial to understand, particularly as the FCAS market appears to be becoming increasingly lucrative, with battery revenue on the FCAS market in quarter four of 2019 totalling \$20 million (Maisch, 2020). As SA is also significantly reliant on battery storage for system security, a detailed study of the longer term impacts on consumers of this market is recommended.

### **Current situation for pricing on the wholesale electricity market**

The current trend for electricity prices on the NEM is expected to decrease over a three year period to 2022 and this is driven largely by wholesale electricity costs reducing in all the states. Wholesale electricity prices are estimated to fall annually by 3.4 percent, driven by increased generation (mostly wind and solar) at lower cost (AEMC, 2019), as well as lower gas prices. Environmental scheme costs are also expected to reduce annually by 3.7 percent,

due to lower prices from Large-scale renewable energy certificates as well as the winding down of the RET in 2020 (AEMC, 2019).

AEMO's quarterly energy report for Q1 2020 noted that the average spot prices on the NEM fell to their lowest level in South Australia since the first quarter of 2016 to \$65 MWh (AEMO, 2020). Operational demand across the NEM also reduced in the first quarter of 2020 by 951 MW. This was driven by a decrease in underlying demand of 688 MW due to cooler conditions across the NEM in February and March as well as an increase in rooftop PV of 263 MW (AEMO, 2020). The AER have also noted the reasons for the reduced prices in quarter 1 2020 related to milder weather, reduced prices for gas and coal generation and an increasing amount of lower cost solar into the market. The AER have also stated that this is an emerging trend across the NEM, therefore it is expected that this trend is reflected with retailers forward contracts to ensure lower prices for consumers over the short and longer term (AER, 2020).

It is unclear at this stage when consumers will actually see benefits from lower wholesale prices reflected in their bills. The Australian Energy Regulator have released their final determination for the Default Market Offer prices 2020-21 that shows a 5.6 percent reduction on flat residential tariffs in SA and a 7.3 percent reduction in controlled load tariffs. The reductions in SA are projected to be the most significant and Energy Networks Australia have noted that future contract prices are \$10-30 per MWh lower, leading to reductions of 6 to 8 percent (ENA, 2020). While it is of some relief to know that after extended price increases for electricity consumers in SA, prices are set to decrease, the continued volatility on the wholesale market and retailer hedging to mitigate that risk is not transparent. Unlike retailers, the most disadvantaged consumers in SA are largely unable to mitigate their price exposure and as noted by Molyneaux and Head (2020), no one is taking responsibility for the prices that consumers pay.

## Conclusion

The above discussion has provided a historical perspective of wholesale pricing on the NEM to the current point in time, where various interventions are occurring to mitigate the effects of variable renewable energy. One of the issues currently facing the NEM as discussed by Simshauser and Glimore (2020) is that the NEM design needs to be altered to restore system security. However, they note that "reform proposals are responding to symptoms and beliefs, rather than underlying problems and evidence." Although energy only markets like the NEM appear to be challenged with variable renewable energy, Simshauser and Gilmore (2020, p.4) state that they work as intended by providing price signals at critical times, whereas capacity markets may prove inflexible with increasing amounts of variable renewable energy.

The merits of energy only and capacity markets is not the point of this briefing, but with continued volatility on the wholesale energy market, equitable principles must be prioritised in future market design. Along with prioritising equity, ensuring comprehension, reducing complexity and increasing transparency for consumers is vital. The risk mitigation strategies of generators and retailers with the use of hedging contracts, does not prioritise the consumer or engender trust. Likewise the FCAS market is incomprehensible to most, with the exception of early adopter consumers who are also most likely to benefit by participating in this market through Virtual Power Plant or aggregator programs. Yet, in some instances (depending on the contingency service provided) the cost of FCAS is also transferred to the consumer through retailers.

The historical retail price increases for electricity that have occurred in SA were driven by several factors as noted previously, however most recently between 2017-2019, higher costs have been largely attributed to high wholesale prices. Minimal responsibility has been taken for this and consumers have continued to carry the cost of a market that does not fully consider consumers. The most disadvantaged consumers in SA are also the least likely to have the resources to mitigate increasing prices through solar PV and batteries or through deeper energy efficiency retrofits in their homes, such as double glazing or insulation. Wholesale electricity prices have now decreased significantly, largely due to increased solar and wind and this is yet to fully and transparently translate to lower consumer bills for many people in the state of SA. The irony of this state of affairs is apparent as SA is the state with the highest renewable energy penetration in the country and indeed close to highest penetration of renewable energy globally (aside from Denmark). The NEM of course is not that simple and lower generation costs from renewable energy, does not automatically lead to lower electricity prices for all consumers. However a managed energy transition that prioritises consumers, increases transparency and reduces complexity is desperately needed to ensure that the most disadvantaged people in SA do not continue to carry the costs of this transition.

### **Waged Poor – SACOSS Research**

During 2019-20, SACOSS also conducted some landmark research on energy affordability for waged poor and low-income households who are mainly reliant on wages (Law, et al, 2019). Based on ABS data, SACOSS calculated that waged poor households account for around a quarter of all households below the poverty line, and by comparison with other households below the poverty line waged poor and low income households tend to be:

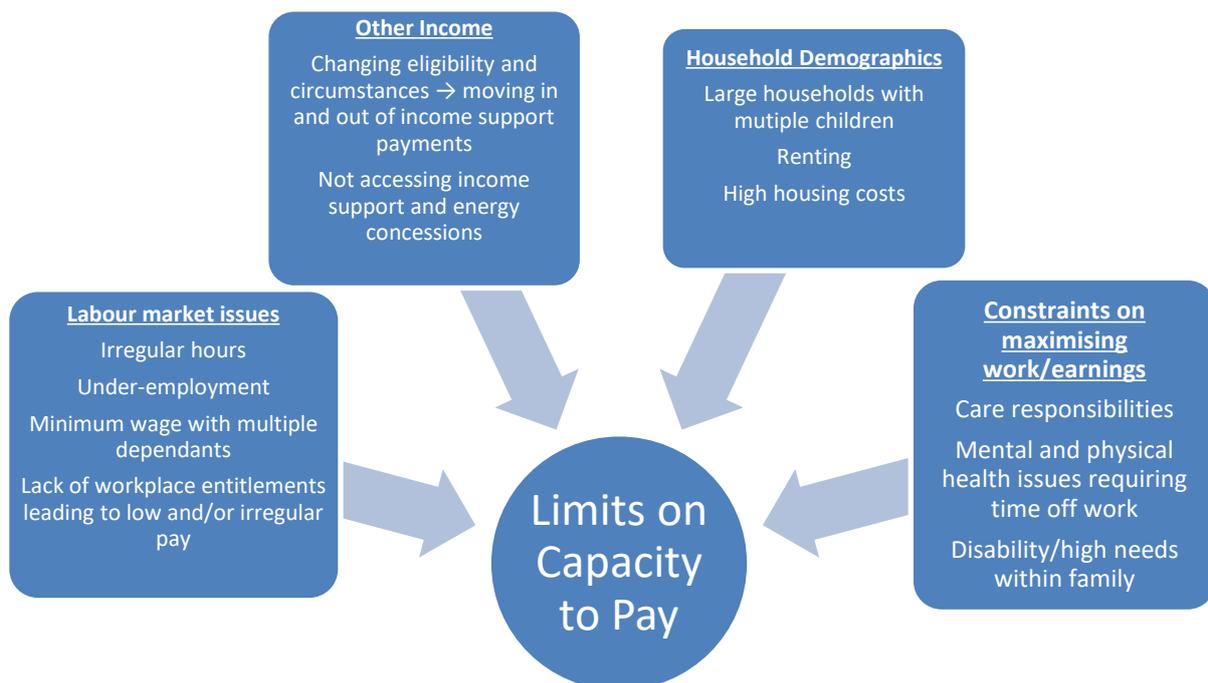
- larger (more persons per household);
- couples and couples with children; and
- renting (or in the case of low-income households above the poverty line, renting or owners with a mortgage).

On average, waged poor households spend 5.5% of their disposable income on energy, less than the 6.7% spent by the households in poverty relying on income support, but more than double the proportion spent by all households. However, the actual average expenditure per household across all groups was relatively similar (especially when household size is taken into account), suggesting a limited ability to reduce energy expenditure with declining income.

Overall, waged poor households share many of the affordability issues of other poverty-line and low-income households, but these demographics also tend to mean higher energy consumption and tighter household budgets (due to high housing costs).

The figure 5 summarises the factors which contribute to limiting waged poor households' capacity to pay energy bills.

**Figure 5. Indicators for identifying waged poor customers in energy bill stress**



Crucially, ABS data showed that waged poor and low-income waged households were far less likely to seek help from non-government welfare and community organisations than other households in poverty. In total less than 1% of waged poor households sought such assistance – far less even than the average household with much higher incomes. This

reflects a combination of a lack of knowledge of services, a reluctance to seek help due to feelings of independence (or shame in seeking help) or a belief that other people were more in need of such support (despite those people living below the poverty line).

The SACOSS report, *Working to Make Ends Meet: Low-Income Workers and Energy Bill Stress*, made eight recommendations to assist energy affordability for waged poor and low-income waged households, including addressing inadequate incomes, improving South Australian energy concessions, addressing energy efficiency in housing, reviewing energy affordability assistance and service models, and introducing a debt trigger to identify customers in payment difficulties.

The SACOSS waged poor report was published before COVID-19, but it is particularly relevant to consideration of energy affordability during the pandemic because waged poor workers are over-represented in the casualised retail, hospitality and arts/recreation industries who have borne the biggest impact of economic shutdown. Further, many of those who now find themselves either out of work or with reduced hours do not have experience of being reliant on government support and they share the same lack of connection to traditional social services that was identified in the waged poor research. These themes will be taken up in the section below which deals with COVID-related issues raised by energy consumer advocates.

### **Impacts of COVID-19 on energy demand and consumers**

The following discussion highlights insights from SACOSS gathered from consumer advocates across Australia through the energy roundtable, as well as organisations in SA working in financial hardship. The impacts of COVID-19 on energy markets have largely focused on the decrease in energy demand over this time as cities emptied out and people retreated to their homes. Australia's electricity demand has shown a slight decrease, it has not been as steep a drop as parts of Europe, such as Italy have seen (AEC, 2020). It's also expected that renewable energy will continue to grow globally, with fossil fuels projected to decrease with lowered demand (Broom, 2020). Demand changes nationally have varied according to the sector. Nationally, there has been a 17% decrease in demand for small business and 11% decrease for large energy consumers. Residential households saw a 21% increase in demand with more people at home (Murphy, 2020). AEMO (2020) have observed that morning peaks are slightly later in all states due to people working from home. The highest demand reductions have been in QLD and NSW, with minimal impacts on demand in SA.

Anecdotal evidence from organisations working with people in financial hardship note that within the financial counselling sector – energy programs have gone relatively quiet. People are not seeking assistance at this time on their bills, however many organisations are

concerned about what is being referred to as the “tsunami” of debt that is likely to occur in several months with bill deferrals, higher energy use and dropping of income all coinciding around September 2020. It has also been noted by several consumer advocates that bills for residential customers have increased.

Concern about the messaging from retailers has been raised as there have been no statements from retailers about the accrual of debt. Retailers have assured customers that there will be no disconnections; however this does not resolve the issue of debt that will be accruing and potential non-payment of bills. People may find comfort in knowing there will be no disconnections, however a significant level of energy debt is likely to be accruing now and due at a later date. There has been no indication of retailers willing to waive debt, however SACOSS notes that the ATO are allowing the claiming of energy costs when working from home, which will assist people who are working from home, but will not provide much comfort to people who have lost their jobs.

The following concerns about energy affordability during and after the COVID-19 pandemic have been raised by SACOSS members, energy consumer advocates, or have arisen (or been confirmed by) SACOSS own research.

### **Falling and Changing Service Demand**

Weekly updates of emergency relief by municipalities in Victoria show a 50% fall overall in people seeking assistance. SACOSS members offering financial counselling and other similar services (including home energy assessments) have also reported a decline in demand – or at least not the great increase which may have been anticipated given the sudden increase in unemployment and people leaving the labour force. This could be a result of people being concerned about transmission of COVID-19 as traditionally, home energy assessments are offered in person. Further, some services have reported what appears to be a change in their client-base with more people on JobKeeper seeking assistance and less on JobSeeker.

These changes reflect the fact that those on JobKeeper are likely to have lost employment or hours of work and therefore suddenly find themselves with significantly less income and struggling. By contrast, for many who were on JobSeeker and accessing services before COVID-19, the Coronavirus Supplement has meant that their income has increased by \$550 per fortnight – meaning that they have less need (at present) to access support services. This points both to the importance of those increased incomes to energy affordability, and also the need for a more nuanced approach to affordability that goes beyond price and takes account of income, other household costs and does not assume the impact of COVID-19 is the same for all households – even for all poor households.

SACOSS' March Quarter *Cost of Living Update* (SACOSS, 2020) sought to identify different impacts on different groups. While household energy consumption may increase for households where people were working from home, or not working and staying at home more, this may well be balanced by decreases in other household expenditures (including transport, food and housing (with interest rates decreasing and rent-increase moratoriums). The end result would also depend on what happened to income for any household, but we attempted to summarise the broad directions as follows (with the diagonal arrows signifying where only some households in the cohort may experience the increase or decrease).

	Income	Expenditure	Govt Support
<b>Workers Retaining Jobs &amp; Hours</b>			
Normal Conditions	↗	→	
Working from Home	→	↘	
<b>Workers Losing Hours</b>	↓	↘	May be eligible for JobKeeper payments, but this still represents a loss of income.
<b>Workers Stood Down</b>	↓	↘	May be eligible for government JobKeeper payment, otherwise eligible for the enhanced JobSeeker payment (see below).
<b>Previously Unemployed</b>	↗	→	Payments increased by a \$275 p.w. COVID-19 supplement, plus \$750 federal stimulus payment in March, and a one-off \$500 SA government concession
<b>Students</b>	?	→	Students on Centrelink Allowances will receive the COVID-19 supplement, plus \$750 federal stimulus payment in March.
<b>Non-resident workers/students</b>	↘	→	SA government package of support measures for international students.
<b>Age Pensioners</b>	↗	→	Two stand-alone government stimulus payment of \$750 paid in March and July, otherwise income unchanged.
<b>Self-funded Retirees</b>	↓	→	No specific income support measures, but the age pension remains in place as a safety net.

The full explanation of the table is in the SACOSS report, but the overall point is that there are new groups who will struggle with significantly decreased incomes while many of the groups who have traditionally struggled with cost of living and energy prices (such as income support recipients) may be better off financially during the COVID-19 crisis. Of course this will change radically and quickly if those extra income supports are removed. For this reason we believe that ongoing South Australian government advocacy to the Federal government is necessary to extend payments (and in the case of an increase to JobSeeker to make it permanent).

## Potential future impacts

The concerns about the impacts of ending of JobKeeper and the JobSeeker Coronavirus Supplement have been well canvassed in the media and are shared by SACOSS. However, our members and other energy consumer advocates have also pointed to particular concerns around energy affordability. Early on in the pandemic, SACOSS joined with other consumer advocates in calling for energy companies to introduce support measures to people impacted by COVID-19 such as waiving late fees, and a moratorium on disconnections and debt collection. (PIAC, 2020). SACOSS welcomed the response of many energy companies to these calls and then the commitment by energy retailers for no disconnections that provided a reprieve for some energy consumers who may not have been able to pay their bills.

However, while the moratorium on disconnections and other measures is welcome, there is no waiver of energy bills or debts. For some households with increased home energy use, the debt may be increasing during the COVID-19 isolation period. The result will be that households unable to pay significant energy bills or with significant energy debts may be hit with unpayable energy costs – potentially at about the same time as government income supports massively reduce. For those who have not found work or are not back to their previous working hours, this may be insurmountable. In the context where many of these households do not engage with community services, there is a particular concern that these customers may end up with pay-day lenders or other services that may make their long-term situation worse.

In this context, the government needs to give consideration not just to potential short term responses, but also to ensure longer term reductions in electricity tariffs in SA, public information to reduce stigma around debt and to guide people to appropriate and preferably free support services. It was noted by consumer advocates that there has been an increase in people using MyBudget, which charges people to manage money and is of concern to organisations like Uniting Communities who offer free financial counselling services.

## Multicultural communities

The Brotherhood of St Laurence in Victoria reported seeing an increase in multicultural communities seeking assistance and that many in these communities are finding ‘dead ends’ with no support available. These impacts could be because they are disproportionately engaged in industries where COVID-19 layoffs have been more pronounced or because they are in more precarious employment situations or are not Australian residents – meaning that they do not qualify for government JobKeeper or JobSeeker payments. SACOSS does not have SA data to confirm a similar trend in South Australia, but there is no reason to

believe that it would be different here. Again, this situation highlights the need to extend JobKeeper and JobSeeker programs to non-residents and to keep those programs in place until fuller employment is restored.

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