



Uniting Church in Australia
SYNOD OF VICTORIA AND TASMANIA

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Submission of the Synod of Victoria and Tasmania, Uniting Church in Australia to the Australian Energy Market Commission ‘Consultation Paper. National Electricity Amendment (Unlocking CER Benefits through Flexible Trading) Rule. National Energy Retail Amendment (Unlocking CER Benefits through Flexible Trading) Rule.’ 16 February 2023

The Synod of Victoria and Tasmania, Uniting Church in Australia, welcomes the opportunity to provide a submission on the ‘Consultation Paper. National Electricity Amendment (Unlocking CER Benefits through Flexible Trading) Rule. National Energy Retail Amendment (Unlocking CER Benefits through Flexible Trading) Rule.’

The Uniting Church in Australia has had a long-standing concern for living in harmony with our natural environment and, more recently, taking action to address climate change. The relevant resolutions of the Uniting Church representative bodies are outlined in the Appendix.

The Synod strongly supports the aim of the Paris Agreement to strengthen the global response to climate change, including setting a collective goal to keep the global temperature increase to well below 2°C and pursue efforts to keep warming below 1.5°C above pre-industrial levels.

Question 1: Optimising and Obtaining value from CER for consumers.

- **What are stakeholders’ views on the value that consumers could obtain from their CER, and what incentives may be needed for consumers to take up opportunities that are or may become available?**
- **Would flexible trading enable consumers to optimise their CER in ways that align with their motivations and preferences?**
- **Is there additional value for residential, small business, and C&I consumers that could be optimised by the introduction of some form of flexible trading, including the model proposed by AEMO?**

The main concern for many of our church members is the ability to contribute to Australia's emissions reductions. Thus, the most significant incentive for many of our members would be knowing their CER can count towards genuine emissions reduction. For example, our members are concerned that the system of small-scale technology certificates (STCs) that apply to rooftop solar installation allows for a net increase in greenhouse emissions by double counting household emissions abatement. Tim Kelly has argued that the Commonwealth Government has been using STC information from all household rooftop solar systems provided by the Clean Energy Regulator to reduce state grid factors with full double counting.¹ Approximately 60% of the abatement benefits of household solar generation goes to National Greenhouse and Energy Reporting (NGER) liable corporations.

¹ Tim Kelly, Submission regarding updates to National Greenhouse and Energy Reporting (NGER) Scheme legislation’, 29 April 2022, 6.

We are concerned that what is being proposed is complex. The complexity of the market mechanism is likely to mean few people will access it. In addition, the level of complexity involved will impact the trust of the person who has invested in the CER. For example, research conducted by Bastion Insights for the Australian Energy Regulator that was published in July 2022 found that the sheer number of energy retailers, frequency of discounted offers and prevalence of complex packages often made people feel overwhelmed and confused.² Further, they found that people often lacked trust in energy retailers, which typically stems from a perceived lack of transparency. Also, they felt that energy retailers prioritise winning new customers rather than satisfying the needs of existing ones. They concluded that what was needed was more simplicity and transparency in the market, especially as it relates to the presentation of plans. Bastion Insights argued that people tend to switch off when things get too complex and feel they are being misled.³

Bastion Insights found that the process of comparing energy retailers is often perceived to be highly complex and difficult to navigate. Retailers use different terminology, which made it hard for people to understand. Comparison processes between offers were found to be complicated. In addition, there was a perception that energy retailers try to "pull the wool over people's eyes" by promoting deep discounts or sign-up bonuses attached to hidden or higher rates and fees.⁴

They also found that even amongst people open to changing energy retailers, they were unlikely to do so because it was too hard for them to assess if they would be better off. It was easier to stay with their current provider than risk being worse off.⁵

The other concern is the asymmetry in the knowledge of the market mechanism being set up, where the businesses making offers will have a much better understanding of the market compared to the householder or the person running a small business.

Thus, creating a market for CER would need to be designed for simplicity and transparency. There need to be strong safeguards against people getting cheated and ending up worse off than if they made no change to their arrangements. There need to be safeguards against deceptive offers.

There also appear to be complexities, such as if the additional retailer or retailers who enter into arrangements for different CER, who will have responsibility for providing the hardship safeguards if the person gets into hardship? Will it only be the primary energy retailer, while the energy retailers dealing with the CER will have no obligations? There is potential for retailers to structure the secondary connection energy contract to avoid the full responsibilities of the National Energy Customer Framework. There is a need to ensure that all the retailers involved are members of a dispute resolution scheme, such as an energy ombudsman service. They also need to have well developed, publicly available details about how conflicts between any of a customer's multiple retailers will be resolved at no detriment to the customer.

There is also the question that if there is increased market competition for people with valuable CER, what protection will be offered to ensure those without CER resources are not provided with worse arrangements to subsidise the new CER market?

At the same time, there could be the opportunity to break the primacy of energy retailers in the market and to open up opportunities for better use of CER in the system. There could be opportunities for people with all types of CER to get better outcomes overall in the energy market

² Bastion Insights, 'Vulnerability in Energy Study', July 2022.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

by making optimal use and getting optimal value from their CER. It is likely that those who are likely to get the benefit will be wealthier.

Lower income households regularly demonstrate their desire to support moves to zero carbon futures, as demonstrated by various engagement reports from distribution businesses. At the same time, large numbers of households are deeply concerned about their capacity to pay energy bills on time. It is crucial, for fairness reasons, that lower and modest income households do not carry a proportionately higher cost during the energy transition. For example, regulated network tariffs are based on volume of electricity consumed, so a lower income renter will have higher electricity bills than a higher income home owner with rooftop PV who is able to off-set their electricity use through their PV and use less electricity from their grid connection.

Question 7. Do you agree with the proposed assessment framework? Are there additional principles that the Commission should consider as we make our decision, or principles included here that are less relevant?

While the proposed assessment framework is suitable, an additional consideration should be the complexity the change will add for consumers. Therefore, there should be an assessment of how understandable the new arrangement will be for consumers and the level of risk that they may be lured into arrangements that will leave them worse off due to the complexity being introduced. There should also be consideration of the ease with which consumers can monitor their electricity usage across multiple providers.

Thus is a need to provide clear information for customers about how the scheme works from a trusted information source, such as the AER.

Question 9. How should network costs be allocated for premises with secondary settlement points?

We agree with AEMO that the additional complexity of distributing the network charge should be avoided, as it will add complexity. However, in line with our overall concern regarding the rule change, we note that AEMO believes that consumer protections should prevent the FRMP at the primary connection point from "unreasonably penalising the customer for establishing secondary settlement points" (p. 37). The implication is that AEMO accepts that the FRMP at the primary connection point should be allowed to penalise a customer for establishing secondary settlement points as long as the penalty is not unreasonable. The Synod believes that if the rule goes ahead, there should be consumer protection against the FRMP at the primary settlement point from imposing any penalty on the consumer.

Question 13. What are the potential consumer risks and protections required under AEMO's proposal for secondary settlement points, and should they be handled as proposed by AEMO?

The Synod supports AEMO's proposal that life support should not be connected to a secondary settlement point to maintain existing protections for the person in question.

Question 14. Are current NEM metering installation requirements likely to limit the uptake of secondary settlement points and the associated benefits?

The introduction of a metering provider created significant consumer dissatisfaction and a substantial number of complaints to ombudsman schemes. DNSP's are required to pay for data held by metering providers to design networks to benefit customers. Thus, in our view, extreme care needs to be taken to not add even further metering burden to customers.

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Appendix: Uniting Church in Australia resolutions relevant to climate change

In 2003 the meeting of church representatives from across Australia at our National Assembly resolved:

03.18.01 The Assembly resolved:

- (a)*
 - (i) to call on the Australian government to immediately sign and ratify the Kyoto Protocols in relation to global warming, especially because this has affected the nation of Tuvalu and other Pacific countries;*
 - (ii) to call on the Australian government to offer the guarantee of special immigration status to the people of Tuvalu, for immigration to Australia when their nation loses its viability for human habitation;*
- (b) to express our solidarity with the Christian Church of Tuvalu in this predicament and to call on our people to remember the people and church of Tuvalu in their prayers*

The 2006 meeting of the National Assembly resolved:

06.21.04 The Assembly resolved:

- (a) to reaffirm the decision of the Tenth Assembly (Minute 03.18.01) which called on the Australian Government to ratify the Kyoto Protocols in relation to global warming because of the impact of rising sea levels on the nations of the Pacific; and*
- (b) to call upon the people of the Uniting Church to adopt lifestyles which have a minimal impact on global warming.*

At the 2007 meeting of Uniting Church representatives across Victoria and Tasmania, the Synod meeting, resolved:

07.4.37.4 The Synod resolved:

(a) To call on the Australian Federal Government to honour its obligations under the United Nations Framework Convention on Climate Change by:

- (i) Taking a lead in targets to reduce greenhouse gas emissions, as a developed country, agreeing to an emission reduction target of at least 30% by 2020, based on 1990 emission levels, if other developed countries agree to make similar commitments;*
- (ii) Assisting developing countries to adapt to climate change, providing additional funding to achieve this outcome rather than using existing overseas aid;*
- (iii) Providing technical and financial assistance to developing countries to adopt technologies to assist them in reducing their greenhouse gas emissions without reducing their ability to meet the necessary development needs of their people; and*
- (iv) Continuing to assist developing countries in addressing deforestation with the promotion of sustainable forest management and the need to reward developing countries that preserve existing forest estates.*

(b) To call on the Federal, Victorian and Tasmanian Governments to work collaboratively:

(i) To commit to binding greenhouse gas emissions reductions of 20% by 2020 and at least 60% by 2050, based on 1990 emission levels;

- (ii) To set a target to stabilise and then reduce residential, industrial and government per capita electricity consumption with supporting legislation and programs, with the inclusion of measures to ensure that low-income people will still have access to affordable electricity;*
- (iii) to increase the Renewable Energy Target to 10% by 2010;*
- (iv) To provide financial incentives for households to take up renewable energy;*

(v) To mandate the requirement for new building stock to have gasboosted solar hot water systems wherever possible and appropriate in Australia; and

(vi) To implement programs to rapidly increase the uptake of gasboosted solar hot water systems in existing building stock;

(c) To write to the Australian Prime Minister, the Federal Minister for the Environment, Minister for Foreign Affairs, Leader of the Opposition, Shadow Minister for the Environment, the Premiers and Ministers for the Environment in Victoria and Tasmania to inform them of this resolution; and

(d) To request that all congregations and bodies associated with the Uniting Church take immediate steps to comply with past Synod resolutions regarding reducing energy usage and energy efficiency and take all reasonable further steps to minimise their own greenhouse gas emissions.

The 2008 meeting of the Synod in Victoria and Tasmania resolved:

08.5.16.4.4 The Synod resolved (by agreement):

(a) To call on the Australian Federal Government to take a leadership role in the development of a global solution to climate change to limit global warming to no more than 2°C above pre-industrial levels and in particular to:

(i) Honour their commitment under Article 4.2(a) of the United Nations Framework Convention on Climate Change (UNFCCC) which calls upon developed countries to take a lead in reducing greenhouse gas emissions and recognises the different capacities of various countries in their ability to achieve this outcome; and

(ii) Commit to greenhouse gas reduction targets as part of the UNFCCC process that are at least of comparable effort to those of developed countries that are already showing leadership in the levels of greenhouse gas emission reduction to which they are willing to commit; and

(b) To write to the Prime Minister, Minister for Climate Change and Water, the Leader of the Opposition and the Shadow Minister for Climate Change, Environment and Urban Water to inform them of this resolution.

The 2018 National Assembly resolved:

18.12.01 For the Whole Creation

18.12.01.01 to acknowledge the Church's past and continuing commitment to addressing climate change (Appendix E);

18.12.01.02 to request the Assembly Resourcing Unit to develop the contents of proposal 19 as brought to the 15th Assembly as a discussion paper that contributes to this ongoing commitment;

18.12.01.03 to acknowledge with thanks the long history of advocacy and practical action on climate change carried out by the Uniting Church, including its synods, presbyteries, congregations, agencies, schools and members;

18.12.01.04 to work with First Peoples in Australia and our church partners in the Pacific, Africa and Asia and other faiths to together understand the impacts of climate change on traditional, spiritual and contemporary ways of life;

18.12.01.05 to encourage Uniting Church members, synods, presbyteries, congregations, agencies and schools to:

(a) continue to inform themselves and their communities about the causes and consequences of climate change and appropriate responses;

(b) advocate for government policies and political action to address climate change;

- (c) listen to and learn from the voices of vulnerable people across the world who are experiencing firsthand the impact of climate change;*
- (d) consider ways we can reduce our contribution to climate change, individually and in our communities, set meaningful targets and be transparent with our efforts and outcomes; and*
- (e) tell stories of best practice across remote, rural and urban areas;*

18.12.01.06 to request the Standing Committee to consider specific actions, resourcing and ways of connecting practically with other councils to address issues related to climate change.

At the meeting of representatives of the congregations across Victoria and Tasmania in February 2021, the following resolution was extensively discussed and adopted:

- (a) To acknowledge that God calls us to live in harmony with our natural environment and to seek justice and well-being for all creation.*
- (b) To affirm the covenanting relationship between the Uniting Church in Australia and the UAICC, and our relationships with our partner churches in the Pacific as these groups are significantly impacted by climate change.*
- (c) To acknowledge that the World Council of Churches Executive Committee has declared a climate emergency “which demands an urgent and unprecedented response by everyone everywhere”.*
- (d) To acknowledge the need for immediate and substantial action by governments, businesses and communities, including the councils and institutions of the church in this Synod, to mitigate climate change caused by human activity and the threat it poses to God’s good creation.*
- (e) To undertake urgent action on climate change based on the overwhelming scientific evidence and the Synod Vision and Mission Principles that guide the Synod to “care for creation” and “live justly and seek justice for all”.*
- (f) Encourage members of the church to join the Synod Climate Action Task Force to identify and facilitate actions for the councils and institutions of the church in this Synod to reduce their greenhouse gas emissions.*
- (g) To request congregations to inform their presbyteries what actions they are already taking to address climate change, and for the presbyteries to provide that information to the Synod Climate Action Task Force, and report back to Synod 2022 with an update.*
- (h) To thank the Commonwealth Government for its efforts to promote greater recycling and reduction in waste generation in Australia.*
- (i) To call on the Commonwealth Government to commit to:*
 - Showing leadership in taking actions to limit global average temperature rise to 1.5°C above pre-industrial levels;*
 - Net-zero greenhouse gas emissions by 2050 at the latest;*
 - meaningful engagement and support for communities currently dependent on coal mines or coal-fired power stations to allow for a just transition away from financial dependence on fossil fuel production and consumption;*
 - not providing financial support to new natural gas developments; assisting businesses to reduce or eliminate any dependence on natural gas, and Australia’s natural gas requirements being met by reserving a portion of existing production, as is already the case in Western Australia; and*
 - no financial or other support for new coal-fired power stations;*
 - no approval for new coal mines and coal mine expansions of existing mines; and*
 - continued support for the uptake of renewable energy sources*
- (j) To commend the Victorian Government for the passage of the Climate Change Act 2017 that sets a target of net-zero greenhouse gas emissions by 2050.*

- (k) *To commend the Tasmanian Government for:*
- *establishing an aspirational emissions reduction target of net- zero emissions by 2050;*
 - *having 90 per cent of its electricity generated from renewable sources;*
 - *having set a target of 200 per cent renewable energy generation by 2040; and*
 - *having reduced its greenhouse gas emissions by 95 per cent on 1990 levels.*
- (l) *To call on the Tasmanian Government to legislate the net-zero greenhouse gas emissions target by 2050, including a credible mechanism to progressively achieve the target.*
- (m) *To write to the Prime Minister, the Minister for Energy and Emissions Reduction, the Leader of the Opposition, the Shadow Minister for Climate Change and Energy, the Leader of the Greens, the Premier of Victoria, the Victorian Minister for Energy, Environment and Climate Change, and the Premier of Tasmania informing them of this resolution*

The National Assembly meeting of hundreds of representatives of Uniting Church congregations and bodies across Australia in May 2022 passed the following resolution:

That the Assembly resolved to:

1. *Acknowledge that since time immemorial, the Creator gifted First Peoples to be the timeless caretakers of country and the natural environment.*
2. *Confess that as Second Peoples, we have heard the wisdom of First Peoples, the call of our Partner Churches, and stories of communities already affected by climate change, but we have not listened. We have failed to act as a whole Church with the level of urgency needed and have not made the fundamental behavioural changes needed to care for creation. We confess that while effort has been made to change from ways that destroy the Creator's good creation, carbon pollution continues as a direct result of our activities individually and as a Church, and global carbon pollution is now causing irreversible harm.*
3. *Commit anew to listen to First Peoples' wisdom and knowledge and to take practical climate action, including changing our own behaviour.*
4. *Call on all Councils of the church, agencies and schools who have not already done so to join with the Assembly in committing to net zero emissions by 2040 at the latest so that together we can become a zero emissions Church. We further urge all Councils to make use of the resources, stories and carbon accounting tools made available online.*
5. *Request the Standards for Ministry Committee to identify the most appropriate way to embed learning from the wisdom of First Peoples, care of creation, climate justice and the spiritual and theological basis for a zero emissions church into formation, education and training for the specified ministries of the Uniting Church and report back to the November 2022 meeting of the Assembly Standing Committee.*
6. *Request the Assembly Circles, Advocates and Panels to include learning from the wisdom of First Peoples, care of creation, climate justice and the spiritual and theological basis for a zero emissions church into their work for the remainder of this triennium.*
7. *Request the Assembly Standing Committee to:*
 - (a) *establish a national zero emissions church working group to:*
 - i. *gather data on commitments to greenhouse gas emission reduction made across the life of the church, and progress towards those commitments*

- ii. share stories, expertise and learnings on effective strategies and resources to reduce emissions, prioritising the wisdom of First Peoples*
 - iii. consider how the whole of the church can move together to net zero emissions by 2040; and*
- (b) bring a report on findings and recommended next steps to the 17th Assembly.*