



11 March 2016

Queensland Productivity Commission
PO Box 12112
George St QLD 4003

MS Queensland Submission to QPC Draft Report Electricity Pricing Inquiry

MS Queensland welcomes the opportunity to respond to and apply our experience of MS Queensland and supported research to the Queensland Productivity Commission Draft Recommendations Electricity Pricing Inquiry.

MS Queensland has contributed and is very interested in the Queensland Productivity Commission's Draft Report into the Electricity Pricing Inquiry in its role to examine electricity pricing in Queensland and provide options for improving outcomes for consumers, with a particular interest in the consideration for vulnerable consumers.

Working in collaboration with QCOSS and other community organisations MS Queensland is able to share individual expertise in relation to our clients lived experience and impact that has been experienced particularly over the last five years. MS Queensland supports the QCOSS submission to QPC Draft Report particularly policy solutions for vulnerable consumers in the Queensland electricity market.

We look forward to continuing to work with the Queensland Government, QCOSS, other not for profit organisations, and particularly on behalf of other cooling/heat intolerant conditions* to share information regarding disadvantaged and vulnerable consumers, their energy use and appropriate solutions for government and retailers for future policy in relation to targeted support for vulnerable households, particularly with high energy use due to medical need.

Please find targeted recommendations for vulnerable consumers, focusing particularly on the impact for people living with MS and other cooling/heating intolerant medical conditions.

For further reference, I have attached the University of South Australia and MS Australia, *Domestic Energy Use by Australians with Multiple Sclerosis including Medically Required Cooling*, Final Report October 2014.

If you have any queries, or require any further information, please do not hesitate to contact me on 07 3840 0801.

Lincoln Hopper
CEO
MS Queensland

*other cooling/heat intolerant medical conditions include:

Cerebral Palsy	Chronic Fatigue	Fibromyalgia	Lymphoedema	Mother Neurone Disease	Muscular Dystrophy
Parkinson's Disease	Poliomyelitis and Post Polio Syndrome	Erythematousus	Quadriplegia	Scloeroderma	Systemic Lupus

MS Queensland Response
QPC Draft Report Electricity Pricing Inquiry
3 February 2016

MS Queensland supports the following recommendations and information provided by QCOSS for:

- **Recommendation 24:** To support the move to price deregulation and promote greater customer participation in the SEQ retail market, the currently planned customer engagement campaign should:
 - Provide sufficient advice and information to consumers to assist with comparing offers, and be tailored to address the needs of vulnerable customer groups; and
 - Provide assistance to non-government organisations (NGOs) to assist vulnerable and disadvantaged consumers to fully participate in the market

- **Recommendation 44:** The Queensland Government should determine a clear policy intent for its concessions framework and assess the design of the framework against the principles of adequacy, equity, adaptability and transparency

- **Recommendation 45:** Extending eligibility for the Electricity Rebate to Commonwealth Health card holders

- **Recommendation 46:** The Queensland Government should maintain the current flat rate structure for the general Electricity Rebate

- **Recommendation 53:** The Queensland Government should establish a working group involving distribution and retail businesses and relevant customer representatives to :
 - Develop new tools to help customers understand the costs and benefits of demand tariffs;
 - Identify customers vulnerable to the impacts of tariff reform; and
 - Investigate the requirement for support

Please find further MS Queensland specific responses to identified Recommendations to follow:

- **Recommendation 18:** The Queensland Government's involvement in the retail market should be limited to:
 - providing targeted support for vulnerable customers, including partnerships with the community sector

- **Recommendation 48:** Queensland Government should undertake a review of the Medical Cooling and Heating Electricity Concession Scheme to consider if the level and delivery of this support is appropriate, and to consider their application and certification processes

- **Recommendation 49:** The Queensland Government should:
 - transfer policy ownership and responsibility for medical concessions to Queensland Health, given it determines clinical eligibility

- **Recommendation 51:** The Queensland Government should address the impacts of tariff reform for vulnerable customers by ensuring concessions are well targeted

- **Recommendation 52:** The Queensland Government should improve the data set to determine the impacts of network tariff reform on customers by ensuring:
 - Metering is in place to gather sufficient load profile data
 - Representative samples of customers, including customers that are considered vulnerable , are included in Energex and Ergon Energy's upcoming tariff studies and
 - Government, customer representatives and distribution and retail businesses aggregate the necessary load profile and demographic data

- **Recommendation 54:** The Queensland Government should investigate:
 - Placing a requirement on landlords to meet certain standards of energy efficiency and demand management in their housing stock; and
 - Funding a complimentary assistance program to subsidise the purchase price of energy and demand efficient appliances for vulnerable consumers that have accessed the Home Energy Emergency Assistance Scheme due to the breakdown of their existing appliances.

MS Queensland Response to specific QPC Draft Recommendations Electricity Pricing Inquiry:

Recommendation 18: Provide targeted support for vulnerable customers, including through partnerships with the community sector

MS Queensland supports QCOSS suggested approach for an integrated support framework that assists vulnerable Queensland energy consumers through:

1. Targeted concessions
2. Targeted support through specialist community organisations
3. Initiative to improve energy and demand efficiency
4. Consumer safeguards in changing market conditions

A key social justice concern with respect to energy policy is therefore whether the benefits and burdens of curtailment measures are being distributed equitably between energy users or whether the additional burdens that some energy users face in meeting their energy needs ought to be alleviated through, for eg, the subsidisation of their consumption or investment in improving the efficiency of this consumption.

Possible alternatives to provide adoption and awareness of measures targeted for enhancing the efficiency of household's energy consumption could be achieved through:

- Targeted government rebates to retrofit low-income homes with energy efficient lighting, ceiling insulation, weather sealing, and solar hot water/heat pumps;
- Government subsidies for disadvantaged households to upgrade to more energy efficient appliances, particularly refrigerators.
- Combined with ongoing community support for energy efficiency programs/assistance to high energy use households that do not have concession card and therefore do not qualify for rebates however require education and the ability to be able to adopt change.
- Clear social policy goals and intentions must be provided for all consumers at this time of continual evolution of the Energy Market that is fair and affordable.

Recommendation 48: Queensland Government should undertake a review of the Medical Cooling and Heating Electricity Concession Scheme to consider if the level and delivery of this support is appropriate, and to consider their application and certification process.

Current support via public policy responses such as electricity rebates, inclusive of Medical Cooling and Heating Electricity Concession (MCHECS), are useful and effective means of assisting people with heat intolerance. The MCHECS is effective for people who are heat intolerant and have a non-discretionary need to use energy.

Supported in recommendations from MS Australia and University of South Australia *Domestic Energy Use by Australians with Multiple Sclerosis including Medically Required Cooling* found the value and feasibility of developing a single national medical energy concession to assist those with a medical need to keep cool and /or warm should be examined by an appropriate national body such as COAG Energy Council.

In relation to the review considerations, *Domestic Energy Use by Australians with Multiple Sclerosis including Medically Required Cooling*¹, Houston Kemp Economics and QCOSS recommend a percentage of the energy bill rather than a daily rate to be the most progressive and fair approach. This approach was also found not to discriminate against those living in poor quality housing with outdated appliances and unable to put more measures in place to improve their home's thermal efficiency.

The results of this targeted research that involved surveys and examining energy bills in households of people with MS made it clear that a proportional percentage based concession system linked to additional assistance for concession-eligible households to install solar energy systems (and other efficiency measures) would also benefit concession-eligible home owners through reduced costs, and also more than pay for itself through lower concession costs for government over time.

Level and delivery of support for Rebates must be set at meaningful levels and regularly adjusted to take into account residential electricity price increases and awareness of the concession.

Suggested most appropriate delivery is for Community organisations equipped with appropriate knowledge, together with retailers to provide the concession directly to the account holder. This is the currently the occurrence in other jurisdictions eg Australian Capital Territory and Western Australia. Over time it would be hoped that the reliance on the community organisations would decrease as this ownership would transfer to the retailer.

National uniformity would improve:

- clarity and ease of access for consumers with a need for the medical energy concession.
- create significant incentives for governments to strengthen and better target energy efficiency improvements to medical-energy-concession-eligible households,
- ultimately reduce costs for all stakeholders.²

For most effective use of the rebate for the consumer and government there is a need to complement initiatives with:

- improved access to energy efficiency advice
- specific programs targeted at people who require cooling/heating as a consequence of medical need
- specific programs targeted at other vulnerable members of the community that experience difficulty understanding their energy bill for a variety of reasons – language barrier, poor literacy, disengaged

MS Research showed that a proportional percentage based concession system linked to additional assistance for concession-eligible households to install solar energy systems (and other efficiency measures) would also benefit concession-eligible home owners through reduced costs, and also more than pay for itself through lower concession costs for government over time.

¹ Bruno, F., Oliphant, M., Summers, M., MS Australia and University of South Australia *Domestic Energy use by Australians with Multiple Sclerosis including Medically Required Cooling*, Final Report, October 2014, page 4

² Bruno, F., Oliphant, M., Summers, M., MS Australia and University of South Australia *Domestic Energy use by Australians with Multiple Sclerosis including Medically Required Cooling*, Final Report, October 2014²

Application and certification process

MS Queensland has been advocating for further investigation to be undertaken for medical conditions that have a non-discretionary need to use energy and extend the application for example Lymphoedema and Lupus. We acknowledge there has been an update to the Medical Cooling and Heating Electricity Concession which may have addressed this application issue; however MS Queensland did not receive information of this updated form. Consequently, it is uncertain if other organisations who have clients who may be able to apply for the MCHecs rebate have been notified.

Dissemination of information such as the update of forms is imperative to communicate to targeted organisations.

MS Queensland agrees with the transfer for policy ownership and responsibility for medical concessions to Queensland Health to further drive the qualified review of each application and certification.

Information request: *We also seek advice on the level of consumption, consumption pattern and electricity costs directly linked to medical conditions for those that receive or are eligible for the Medical Cooling and Heating Electricity Concession Scheme and the Electricity Support Rebate.*

Through MS Australia research³ findings summaries of case studies have been provided to illustrate Energy, Energy Efficiency and Solar use – showing how great an impact appliance choice, efficiency initiatives and behaviour can have on energy use and therefore energy costs. Heating and cooling appliances for each case study were identified looking at five cooling and heating options.

1. Ducted Refrigerative A/C
2. Ducted Evaporative A/C and electric fan heater
3. Refrigerative Split A/C and under floor gas heating
4. Multiple refrigerative split A/C
5. Ducted Refrigerative A/C (plus Solar PV)

Other information, included in *Domestic Energy use by Australians with Multiple Sclerosis including Medically Required Cooling*, includes Bill comparisons for solar and non-solar homes (showing concessions) by State.

Previous MS Australia Keeping Cool Survey: Air conditioner use by Australians with MS, Public Policy Related Results & Recommendations, Dr Michael Summers & Dr Rex Simmons 2009 provides other valuable information including when air conditioners are turned on and hours of air conditioner use.

MS Queensland has been working closely with Energex and is looking forward to being involved in a real time tariff study of the impact of introduction of Tariffs to households.

From research in Domestic Energy use for people with Multiple Sclerosis, with more detailed results of actual cooling/heating energy use in these households, via smart meter or data logging equipment, the most effective and fair means of providing medical energy concessions could be undertaken. It would also provide a stronger platform to further examine the links between different concession structures and savings/costs to governments in relation to energy efficiency support programs.

³ Bruno, F., Oliphant, M., Summers, M., MS Australia and University of South Australia *Domestic Energy use by Australians with Multiple Sclerosis including Medically Required Cooling*, Final Report, October 2014

Deeper investigation to include:

- age and energy efficiency of housing stock,
- energy efficient appliances,
- retrofitting to homes that immediately impact the ability to minimise both economic and environmental costs.

Recommendation 49 that includes transfer policy ownership and responsibility for medical concessions to Queensland Health, given it determines clinical eligibility support provided in Recommendation 48.

Recommendation 51: The Queensland Government should address the impacts of tariff reform for vulnerable customers by ensuring concessions are well targeted included in Recommendation 48

Recommendation 52 The Queensland Government should improve the data set to determine the impacts of network tariff reform on customers by ensuring:

- Metering is in place to gather sufficient load profile data
- Representative samples of customers, including customers that are considered vulnerable , are included in Energex and Ergon Energy’s upcoming tariff studies and
- Government, customer representatives and distribution and retail businesses aggregate the necessary load profile and demographic data

As highlighted in the QPC Electricity Pricing Inquiry ⁴ very limited information is available on consumption data for recipients of Medical Cooling and Heating Energy Concessions Scheme (MCHecs) and acknowledge that there will be households on high and lower levels of non-discretionary energy consumption as a result of medical conditions.

Whilst valuable results can be achieved via energy bills as acknowledged in the *Domestic Energy use by Australians with MS* Research with more detailed results of actual cooling/heating energy use in these households via smart meter or data logging equipment, the most effective and fair means of providing medical energy concessions could be undertaken.

It would also provide a stronger platform to further examine the links between different concession structures and saving/costs to governments in relation to energy efficiency support programs.

MS Queensland has been liaising with and is encouraged by work being undertaken by Energex regarding vulnerable customers and is look forward to assisting to provide a deeper understanding of the vulnerable consumer group MS Queensland represents.

Due to the high non-discretionary need to use energy and the impact on household budgets research should also consider households that do not qualify for Energy concessions due to not being in receipt of a Health concession card.

It would be useful and equitable to include different vulnerable household profiles that do not qualify for energy concessions yet have a higher energy use to maintain their health. Please refer to case below:

⁴ QPC Electricity Pricing Inquiry pg 228

**Case study Female, married, 55, lives with husband. No solar, has air con – 3 units – bedroom, lounge, kitchen/dining (purchased some time ago)
Home Hill, Queensland (100 km south of Townsville)**

Female married, 55 years of age has just become a client of MS Queensland after previously never been in touch, 'has just been getting on with life' but called MS Queensland looking for some assistance/financial relief for energy as she is not eligible for any of the concessions.

Emily has previously been in touch with her doctor regarding accessing concessions. My doctor has commented, "this is ridiculous, you need to stay in air conditioning to keep out of hospital."

I have never previously contacted MS Queensland as I just get on with life, but recently experiencing ongoing 44° temperatures I really need some assistance fearing what my next energy bill will be. Because my husband works full time I am not eligible for any concession. I worked all my life until my MS got too bad. 'If I could get some assistance, it would be such a benefit to enable me to keep living in my own home'. I need air conditioning for cooling because of my MS I cannot survive in these high temperatures. I use so much personal energy. Particularly with the temperatures as high as 44° the air conditioner is on all night as my symptoms increase ten-fold, I am completely fatigued even trying to get out of bed. In this heat I use so much energy I nearly faint.

We cannot afford to the outlay of money to buy solar, yet my friends with solar have said, 'we use our solar 24/7 because it's costing us nothing, so we may as well use it'. It just doesn't seem fair?

I wish I had the ability to pay a weekly deposit for my energy bill so it wasn't such a huge whack. I always have to be mindful of other expenses that come up such as chemist, doctor's bills.

I try and keep fit and so I go to the local pool and just lie in the water. Although in these Summer temperatures I don't go to the pool as it is like an oven outside and even getting to the car it is like an oven and negates any of the positive activity that I have undertaken.

Recommendation 53 The Queensland Government should establish a working group involving distribution and retail businesses and relevant customer representatives to;

- Develop new tools to help customers understand the costs and benefits of demand tariffs;
- Identify customers vulnerable to the impacts of tariff reform; and
- Investigate the requirement for support

As mentioned in Recommendation 52, MS Queensland is eager to be involved in the coordination of targeted vulnerable customer to the impacts of tariff reform to investigate requirement for support.

Recommendation 54: The Queensland Government should investigate:

- Placing a requirement on landlords to meet certain standards of energy efficiency and demand management in their housing stock; and
- Funding a complementary assistance program to subsidise the purchase price of energy and demand efficient appliances for vulnerable consumers that have accessed the Home Energy Emergency Assistance Scheme due to the breakdown of existing appliances.

MS Queensland Research⁵ supports this investigation through findings when focus was given to non-solar homes, summer electricity use showed that those using more than the state or post code average, which was 60% of the sample, used about 80% more electricity while the rest used about 18% less. The latter were predominantly found to have introduced energy savings initiatives and were careful about energy use.

Energy policy must be met fairly and ensure that:

- The benefits and burdens of curtailment measures are being distributed equitably between energy users or the additional burdens that some energy users face in meeting their energy needs ought to be alleviated through, for example, the subsidisation of their consumption or investment in improving the efficiency of this consumption

Suggested considerations for landlords to meet certain standards of energy efficiency and demand management in their housing stock:

- Government rebates to retrofit low-income homes with energy efficient lighting, ceiling insulation, weather sealing, and solar hot water/heat pumps; improving access to mains gas;
- Government subsidies for disadvantaged households to upgrade to more energy efficient appliances, particularly refrigerators.

Considerable energy savings can be achieved by improving the energy efficiency of buildings and these savings need not come at the expense of higher energy costs for vulnerable energy users.

⁵ Bruno, F., Oliphant, M., Summers, M., MS Australia and University of South Australia *Domestic Energy use by Australians with Multiple Sclerosis including Medically Required Cooling*, Final Report, October 2014, page 3