

Independent Pricing and Regulatory Tribunal NSW
Level 16,
2-24 Rawson Place
Sydney NSW 2000

Consultation Paper – Monitoring the Retail Electricity and Gas Markets in NSW


Thank you for the opportunity to make a submission in response to the consultation paper as part of the 2023-24 monitoring report on the NSW retail electricity and gas markets.

National Seniors Australia is the leading advocacy organisation for older Australians. Through our research and advocacy activities, National Seniors Australia works to improve the wellbeing of all older Australians.

National Seniors Australia is concerned about plans to accelerate the roll out of smart meters and the impact of cost-reflective tariffs they enable, including both time-of-use and demand tariffs. We believe many consumers are not in a position to understand, let alone manage these complex tariffs. Those being moved to cost-reflective tariffs, often with little choice, will likely experience higher bills at a time of general cost-of-living pressure. We argue that demand tariffs in particular are too complicated to have any place in retail electricity offers and should be removed as they are a blunt cost-recovery tool that does little to educate customers or change their behaviour.

Responses to specific questions raised in the consultation paper are set out below. We have also attached recent submissions to the AEMC, which details arguments in support of the above positions.

Yours Sincerely



Chris Grice
Chief Executive Officer

Specific consultation responses

What datasets are available to assist us in understanding the impact of these pricing structures on consumers?

Given the limitations on the types of information that IPART can consider as part of the review, it is vital that better quality information is collected and made publicly available.

The current information available on consumer switching to cost-reflective tariffs is very limited. The information that is available, is not current and highly summarised as it relies on collation of billing-level data by regulators for individual reports, such as the ACCC Inquiry into the National Electricity Market reports¹.

The AER quarterly retail energy market performance updates² are limited in their usefulness as they don't differentiate between different types of cost-reflective tariffs and only cover smart (Type 4/4A) meters.

We do believe that IPART would find the body of academic literature covering the consumer response to cost-reflective tariffs of use. Much of this literature is counter to assumptions that consumers can and will understand complicated cost-reflective tariffs and respond in a way that shifts demand.

Some researchers have noted that while demand tariffs are ineffective at reducing peak demand, they could operate as a cost-recovery measure³. If demand tariffs are at best cost-recovery tools used to pass on charges from energy producers, this risks undermining the social licence needed for energy market reform. As such, their use should be reconsidered at the retail level.

What additional information would assist households and small business customers in understanding and responding to changing tariff structures?

As detailed in our attached submissions, we are of the view that many consumers will be unable to respond to cost-reflective tariffs. Customers should *always* have access to a flat tariff as an alternative to cost-reflective options.

Responding to cost-reflective tariffs requires the ability to shift usage or invest in technologies that enable behaviour change. While some households will be able to afford solar systems, large batteries, and new energy-efficient appliances, households without means will be placed under

¹ [Inquiry into the National Electricity Market 2018-25 reports | ACCC](#)

² [Retail energy market performance update for Quarter 3, 2023-24 | Australian Energy Regulator \(AER\)](#)

³ [Evaluating user understanding and exposure effects of demand-based tariffs - ScienceDirect](#)

further cost-of-living pressures under cost-reflective tariffs. We are particularly concerned about seniors on low fixed incomes, those on social security payments or other fixed incomes, and renters.

The ability to respond to a cost-reflective tariff is dependent on consumers having an adequate understanding of the tariff structure. The new tariff types that smart meters allow can be very complicated, with multiple different rates changing throughout the day, week, month, and year. Demand tariffs are even more difficult to understand, with retailers not providing consumers with estimates of expected peak usage or examples of what appliances would contribute to particular usage. Instead, consumers are given tips like, “use the BBQ instead of your oven or cooktop” and “turn off appliances at the power point instead of leaving them connected and using standby power, you could save up to 10 per cent on your energy bill”⁴.

Yet the approach taken by the industry and regulators is to avoid giving consumers information about their electricity usage. As one rule change request submitted to the AEMC notes, consumers have no explicit right to their real-time electricity data and while smart meters can provide data locally there are barriers to using this feature⁵. The AEMC draft rule determination on accelerating smart meter deployment did not include real-time data access, because the companies which requested the rule change did not ask for it to be included⁶.

If consumers are meant to respond to price signals to reduce peak demand, they need access to detailed information; failure to give consumers access to information suggests the shift to cost-reflective tariffs is a cost-recovery measure, or worse, an attempt to use data access, or lack thereof, as a means to leverage additional charges from vulnerable customers.

⁴ [Reduce peak demand | Endeavour Energy](#)

⁵ [Real-time data for consumers | AEMC](#)

⁶ [AEMC moves to accelerate smart meter rollout for Australians | AEMC](#)