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TASMANIAN ENERGY  
CONSUMER ADVOCACY  
REPORT 2017



# ENERGY

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## The lived experiences of Tasmanian consumers

OUR  
VOICES  
SERIES





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## Disclaimer

This project was funded by Energy Consumers Australia Ltd ([energyconsumersaustralia.com.au](http://energyconsumersaustralia.com.au)) as part of its grants process for consumer advocacy projects and research projects for the benefit of consumers of electricity and natural gas.

The views expressed in this document do not necessarily reflect the views of Energy Consumers Australia.

## About TasCOSS

TasCOSS is the peak body for the community services sector in Tasmania. Our membership includes individuals and organisations active in the provision of community services to low income, vulnerable and disadvantaged Tasmanians. TasCOSS represents the interests of its members and their clients to government, regulators, the media and the public. Through our advocacy and policy development, we draw attention to the causes of poverty and disadvantage, and promote the adoption of effective solutions to address these issues.

Approved by **Kym Goodes**  
CEO, TasCOSS

# EXECUTIVE SUMMARY

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The lived experiences of Tasmanians are at the heart of the work TasCOSS does. Our vision is for One Tasmania, free of poverty and inequality where everyone has the same opportunity. Our understanding of the ways people live, the challenges they face and the ways they find to manage these challenges helps us to achieve this vision, through our development of policy, our recommendations to government, and our influential conversations with energy providers.

In the Tasmanian Energy Consumer Advocacy Project, TasCOSS draws on a broad range of sources to deepen and enrich our understanding of how people in Tasmania experience their energy at home – their challenges, their strategies and their ideas of how the system could work better. Hearing directly from people about their lived experience is essential to our work, and we thank people who generously shared their stories with us.

The price of electricity is the number one energy-related issue identified by participants in this consultation. We hear the same message from individuals, community sector organisations and Emergency Relief Providers. The cost of energy as a proportion of income is increasing and becoming more burdensome for those who can least afford it. Tasmanians typically face a large electricity bill every three months, or daily costs that are hard to manage. Because energy is essential to meet people's basic needs for heating, cooking, refrigeration, hot water and communication technologies people can be forced to make sacrifices to stay connected. Affordability is likely to continue as the major concern for households in Tasmania.

We heard success stories of people's skills and their resilience. Some people are rightly proud of their strategies to manage energy use. Some people manage with wise purchasing decisions, using resourceful and skillful means to navigate various discounts and rebates, along with balancing long benefits and short term costs. Others have found ways to adjust their household energy use to align with the cheapest costs in a Time of Use Tariff. Many people recognise the value of using energy frugally and efficiently, but for some, energy restrictions lead to compromised living conditions.

While some manage well, many Tasmanians are continuing to experience difficulties meeting the cost of energy, especially during winter months when heating is needed. Some are forced to choose whether to heat or eat, and sacrifice social engagement or activities for children in order to maintain thermal wellbeing.

Our consultation captures what is important to people about the gas and electricity they use, so TasCOSS can continue to advocate on what matters to people—an energy system that delivers this essential service to all Tasmanians at a price they can afford.

“Everyone has the right to a standard of living adequate for the health and well-being of themselves and their family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.”

*UN Declaration of Human Rights, Article 25*



Our vision is for  
One Tasmania, free of  
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## BACKGROUND: ELECTRICITY

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In Tasmania, most people live in ‘all-electric’ homes, and rely on electricity to cover all of their household energy requirements. The State Government owns the businesses that collectively provide electricity to Tasmanian households: Hydro Tas, TasNetworks, and Aurora Energy. Before 1998, the Hydro Electric Corporation delivered all electricity services in Tasmania—generation, transmission, distribution and retail. In 1998, the business became three separate entities, with Hydro Tasmania responsible for generation, Transend responsible for transmission, and Aurora Energy responsible for distribution and retail services. This arrangement was restructured in 2014. The transmission and distribution services merged to become TasNetworks, leaving Aurora responsible only for retail services. Because in Tasmania, electricity has always been delivered by a publicly owned utility or system of utilities, many of us, including young people, still refer to the ‘Hydro bill’.<sup>1</sup>

Tasmania’s electricity businesses are publicly owned monopolies, and as such are subject to economic regulation. The Office of the Tasmanian Economic Regulator (OTTER) is responsible for regulating Hydro Tas and Aurora. TasNetworks, like all networks in the National Energy Market, is subject to regulation by the Australian Energy Regulator.


Tasmania’s hydro dams generate nearly all the electricity used by households, businesses and large industries in the State. Windfarms, the Tamar Valley Power Station, which uses gas, and roof-top solar panels contribute a small amount of electricity to the grid. At present, windfarms deliver about 7% of Tasmania’s electricity, and more capacity is under development. Each year, about 10% of the State’s electricity is imported via the undersea Basslink Interconnector. The State Government policy, in line with the recommendations of the *Tasmanian Energy Security Taskforce Report* aims at achieving sufficient on-island generation to meet all Tasmania’s energy needs. Development of additional resources, such as pumped Hydro, is under consideration alongside the additional wind generation capacity. The development of pumped Hydro would likely make available greater amounts of energy for sale into the NEM, with potential implications for investing in a second interconnector to the mainland.

The Basslink Interconnector transfers electricity between Tasmania and Victoria, and connects the state physically to the National Energy Market (NEM). This can benefit Tasmania because we can import energy from the NEM, for example, when the dams are at low levels and we are waiting for rainfall to replenish them, and export energy when on-island resources are plentiful and mainland prices are high. Consideration of a second interconnector is underway, pending feasibility studies of increased generation opportunities.

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<sup>1</sup> This description does not apply to energy supply arrangements on Bass Strait Islands. The Bass Strait Islands are not connected to the NEM or the Tasmanian grid. While we did not target residents of the Bass Strait Islands for this report, one online survey respondent self-identifies as a King Island resident.





At present, windfarms deliver about 7% of Tasmania's electricity, and more capacity is under development.

## BACKGROUND: ELECTRICITY

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The public ownership and main source of electricity in Tasmania (hydro generation) have been reasonably stable over many years. However, the energy environment is facing significant disruption at an unprecedented rate of change. New opportunities and challenges are already in play with respect to generation. People have choices that go well beyond simply paying a 'Hydro bill'. As in other jurisdictions, technologies such as battery storage and distributed generation will play an increasing role in Tasmania's energy mix.

The retail environment is also changing. The door to traditional retail competition has been open since 2014, but to date no new retailer has joined the Tasmanian residential market. The small business sector has attracted a second retailer, which has only a small market share. Both residential and business consumers can now engage with many more providers of energy services and equipment.

Tasmania has a small population of about 537,000, and resulting diseconomies of scale. Tasmania is the poorest state of Australia: 31.3% of Tasmania's population are in the most disadvantaged socioeconomic status quintile (one-fifth) of Australia's population, a higher proportion than for any other State or Territory.<sup>2</sup> The median household weekly income in Tasmania is \$1,100 compared to the Australian figure of \$1,438, and 26.3% of households had a weekly household income of less than \$650.<sup>3</sup>

Approximately 230,000 households are connected to electricity, as customers of Aurora Energy. In 2015-16, there were 209 762 retail residential customers on a standard tariff, and 26 670 customers on the Aurora Pay As You Go (APAYG) tariff.<sup>4</sup> Concession customers are 38.7% of the total, 91 410 households.<sup>5</sup> Concession customers are over represented on the APAYG tariff, slightly over half the customers on this tariff receive concessions.

Energy costs as a proportion of household expenditure increased substantially in the ten years from 2006 to 2016. For the average Tasmanian household, annual expenditure on energy grew from \$1 317 (2006) to \$2 181 (2016).<sup>6</sup> Tasmanians also tend to use more energy per household than in other states, due to the need for heating homes during cold winters.<sup>7</sup> People on the lowest incomes tend to live in the oldest, coldest and least energy efficient homes, and these are the most difficult and expensive to keep warm. The burden of expensive heating costs in winter is a constant refrain throughout our consultations.

In 2015-16, a low income Tasmanian household with no concession on the standing offer price was paying 8.5% of its disposable income on electricity. If receiving an energy concession, the household was spending 6.4% of its disposable income.<sup>8</sup>

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<sup>2</sup> Eslake, S. *Education, Productivity and Economic Performance: Tasmania Then, Now and Tomorrow* Address to the Launceston Historical Society, 16 March 2017, p 9.

<sup>3</sup> ABS *2016 Census Quickstats Tasmania* available at [http://www.censusdata.abs.gov.au/census\\_services/getproduct/census/2016/quickstat/6?opendocument](http://www.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/6?opendocument)

<sup>4</sup> Aurora also offers a time of use (TOU) tariff, which has very low numbers of users.

<sup>5</sup> Office of the Tasmanian Economic Regulator *Energy in Tasmania 2015-16* available at <http://www.economicregulator.tas.gov.au/Documents/2015-16-Energy-in-Tasmania-Report---final-web-pdf.PDF>

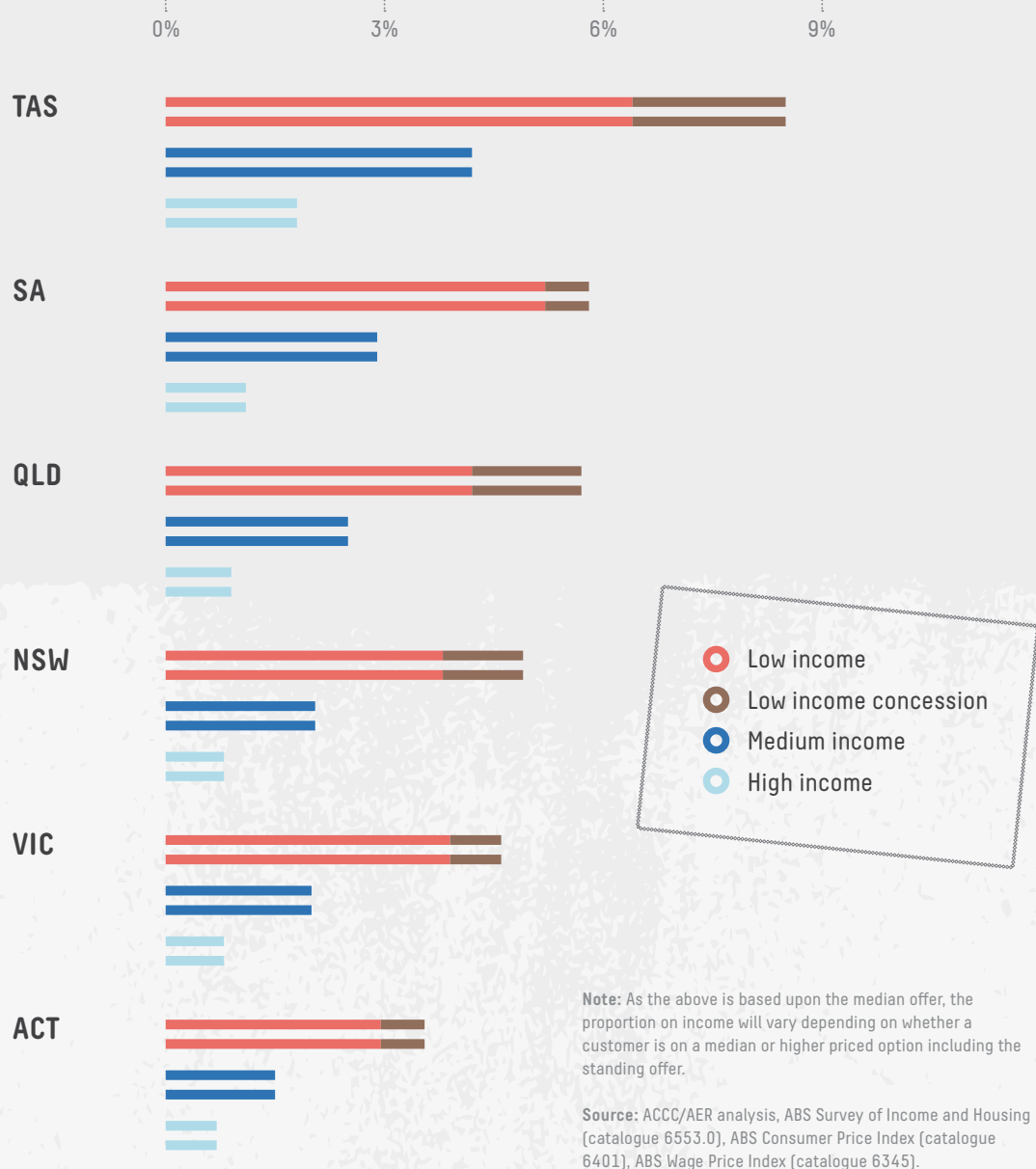
<sup>6</sup> Phillips, B. (2017) *Research Note: Household Energy Costs in Australia 2006 to 2016*. <http://rssh.anu.edu.au/sites/default/files/Household%20Expenditure%20on%20Electricity%20Trends.pdf>

<sup>7</sup> Heating takes more energy than cooling, so Tasmania's winter costs are not fully off-set by the higher summer costs in warmer states.

<sup>8</sup> AER *Annual Report on the Performance of the Retail Energy Market 2015-16*.



## Expenditure on energy in Tasmania and other states as a percentage of disposable household income<sup>9</sup>



<sup>9</sup> Rod Simms ACCC Chair, 20th September 2017.  
<https://www.accc.gov.au/speech/shining-a-light-australia%E2%80%99s-gas-and-electricity-affordability-problem>

## BACKGROUND: ELECTRICITY

Hydro Tas supplies nearly all the electricity used in Tasmania. Consequently, in exceptional circumstances, the State Government as the business owner can instruct Hydro Tas to adjust its charges for the energy it provides to Tasmanians. To achieve this, the Government also needs to amend legislation applying to the Economic Regulator, who is responsible for setting the price according to specific regulations. In 2017, wholesale electricity prices in the NEM were rising sharply, while the cost of generating electricity within Tasmania remained relatively stable. In response, the Tasmanian Government capped price increases for Tasmanian electricity users at around 2% for households for the 2017-18 financial year.<sup>10</sup>

While Tasmania lacks the extensive range of providers, tariffs and offers that exist in other jurisdictions, energy bills and tariffs remain complex and many people find them hard to understand. Most people are on the standing offer and receive a bill with two tariffs, each with a different supply charge and cost per kWh. Bills for homes with roof-top solar have additional complexity. The Aurora Pay As You Go (APAYG) system has a complicated time of use structure, with seasonal as well as daily variations.<sup>11</sup>



Table 7.1  
Customers (electricity)  
2011-12 to 2015-16



<sup>10</sup> [http://www.parliament.tas.gov.au/bills/Bills2017/26\\_of\\_2017.htm](http://www.parliament.tas.gov.au/bills/Bills2017/26_of_2017.htm)

<sup>11</sup> <https://www.auroraenergy.com.au/your-home/aurora-pay-as-you-go/aurora-pay-as-you-go-rates-and-charges>

## OTTER Table of Standing Offer and PAYG customers:<sup>12</sup>

	2011-12	2012-13	2013-14	2014-15	2015-16
<b>Standing Offer</b>					
Residential customers	190,494	194,901	199,487	204,936	209,762
Residential customers with a concession (excluding APAYG customers)		72,030	74,177	76,325	77,581
Small business customers	33,467	32,813	32,315	32,885	30,579

	2011-12	2012-13	2013-14	2014-15	2015-16
<b>Market Offer</b>					
Residential Customers (APAYG)	35,561	33,158	30,640	29,612	26,670
APAYG customers with a concession		15,751	14,253	14,701	13,829
Small business customers	3,497	3,550	3,671	2,996	5,479
Large business customers	1,723	1,816	2,036	1,761	1,753

<sup>12</sup> Electricity Customers in Tasmania 2011-12 – 2015-16, *Energy in Tasmania Report 2015-16* Office of the Tasmanian Economic Regulator <http://www.economicregulator.tas.gov.au/Documents/2015-16-Energy-in-Tasmania-Report---final-web-pdf.PDF>

## BACKGROUND: GAS

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Approximately 5% of Tasmanian households are connected to gas, a small proportion compared to other jurisdictions in the south east of Australia. The Office of the Tasmanian Economic Regulator reports 12,312 residential gas customers using reticulated gas in Tasmania in 2015-16.

While there are low numbers of connections to the gas network compared to electricity connections, gas supply and cost is significant for many low income and disadvantaged Tasmanians, including public housing tenants, who rent from Housing Tasmania. Housing Tasmania is Tasmania's largest landlord, owning 12 757 rental properties. In previous years, Housing Tas connected many of its properties to gas for space heating and hot water. Housing Tasmania has recently moved from installing gas heaters to heat pumps, due to lower running costs for tenants.<sup>13</sup> It is worth noting that Tasmanians who use gas are not covered by the consumer protections and obligations of the National Energy Consumer Framework (NECF), which leaves them vulnerable to greater hardship. The lack of an obligation to supply means that some people can be excluded from service due to their credit history.<sup>14</sup>

Overall, the energy system in Tasmania includes regulated monopoly providers of electricity services, particular challenges for renters and gas users, and constant affordability pressures for many people, especially in winter.

“While there are low numbers of connections to the gas network compared to electricity connections, gas supply and cost is significant for many low income and disadvantaged Tasmanians, including public housing tenants, who rent from Housing Tasmania.”

The remainder of this Report outlines the methodology, consultation outcomes, analysis and recommendations of the Tasmanian Energy Consumer Advocacy Project undertaken in 2017.



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<sup>13</sup> Housing Tasmania owns almost 13,000 properties throughout Tasmania, which are leased as public and community housing. About two-thirds are managed by Housing Tas, and the remainder are managed as by not-for-profit housing providers.

<sup>14</sup> Tasmanian electricity customers have been part of the NECF since July 2012. This Framework is designed to maintain best practice consumer protection.

# METHOD

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In 2017, TasCOSS undertook a program of consultation to identify and document issues that are significant to Tasmanian energy users. We have ensured that voices are heard from all regions, and from rural as well as urban areas. To supplement direct consumer voices, we also sought out and listened to perspectives from service providers about the issues they see their clients facing. Service providers bring insight into trends and patterns they observe, and also provide a link to people who do not choose to engage directly with TasCOSS.

We have captured the views and circumstances of a range of Tasmanian energy users. The sample is indicative, but not representative at a demographic level for two reasons. First, participation was 'opt in' and not based on random sampling. Second, while no groups were excluded from engaging in our consultations, Tasmanians on low incomes and in hardship are strongly represented compared with other income groups. Understanding the lived experience of these groups is a priority for TasCOSS, in line with our mission and vision. Low income earners spend a higher proportion of their weekly budget on essentials such as energy, food and housing. They are more likely to live in poorly insulated homes with older inefficient appliances, and are less able to take up energy efficiency measures due to the upfront costs, and their over representation in the rental market. Consequently, the experiences of Tasmanians on low incomes are most likely to reveal the gaps and inadequacies within the energy system in Tasmania, the areas where advocacy is most needed.

We collected 110 unique responses drawn from:

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Targeted 1-1 consultations with individuals and TasCOSS member organisations  
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Focus groups  
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Written responses to online survey  
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Feedback from workers about their experiences with clients and observations of trends  
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Interviews with key informants such as those providing emergency relief  
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The Report does not specify locations of groups and sources of stories as a way of ensuring that all of the contributions can remain anonymous. In a small state with many small communities this is an important privacy safeguard. Case studies are drawn from real people's stories.

The priority in the first year of our planned three year consultation program has been to seek out any issues that have not yet come to our attention, and supplement, validate or adjust what we already know from statistics and previous consultations. To enable contributions from across the Tasmanian community we advertised in public newspapers in all Tasmanian regions for people to talk to us about their energy experience and ideas, and circulated invitations to engage through TasCOSS eNews as well as our membership network. We developed an online survey for people who preferred to share their views that way.<sup>15</sup>

Members of communities showed little appetite for participation in focus groups, so we concentrated on one-one and small group interviews. We found people much more willing to engage in this way, which had the further advantage of drawing out more detail and context about experiences.

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<sup>15</sup> A copy of the survey questions is appended to this report.

# ANALYSIS

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The following themes emerged in the consultations and will be discussed in turn:

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Cost, hardship and ways to manage

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Winter bills

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New forms of energy

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Pay as you go

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Gas

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Couchsurfing and visitors (two sides of a coin)

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Systematic issues

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Perspective/experience of organisations  
(TasCOSS members)  
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## Energy cost, hardship and ways to manage

It remains a juggling exercise for many Tasmanians to balance energy costs with all the other demands on the household income. People report that they reduce their social engagements, curtail family activities as well as go without any food in order to pay for their electricity. These measures are consistent with previous TasCOSS research which notes “Among the participants, only those with dual incomes and no children at home said they had little difficulty in finding the money to pay the account. Those on income support and fixed incomes said they had to budget very carefully for the power account and at times this meant going without other household necessities.”<sup>16</sup>

People told us about the compromises they make to manage energy expenses:

*“Turn the heater down, cheaper food, go out less, restrict use of hot water, limit watering the garden, turn lights off earlier.”*

*“We try to increase our income to suit.”*

*“I worry constantly about the power being cut off.”*

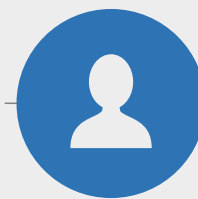
*“We have plasma tvs at home which chew through the power, and when my parents are concerned about money, we have no TV and no Xbox.”*



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<sup>16</sup> TasCOSS 2011 *Living in the country: Consumer perspectives on energy supply in rural Tasmania*, p36





These responses show that the cost of electricity can reduce people's quality of life directly and through the burden of financial worry.

While there are supports available, such as the Energy Hardship Fund, Aurora's Your Energy Support (YES) program, and emergency relief, when these resources are exhausted, and debts remain outstanding, people can still be left without the energy they need.<sup>17</sup> Parents tell us of the fear that if the electricity is cut off, their children may be taken away from them. Keeping energy affordable is a critical issue for Tasmanians.

“ We make payments every fortnight based on last year's usage plus 10%. Of course we would prefer to have a meal out rather than this.”

## CASE STUDY NAOMI'S STORY

Naomi is a single mother, with one child, on the Aurora standing offer. She receives a concession, but constantly feels the pressure of her electricity costs.

Naomi says “I'm always thinking of how to manage this bill.” At present, one Aurora quarterly bill of \$600 is due, and she has not paid anything off it yet. The next bill will come in a matter of weeks. Naomi knows she needs “to call Aurora to put something in place before the next one,” but she is yet to take this step. “Other bills push in, things come up.” Naomi's daughter is five, so her payments from Centrelink are reducing, but she finds that with her daughter in school, her overall costs have increased.

She puts her daughter's needs before the bills because you have “got to sacrifice things for kids”. Winter bills are hard, then “everything piles up at Christmas. There are no easy times.”

<sup>17</sup> Details of Aurora's YES program can be found at [https://www.auroraenergy.com.au/Aurora/media/pdf/about\\_aurora/Your-Energy-Support-Program-policy.pdf](https://www.auroraenergy.com.au/Aurora/media/pdf/about_aurora/Your-Energy-Support-Program-policy.pdf)

# ANALYSIS

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## Winter bills

Winter bills are a longstanding challenge for Tasmanian households. In 2011, TasCOSS heard that “Families with young children find it very difficult to heat their homes for the whole day. They tend to ‘ration’ the heating to those times of the day when it is coldest, early morning and evening.”<sup>18</sup> Heating remains a challenge in 2017.

*“It is far too expensive to heat houses. It is especially difficult when we live in a cold climate and it is essential to heat the houses.”*

*“I had a \$700 [gas] bill in winter. I would get up at 6am to put the heating on, but in an old draughty house it was too cold. The children just get sick.”*

## How people stay warm

*“An electric blanket to put over knees. Lining out under house.”*

*“In winter going to bed early with the electric blanket on. Wrap a blanket around me when watching TV.”*

*“We adjust in winter. Warmer clothes, blanket over shoulders/body during the evening. Bed earlier when really cold.”*

*“Get under a blanket on the couch, turn the heater down, limit use of hot water.”*

*“I do not turn the heater on if I am home alone – I live alone too expensive. I have hot water bottle and blanket to watch TV.”*

*“I used a hot water bottle in the winter and went to bed with 7 layers of bedding, to avoid using the heat pump to heat the room.”*

*“I use a hot water bottle instead of a heater. Our shower in our share house runs out of hot water after 1 or 2 showers, and when there are 5 people living in the house you can often get caught having a cold shower. In winter particularly I go to public showers quite often.”*

*“We heat only one room in winter and make sure to shut all the doors to keep the heat in. We sit on the couch with blankets and hot water bottles to keep warm.”*

*“Only use one room in winter.”*

*“All in one room.”*

**“ We heat only one room in winter and make sure the doors are closed.”**

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<sup>18</sup> TasCOSS 2011 *Living in the country: Consumer perspectives on energy supply in rural Tasmania*, p22

*"Our heating costs here are less than the cooling costs we had in outback Queensland."*<sup>19</sup>

*"If other people's homes are like ours there would be a lot of places that are not energy efficient. Ours heats up in summer and cools in winter. A lot of our heat is 'lost'."*

This previous comment reflects the known issue of poor quality housing stock across Tasmania. There are opportunities to target the improvement of housing material and to improve standards for rental properties. This would achieve improvements to people's health and well-being as well as reducing heating costs.

The importance of reducing energy consumption and improving the efficiency of heating options is reflected in the uptake of energy efficiency loans. The No Interest Loan Scheme (NILS) reports that between 1 June 2017 and 15 November 2017, 414 loans were made that included a 50% subsidy for energy efficient options.<sup>20</sup> Approximately 40% of loans were for heaters or for heating systems.

## NILS 50% energy efficiency subsidy loans

1 June–15 November 2017

Appliance	Loans
Heating and cooling system (heat pump)	161
Fridge	133
Washing Machine	103
Heater	6
Heatpump/hot water	6
Freezer	5
<b>Total</b>	<b>414</b>

We hope to see the benefits of energy efficiency initiatives reflected in the experiences of Tasmanian households.<sup>21</sup> Future reports will incorporate any evaluation of these programs and measurement of their impacts.

<sup>19</sup> This participant also had a wood heater installed, which would likely affect their experience of heating costs.

<sup>20</sup> Information provided by NILS. NILS enters into approximately 2200 loan contracts per year.

<sup>21</sup> Data for the Tasmanian Energy Efficiency Loan Scheme (TEELS) was not available when this report was produced.

# ANALYSIS



## Renters

There are approximately 54,000 rented households in Tasmania, and virtually all consume energy through the NEM. Of rental households, approximately 13,000 are social or public housing, and the remainder, almost 40,000 are private rentals.<sup>22</sup> Tenants cannot always make the material changes to their homes that they would otherwise choose, for example, by installing more efficient heaters or solar panels. These 'split incentives,' where the landlord is responsible for the cost of changes to the fabric of the home and gains the value of a capital improvement and the resident tenant receives the benefit of reduced energy costs, are not unique to Tasmania.

Renters' energy choices may be constrained in ways that home owners choices are not. For example, one young person reported that their parents had thought about solar, but are renting. As in many other jurisdictions, renters don't have the right to make material changes to the property without the landlord's consent. And as Chrissie's story shows, landlord decisions and attitudes can have a financial impact on the renter that may outlast the tenancy.

## CASE STUDY CHRISSIE'S STORY

"I had landlords who have an old water system and it was outside and it was big. My electricity bills were between \$500 and \$700 each quarter. I struggled as a single parent with one child to make the payments even with the winter concession. I haven't been able to get a full bill paid off and as a result I have a bill that is around the \$2000 mark now. I need to leave the place I have been renting for the past 4 and a bit years as this house has now been sold by my landlords. I am worried about getting a reconnection to the next property with the outstanding bill."

“ My electricity bills were between \$500 and \$700 each quarter. I struggled as a single parent with one child to make the payments even with the winter concession.”

<sup>22</sup> [http://www.censusdata.abs.gov.au/census\\_services/getproduct/census/2016/quickstat/6?opendocument](http://www.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/6?opendocument)



## New forms of energy

A divide may be emerging between people who can access solar and other new technology options, and those who have to purchase all their electricity from the grid. Being a tenant is one barrier, but the up-front cost is also prohibitive for some people:

- People recognise the environmental side of energy decisions, although we heard about these less than about cost savings.
- Clearly not everyone can afford energy options that require up front investment or loan repayment. Identifying and advocating for ways to support people and cohorts that are missing out on government funded programs is important to ensure people are not left further behind.

Even with solar panels, winter bills can remain high, because solar availability does not coincide with Tasmania's peak energy use.

*"Recently purchased 12x solar panels to assist with cost of energy. A huge outlay for a person on an average wage but hope the panels will make a difference very soon."*

*"We try to be extra efficient. Reducing our carbon footprint is also extremely important to us. We also have a minimalist philosophy happily."*

*"Because we have solar our bills are in credit. When the feed in tariff expires we may get battery to save further electricity use. Our aim is to reduce emissions, set an example, not costs."*

*"Make it 120% renewable as soon as possible. Carbon emissions are another part of the energy story. They are another reason—apart from cost—for saving on energy."*

<sup>17</sup> Details of Aurora's YES program can be found at [https://www.auroraenergy.com.au/Aurora/media/pdf/about\\_aurora/Your-Energy-Support-Program-policy.pdf](https://www.auroraenergy.com.au/Aurora/media/pdf/about_aurora/Your-Energy-Support-Program-policy.pdf)

## CASE STUDIES ANDREW'S STORY

"Having installed solar panels 2 years ago we now are part time workers so do more washing/dishwasher use during sunny hours. Would like more payment for power we feed back into the system and/or incentives to assist with battery installation (our next investment!). Even with our approach to a cooler house over winter, solar panels & using clothes/blankets for extra warmth we pay \$2000 over the winter period to maintain comfort and control mould in the older parts of the house."

## ANYA'S STORY

Anya is in college, and lives independently, renting a room with family friends. Her rent includes the power bill, so fuel for her car is the main cost as she lives out of town. Long term, Anya wants her own place with solar power, and by then she hopes the cost might have come down.

# ANALYSIS

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## Pay As You Go (PAYG) meters

We note that Aurora is no longer providing these meters in their current form, instead looking to introduce an 'app-based' option. While an online option will suit many people, this will likely be a disruptive transition for some users who cannot easily adjust to the new technology. People who are comfortable with the current system that allows topping up the APAYG card at the local shop or post office may be challenged by the new technology. Importantly, successful use of an app will require adequate internet connection or mobile phone service. In some areas, service is unreliable, and some people find staying connected to a prepaid mobile is an expensive challenge. That said, for many, perhaps most users, an app will be much a more convenient and flexible approach.

Aurora PAYG can be used as a feedback mechanism that some consumers value. Features such as flashing lights for emergency credit (the last \$18 remaining) as well as opportunity to use real time feedback on cost of energy used enable people to make timely finegrained behavioural adjustments.

But the capability to use material and behavioural strategies depends on people's time, effort, household discipline and skill. While some people are highly resourceful very few households can achieve this kind of success. Arguably, this level of effort could be directed to more productive or pleasant activities.

Those who are unable to devote their time and effort to managing the costs of an essential service (for circumstantial or individual reasons) are left to struggle with high costs and compromised living.

People's experience with managing bills through behavior change and material change is diverse. Many people (most participants in our consultation) are aware that turning off lights and stand-by appliances can make a difference. And we know from other programs that for some people it is possible to reduce energy use and maintain comfort.<sup>23</sup> However, when people live in homes that are hard—or impossible—to heat efficiently, and are limited to the use of inefficient appliances, there is little capacity to reduce energy costs. Behaviour change such as switching off lights is outweighed by the material environment. When struggling to cope financially, people take further steps, even to the extent of compromising wellbeing.

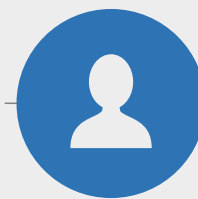
*"Get under a blanket on the couch, turn the heater down, limit use of hot water."*

*"Over 2 winter quarters [half the year] we go out less as the bills are going to be much higher and need payment within a short time frame once received."*

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<sup>23</sup> See for example, Russell-Bennett, R., Bedgood, R., Glavas, C., Swinton, T., McAndrew, R., O'Mahony, C., Pervan, F., & Willand, N. (2017). Power Shift Project One: Driving Change – Identifying what Caused Low-Income Consumers to Change Behaviour, Final Report, Brisbane: Queensland University of Technology and Swinburne University of Technology. <http://energyconsumersaustralia.com.au/publication/driving-change-caused-low-income-consumers-change-behaviour/>





## CASE STUDY CASEY'S STORY

Casey is a single parent with two children at home. Two years ago, her household income reduced significantly, when her youngest child turned eight, and her Centrelink income support changed from Parenting Payment to Newstart.

She uses the Aurora Pay As You Go system to manage her energy use as well as cost. Casey worked out the intricacies of the APAYG time of use, and has developed a series of strategies to understand and manage electricity use. For example, Casey turns the hot water cylinder on and off at certain times to ensure it re-heats only

certain times to ensure it re-heats only during the cheapest part of TOU tariff. She imposes strict requirements on the children to recharge devices only overnight, and even removes light globes from the rooms where these are not needed—such as bedrooms.

Casey's household can require up to \$90 power per week in winter. She knows she can run her home very frugally to spend only \$50 per week when other bills need to be paid. For Casey APAYG allows real time monitoring of use and cost, and it "definitely assists managing".

“ Casey's household can require up to \$90 power per week in winter. She knows she can run her home very frugally to spend only \$50 per week when other bills need to be paid.”



# ANALYSIS

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## Gas

Very little gas use was reported by consumers during our consultation, reflecting the low use of gas in Tasmania. Gas is typically one element within a household's energy use, sometimes supplied in canisters and used for cooking only, sometimes used for hot water or heating or all three.

However, we know from services that their clients encounter connection refusals from gas retailers, and are left without the energy to supply heating or hot water. For some renters, relocating presents such difficulties that they will remain in the home, even though it means going without hot water or without heating. As gas becomes more and more expensive, housing providers field more requests from tenants to replace gas heaters with other forms of heating. Tenants have also reported being unable to access any concessions for gas services.

Obligation to supply is a long-standing issue for gas services in Tasmania. Electricity is considered to be an essential service, but gas is regarded as a product of choice. Because electricity is an essential service, there is an obligation to supply, which means that electricity must be supplied to a person regardless of their credit history, until or unless they breach the terms of that contract. Various safety-net options need to be in place, so disconnection or loss of supply is a last resort. However, gas consumers lack this protection, and not all gas consumers have a choice about the form of energy they use. Consumers who move into a public, social or private rental property can find themselves denied gas supply by both gas retailers in Tasmania for any reason, including and most commonly, for a poor credit history.

TasCOSS has long advocated for an obligation to supply for gas services, and will continue to do so.

*"We have installed a gas hot water system (as it only heats what we use) with temperature control so we dial up how hot we want the water for various uses."*

“ As gas becomes more and more expensive, housing providers field more requests from tenants to replace gas heaters with other forms of heating. Tenants have also reported being unable to access any concessions for gas services.”

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<sup>24</sup> A recent survey by Shelter Tas of the Specialist Homelessness Services in Tasmania shows that most have observed an increase in the numbers of people couch surfing and an increase in overcrowding. Shelter Tas eNews 16th November 2017.



## Impact of visitors and experiences of couch-surfers

The increase of households hosting short and medium term visitors and the counterpart issues that couch surfers experience was raised by some individuals and was identified by emergency relief providers as a trend. In many households, it is common for a family member to come and stay for a while, and this need is exacerbated by the tightening rental market in much of Tasmania.<sup>24</sup> Anecdotally, people who have considered themselves empty-nesters are seeing adult children return to the family home, when unable to rent or buy in the current market. Emergency Relief providers often see households with increased energy bills resulting from a visitor. We will be monitoring this added pressure, which may have mental health as well as financial impacts on households.

Emergency relief providers often hear of the challenges households meet when circumstances suddenly change. When family members—or others—stay for a while, the original household member may face financial strife when increased energy bills arrive after a visitor has moved on. Managing energy use is not a 'one size fits all' approach, and a visiting person may have different needs—such as a new baby—or a different way of living, such as a family member from interstate who leaves doors open, or just not be used to the 'time of use' discipline that enables some households to keep costs in check.

Couch-surfers and visitors have their own struggles. Couch-surfing is a form of homelessness and as such inherently stressful. Knowing that your presence will be impacting financially on your hosts makes the experience more intense and stressful. Services report that some visitors and couch-surfers "basically exhaust their funds helping out in a form of pseudo board so when they find their own place they don't have any left over money."

## CASE STUDIES ANTONIA'S STORY

Antonia is a single mother with a 12 year old living at home. In the past, she had gas heating which was "horrible" and cost \$700 in winter, on top of her electricity bill. Antonia considers herself 'power conscious', but she lives in an old draughty house, which is difficult to keep warm. This year, Antonia had a heat pump installed, and her adult daughter and baby came to stay during winter. The first bill covering the period with her daughter staying, and new heat pump installed is yet to arrive. Until now, she has kept up with electricity bills and hasn't had to deal with Aurora, but she has already found energy costs hard to manage. She does not know what this next bill will amount to.

## EMILY'S STORY

Emily is a young person, living away from home, but not yet established in her own household. She is staying with friends (couch-surfing) while she makes efforts to find a rental property to share with her partner (who is currently in crisis accommodation). She tries to be conservative with energy as far as possible, seeing this as part of showing respect for the people she is staying with, not abuse their hospitality. "People say anything is fine, but it is a blurry line."

# ANALYSIS

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## Systematic issues

Perhaps in response to the frequent discussions about energy in the media, people are actively thinking about systemic energy issues. Opinions are diverse:

- Some see competition as a way of improving affordability while others see value in maintaining public ownership.
- Some people have specific suggestions about ways to improve Tasmania's energy system.
- There are different perceptions of who might be responsible for energy challenges, and
- People want information and recognise its value

*"We need more competition in TAS, making it a more competitive marketplace and driving the prices down."*

*"I moved from the mainland. Horrified at the cost of the essential services here!!! ONE supplier is a monopoly!! Had a terrible experience with a previous house and the 'solar panel' installation that higher bills that what we had! He was found to be a rip-off artist but just disappeared when authorities came after him. The home owners were left with a mess and we were asked to move as a consequence. Make Hydro accountable for the charges!! Greater transparency of the system (which is ridiculously confusing!!!) The government needs to step in and scrutinise them."*

*"In Tasmania we do not have choice of providers to allow for comparative pricing. Often the majority of the invoice is or administration cost not usage. I would consider swapping to another provider if there was a viable second option."*

*"Re-integrate the electricity businesses [Hydro Tas, TasNetworks and Aurora] into a single entity."*

*"Should be a referendum if the government wants to sell public assets and essential services."*

*"Build small dams to lessen load on Hydro storage."*

*"I think that if we didn't sell so much then we would have enough to get through. The company should be looking into affordability for tas not profits by selling the power."*

*"I think we need a baseline tariff and a luxury tariff for energy use. Baseline tariff could be according to household size up to a certain amount of energy use. Any energy use above it should be charged at a higher level. This higher level charges can subsidise the lower baseline tariff."*

*"Government does not seem interested in lowering costs or helping consumers to lower costs and usage."<sup>25</sup>*

*"The retailer needs to be providing options to customers."*

*"I would like to know the hard facts about price increases and exactly what the money goes to, and how to find cheaper providers, and how to save money and energy."*

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<sup>25</sup> This comment does not mention that the State Government capped electricity prices at 2% for YF 2017-2018 and established the Tas Energy Efficiency Loan Scheme.

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“ In Tasmania we do not have choice of providers to allow for comparative pricing. Often the majority of the invoice is or administration cost not usage. I would consider swapping to another provider if there was a viable option.”

*“A huge amount of money could be saved that could be passed down to the consumers, if only someone would ask the people at the coal-face, and not depend on the too-many suits at the top who are trying to justify their over-generous salaries.”*

*“TV advertisements around energy saving devices and easily accessible print outs with strategies to manage energy savings. For example, heavy curtains, sealed doors and windows, doors closed on rooms not being used and energy saving light bulbs.”*

*“Would help if people could access energy saving assessors to come to the home and install some door draft stopping, insulate hot water pipes and talk about how to use heating efficiently.”*

*“Rather than focusing on the hardships it helps to know you are contributing to a cleaner and healthier future. But this needs to be equitable, some people need assistance more than others. It would be wonderful for our state to invest in renewable energy and subsidize those that need financial assistance. Help reduce household costs, help long term sustainability, empower us all to contribute to a secure future and put Tassie among the international leaders.”*

*“I believe that the cost of energy in Tasmania is fine. I think it's important to remember that you pay for what you use, if your power bills are increasingly higher each year, then being mindful of your consumption is worthwhile. However, understanding that people in Tasmania are struggling to pay their power bills, goes further than the cost of energy, and is more telling of our society; our low wages, high un(der)-employment, our social safety net not being adequate to meet people's basic needs etc.”*

*“The government and opposition parties need to develop a long term energy strategy for Tasmania that will stand regardless of the outcome of elections.”*

# ANALYSIS

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## Perspectives from TasCOSS Members

As these comments and stories show, is helpful to hear directly from people across Tasmania about their experiences with energy and their perspectives on the system. Tasmanians told us that affordability is the main concern. The Energy Consumers Australia Consumer Sentiment Survey 2017 finds that “Tasmania still has the lowest satisfaction in value for money”.<sup>28</sup>

Tasmanians recognise energy as an essential service that everyone needs, reinforcing our advocacy for fair and inclusive energy system. Some people told us that while they might not find it difficult to pay for the energy they use in their own households, they are concerned that others in the community face serious hardship. These comments validate TasCOSS’ commitment to continue to advocate for energy as an essential service.

*“A discount for registered charities would be nice.”*

*“Since redesign/rebuild of place, architect was eco minded so things are in place. Panel heating is wired in, so on better tariff.”*

*“We applied for a grant for solar panels and were successful and these help us manage our heating costs, I think we have gone from \$3,000 bill during winter to now with the solar panels \$1,000.”*

*“The [ ] Centre has a limited budget and to manage the eight heat pumps we have at the centre of course we have to economise.”*

*“I am currently working and can manage my electricity, however many people on benefits have to go without essentials like food and clothing to pay their energy bills, even with cutting the power use to a minimum.”*

*“I am concerned about the cost of energy for the elderly and families who have to go without.”<sup>29</sup>*

“ I am currently working and can manage my electricity, however many people on benefits have to go without essentials like food and clothing to pay their energy bills, even with cutting the power use to a minimum.”

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<sup>28</sup> Energy Consumers Australia Consumer Sentiment Survey 2017 available at <http://energyconsumersaustralia.com.au/wp-content/uploads/Energy-Consumer-Sentiment-Survey-June2017.pdf>

<sup>29</sup> These comments are direct quotes from the online survey.



# WHERE TO NEXT?

**We will continue our consultation and advocacy processes in 2018-2019, informed by our first year of this project.**

There is a clear need to continue advocacy for affordability, and safety nets when people are in immediate or impending financial strife. Tariff reform is slated to gradually align the currently discounted rate for wired in heating and hot water (Tariff 41) with the cost of lights and power (Tariff 31). While this change has a long horizon (up to 15 years), it may increase energy hardship in winter, because heating that is currently at a cheaper tariff will become more expensive. The trend to cost reflective pricing likewise may impose greater burdens on those who can least afford it, with the increase in supply charge an inflexible component of the bill.

Participants who said they were receiving concessions almost universally reported struggling to pay bills so it is a priority to review the adequacy of the concessional framework, and to ensure it aligns with emergent cost reflective pricing and tariff alignment.

Currently, those entitled to a concession receive a payment approximately equal to the daily charge supply charge, a flat annual rate of \$484, paid per day.<sup>30</sup>



This amount covers the daily supply charge for Tariff 31 and 41 means that households receive the same concession, regardless of size, or use of electricity. A percentage-based concession would be one way to align the amount of concession with the energy use of the household. However, the introduction of any change that benefits some households would need to avoid pushing other people into hardship by reducing their current level of support for energy costs. TasCOSS will maintain a watching brief on concessions and reviews in other jurisdictions, aiming to identify and advocate for best practice in Tasmania.

We are still hearing from people about their struggles to stay warm. We note that the Government programs of TEELS and NILS subsidy in 2017 may see material improvements to houses and more efficient and effective appliances that will relieve energy poverty in winter. We will look for this evidence next year, from our consultations and from the program evaluations.

<sup>30</sup> People holding a Commonwealth healthcare card, immi-card or pension card are the main groups who receive a concession. Up to date information about Tasmanian energy concessions can be found at: [http://www.concessions.tas.gov.au/concessions/electricity\\_and\\_heating](http://www.concessions.tas.gov.au/concessions/electricity_and_heating)

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Based on our analysis of the 2017 consultations we make the following recommendations for the 2018 consultation and advocacy priorities:

- Continue our program of outreach into the community to hear from people about their experiences with energy
- Focus on opportunities for 1-1 discussions as this seems to match people's preferences
- Seek more information about people experiencing disconnection.<sup>31</sup>
- Monitor new 'PAYG' option to be introduced by Aurora and the implications of the AER rule for new and replacement meters from 1 December 2017. Changing the meter, tariff structure, and payment forms may disrupt some people's ways of managing their energy, with changes likely to benefit some people, and to impose potential costs on others.
- Identify ways to deliver commensurate benefits to people and groups who miss out on NILS and TEELS
- Continue to advocate for NECF or comparable protections for gas users.

- Develop more comprehensive understanding of:
  - The experiences of renters
  - Couch surfers, looking in particular beyond the experiences of younger people.
  - The experiences of 'home sharers' - people who are hosting people informally, and the increasing pressure on households and budgets when a family member comes to stay for a while.
  - The energy impact of young adults returning to their parents' homes due to unavailable or unaffordable rental accommodation.

We will continue to monitor research from other sources to inform our consultations and advocacy. For example, The Power Shift Project One Report on LIEEP found the following barriers to energy efficiency improvements: high perceived cost, knowledge gaps, lack of trust, poor split incentives and low literacy. While these were identified from a suite of 20 initiatives across Australia designed to assist low income households to improve energy efficiency and reduce bills, they may also affect the uptake of the TEELS and NILS subsidy programs in Tasmania, and other programs undertaken by Tasmanian energy businesses. Low literacy may be a particularly significant factor in Tasmania.

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<sup>31</sup> No-one spoke to us directly about an experience of disconnection in this year's consultation. It is understandable that a person contending with that challenge would likely have other priorities than describing their experience for the purpose of systemic advocacy. However, it is an area of experience that is worth understanding better.

# CONCLUSION

The energy system in Tasmania and in the National Energy Market is increasingly characterised by transition and change. The relatively stable environment in Tasmania with long term reliance on generation by Hydro and minimal competition in the electricity retail space is being challenged by innovations in distributed generation, new technology and the like. We expect to see continued uptake of alternative energy options, including those that have not yet been developed. Affordability is a challenge that must be addressed alongside the promise of new and emerging technologies. Ensuring that disadvantaged and vulnerable people are protected throughout these changes will be a challenge for advocates, community sector services, energy providers, regulators as well as governments.

Energy is an essential service. It is fundamental to individual, community and economic wellbeing.

The purpose of the energy system is to make life better for all who depend on it. For TasCOSS, understanding people's lived experience is fundamental to ensuring a transition to a just and inclusive energy future that will look quite different from our familiar past.

We thank everyone who contributed to our consultations during 2017. TasCOSS will continue to work towards a Tasmania free from poverty and inequality, where everyone has access to the energy they need at a price they can afford.





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COMPASSION  
INFLUENCE**

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