



**CONSERVATION
COUNCIL** ACT REGION

Submission to Independent Competition and Regulatory Commission

ACT electricity pricing 2024-27

August 2023

The Conservation Council ACT Region is the peak non-government environment organisation for the Canberra region. Since 1981, we have spoken up for a healthy environment and a sustainable future for our region. We harness the collective energy, expertise and experience of our more than 40 member groups to promote sound policy and action on the environment.

We campaign for a safe climate, to protect biodiversity in our urban and natural areas, to protect and enhance our waterways, reduce waste, and promote sustainable transport and planning for our city. Working in the ACT and region to influence governments and build widespread support within the community and business, we put forward evidence-based solutions and innovative ideas for how we can live sustainably.

At a time when we need to reimagine a better future, we understand that the changes we need will only happen with the collective support of our community.

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Introduction

The Conservation Council ACT Region appreciates the opportunity to provide comment about electricity pricing in the ACT.

The Synthesis Report of the IPCC's Sixth Assessment Report (AR6-SYR) released in March 2023 is unequivocal in its statements about the urgency required in global emissions reductions.

“Keeping warming to 1.5°C above pre-industrial levels requires deep, rapid and sustained greenhouse gas emissions reductions in all sectors. Emissions should be decreasing by now and will need to be cut by almost half by 2030, if warming is to be limited to 1.5°C.”¹

The ACT Government has set a clear policy direction for achieving net-zero emissions in the ACT by 2045, of which the electrification of all fossil fuel use in buildings and vehicles is central and critical, including ensuring a just transition for all Canberrans. However, the government's target date of 2045 and end-of-life replacement approach is not commensurate with the climate emergency. All aspects of the ACT's energy system must be geared towards accelerating emissions reductions.

Electricity pricing must support (and accelerate) those policy objectives.

The Council provides the following comments.

Electrification of fossil fuel appliances and vehicles

Electricity pricing must accelerate, not disincentivise or delay, uptake of electrification, including rooftop solar PV and battery systems with smart metering, replacement of gas and woodburning appliances with efficient electric alternatives, and replacement of petrol cars with electric vehicles (and other modes of public and active travel). Learn from the effects of changes of feed-in tariffs on rooftop solar PV uptake over the past several decades.

Pricing modelling should also be forward-looking and responsive, investigating scenarios for acceleration of uptake of new technologies. It can be difficult to pinpoint where on a technology uptake curve a system is at any particular moment, but a confluence of changes in a range of factors such as cost, availability, policy, incentives, social acceptance, infrastructure etc can result in rapid changes in uptake, such as Norway's world-leading uptake of EVs² or the “death spiral” of gas feared by the gas industry.³

Proposed annual reviews of the effects of pricing should include explicit investigation of the effects on the rates of various streams of electrification and gas disconnections.

Electricity retailers should be required to proactively communicate with their customers about electrification. This should include providing cost comparisons of their current gas appliances with electric alternatives, and offering incentives and assistance to help households make the switch. Retailers could employ case managers to guide households through the process of

¹ IPCC, 2023, 'Urgent climate action can secure a liveable future for all', Press release, 20 March, https://www.ipcc.ch/report/ar6/syr/downloads/press/IPCC_AR6_SYR_PressRelease_en.pdf

² Palmer, I, 2021, Why Norway leads in electric vehicles, <https://www.evwind.es/2021/06/20/why-norway-leads-in-electric-vehicles/81362>

³ Whitson, R & Kent, L, 2023, Gas lobby pushing back as momentum builds to get new homes off the fossil fuel, ABC News, <https://www.abc.net.au/news/2023-08-29/push-to-ban-new-household-gas-730/102783164>

electrification, from developing a plan, through selecting electric alternatives, sourcing quotes, monitoring installation of electric appliances and removal of gas infrastructure, to closing gas retail accounts and finding the best electricity retail plan. Our public engagement experience through our [Make the Switch](#) project suggests that many householders find the prospect of replacing their gas appliances or installing solar and battery systems or trading in their petrol car for an EV very daunting and would benefit from having an expert lead them all the way through the process.

“Green” schemes or plans must represent genuine investment in actual, new renewable energy generation, not be “greenwashing” of fossil fuel powered plans. Tree-planting offsets do not represent real emissions reductions nor displace fossil fuel-powered generation from the electricity network.⁴ There is no such thing as “carbon neutral gas”, however much energy retailers would like to keep selling it while mollifying their customers’ concerns about its climate impacts.⁵

Energy retailers need to be proactively reducing emissions by being upfront and transparent about the climate impacts of fossil fuels. They should also be required to declare their exposure to fossil fuel projects, such as what proportion of their energy is supplied from fossil fuel powered generation.

Pricing model components

The Conservation Council has contributed submissions to the AER and Evoenergy regarding the ACT’s gas and electricity networks.⁶

Regarding network costs, the Council recommended that network operators invest capital expenditure according to realistic loading with smart metering, and avoid “gold plating” the network for maximum theoretical (but unrealistic) peak loads. Investment needs to be planned for resilience of the network to accelerating climate impacts and electrification. This should include greater investment in local generation and storage to protect the ACT against events elsewhere affecting energy generation and distribution, such as bushfires, with the added benefit of reducing energy losses from long-distance transmission.

Energy retailers must be transparent in billing and quotations for services. Anecdotal evidence from our public engagement through our Make the Switch project suggests that retailers may be boosting appliance installation costs whilst claiming government rebates, but that customers cannot clearly identify all components on supplied quotes, making it difficult to compare quotes from other providers. People have also commented to us that they believed that they had to purchase from a particular retailer to benefit from government programs.

⁴ Climate Council of Australia, 2023, Stop the gaslighting: ending fossil fuel greenwashing in Australia, <https://www.climatecouncil.org.au/resources/ending-fossil-fuel-greenwashing/>

⁵ Red Energy, n.d., Doing business a better way, <https://www.redenergy.com.au/about-us/climate-active.html>

⁶ Conservation Council ACT Region, 2023, Evoenergy Electricity Network Regulatory Proposal 2024–29, https://conservationcouncil.org.au/wp-content/uploads/SUBMISSION_CCACTR_AER_EvoenergyEN2024-29_May2023.pdf
Ibid, 2020, Evoenergy gas network 2021–26 access arrangement review (GN21 draft plan), <https://conservationcouncil.org.au/wp-content/uploads/Conservation-Council-Submission-Evoenergy-GN21-Gas-Apr2020.pdf>

Social equity

The Council supports continued implementation of the ACT Retail Electricity (Transparency and Comparability) Code and any other suitable measures to enable electricity customers to choose the most suitable retail plan.

Electricity retailers must continue with programs that identify households in financial hardship and offer concessional pricing.

While pricing should provide cost signals to customers about conserving electricity and shifting discretionary energy consumption to offpeak times, retailers must recognise those households that do not have the capacity to time-shift their consumption or improve their energy efficiency. Pricing must not disadvantage these households. This includes those customers with medical needs, as well as renters who do not have the power to make changes to their homes or appliances.

As the gas transition proceeds, those households that do not have the capacity to electrify will face increasing energy bills as well as holding back the phase-out of gas from homes. The ICRC and energy retailers should commission research about the benefits of directly financing energy efficiency upgrades for vulnerable households, including the replacement of gas appliances and petrol vehicles, and installation of solar PV and battery systems with smart metering. There are many co-benefits for households (such as improved health, cost-savings) as well as energy retailers (for instance, delivery legislated emissions reductions, reducing peak load on and therefore required investment in the electricity network).