

21st October 2024

Select Committee on Energy Planning and Regulation in Australia
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Via: epra.sen@aph.gov.au

EWOV SUBMISSION TO THE SELECT COMMITTEE ON ENERGY PLANNING AND REGULATION IN AUSTRALIA.

Thank you for the opportunity to provide submissions to the *Select Committee on Energy Planning and Regulation in Australia*. The Energy and Water Ombudsman Victoria (EWOV) welcomes this inquiry to consider whether the residential energy market is fit-for-purpose to meet the needs of consumers.

The rapid evolution of the energy market is already well underway, as Australia transitions to a low emissions future. The widespread take up of Consumer Energy Resources (CER) - including solar PV, residential batteries, Electric Vehicles, and 'smart appliances' (i.e. able to shift load) – and their integration into electricity grid is a key pillar of the energy transition to Net Zero.¹ Consumers have been actively encouraged to invest in CER through government subsidies while changes to the energy market rules will enable a range of novel pricing mechanisms to further incentivise take-up.² New innovative retail energy business models are emerging that seek to leverage consumer-owned storage and flexibility through “orchestration” – i.e. remote access and control – to respond to wholesale generation shortage and provide grid stabilisation services.

New CER products and services are closely integrated with existing energy retail arrangements and/or can have a direct impact on a consumer's supply and ability to use energy. This is particularly relevant in the context of bi-directional energy flows, where consumers generate energy (via their solar PV system) or feed stored energy (e.g. via home battery) back to the grid. Crucially, existing consumer protections do not necessarily extend to new CER products and services. As noted by the Australian Energy Regulator,

'simply extending the [existing consumer protection framework] to new energy services is not viable, given the framework is specific and prescriptive to the retail supply of electricity and gas and the essential nature of this service'.³

¹ Energy and Climate Change Ministerial Council (ECMC), *National Consumer Energy Resources Roadmap – Powering Decarbonised Homes and Communities*, (2024) www.energy.gov.au/sites/default/files/2024-07/national-consumer-energy-resources-roadmap.pdf

² Australian Energy Market Commission, *AEMC launches major review to shape consumer-centric pricing*, 25 July 2024, <https://www.aemc.gov.au/news-centre/media-releases/aemc-launches-major-review-shape-consumer-centric-pricing>

³ Australian Energy Regulator, *Review of consumer protections for future energy services*, November 2023, available online <https://www.aer.gov.au/system/files/2023-12/AER%20-%20Review%20of%20consumer%20protections%20for%20future%20energy%20services%20-%20Final%20advice%20-%20November%202023.pdf>

A key pillar of an effective consumer protection framework is easy access to a free, fair and independent external dispute resolution (EDR) service when a consumer encounters a problem with a product or service. Where consumers cannot quickly and easily seek a remedy for a problem, they may lose trust in providers of these products and services more broadly.

Consumer research relating to energy efficiency retrofits in the UK has identified ‘fear of getting something wrong means that even those who may have the ability to fund [energy efficiency] retrofit works are not currently doing so’.⁴ The *National Consumer Energy Resources Roadmap – Powering Decarbonised Homes and Communities* (‘CER Roadmap’), endorsed by Energy and Climate Change Ministerial Council, also notes the importance of ‘consumer trust and confidence in new energy services and the sector more broadly’ as to achieving orchestration as a key learning, as part of integrating CER in the broader energy system.⁵

As part of its inquiry, the Select Committee could consider how to ensure external dispute resolution services – such as EWOV and our counterparts in other jurisdictions - have appropriate jurisdiction to handle disputes arising from new CER products and services as part of a fit-for-purpose consumer protection framework.

If you would like to discuss any aspect of our submission, please do not hesitate to contact Nicole McCutcheon, General Manager - Legal, Regulatory and Public Affairs at Nicole.McCutcheon@ewov.com.au or 0474 361 222 or Ben Martin Hobbs, Policy Insights and Engagement Manager at Ben.MartinHobbs@ewov.com.au or (03) 8672 4239.

Yours sincerely,



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⁴ Citizens Advice, *Demand Net Zero: Tackling the barriers to increased homeowner demand for retrofit measures*, May 2023, 14.

⁵ ECME, *CER Roadmap*, 12.