Game Changer Design Report

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AUSTRALIAN ENERGY REGULATOR

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The AER is grateful to all stakeholders who have participated in the Game Changer design process by providing input and feedback, including members of the Leadership Group, Design Group and industry roundtable participants.

Leadership Group

We thank the following members of the Leadership Group who have participated in activities throughout the design process. Participation in the Leadership Group is voluntary and open to all interested stakeholder organisations.

Consumer groups and advocates

Australian Council of Social Services
Consumer Action Law Centre
Consumer Policy Research Centre
Energy Consumers Australia
Energy Users Association of Australia
Elissa Freeman, Chair of the AER's Customer Consultative Group
Financial Counselling Australia
Public Interest Advocacy Centre
St Vincent de Paul
Thriving Communities Partnership
Uniting

Industry

ActewAGL
Australian Energy Council
AGL
Alinta Energy
Aurora Energy
Energy Australia
Energy Networks Australia
Endeavour Energy
Energy Charter
Energy Locals
Energy Queensland / Ergon Energy Queensland
Essential Energy
Origin Energy
Red Energy and Lumo Energy
Powerlink
South Australian Power Networks
Shell Energy
Simply Energy
TasNetworks
Telstra

Government agencies

ACT Civil and Administrative Tribunal
ACT Government (Environment, Planning and Sustainable Development Directorate)
Australian Competition and Consumer Commission
Commonwealth Department of Climate Change, Energy, the Environment and Water
Essential Services Commission (Victoria)
Independent Competition and Regulatory Commission
Independent Pricing and Regulatory Tribunal
NSW Government (Department of Planning)
SA Government (Department for Energy and Mining)
Tasmanian Government (Department of State Growth)
Victorian Government (Department of Energy, Environment and Climate Action)
WA Government (Department of Mines, Industry Regulation and Safety)

Market bodies

Australian Energy Market Commission
Australian Energy Market Operator
Australian Energy Regulator

Ombudsman schemes

*Australian and New Zealand Energy and Water Ombudsman Network
Energy and Water Ombudsman NSW
Energy and Water Ombudsman Queensland
Energy and Water Ombudsman SA
Energy and Water Ombudsman Victoria

Other

Group of Energy Efficiency Researchers

Other sector stakeholders who would like to be involved in the Game Changer going forward should contact the Game Changer secretariat at: ConsumerPolicy@aer.gov.au

Design Group

We thank Game Changer Design Group members for their significant contributions since November 2022. We also acknowledge the contributions of their proxies.

This report is not intended to represent their individual or organisational views on specific issues but rather to reflect the outcomes of the collaborative design process, which considered the views of all stakeholders who provided feedback and input.

Design Group members

Consumer groups and advocates

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Workshops 1–3 and industry roundtables
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Consultant support

EY Port Jackson Partners

Design paper support

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1. Overview

1.1. Introduction

The Game Changer is action 15 in the Australian Energy Regulator's (AER's) Towards Energy Equity strategy.[1] This reflects the fact that, despite the meaningful efforts of government, consumer-facing energy businesses and the community sector to address the problem of consumer vulnerability in the energy market over many years, outcomes for consumers experiencing vulnerability remain challenging.

There are systemic issues that contribute to the costs of vulnerability and are not being distributed fairly across the system, with consumer-facing energy businesses effectively managing these costs on behalf of other sector participants including networks and generation businesses. The current inefficiencies impact all consumers, both through the costs incurred by consumer-facing energy businesses in assisting consumers experiencing vulnerability (costs to serve), and higher debt levels.

Stakeholders identified that reform is needed to provide:

- equitable and efficient sharing of costs and risks
- better protections for consumers
- improved trust – of and from consumers
- earlier and better-targeted support for consumers
- a system that engages consumers, including those with complex needs.

The design challenge for Game Changer is to:

> 'Better **balance cost and risk** within the sector so that consumers experiencing vulnerability are **identified early** and get the support they need to **improve outcomes**'.

The AER saw a significant opportunity to work in collaboration with sector stakeholders to design a 'Game Changer' solution to address systemic issues contributing to consumer vulnerability, which has been estimated to cost the energy sector $645 million each year.[2] These costs are primarily borne by energy consumers and retailers and are in addition to quantifiable non-financial and non-quantifiable costs, such as broader impacts on consumer health and wellbeing.

A Leadership Group of senior stakeholders from industry, government, market bodies, ombudsman schemes and consumer advocates has been established to discuss the case for change and potential solutions to address this problem. In September 2022, the Leadership Group agreed to take a collaborative human-centred design approach to developing potential Game Changer solutions.

[1] Australian Energy Regulator, Towards energy equity – a strategy for an inclusive energy market, 2022
[2] Australian Energy Regulator and EY Port Jackson Partners, Case for change workshop slides, 2022

The Leadership Group considered overarching design principles for designing Game Changer reforms, to ensure the solutions proposed are fit for purpose:

- **Impact** – deliver systemic reform for consumers experiencing vulnerability and support consumers with complex needs
- **Scale** – materially reduce the quantifiable and unquantifiable costs of consumer vulnerability
- **Efficiency** – improve efficiency of the energy system and incentivise businesses to identify customers experiencing vulnerability as early as possible
- **Equity** – deliver more equitable outcomes for energy market participants including better risk allocation
- **Context** – optimise with complementary supports for consumers experiencing vulnerability and avoid unintended consequences
- **Agility** – respond to the evolving energy system durably.

To facilitate collaboration a cross-sectoral stakeholder Design Group was convened to develop potential game changing ideas and solutions. Design Group members have generously contributed their time and expertise to participate in this collaborative design process since November 2022, with the AER acting as secretariat.

On 29 March 2023, the Design Group presented 18 refined ideas to the Leadership Group for consideration and feedback. The outcome of this discussion was that the Leadership Group agreed to prioritise 13 ideas as follows:

Develop

Ideas that were categorised for development by the sector to potentially try to realise now.

- Shared funding pool
- Central service body
- Retailer incentive mechanism
- Energy sector investment in the Financial Counselling Industry Funding Model
- Energy efficiency measures
- Automated better offer
- Concession upgrades
- Social tariff

Explore

Ideas for exploration to determine whether they should be pursued further.

- Priority support register
- Reduced green scheme cross-subsidisation

Support

Ideas to be supported although they cannot be pursued independently by the energy sector.

- Energy concession reform
- Increased allowances
- Minimum energy efficiency standards for renters

The Design Group, supported by AER policy staff and preliminary analysis from a consultant, has developed and considered potential implementation options for each of the ideas. Each idea was assessed on whether it met the design principles and all the implementation options have been assessed on:

- whether the option meets the design challenge of balancing costs and risks, facilitates early identification, and improved outcomes for vulnerable consumers
- the level of difficulty for any barriers to implementation identified
- whether the option relies on funding from a shared funding pool
- the extent to which government involvement is likely to be required for implementation.

A summary of the assessment for the 13 prioritised ideas and potential implementation options, including key feedback provided by the Design Group for consideration of implementation pathways, is provided in Section 2 of this document.

1.2. Purpose of this report

The primary purpose of this report is to set out potential options for implementing ideas prioritised by the Leadership Group in March 2023, including the advantages, disadvantages and key design considerations for each idea. The report has been compiled by the AER secretariat with input from consultants, EY Port Jackson Partners, but presents the results of the activities and outcomes of the design process undertaken by the Game Changer Design Group. It aims to summarise the investigations and further exploration of options for each prioritised idea.

The report draws on:

- outputs of Design Group activities, including workshops, online collaboration, survey responses, and out-of-session feedback
- case studies highlighted for reflection by the Design Group and the Leadership Group
- feedback and direction provided by the Leadership Group in meetings, survey responses, and out-of-session submissions
- findings of industry roundtables and consumer exploration workshops, which brought together consumers with lived experiences of vulnerability to reflect on their experiences in the energy market and explore their responses to potential Game Changer ideas
- analysis undertaken by EY Port Jackson Partners (EY PJP) for the Shared funding pool, Central service body, Retailer incentive mechanism, and Energy sector investment in the Financial Counselling Industry Funding Model ideas.

This analysis is intended to support the Leadership Group in further considering the potential actions and next steps to advocate for and implement a suite of Game Changer reforms. The aim of this report is to allow Leadership Group members to:

- consider the information and advice resulting from the collaborative design process
- share feedback with the AER on which ideas are game changing and should be progressed further, and how these ideas can best be progressed

- consider whether and how their organisation can support Game Changer moving forward, including which ideas they are willing to implement and advocate for and how they can contribute to these processes.

The ideas for Leadership Group's consideration, which are further detailed in this paper, include:

Table 1. Summary of ideas

Idea	Objective	Design lead	Design principles rating[3]
Ideas to be developed			
Shared funding pool	Enable supports for consumers and share costs and risks across the sector.	EYPJP	4.3
Central service body	Improve quality and consistency of support for consumers experiencing vulnerability.	EYPJP	2.6
Retailer incentive mechanism	Improve quality of support for consumers experiencing vulnerability.	EYPJP	2.7
Energy sector investment in the Financial Counselling Industry Funding Model	Address unmet demand for financial counselling.	EYPJP	3.2
Energy Efficiency Measures	Minimise energy costs and support the health and wellbeing of consumers experiencing vulnerability.	Design Group	4.7
Automated better offer	Make it easier for consumers experiencing vulnerability to access better energy prices.	AER	4.3
Concession upgrades	Increase the proportion of eligible consumers who receive their energy concessions.	AER	5.0
Social tariff	Reduce the cost of energy for consumers experiencing vulnerability.	AER	2.9
Ideas to be explored			
Priority support register	Help industry organisations identify consumers experiencing vulnerability early and refer them to appropriate support services in a timely manner.	AER	4.3
Reduced green scheme cross-subsidisation	Reduce or remove regressive subsidisation by low-income and vulnerable customers to other customers.	Design Group	2.6
Ideas to be supported			
Energy concession reform	Address current flat rate energy concessions and rebates that do not meet need.	Design Group	3.3
Increased allowances	Increase the rate of JobSeeker and related allowances to meet basic needs including energy.	Design Group	3.0
Minimum energy efficiency standards for renters	Advocate for mandatory energy efficiency standards across all residential leases, including hot water systems, insulation and window coverings at the start of a tenancy.	Design Group	3.4

[3] Based on Leadership Group survey results if the idea meets the 6 design principles (scale of 1-6), with 6 indicating option meets all design principles.

1.3. The Game Changer design process

Given the systemic nature of the problem and the sector-wide impact of proposed Game Changer reforms, a collaborative human-centred design approach has been taken to develop potential Game Changer solutions.

Human-centred design is a problem-solving approach which puts people at the heart of the design process, enabling the development of solutions tailored to the needs of people impacted by the problem. This approach designs *for* people by:

- understanding and empathising with the people the process is designing for
- generating a wide variety of ideas
- translating some of these ideas into options
- sharing these ideas with the people we're designing for to gather feedback.

This approach is an iterative practice that makes feedback from stakeholders and consumers a critical part of how the solution is developed. As such, we have sought to co-develop Game Changer solutions by bringing together stakeholders with diverse interests, capabilities and perspectives to design solutions that meet the needs of people.

The Game Changer design process has applied this approach in the following stages:

- **Stage 1:** Establishing the design process
- **Stage 2:** Generating potential Game Changer ideas
- **Stage 3:** Refining potential Game Changer ideas
- **Stage 4:** Prioritising potential Game Changer ideas
- **Stage 5:** Developing potential options for prioritised Game Changer ideas

The key activities and outputs at each stage are summarised in the table on the following page. The secretariat took a range of approaches to facilitating Design Group collaboration across different stages and activities. The primary mode for each activity is indicated in the summary table using the following icons:

This icon means the activity was undertaken primarily in person (with some hybrid participation facilitated for those members who were unable to attend in person).

This icon means the activity was undertaken through facilitated online discussion via video conferencing (with supporting tools where relevant).

This icon means the activity was undertaken through online collaboration, supported by a range of tools (such as email, Miro, Padlet or the ACCC Consultation Hub survey platform).

A detailed description of each stage of the design process is provided in **Appendix 1**.

Table 2. Summary of design process

Key activities	Key outputs	Mode	Timing
Stage 1: Establishing the design approach			
Seeking Leadership Group endorsement of the approach	Design Group nominations and draft terms of reference		15 September 2022
Selecting Design Group members from among nominations	AER announcement of Design Group membership		19 October 2022
Stage 2: Generating potential Game Changer ideas			
Agreeing to AER proposed draft terms of reference and ethical statement	Final terms of reference Signed ethical statements		9 November 2022 **Workshop 1**
Identifying opportunities to address the problem	Prioritised 'How might we' statements		9 November 2022 **Workshop 1**
Generating initial ideas	116 initial ideas		9 November 2022 **Workshop 1**
Refining ideas in 'home teams'	35 refined ideas grouped under 'How might we' statements		10–28 November 2022
Sharing ideas and providing feedback	Feedback on refined ideas and concept groupings		29 November 2022 **Workshop 2**
Preparing and practising idea pitches	Pitch plan and illustrations for 25 ideas in 7 concepts		29 November 2022 – 5 December 2023
Pitching idea concepts to the Leadership Group for feedback	Discussion and out-of-session feedback		6 December 2022
Stage 3: Refining potential Game Changer ideas			
Refining Game Changer ideas in shared logic model templates	Idea inputs, activities, outputs and risks		21 December 2022 – 12 February 2023
Discussing inputs, activities, outputs and risks to develop draft logic models	Updated inputs, activities, outputs and risks		13 February 2023 **Workshop 3**
Refining draft logic models in a simplified logic model framework	Logic models for 18 ideas		13–21 February 2023
Stage 4: Prioritising potential Game Changer ideas			
Assessing ideas based on logic models via online survey	Qualitative and quantitative survey results		21–27 February 2023
Seeking Leadership Group assessment of ideas via online survey	Qualitative and quantitative survey results		2–20 March 2023
Seeking Leadership Group prioritisation of ideas based on survey results	13 prioritised ideas		29 March 2023
Stage 5: Developing potential options for prioritised Game Changer ideas			
Exploring systemic issues and relevant ideas with consumers	Feedback from 4 consumer workshops run by Uniting		9 December 2022 – 12 April 2023
Discussing implications of consumer insights and survey feedback for ideas	Nominated development and input leads for ideas		12 April 2023 **Workshop 4**
Exploring implementation options with experts in industry roundtables	Feedback from 2 industry roundtables		26 April 2023
Developing design papers with options for each idea	2 reports from EY PJP 9 separate design papers		14 April 2023 – 5 May 2023
Discussing viability of options and providing feedback on design papers	Input into design report		11 May 2023 **Workshop 5**

2. Synopsis of assessment of ideas

Summary table reading guide

The following provides an explanation of the key symbols used to understand the assessments outlined in the table:

Assessment	Description	Ratings legend		
Design principles rating	Based on Leadership Group Survey results, if idea meets design principles. Scale of 1-6 based on meeting the 6 design principles, with 6 indicating option meets all design principles.	1-2.9 rating	3.0-4.9 rating	5.0-6.0 rating
Design challenge	Based on Leadership Survey results if idea meets the design challenge			
Balances costs and risks	Colour rating indicates the Design Group's views on how likely the option may balance costs and risks across energy market participants, with consideration of whether option could be delivered under a cost-sharing approach, such as being funded through a Shared funding pool.	Unlikely to meet the design challenge	Mixed views or were unsure if option meets the design challenge	Likely to meet design challenge
Early identification	Colour rating indicates the Design Group's views on the likelihood that the option would improve early identification of consumers experiencing vulnerability.			
Improved outcomes	Colour rating indicates the Design Group's views on how likely the option may improve outcomes for consumers experiencing vulnerability.			
Implementation barriers	Colour rating indicates the level of difficulty of potential barriers to implementation raised by the Design Group for the option. The lowest rating (red) signifies there may be significant issues which need to be addressed in implementing the idea but does not signify that the option is unachievable.	Significant risks and barriers to implementation have been raised for the option	There are mixed views, or it is unsure how difficult it is to implement option	Option has low barriers to implementation
Funding	Whether the option relies on funding from an agreed shared funding pool, which the Game Changer has proposed as a way to share cost and risk across the sector, and potentially to unlock new opportunities to support consumers experiencing vulnerability. This information is provided to show where an option's viability may be dependent on an agreed shared funding pool.	X It is unlikely this option will require funding from a shared funding pool	? It is unclear whether this option will require funding from a shared funding pool	✓ It is likely this option will require funding from a shared funding pool
Government involvement	The extent to which government involvement is likely to be required in implementing this option, for example through engagement, support, or responsibility for some aspect of delivery. Also indicates whether the remit of these government actors is likely to be related to the energy sector (such as the Energy and Climate Change Ministerial Council or jurisdictional energy departments) or is beyond the energy sector.	This option is likely to require government to be consulted on implementation but has little direct involvement in delivery	This option is likely to require support from government, (e.g., changes to legislation or policy) but government is unlikely to lead delivery	This option is likely to require government to lead delivery
Design Group feedback	Colour rating indicates positive, neutral or negative considerations for each idea.	Positive feedback	Neutral feedback	Negative feedback

2.1. Develop ideas

Table 3. Develop ideas assessment summary

Shared funding pool

Enable supports for consumers and share costs and risks across the sector.

Design principles rating 4.3

Idea and options	Summary	Design Challenge: Balancing Costs & risks	Design Challenge: Early identification	Design Challenge: Improved outcomes	Barriers	Funding	Government involvement
1. Compulsory levy governed by a new independent body	All energy sub-sectors contribute to a compulsory funding pool via an industry levy imposed by government. Sub-sectors contribute based on their contribution to energy costs, with retailer contributions risk-adjusted depending on benefits accruing from use of funds. Fund is governed by a new independent body with accountability to government.		n/a[4]	n/a[4]		–	Energy
2. Compulsory levy governed by an existing body	As above, but the fund is governed by expanding the remit of an existing body in the energy sector.		n/a	n/a		–	Energy

Summary of Design Group feedback

- Some Design Group members indicated that allocating costs to networks may be problematic due to potentially regressive impacts on different consumer groups and identifying an equitable and workable approach to allocating costs.
- Some Design Group members noted that retailers differ both in terms of the number of consumers experiencing vulnerability they serve and the way they serve those customers – therefore, a key question is how the 'levers' component can reflect the costs and risks borne by individual retailers.
- Some Design Group members expressed concern at the idea that funding to support consumers experiencing vulnerability will be recouped from consumers at large, noting the inconsistency with some other ideas. They suggested that particular consideration should be given to 'knife-edge' consumers who are just beyond the threshold of targeted supports delivered by the funding pool but could be significantly impacted by any increase in costs.

[4] Design Group considered that a shared funding pool would not deliver early identification of vulnerability as well as improved outcomes, but rather outcomes would be achieved from the initiatives that the pool would fund.

- 🟡 The Design Group emphasised the importance of ensuring the body governing the shared funding pool is accountable to the public via government, particularly given this socialisation of costs across the customer base.
- 🟡 Design Group members highlighted the need for appropriate governance to ensure the shared funding pool meets its intended purpose, and emphasised the importance of allowing sector input on the governance structure of any shared funding pool.
- 🟡 Key questions raised by the Design Group included how the governance model design interacts with the funding collection mechanism and proposed use of funds. For example, if the funds are collected through a government levy, can the governance body be fully independent or does government need to play a role?
- 🟡 Design Group members noted that they assessed the viability of establishing a new governance body for the shared funding pool under the assumption that the body would ultimately be accountable to the public via government.

Central service body

Improve quality and consistency of support for consumers experiencing vulnerability.

Design principles rating

2.6

Idea and options	Summary	Design Challenge: Balancing Costs & risks	Design Challenge: Early identification	Design Challenge: Improved outcomes	Barriers	Funding	Government involvement
1. Hardship+	New service body adopts retailer hardship functions and best-practice additional functions.	🔴	🟡	🔴	🔴	✓	Energy
2. Partner	New service body works alongside retailer and makes targeted decisions such as debt waivers.	🔴	🟡	🔴	🔴	✓	Energy
3. Navigator	New service body connects a broad range of consumers with available services and information.	🟡	🟡	🟡	🔴	✓	Energy

Summary of Design Group feedback

- 🔴 Many Design Group members raised concerns about the idea of a central service body. Specific concerns included intervening in the retailer–customer relationship and a lack of information on the specific problems such a body would solve, how such a body would manage unpaid debt, and how consumers would seek redress if there were any issues with service delivered by the body.
- 🟡 Some Design Group members suggested that additional analysis is required to better diagnose the problem, including any specific capability gaps. They also asked what other options might be available to address these gaps, such as rule changes, regulatory intervention, or voluntary initiatives. Post-workshop feedback suggested there may be some value in a Navigator model.

Retailer incentive mechanism Improve quality of support for consumers experiencing vulnerability.							**Design principles rating** 2.7
Idea and options	**Summary**	**Design Challenge**			**Barriers**	**Funding**	**Government involvement**
		Balancing Costs & risks	**Early identification**	**Improved outcomes**			
1. Improved support incentives	Financial incentives for retailers if they meet best-practice *support* provision performance targets.					✓	Energy
2. Proactive identification incentives	Financial incentives for retailers if they meet best-practice *identification* performance targets.					✓	Energy

Summary of Design Group feedback

- Some Design Group members are concerned about the idea of incentivising retailers to fulfil existing obligations which are not being met. They are particularly concerned about the potential for creating perverse incentives and suggested regulation (for example, increased compliance and enforcement) as an alternative to incentivisation.
- Other Design Group members indicated that an incentive mechanism may effectively drive innovation by incentivising support/conduct above minimum obligations, although greater consideration needs to be given to how it works over time.
- Design Group members raised questions about the potential unintended consequences of an incentive mechanism, including the implications for competition or the impact on retail market offers. They suggested collecting more data to better understand the problem.

Energy sector investment in the Financial Counselling Industry Funding Model Address unmet demand for financial counselling.							**Design principles rating** 3.2
Idea and options	**Summary**	**Design Challenge** **Balancing Costs & risks**	**Early identification**	**Improved outcomes**	**Barriers**	**Funding**	**Government involvement**
1. Mandatory sector-wide contribution	All energy sector participants contribute to the Department of Social Services' Financial Counselling Contribution Scheme.					✓	Energy: Other

Summary of Design Group feedback

- The Design Group generally considers that this idea does not have significant barriers to implementation, given some energy industry participants have committed, with a group of organisations from across the banking, finance, insurance, telecommunications and online gambling sectors, to provide a one-off $7.75 million funding for financial counselling services. This initiates a path to include proposed changes to require a broader range of market participants to contribute to the pool on a compulsory basis.
- Some Design Group members are concerned that it won't meaningfully improve outcomes as it doesn't address the underlying drivers of consumer vulnerability in the energy sector, and that additional industry funding may risk reduction of government funding (and current contributions from industry) for financial counselling.
- A question raised by the Design Group was the potential interaction between this idea and a central service body, including whether financial counsellors fulfil the role of a 'navigator' (noting the value of a holistic focus on consumer stress).

Energy efficiency measures Minimise energy costs and support the health and wellbeing of consumers experiencing vulnerability.							**Design principles rating** 4.7
Idea and options	**Summary**	**Design Challenge**			**Barriers**	**Funding**	**Government involvement**
		Balancing Costs & risks	**Early identification**	**Improved outcomes**			
1. Grants scheme	Programs delivered in a decentralised way through a grants scheme administered by an independent board.	🟢	🟡	🟢	🟡	✓	Energy Other
2. Commissioned delivery	Programs are commissioned and administered by an independent board.	🟢	🟡	🟢	🟢	✓	Energy Other
3. New entity	A new agency (potentially a central service body) is created to deliver or sub-contract programs.	🟢	🟡	🟢	🔴	✓	Energy Other
4. Retailers	Expand existing retailer programs.	🟢	🟡	🟡	🟡	✓	Energy Other

Summary of Design Group feedback

- 🟢 Overall, the Design Group indicated that a commissioned delivery program is likely to not have significant barriers to implementation. Some Design Group members emphasised the importance of viewing this as a long-term strategic initiative which would deliver incremental improvements for the benefit of all in the future. Evaluation would ensure the program can adapt and evolve over time.
- 🔴 Some Design Group members raised concerns that such a program would only be possible with significant increases to consumers' energy bills due to the scale of building retrofit required.
- 🟢 Other Design Group members suggested that energy efficiency measures could deliver aggregate savings across the sector by reducing the accrual of bad debt (much of which will never be paid) and the demand for other forms of support (including energy concessions, debt write-offs or a social tariff if implemented).
- 🟡 It was suggested that modelling should be undertaken to better assess these issues.

🟡 Some Design Group members indicated that partnering with government makes sense, but further work is required to clarify what this would look like in practice. It was suggested that any program should be designed with a view to adding value to government programs (for example, through co-funding existing programs or delivering more targeted interventions that the sector is best placed to deliver) rather than taking on programs that are within government remit (such as retrofitting social housing). Any program would also have to consider how to deal with the high proportion of landlords who may benefit from energy efficiency measures.							
Automated better offer **Make it easier for consumers experiencing vulnerability to access better energy prices.**						**Design principles rating** **4.3**	
Idea and options	**Summary**	**Design Challenge**			**Barriers**	**Funding**	**Government involvement**
		Balancing Costs & risks	**Early identification**	**Improved outcomes**			
1. Automated switch with post-switch reversal	Retailer notifies customer that automated switch has taken place and the customer can choose to reverse the switch during the existing 10-day cooling-off period.	🔴	🟡	🟢	🟡	✕	Energy
2. Automated switch with pre-switch opt-out and post-switch reversal	Retailer notifies the customer of an upcoming automated switch and the customer can choose to opt out beforehand or reverse the switch during the cooling-off period.	🔴	🟡	🟢	🟡	✕	Energy
3. General consent for automated switch in future	Customer provides consent for retailer to automatically switch them to a deemed better offer in the future. Customers can choose to reverse the switch during the cooling-off period.	🔴	🟡	🟢	🟡	✕	Energy

Summary of Design Group feedback

- 🟡 Feedback from Design Group members suggests that further work is required to better understand potential negative consequences and how they might be mitigated (including consideration of the needs of specific consumer groups who may require additional support to avoid unintended consequences).
- 🔴 With reference to the findings of the consumer exploration workshops, Design Group members highlighted the importance of consumer agency. They noted that agency is important both because it is valued by consumers and because it helps (re-)build trust in the energy sector. On a related note, some Design Group also members pointed out the potential benefits of certain types of friction in the customer journey for supporting literacy and engagement.
- 🟢 Design Group members indicated that this idea is likely to not have significant barriers to implementation, particularly the proposal to implement options 2 and 3 in combination.

Concession upgrades

Increase the proportion of eligible consumers who receive their energy concessions.

Design principles rating 5.0

Idea and options	Summary	Design Challenge: Balancing Costs & risks	Design Challenge: Early identification	Design Challenge: Improved outcomes	Barriers	Funding	Government involvement
1a. Fully automated concessions with Centrelink opt-in	Consumers provide consent for their eligibility information to be shared with energy retailers when they apply for a Centrelink benefit. Services Australia provides this information to retailers to enable concessions.	🔴	🟢	🟢	🟡	?	Other
1b. Partially automated concessions with jurisdictional opt-in	Consumers provide consent to a jurisdictional eligibility body when applying for a concession or benefit. The jurisdictional body confirms eligibility and provides this information to retailers to enable concessions.	🔴	🟡	🟡	🔴	×	🟢 Other
1c. Partially automated concessions with retailer opt-in	Consumers provide consent to retailers to check their eligibility on an ongoing basis, for both existing and new benefits. Retailers use existing systems to confirm and apply concessions.	🔴	🟡	🟢	🟡	×	Other

2. Portable concessions facilitated by CDR	Consumers can transfer relevant concession data (including their Centrelink Customer Reference Number) when switching.	🔴	🟢	🟢	🟡	✕	Other
3. Proactive concessions facilitated by sector-wide eligibility checking tool	Energy sector builds an eligibility checking tool as a 'first stop shop' to provide clear, consistent and personalised concession information and facilitate a simplified journey.	🟡	🟢	🟢	🟢		Energy; Other

Summary of Design Group feedback

🟢 Design Group members indicated that a cross-sectoral concession eligibility checking tool is likely to not have significant barriers to implementation and could be particularly valuable in the short term, while longer-term solutions (such as automated concessions) are pursued.

🟢 Design Group members indicated that option 1(a) has the least barriers to implementation to automating concessions, with significant benefits for consumers. They suggested that it would be a worthwhile long-term investment in improving consumer outcomes into the future, including for supporting consumer groups who may require additional support with informed consent, which is likely to be strongly supported by other sectors. A new system would likely be required as a future-proofing exercise.

🔴 Options 1(b) and 1(c) were considered to have significant barriers to implement, and it was suggested that they may risk ultimately increasing barriers for consumers.

Social tariff

Reduce the cost of energy for consumers experiencing vulnerability.[5]

Design principles rating

2.9

Idea and options	Summary	Design Challenge: Balancing Costs & risks	Design Challenge: Early identification	Design Challenge: Improved outcomes	Barriers	Funding	Government involvement
1. Unit rate discount	Unit price of energy is reduced by either a set percentage or is set at a particular amount.	🟡	🔴	🟢	🟡	?	Energy

[5] There are various sub-options for which components of the cost stack are waived for a social tariff. For the purposes of comparison, options use network tariffs as an example, as they represent around 50% of the cost stack for residential customers (Australian Competition and Consumer Commission (ACCC), Inquiry into the National Electricity Market – November 2022 report, Supplementary Table D8.1, 2022). Other options for which components of the cost stack could be waived for a social tariff are summarised in the detailed analysis for this idea.

2. Concessions DMO	Current Default Market Offer (DMO) process is expanded to provide two different DMO prices, one of which is only accessible to consumers experiencing vulnerability.	🟡	🔴	🟢	🟡	?	Energy
3. Rising block tariff	Tariff is low initially and rises as consumption rises.	🟡	🔴	🟢	🟡	?	Energy

Summary of Design Group feedback

- 🟡 Design Group members indicated that the question of government-funded social tariffs needs to be considered alongside concessions, as they are ultimately using similar mechanisms to achieve the same purpose.
- 🔴 Some Design Group members raised concerns that socialising the cost through energy bills is a regressive approach that could have a disproportionate impact on some consumers. Members were particularly concerned about the potential impact on those at the eligibility boundary (that is, who do not qualify to receive the social tariff but would experience hardship if the socialised cost was applied to their bill).
- 🟡 Design Group members raised questions about using concessions as an eligibility criterion, including how this would be managed given the variation in concessions frameworks across jurisdictions, the interaction and potential overlap between a social tariff and concessions as socialised financial supports, and the effectiveness of this targeting approach.
- 🟡 Design Group members had mixed views on the interaction between concessions and a social tariff. For example, it was pointed out that people receiving concessions are only a subset of consumers experiencing vulnerability, all of whom would benefit from a social tariff. However, it was also noted that more than 30% of consumers receive a concession, raising questions about the scale of the issue the Game Changer is trying to address.
- 🟡 Some Design Group members emphasised the importance of ensuring appropriate referral pathways and automated provision of information to support consumers in accessing the social tariff. It was noted that this is particularly important in the current context, in which many people are presenting for assistance for the first time and don't know how to access support.
- 🟡 Some Design Group members indicated that a social tariff is one of the most effective ways to address underlying drivers of vulnerability in the energy sector.
- 🟢 Feedback from Design Group members emphasised the benefits of the concessions DMO option in offering a clear implementation pathway. They also noted it would provide a transparent and consultative approach to funding the social tariff, with the concessions and standard DMO developed and consulted on in tandem, and may represent a more progressive approach than the alternatives.
- 🔴 The Design Group raised concerns about the rising block tariff option, noting that many consumers experiencing vulnerability do not have the ability to reduce demand and, as a result, are already missing out from an access and affordability perspective.

2.2. Explore Ideas

Table 4. Explore ideas assessment summary

Priority support register Help industry organisations identify consumers experiencing vulnerability early and refer them to appropriate support services in a timely manner.								**Design principles rating** 4.3
Idea and options	**Summary**	**Design Challenge**			**Barriers**	**Funding**	**Government involvement**	
		Balancing Costs & risks	**Early identification**	**Improved outcomes**				
1. Voluntary decentralised register	Organisations develop, manage and implement registers within their businesses in line with voluntary guidance.	🔴	🟡	🟡	🟡	×	🟠 Energy	
2. Voluntary centralised register	Organisations collaborate to develop, manage and implement a shared register in line with voluntary guidance.	🔴	🟡	🟡	🟡	?	Energy	
3. Mandated decentralised register	Organisations develop, manage and implement registers within their businesses in line with enforceable minimum standards, which include requirement to transfer data when a consumer switches.	🔴	🟢	🟢	🟡	×	Energy	
4. Mandated centralised register	A centralised register is established with enforceable minimum standards, including mandated rules for referring customers to appropriate support services.	🟡	🟢	🟢	🟢		Energy	

Summary of Design Group feedback

🟡 Feedback from Design Group members suggested that more work is needed to explore the governance structure of a potential centralised register. They also noted the importance of data security and ensuring the register is not used to exploit consumers.

- 🟢 Some Design Group members suggested a centralised register could potentially fulfil some of the functions of the proposed central service body by facilitating the delivery of targeted supports to consumers experiencing vulnerability.
- 🟡 Design Group members emphasised that the priority support register is intended to support not just people in financial hardship, but also those who may need other kinds of additional assistance (such as those requiring medical or life support).
- 🟡 A key question raised by the Design Group was how the register will respond to consumers' changing circumstances, including how and when consumers will be taken off the register.
- 🟢 Some Design Group members suggested the priority support register could be a useful add-on to support the delivery of other Game Changer ideas.
- 🟢 The Design Group indicated that a mandated centralised model is least likely to have significant implementation barriers because it would reduce the onus on consumers. They also suggested that it would have benefits and support better decision-making in the long term.
- 🔴 However, Design Group members also suggested that a priority support register should not be a priority. While it could have long-term benefits or be 'added on' to support other ideas, it should not be prioritised over other Game Changer ideas. Overall, the Design Group recommendation is for this idea to be re-reprioritised into the 'Reconsider' category, unless it is needed to support the delivery of other ideas.

Reduced green scheme cross-subsidisation

Reduce or remove regressive subsidisation by low-income and vulnerable customers to other customers.

Design principles rating 2.6

Idea and options	Summary	Design Challenge: Balancing Costs & risks	Design Challenge: Early identification	Design Challenge: Improved outcomes	Barriers	Funding	Government involvement
1. Advocacy with Energy Ministers	Sector collaborates with Commonwealth to advocate to Ministers to commit to developing principles to review and design all existing and future green schemes.	🔴	🔴	🟢	🟡	✕	✕ Energy

Summary of Design Group feedback

- 🟢 The Design Group indicated this idea should be supported alongside the Game Changer, as it is not something the energy sector can realise. However, an option in which retailers do not pass on green scheme costs to their customers (thereby operating in a similar way to a social tariff) could be considered.
- 🟡 It was also suggested that insights from this review should be considered in designing any shared funding pool.

2.3. Support Ideas

Table 5. Support ideas assessment summary

Energy concession reform Address current flat rate energy concessions and rebates that do not meet need							**Design principles rating** 3.3
Idea and options	**Summary**	**Design Challenge: Balancing Costs & risks**	**Design Challenge: Early identification**	**Design Challenge: Improved outcomes**	**Barriers**	**Funding**	**Government involvement**
1. Advocacy with Energy Ministers and Social Services Ministers	Sector advocates to Ministers to commit to review and reform energy concessions to improve equity and accessibility.	Red	Amber	Green	Amber	✕	✕ Energy and other

Summary of Design Group feedback

- The Design Group did not provide additional feedback on this proposal.

Increased allowances Increase the rate of JobSeeker and related allowances to meet basic needs including energy							**Design principles rating** 3.0
Idea and options	**Summary**	**Design Challenge: Balancing Costs & risks**	**Design Challenge: Early identification**	**Design Challenge: Improved outcomes**	**Barriers**	**Funding**	**Government involvement**
1. Advocacy with federal Government	Sector joins calls to the federal Government to raise JobSeeker and related payments above the poverty line.	Red	Red	Green	Amber	✕	✕ Other

Summary of Design Group feedback

Some Design Group members indicated that despite the increase in the latest Federal Budget, further increases are needed to meet consumers' basic needs including energy.

Some Design Group members suggested that the sector should advocate for a review of allowances in the first instance, considering data available on the impact of increased allowances during COVID-19.

Minimum energy efficiency standards for renters Advocate for mandatory energy efficiency standards across all residential leases, including hot water systems, insulation and window coverings at the start of a tenancy.								**Design principles rating** 3.4
Idea and options	**Summary**	**Design Challenge**			**Barriers**	**Funding**	**Government involvement**	
		Balancing Costs & risks	**Early identification**	**Improved outcomes**				
1. Advocacy with Energy, Housing and Consumer Ministers	Sector advocates to Ministers to commit to mandate and accelerate energy efficiency standards in rental properties.	Red	Green	Green	Amber	✕	✕ Energy and other	

Summary of Design Group feedback

- Some Design Group members raised concerns about potential unintended consequences of this idea. It was suggested that these mandates could have an impact on some landlords in the current context of rising interest rates, which is creating a large gap been rental income and mortgage costs for some landlords in the short term. Others noted that these costs are likely to passed on to renters in the longer term. However, there was broad acknowledgement that renters can be disproportionately disadvantaged.

3. Ideas to be developed

3.1. Shared funding pool

Assessment

In the idea assessment survey, this idea scored 4.3 against the design principles overall, and performed especially well in terms of scale and equity. Confidence in the sector's ability to deliver on this idea, however, was fairly low at just 37%.

This idea seeks to create a shared funding pool to enable supports for consumers experiencing vulnerability and share costs and risks across the sector. In the current system, retailers bear the costs and risks of consumer vulnerability on behalf of the entire energy sector. However, retailers also must pay generators and networks, and do so within a highly regulated framework of consumer protections, including those for consumers experiencing vulnerability. For example, there are limited options for managing costs and risk for disconnection for non-payment for vulnerable consumers.

All market participants contribute to energy costs that can drive consumer vulnerability. While retailers seek to manage risks arising from consumer vulnerability, they do so in a highly regulated environment whilst still holding liabilities to generators and networks. In addition, although retailers have the most opportunity among market participants to influence how vulnerability is experienced by consumers in the energy market, individual businesses cannot overcome systemic drivers and barriers. Many of the most effective ways to improve outcomes for consumers experiencing vulnerability are beyond the capability of any individual organisation to deliver.

A shared funding pool dedicated to supporting consumers experiencing vulnerability would more equitably and efficiently share the costs and risks of vulnerability across the energy sector. It could also unlock new opportunities to drive more meaningful and systemic improvements in consumer outcomes.

Case study: Energy Consumers Australia[6]
Energy Consumers Australia (ECA) was established in 2015 by the Council of Australian Governments. It aims to promote the long-term interests of Australian energy consumers by providing and enabling consumer advocacy that is strong, coordinated, collegiate and evidence-based. Its focus is on matters of strategic or material consequence for consumers, particularly residential and small business consumers. ECA is funded through a levy collected from energy retailers by AEMO. The current levy fee is approximately $0.01 per electricity connection point per week and $0.04 per gas connection point per month, to meet a total revenue requirement of approximately $8.3 million in the 2022–2023 financial year. ECA primarily uses this funding to deliver grants, research and engagement. Programs aim to improve consumer knowledge and capacity in the National Electricity Market (NEM) by supporting advocacy, research, and participation in engagement processes.

[6] Consultant's report; Australian Energy Market Operator, 2022–23 AEMO Budget and Fees, 2023

Case study: Energy Trust of Oregon[7]
The Energy Trust of Oregon is an independent non-profit funded by a 3% state-legislated levy on revenues of utilities providers, legislated to 2026. Its purpose is to help customers save energy and use renewable energy by providing cash incentives and expert advice to people planning energy-saving home upgrades and renewable energy projects.

Case study: Australian Energy Market Operator
The Australian Energy Market Operator (AEMO) is funded by market participants, with funding used to cover the costs of running the NEM. Costs are recovered from market participants based on a range of metrics, including number of connection points, registered capacity, or energy generated, transmitted or sold. Fee structures are guided by 5 principles:

- Fee structure should be simple.
- Fees should be reflective of the extent to which requirements involve the participant.
- Fees should not unreasonably discriminate against participants.
- Fees should be determined on a non-profit, cost-recovery basis.
- Fees should provide for recovery of budgeted revenue requirements on a basis specified in the National Electricity Rules.

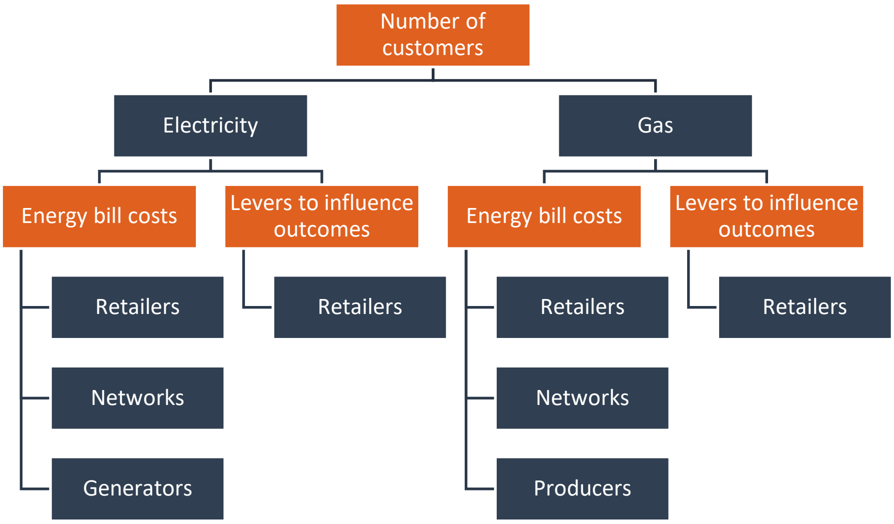
Key design questions include:

- Should contributions be linked to the specific function being supported?
- Should contributions be compulsory?
- How should contributions be allocated across electricity and gas?
- How should contributions be allocated across sub-sectors?
- How should contributions be allocated within sub-sectors?
- How should the shared funding pool be governed?

Specific sub-options considered in light of these questions are summarised in Table 6. To support the Leadership Group in considering Game Changer ideas, a potential ‘strawperson’ funding model is proposed based on a preliminary analysis of these questions. This model could be used as a starting point for more detailed design if the shared funding pool is progressed. In this model, contributions are mandatory, and split across the electricity and gas markets depending on the number of customers. Contributions are then split across sub-sectors based on a combination of the relative contribution to energy bill costs and the levers available to influence consumer outcomes.

[7] Consultant’s report

Figure 1. Potential model for allocating funding contributions across sub-sectors



Some Design Group members indicated that allocating costs to networks is problematic due to potentially regressive impacts on different consumer groups and identifying an equitable and workable approach to allocating costs.

Table 6. Comparison of sub-options for the shared funding pool by design question

Option	Summary	Considerations
Should contributions be linked to the specific function being supported? (This choice is exclusive)		
No – Generic funding pool	Funds are collected from market participants to support all functions delivered by the funding pool.	• Maximises administrative simplicity and flexibility in using funding • May require mitigation (e.g. public reporting) to ensure transparency
Yes – Specific funding pool	Funds are collected from market participants for specific functions that benefit them.	• Maximises transparency and flexibility in sourcing funding • Increases administrative complexity • Potentially decreases flexibility in using funding
Should contributions be compulsory? (This choice is exclusive)		
Yes – Compulsory contributions	Market participants are legally required to contribute to the shared funding pool as established by regulation / government.	• Stable, ongoing funding levels to support proposed uses
No – Voluntary contributions	Market participants may choose to contribute to the shared funding pool.	• Likely to result in unknown and variable levels of funding over time • May create perverse incentives for participation
How could contributions be allocated across sub-sectors? (This choice is non-exclusive)		
Contribution to consumer energy costs	A proportion of the funding obligation is based on the sub-sector's contribution to the energy cost stack.	• Information is readily available • Relatively stable over time • Reflects drivers of consumer vulnerability
Levers to influence consumer outcomes	A proportion of the funding obligation is based on the sub-sector's ability to influence consumer outcomes through direct relationship with consumers.	• Stable over time • Reflects social licence to operate • Maintains retailer incentives

Option	Summary	Considerations
How should contributions be allocated within sub-sectors? (This choice is exclusive)		
Energy metrics Example: AEMO	Funds are collected on the basis of energy metrics such as generation, capacity, transmission or use.	• Information is readily available
Operational metrics Example: ECA	Funds are collected based on operational metrics such as circuit length, number of customers, or customer complaints.	• Information is readily available
Financial metrics Example: Energy Trust of Oregon	Funds are collected based on financial metrics such as revenue, profit or regulated asset base.	• Lack of accessible information • Fluctuate based on wholesale market volatility • Reflective of relative risk
How should the shared funding pool be governed? (This choice is exclusive)		
Independent body	A new independent / statutory body is established to manage the shared funding pool.	• Can be set up with structure best placed for shared funding pool context, including optimised relationship with government and preferred board composition
Existing body	The remit of an existing body is expanded to include management of the shared funding pool.	• Need to determine if existing body's purpose, capability and structure are aligned and may be implemented for an industry-led funding pool • If implemented, may offer economies of scale

To illustrate the framework in Figure 1, approximate allocations across sub-sectors have been estimated based on a 50/50 split between energy bill costs and levers, as shown in **Error! Reference source not found. Error! Reference source not found.**.

Table 7. Illustrative estimate of cost allocations under potential funding model

Sub-sector	Energy bill costs[8] Example: 50%	Levers available to influence consumer outcomes Example: 50%	Approximate cost allocation under potential funding model	Total
Electricity (70% of customers)				
Generators	37%	0%	(37% × 50%) + (0% × 50%)	18%
Networks	51%	0%	(51% × 50%) + (0% × 50%)	26%
Retailers	12%	100%	(12% × 50%) + (100% × 50%)	56%
Gas (30% of customers)				
Producers	33%	0%	(33% × 50%) + (0% × 50%)	16%
Networks	43%	0%	(43% × 50%) + (0% × 50%)	21%
Retailers	25%	100%	(25% × 50%) + (100% × 50%)	62%

[8] AER, Schedule 2 – Quarter 2 2022–23 retail performance data, 2023; Annual Retail Market Report 2021–22 – Charts and Data, 2022; ACCC, Inquiry into the National Electricity Market – November 2022 report, Supplementary Table D8.1, 2022

In this example, retailers would ultimately contribute about half of the shared funding pool (56% of the electricity market contribution and 62% of the gas market contribution). However, it is suggested that the actual split between energy bill costs and levers to influence consumer outcomes is determined based on the proposed use of funds and the proportion of cost and risk that retailers retain as a result. For example, a comprehensive central service body that takes on some functions that currently sit with retailers may justify higher contributions from retailers proportionate to the level of cost and risk being transferred to the central service body, while other initiatives may have less impact on the cost and risk retained by retailers and therefore justify lower contributions from that sub-sector.

Some Design Group members noted that retailers differ both in terms of the number of consumers experiencing vulnerability they serve and the way they serve those customers – therefore, a key question is how the ‘levers’ component can reflect the costs and risks borne by individual retailers.

The analysis also considered a range of energy, operational or financial metrics for allocating funding splits within sub-sectors. A potential allocation approach for each sub-sector (including eligible participants and allocation metrics) is summarised in Table 8.

Table 8. Potential methodology for allocating funding contributions within sub-sectors

Sub-sector	Eligible participants	Allocation metrics
Electricity		
Generators	• Market generators • Small generation aggregators	• Electricity generated (MWh)
Networks	• Distribution	• Number of customers
	• Transmission	• Electricity transmitted (MWh)
Retailers	• All	• Number of customers
Gas		
Producers	• Companies producing for the local market	• Gas produced (PJ)
Networks	• Distribution	• Number of customers
	• Transmission	• Gas transmitted (PJ)
Retailers	• All	• Number of customers

Where new initiatives supported by the shared funding pool add net costs to the energy system, it is likely that at least some of these costs will be passed on to consumers. Figure 2 below shows preliminary and illustrative estimates of the potential impact of a shared funding pool on consumer energy bills, depending on the amount collected and the proportion passed on by various market participants. For example, a funding pool of $100 million may result in an increase of between $1.40 and $6.60 per average consumer energy bill per year ($1.40 if there are no retailer or generator costs passed on to consumers, and $6.60 if all costs are passed on to consumers). Importantly, it is assumed that only net new costs might be passed on to consumers, noting that some initiatives may create efficiencies or reduce the cost of consumer vulnerability in the energy sector over the long term. These estimates also assume that network costs will be passed on.

Figure 2. Illustrative estimates of annual funding pool implications for consumer bills

Proportion of costs retailers and generators / producers pass on to consumers
(assuming all network costs passed on)
Percentage

$ increase per average consumer energy bill per year
(assuming same impact for electricity and gas)
<$1 · $1–2 · $2–5 · $5–10 · >$10

	10	20	30	40	50	60	70	80	90	100	110	120	130	140	150	160	170	180	190	200
0%	0.1	0.3	0.4	0.6	0.7	0.9	1.0	1.1	1.3	1.4	1.6	1.7	1.9	2.0	2.1	2.3	2.4	2.6	2.7	2.9
25%	0.3	0.5	0.8	1.1	1.4	1.6	1.9	2.2	2.4	2.7	3.0	3.3	3.5	3.8	4.1	4.3	4.6	4.9	5.2	5.4
50%	0.4	0.8	1.2	1.6	2.0	2.4	2.8	3.2	3.6	4.0	4.4	4.8	5.2	5.6	6.0	6.4	6.8	7.2	7.6	8.0
75%	0.5	1.1	1.6	2.1	2.6	3.2	3.7	4.2	4.8	5.3	5.8	6.3	6.9	7.4	7.9	8.5	9.0	9.5	10.0	10.6
100%	0.7	1.3	2.0	2.6	3.3	3.9	4.6	5.3	5.9	6.6	7.2	7.9	8.5	9.2	9.9	10.5	11.2	11.8	12.5	13.1

Assumes costs spread across all consumers in NEM including Victoria

Shared funding pool amount
$ Millions

Some Design Group members expressed concern at the idea that funding to support consumers experiencing vulnerability will be recouped from consumers at large, noting the inconsistency with some other ideas. They suggested that consideration should be given to ‘knife-edge’ consumers who are just beyond the threshold of targeted supports delivered by the funding pool but could be significantly impacted by any increase in costs.

There is evidence that many energy consumers are willing to pay a small additional amount to support consumers experiencing vulnerability. This includes:

- data collected by Australian Gas Networks in relation to its Vulnerable Consumer Assistance Program in South Australia, which showed that 77% of consulted customers supported or strongly supported an assistance program for consumers experiencing vulnerability subsidised by a small annual fee ($1–2) borne by customers[9]
- take-up of voluntary consumer programs such as Powershop’s Your Community Energy and Power it Forward programs, which allow consumers to opt in to pay slightly more for their energy to benefit community projects or support small business customers who were negatively impacted by COVID-19
- direct feedback from participants in the consumer exploration workshops, who suggested default or voluntary shared funding mechanisms to support programs for consumers experiencing vulnerability without being prompted by the facilitator.

The Design Group emphasised the importance of ensuring the body governing the shared funding pool is accountable to the public via government, particularly given this socialisation of costs across the customer base.

The analysis identified the following key principles for governance of the shared funding pool:

- The governance structure should be robust, efficient and cost-effective with low administration costs.
- The governance body should only undertake the minimum functions required.

[9] Australian Gas Networks, Five year plan for South Australian network July 2021 – June 2026, 2020

A high-level proposal for a potential governance model is provided in Table 9.

Table 9. Potential strawperson governance model for shared funding pool

Role	Necessity	Description	Proposed responsibility
Funding collection	Required	• Collecting funds from market participants and transferring to governance body.	AEMO
Funding administration	Required	• Overseeing fund administration with a small secretariat.	Governance body
Discretionary funding distribution	Likely required	• Determining funding uses within permitted legislative remit, balancing financial sustainability and driving value for money in supporting outcomes for consumers experiencing vulnerability.	Governance body
Funding outcome evaluation	Required	• Ensuring accountability and transparency. • Identifying the most effective uses for ongoing funding, based on largest impact on outcomes for consumers experiencing vulnerability.	AER and/or governance body

The main options considered for a governance body included establishing a new independent body or expanding the remit of an existing body. The advantages of expanding the remit of an existing body to adopt necessary functions include the potential to minimise costs and functional duplication. However, a key strength of establishing a new body is that this would allow the board composition and structure to be aligned specifically to the context and purpose of the shared funding pool.

If a new body is established, a board structure comprising an independent chair and 4–8 directors is proposed as a starting point, with balanced representation from community and industry organisations (noting the potential trade-off between board size and the ability to make efficient and targeted decisions for disbursing discretionary funds). Depending on the source and use of funds, government could also potentially play a role. This role could include representation on the board, making appointments to the board, or involvement in framing annual and strategic priorities. However, this preliminary proposed governance model would be reviewed in light of the sources, amount and use of the shared funding pool.

In comparison, if the option of expanding the remit of an existing body is considered, the following questions would need to be answered:

- How is consumer vulnerability prioritised within the existing body?
- How would the existing body and its current funding mechanisms be impacted by the shared funding pool?
- Could the existing body be scaled up to manage the intended scale of the shared funding pool, which is likely to depend on the proposed use of funds?

The following criteria or principles could be used as a starting point for determining which initiatives or functions should be funded through the shared funding pool:

- **Collective issues:** Target functions where there are economies of scale or where acting as a collective will enable better or more consistent results.
- **Energy market:** Target functions that drive change within the energy sector.
- **Ongoing need:** Target functions for which there is ongoing need and therefore the shared funding pool is the lowest-cost solution.

Design Group members highlighted the need for appropriate governance to ensure the shared funding pool meets its intended purpose, and emphasised the importance of allowing sector input on the governance structure of any shared funding pool.

Key questions raised by the Design Group included how the governance model design interacts with the funding collection mechanism and proposed use of funds. For example, if the funds are collected through a government levy, can the governance body be fully independent or does government need to play a role?

Some Design Group members noted that they assessed the viability of establishing a new governance body for the shared funding pool under the assumption that the body would ultimately be accountable to the public via government.

Potential approach

Based on the assessment of options for the shared funding pool idea, the following potential approaches to progress this idea are presented to the Leadership Group:

Consider designing this idea in detail with the following parameters:

- Compulsory funding is collected through a government levy administered by AEMO.
- All sub-sectors contribute to the fund based on their contribution to energy costs and available levers to influence consumer outcomes.
- The basis of contributions (e.g. energy or customers) varies depending on sub-sector.
- Retailer contributions are risk-adjusted and vary depending on the use of funds.
- There is a robust governance structure with cost-effective fund administration and disbursement.
- Functions supported by the shared funding pool are collective energy market issues with an ongoing need for funding.

Consider using the following cost allocation methodology as a starting point:

- Split across electricity and gas is based on customer numbers.
- Split across energy sub-sectors (i.e. generators, networks and retailers) is based on a combination of contribution to energy bill costs and levers to influence consumer outcomes, with the relative proportion to be determined depending on the use of funds and the costs and risks that retailers retain as a result.
- Split within sub-sectors is based on allocation metrics which are stable and for which information is readily accessible.

As part of the detailed design process, consider the following detailed design questions:

- Should generators be excluded for administrative simplicity, given the relative size of their potential contribution (depending on the final cost allocation methodology)?
- What is the legal framework for levies?

- Are all NEM jurisdictions included?
- Does the funding model apply nationally or for each participating state/territory? (For example, electricity and gas customers and energy bill cost breakdown will be more accurate at a jurisdictional level.)
- What specific data is required from energy market businesses? Is this data already collected centrally and, if not, how could it be collected centrally?
- How long should funding be calculated for? (For example, collecting funds annually may be most efficient.)
- Is funding determined in advance or afterwards? (For example, collecting funds in advance will provide a funding source when needed, and any discrepancies between funding sources and requirements could be carried over to the subsequent year.)
- Is there an existing body with a purpose, capability and structure that could be a viable option for taking on the role of the governance body?
- How would the board of a new governance body be appointed? (For example, board members could be appointed by the Energy and Climate Changer Ministerial Council or elected through industry or community fund members.)

3.2. Central service body

Assessment

In the idea assessment survey, this idea scored relatively low against the design principles, at just 2.6 overall. Confidence in the sector's ability to deliver on this idea was also low, at 23%. The idea was prioritised by 37% of the Leadership Group, though, and was equal first in being listed as respondents' top priority (17%).

This idea aims to improve the quality and consistency of support for consumers experiencing vulnerability by centralising support services. The evidence shows that supports, capabilities and customer outcomes are inconsistent across retailers. The consumer exploration workshops identified service variability as a key systemic challenge faced by consumers experiencing vulnerability, making it more difficult to navigate the energy market and access support. One opportunity to address this issue is to centralise support services so that consumers experiencing vulnerability receive consistent support from highly trained specialist staff. A central service body could integrate multiple sources of information and build relationships with a broader range of support services for all consumers. As a third party, a central service body may also address barriers stemming from a lack of consumer trust in energy businesses. The body may benefit from economies of scale, and it could have unique capabilities to deliver cost-effective improvements to the customer experience for consumers experiencing vulnerability. In addition, because the central service body would not be a commercial entity, its incentives would be better aligned to improving consumer outcomes.

Case study: Thriving Communities Partnership[10]
Thriving Communities Partnership's One Stop One Story Hub was launched in 2021 with the vision of creating a single point of access for consumers to access a range of supports. During the pilot stage, the Hub focused on providing support to members of the community who were experiencing family violence, but it has since been expanded to serve members of the community who are experiencing financial hardship. The Hub uses a cross-sectoral referral process to make it easier for consumers to access support from a range of providers without needing to retell their story each time. In its first year, it helped 850 Australians.

Case study: ACAT Energy and Water Hardship Assistance[11]
The ACT Civil and Administrative Tribunal (ACAT) hardship assistance program supports consumers who have had or are at risk of having their energy disconnected or their water restricted. It targets those who have unsuccessfully attempted to reach an arrangement with their utility provider(s) and for whom disconnection or restriction of supply would cause substantial hardship. Support can include ordering the utility to maintain supply to the customer and waiving some or all of the customer's debt (with the cost of the debt paid by ACAT). To access these supports, consumers must submit an application to ACAT, attend a hearing, and meet any conditions determined by the tribunal. These conditions may include paying their account by instalments or by a set date, entering arrangements to have deductions taken from their bank account or Centrelink benefit, and meeting with ACAT.

[10] Thriving Communities Partnership, One Stop One Story Hub, accessed May 2023
[11] ACT Civil and Administrative Tribunal, ACAT energy and water hardship assistance, accessed May 2023

Many Design Group members raised concerns about the idea of a central service body. Specific concerns included intervening in the retailer–customer relationship and a lack of information on the specific problems such a body would solve, how such a body would manage unpaid debt, and how consumers would seek redress if there were any issues with service delivered by the body.

The design questions considered in developing potential options include:

- **Which consumers would the central service body serve?** For example, a wide-ranging central service body may target all consumers, while a highly targeted central service body might only serve those experiencing acute vulnerability.
- **What functions would the central service body perform?** For example, a central service body might adopt most of the functions currently performed by retailer hardship teams or it might only deliver highly select functions, which may or may not overlap with those currently delivered by retailers.
- **What role would it play in delivering these functions?** For example, recommending decisions, providing advice or information, enacting decisions, or making decisions.
- **What is the likely impact on retailers?** For example, operational impact on hardship teams, economic impact on incentives, and strategic impact on competition.
- **What is the likely impact on the customer experience?** For example, consumer touchpoints, service quality, and outcomes.
- **What is the potential cost of running the central service body?** Noting these costs would be borne bya shared funding pool.

Table 10. Comparison of options for a central service body

Option	Summary	Key strengths	Key weaknesses
1. Hardship+	New service body adopts retailer hardship functions and best-practice additional functions. Estimated service delivery cost per year: $22–50 million	• Improved capability and consistency for consistency for customer's whole hardship journey • Minimal negative impact on customer journey	• High cost (though net cost unclear) • High disruption to retailers' operations (effectively replacing hardship teams)
2. Partner	New service body works alongside retailer and makes targeted decisions such as debt waivers. Estimated service delivery cost per year: $11–25 million	• Improved capability and consistency for more acute cohort of hardship customers • Minimal negative impact on customer journey	• Moderate cost • Some disruption to retailers' operations (greater administrative requirements)
3. Navigator	New service body connects a broad range of consumers with available services and information. Estimated service delivery cost per year: $4–50 million	• Improved capability for connection services improves customer journey	• Moderate cost • No disruption (likely additional to retailers' operations)

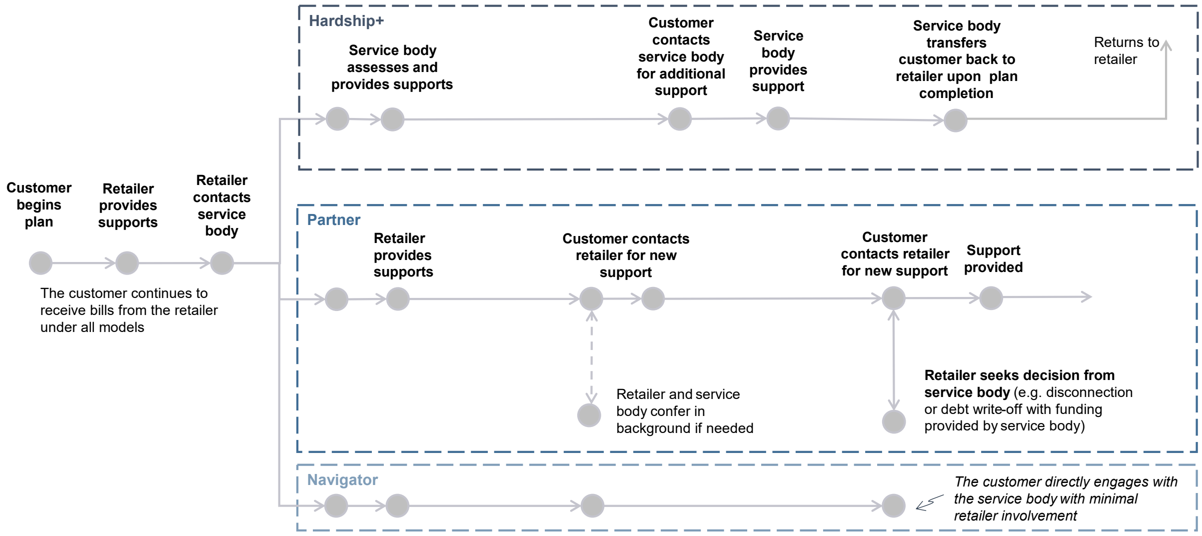
Some Design Group members suggested that additional analysis is required to better diagnose the problem, including any specific capability gaps. They also asked what other options might be available to address these gaps, such as rule changes, regulatory intervention, or voluntary initiatives. Post-workshop feedback suggested there may be some value in a Navigator model.

In addition to considering the potential improvements in capability and consistency enabled by a centralised service model, the potential customer experience for each option was explored through the following questions:

- **How are support functions triggered?** For example, retailers may determine their own referral triggers, regulatory guidance or requirements may be established, or consumers may be able to refer themselves (particularly under the Navigator model).
- **Who provides the service to the customer?** The customer may interact primarily with the service body under a Hardship+ model, or with their retailer under a Partner model.
- **What does the customer need to do?** In any model, the number of actions the customer needs to take should be minimised, with information passed between retailers and the service body without customer involvement where possible.
- **How does the customer exit?** For example, the customer may need to be formally 'transferred' back to their retailer in a Hardship+ model, but this may not be required under a Partner or a Navigator model.

An illustrative comparison of the customer journey in each option is provided in Figure 3.

Figure 3. Illustrative customer journeys for potential central service body options



Potential approach

Based on the assessment of options for the central service body idea, the following potential approaches to progress this idea are presented to the Leadership Group:

Consider taking the following actions:

- Conduct further analysis to diagnose current state (e.g. granular analysis of performance) and evaluate potential approaches to sharing cost and risk of consumer vulnerability across the sector (e.g. a centralised or decentralised approach).
- Deep dive into existing similar initiatives, which can be analysed as natural experiments.
- Depending on outcomes of the above, develop a detailed business case based on how a central service body could specifically address identified issues or improve best practice.
- Run and evaluate a small-scale opt-in trial.
- Implement a central service body at scale, if supported by business case and trial.

3.3. Retailer incentive mechanism

Previously referred to as 'proactive identification and retailer compensation mechanism'

Assessment

In the idea assessment survey, this idea scored relatively low against the design principles, at just 2.7 overall. Confidence in the sector's ability to deliver on this idea was also relatively low, at 30%, and it was prioritised by only 17% of the Leadership Group.

This proposal aims to improve the quality of support provided to consumers experiencing vulnerability by better incentivising retailers to identify and assist these consumers early. As discussed above, the inconsistency of service and support across retailers and interactions is a key systemic challenge in the energy sector. The consumer exploration workshops highlighted the wide variation in service quality experienced by consumers in the current market, and emphasised the value of excellent service in helping consumers experiencing vulnerability navigate the market and access supports. However, in the current system, retailers are not directly incentivised to uphold best-practice service standards. While some retailers may be indirectly incentivised to exceed minimum regulatory requirements by their customer experience strategy, others with a different strategic orientation may only ever aim to meet minimum regulatory requirements. As such, directly incentivising retailers to deliver best-practice service could improve the support provided to consumers while still allowing retailers to effectively compete on service quality and customer experience. This would be achieved by redistributing funds to retailers to cover the cost of providing ongoing support to consumers, conditional upon the retailer meeting certain requirements (which could include best-practice service quality standards).

! This idea is a decentralised alternative to the central service body. The two ideas are considered mutually exclusive.

Case study: Yarra Valley Water WaterCare[12]
Yarra Valley Water's WaterCare early intervention program has been cited by members of the Design Group and Leadership Group as an excellent example of retailer-led support for consumers experiencing vulnerability. The program is designed to identify financial hardship early, build awareness and trusted relationships between Yarra Valley Water and its customers, and deliver relevant and efficient programs to support those experiencing financial difficulties. It does so through intensive case management and by issuing financial supports. The cost of delivering these services is reflected in price submissions to the Essential Services Commission in Victoria. For example, $2 million was included in Yarra Valley Water's 2013 price submission to develop the program, and $1.2 million per annum was added in the 2018 price submission to expand the program in line with recommendations from a citizens' jury, at an estimated cost of $1.50 per customer bill per year. The program has delivered a range of outcomes, including an approximate 50% reduction in the number of supported customers whose debt exceeds $1,000 and a 168% increase in the number of customers transferring to mainstream payment plans.

[12] Consultant's report; Yarra Valley Water, Price submission 2018–23, 2018; Yarra Valley Water, Price submission 2023–28, 2023

Preliminary analysis found that there are potential feasible metrics that could be developed and linked to incentive payments for retailers. Key design questions considered include:

- **Should incentives be positive, negative, or both?** For example, funding could be paid out to retailers when they meet set performance metrics, or retailers could pay into a shared funding pool if they do not meet performance metrics. The options focus only on positive incentives, as negative incentives would duplicate existing regulatory roles such as compliance and enforcement.
- **Which outcomes should be incentivised?** For example, outcomes related to identifying consumers experiencing vulnerability or outcomes related to supporting consumers experiencing vulnerability (such as the number of these consumers in debt or being disconnected).
- **Which metrics should be used to determine performance against these outcomes?** For example, metrics could be based on end outcomes for consumers experiencing vulnerability or could be based on intermediate outcomes (such as payment plan success rates) or processes (such as financial supports provided). It is suggested that outcome metrics should be used in order to incentivise innovation as well as improved performance.
- **What is the feasibility of monitoring these outcomes to determine incentives?** For example, the necessary data might be already collected and available, might require additional work to collect, or might be feasible only if other ideas (particularly the priority support register) are progressed.
- **What level of performance should be incentivised?** For example, the threshold for incentive payments could be set at a 'good' target that is above minimum regulatory requirements but may not be above current industry average performance, or it could be set at a 'demanding' target above current average performance to incentivise best practice. A demanding target may better minimise perverse incentives and mitigate the risk of 'goal displacement'.
- **How should performance be analysed to determine incentives?** For example, performance could be assessed on a per-customer basis or an aggregate basis. It is suggested that incentives could be based on aggregate metrics to lower administrative burden and cost. The amount paid to retailers could be calculated by multiplying their aggregate performance by their number of customers, to ensure the incentive model is equally attractive to small and large retailers.
- **How can the risks of 'gaming' the incentives mechanism be mitigated?** 'Gaming' is where retailers adopt behaviours or practices with the aim of meeting incentive targets but which undermine the intent of these targets. The analysis suggests these behaviours might be minimised by adopting mitigations such as risk-adjusting incentive payments based on consumer characteristics and setting a demanding performance target.

The following considerations for choosing retailer incentive metrics are proposed:

- Be clearly linked to improved outcomes for consumers experiencing vulnerability (which means not incentivising metrics that only indirectly link to improved outcomes).
- Relate to the 'levers' available to retailers to improve outcomes for consumers (which means not incentivising metrics that are only driven by factors external to retailers).
- Address incentive gaps (which means not incentivising metrics where retailers already have sufficient incentives, such as reducing cost and recovering debt).

- Not be related to the core role of a retailer (which means not incentivising metrics where the retailer is expected by the community to fulfil that role for all consumers, such as providing energy usage information).

Table 11. Comparison of potential incentive metrics, including preliminary feasibility

🟢	🟠	🔴
Feasible in the short term (with consistent reporting)	Feasible with a priority support register	Not feasible in the short term (but may be in the long term)

Type	Outcome	Potential incentive metric	Preliminary feasibility
Identifying consumers experiencing payment difficulty due to vulnerability			
Outcome	Early identification of consumers experiencing payment difficulty due to vulnerability	% of customers identified and contacted for support	🟠
		Average debt when a consumer commences a payment or hardship plan	🟢
		Time between a consumer's debt reaching a certain threshold to that consumer commencing a payment or hardship plan	🟢
Intermediate outcome	Number of consumers experiencing vulnerability	% of eligible consumers on priority support register	🔴
Process	Identification process	Quality of identification process	🟠
		Utilisation of identification process	🔴
Supporting consumers experiencing payment difficulty due to vulnerability			
Outcome	Reduction of debt held by consumers experiencing vulnerability	% of eligible consumers on a payment or hardship plan	🟠
		Average debt for consumers on the priority support register	🟠
	Reduction in disconnections for consumers experiencing vulnerability	% of consumers who are 'on track'	🟠
Intermediate outcome	Payment or hardship plan success	% of payment or hardship plan customers meeting their usage costs	🟢
		Average decrease of debt for consumers on a payment or hardship plan	🟢
		% consumers who successfully complete a payment or hardship plan	🟢
		% consumers on payment or hardship plan who are disconnected	🟢
Process	Support provided to consumers experiencing payment difficulty due to vulnerability	Debt management (e.g., incentive payments, discounts, debt reduction)	🟢
		Future bills (e.g., fees reimbursed, energy plan)	🟢
		New concessions/rebates	🟢
		Energy audits/retrofits	🟢
		Referrals to other services	🟢
		Customer satisfaction among consumers who have experienced the support process	🔴

As noted above, specific risks related to potential 'gaming' behaviours might be mitigated:

- **Cherry-picking:** The risk of 'cherry-picking' less risky customers can be mitigated by including a risk-adjustment mechanism so that incentive payments reflect the level of risk based on customers' relevant demographic, economic or energy characteristics.
- **Goal displacement:** The risk that retailers attempt to achieve incentivised metrics at the expense of other non-measured outcomes (i.e., 'hitting the target but missing the point') can be mitigated by setting a demanding threshold to encourage best practice, rather than just good practice. Other outcomes could also be monitored for evaluation.
- **Threshold effects:** The risk that retailers only focus on achieving the target outcome up to the threshold, and cease to provide additional support once the target is met, can also be mitigated by setting a demanding threshold. Outcomes could also be monitored to ensure that they aren't concentrating around exact target thresholds.

Some Design Group members are concerned about the idea of incentivising retailers to fulfil existing obligations which are not being met. They are particularly concerned about the potential for creating perverse incentives and suggested regulation (for example, increased compliance and enforcement) as an alternative to incentivisation.

Other Design Group members indicated that an incentive mechanism may effectively drive innovation, although greater consideration needs to be given to how it works over time.

Design Group members raised questions about the potential unintended consequences of an incentive mechanism, including the implications for competition or the impact on retail market offers. They suggested collecting more data to better understand the problem.

Potential approach

Based on the assessment of options for the Retailer incentive mechanism idea, the following potential approaches to progress this idea are presented to the Leadership Group:

Consider taking the following actions:

- Conduct further analysis to diagnose current state (e.g. granular analysis of performance) and evaluate potential approaches for sharing cost and risk of consumer vulnerability across the sector (e.g. a centralised or decentralised approach).
- Deep dive into existing similar initiatives, which can be analysed as natural experiments.

Consider designing this idea in detail with the following parameters:

- Incentives should be positive and tied to consumer outcomes.
- Metrics used to determine performance against incentivised outcomes should be directly linked to improved outcomes, relate to the 'levers' available to retailers to improve consumer outcomes, address incentive gaps, and not be related to a retailer's core role.
- Incentives should include a risk-adjustment mechanism based on consumer characteristics to minimise the risk of cherry picking, be linked to a demanding threshold to incentivise strong performance, and be based on aggregate metrics rather than individual customer outcomes to facilitate administrative efficiency.

As part of the detailed design process, consider the following detailed design questions:

- Should metric targets be based on an improvement threshold or an absolute threshold?
- Which consumer characteristics should be considered in adjusting risk, and what is the feasibility of collecting and using data on these characteristics to inform risk adjustment?

3.4. Energy sector investment in the Financial Counselling Industry Funding Model

Previously referred to as 'increased investment in the Financial Counselling Contribution Scheme'

Assessment

In the idea assessment survey, this idea scored moderately against the design principles, with an overall score of 3.2. However, confidence in the sector's ability to deliver on this idea was fairly high, at 67%. It was prioritised by 40% of the Leadership Group.

This proposal aims to address unmet demand for financial counselling by ensuring sustainable funding from the energy sector to the Financial Counselling Industry Funding Model being developed by the Department of Social Services (DSS). Evidence indicates there is unmet demand for financial counselling services, with many consumers being turned away. There is likely to be an even more significant level of unmet need in the community, with many more people who would benefit from financial counselling services. Analysis has shown that financial counselling delivers quantifiable financial returns five times the investment required,[13] and the consumer exploration workshops demonstrated the benefits of financial counsellors in helping consumers navigate the energy market more effectively and access critical supports such as affordable payment plans and concessions. In providing consumers with information, advocating for them with retailers, and helping them connect more easily to hardship teams, financial counsellors play an important role in ensuring retailer supports reach the consumers who need them. This benefits not just consumers, but also energy businesses by supporting consumers to meet their financial commitments.

Case study: Financial Counselling Industry Funding Model[14]
In late 2022, the DSS consulted on the proposed design of a Financial Counselling Industry Funding Model, as recommended by the Sylvan Review. The model aims to address unmet demand for financial counselling by collecting and distributing voluntary contributions from industry organisations. Under the proposed model, industry would collectively contribute $18.1–19.4 million per year over the next 3 years. The intention is that industry sectors that contribute to demand for financial counselling and benefit from the availability of these services for their customers (including financial services, energy, telecommunications and water providers) will contribute to the fund. Proposed funding allocations for each sector have been determined based on their estimated impact on demand for financial counsellors, as measured by the time spent by financial counsellors on relevant issues. The initial contribution requested from the energy sector in the 2023–24 financial year is $2.8 million, or 15% of the total estimated funding required to address unmet demand in that year. A new, independent, non-profit body is proposed to be established to administer the fund. Peak bodies from industries flagged to contribute to the fund (including energy) publicly announced a one-off donation of $7.75 million to the Financial Counselling Foundation on 11 May 2023.

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[13] Parvin Mahmoudi, Ann-Louise Hordacre and John Spoehr, Paying it forward: cost benefit analysis of the Wyatt Trust funded financial counselling services, Wyatt Trust, 2014

[14] Department of Social Services, Financial Counselling Industry Funding Model, 2022; Australian Energy Council, Cross-industry initiative to provide one-off $7.75 million boost for financial counselling services, 2023; Louise Sylvan, The Countervailing Power: Review of the coordination and funding for financial counsellors across Australia, Department of Social Services, 2019

Analysis with reference to the original case for change suggests that improving access to financial counselling could significantly benefit consumers and retailers, although the magnitude of this benefit has largely not been quantified. However, the following potential changes to the current Financial Counselling Industry Funding Model design are proposed to align this idea to broader Game Changer principles and improve its effectiveness and feasibility:

- **Funding sources:** Currently, only energy retailers are being asked to contribute via the industry peak body. It is suggested that a broader range of energy market participants contribute to the pool, effectively sharing the costs and risks across the sector.
- **Participant commitment:** The currently proposed funding model is voluntary. It is suggested that it should be compulsory for relevant market participants to contribute. This would provide greater funding stability over time and address the 'free rider' problem identified by retailers in their submissions to the DSS's consultation process. It may also encourage similar commitments from other sectors.

It is also proposed that, depending on an evaluation of the outcomes of the current scheme, an expansion could be considered to address unmet need for financial counselling in the future, rather than just unmet demand.

The Design Group generally considers that this idea does not have significant barriers to implementation, including the proposed changes to require a broader range of market participants to contribute to the pool on a compulsory basis.

Some Design Group members are concerned that this idea won't meaningfully improve outcomes, as it doesn't address the underlying drivers of consumer vulnerability in the energy sector. There is a concern that the proposed increase in funding from the model may not provide sufficient scale to provide the level of support required.

A question raised by the Design Group was the potential interaction between this idea and a central service body, including whether financial counsellors fulfil the role of a 'navigator' (noting the value of a holistic focus on consumer stress).

Potential approach

Based on the assessment of options for the energy sector investment in the Financial Counselling Industry Funding Model idea, the following potential approaches to progress this idea are presented to the Leadership Group:

Support industry stakeholders' voluntary participation on DSS Financial Counselling Industry Funding Model:

- AER to work with sector to develop principles for a Memoranda of Understanding with the Australian Government, noting DSS is keen to obtain support for the model by August 2023.

For future stages, consider designing this idea in detail with the following parameters:

- Broaden energy sector contributions beyond just retailers.
- Make contributions compulsory.
- Use a shared funding pool if available to source energy sector contributions for simplicity.
- Evaluate outcomes of the initial scheme and consider potential expansion to meet need.

3.5. Energy efficiency measures

Previously referred to as 'targeted retrofits'

Assessment

In the idea assessment survey, this idea scored highly against the design principles, with an overall score of 4.7. It was also the most prioritised of all ideas, being prioritised by 77% of the Leadership Group. However, confidence in the sector's ability to deliver on this idea was only moderate, at 46%.

This idea aims to minimise energy costs and support the health and wellbeing of consumers experiencing vulnerability by improving the energy efficiency of their homes. Energy-inefficient homes cause higher energy bills, as people have to use more energy to achieve and maintain comfortable temperatures. For people in financial stress, this often presents a choice to either pay their energy bill or forego other essential services. This is more severe for people living in social and community housing, certain types of buildings (e.g. apartment blocks) and private rental properties, where they have limited agency to improve the energy efficiency of their home.

Energy-inefficient homes impact the wellbeing of the people who live in them – there is a robust evidence base that makes clear the adverse health outcomes from living in homes that are too cold, damp or mouldy.[15] There is also growing evidence that gas appliances are linked to some respiratory illnesses, highlighting the need to shift to all-electric homes.[16].

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[15] Energy Consumers Australia, Power Shift: Final report, 2020; Sustainability Victoria, The Victorian Healthy Homes Program: Research findings, 2022

[16] B Ewald, G Crisp and M Carey, Health risks from indoor gas appliances, Australian Journal of General Practice, 2022, 51(12); T Gruenwald, BA Seals, LD Knibbs and H Dead Hosgood III, Population Attributable Fraction of Gas Stoves and Childhood Asthma in the Unites States, International Journal of Environmental Research and Public Health, 2023, 20(1)

While there are some state, territory and federal government programs in place (some of which are funded through energy bills), more is needed to change the game for consumers experiencing vulnerability. A sector-driven program to improve energy efficiency and support electrification would reduce current and future energy bills for the occupants of these homes, providing an enduring benefit to the people who live in them, reducing the need for energy bill assistance, and delivering electricity system benefits.

Design Group members noted the potential interaction of this idea with programs announced by the Government as part of the 2023–24 Federal Budget, including $300 million over 4 years for social housing energy performance upgrades. These members welcomed these announcements but emphasised that there is still need for significant action when it comes to energy efficiency measures.

Case study: Low Income Energy Efficiency Program[17]

The Low Income Energy Efficiency Program (LIEEP) was announced in July 2011 as part of the Australian Government's climate change measures. It was a competitive merit-based grant program for government, business and community organisations. The grants aimed at trialling approaches to improve the energy efficiency of low-income households. It was planned that $100 million would be provided from 2012 to 2013. Through two funding rounds, 20 recipients secured $55.3 million in grants.[18] The program closed in mid-2016.

Case study: Home Energy Saver Scheme[19]

The Home Energy Saver Scheme (HESS) provided advice and support to low-income households across Australia experiencing difficulty meeting and paying for their energy needs. The program was initiated as a part of the Australian Government's climate change plan in 2012, with funding of $29.9 million over four years. The package of assistance offered included home visits by trained workers, general information and advice on energy efficiency and financial management, and access to the No Interest Loans Scheme for the purchase of energy-efficient appliances. The program was delivered through not-for-profit organisations that provided financial counselling services across Australia, with a goal to help around 100,000 low-income households improve their energy efficiency and financial sustainability.

The benefits of retrofitting energy-inefficient homes are well understood, and there are a range of programs in place to provide eligible consumers with assistance to improve the energy performance of their homes. In developing the options summarised in Table 12, the following key design questions were considered:

- **What are the features of effective programs, especially those designed to help consumers experiencing vulnerability?** This facilitated the identification of core principles or parameters to guide the design of any energy efficiency measures.
- **Who should benefit from energy efficiency measures?** In line with the Game Changer's intended purpose, measures should be targeted to support consumers

[17] Department of Climate Change, Energy, the Environment and Water, Low Income Energy Efficiency Program, 2016; Minister for Climate Change and Energy Efficiency, p. 36.
[18] Department of Climate Change, Energy, the Environment and Water, 2016.
[19] Minister for Climate Change and Energy Efficiency, Securing a clean energy future, 8 May 2012; Parliament of Australia, Announcement on securing a clean energy future, 10 July 2011.

experiencing vulnerability. This includes people in financial hardship (not all of whom will be enrolled in a retailer hardship program), people who are paying their energy bills by under-consuming (both in energy and in other essential areas), and people who are paying disproportionately high bills because of the energy performance of their homes and appliances. To maximise the potential benefits, any scheme should also be able to undertake targeted and systematic rollouts, in addition to helping individual consumers – for example, this might mean the scheme could support a community housing provider to undertake retrofits and a behaviour change program across all their tenants.

- **How should the programs be funded?** Any substantive program will require funding. Therefore, this idea relies on the establishment of a shared funding pool to ensure there is adequate funding available to support effective programs. However, there may be opportunities to partner with government to increase the total level of funding and deliver the program at greater scale.
- **How should the programs be governed?** On the assumption that this idea relies on funding from a shared funding pool, a key question becomes who makes decisions about the distribution of this funding to support energy efficiency measures. Ideally, the decision-maker should be both independent and expert – that is, they should have the authority to make decisions separate from the government or the regulator, and should be able to draw on relevant expertise about impactful programs, consumer needs and program delivery through its board or advisory panel.

Comparing the options considered, the proposal for implementing this idea is for an independent decision-maker to commission well-targeted and impactful programs to fund or subsidise energy efficiency measures for any household experiencing vulnerability. Funding would come from a shared funding pool, and the decision-maker would be responsible for:

- ensuring coordination and rigour, to deliver high-quality programs, resolve disputes and share knowledge
- bringing stakeholders together to ensure programs are successful
- identifying targets and target audiences (including setting eligibility criteria and funding thresholds), to ensure support is delivered as intended and to those who need it
- adapting to changes in the operating environment, to ensure programs address the needs of consumers experiencing vulnerability into the future
- entering into partnership with others (particularly government), to better leverage a shared funding pool and unlock opportunities to deliver programs at greater scale.

Table 12. Comparison of options for energy efficiency measures

Option	Summary	Key strengths	Key weaknesses
1. Grants scheme	Programs are delivered in a decentralised way through a grants scheme administered by an independent Board	• Community-focused (demand-driven; applicants identify need/approach) • Responsive to changing circumstances	• Consequences of stop/start funding make it difficult to build local capacity to undertake the work • Inconsistent data collection, so measuring impact can be difficult
2. Commissioned Delivery	Programs are commissioned and administered by an independent Board (using a tender process with min. 5 years' funding)	• Can undertake systematic planning around delivery • Able to contribute to building capacity of industry to deliver • Easier to develop co-funding partnerships	
3. New entity	A new agency is created to deliver or sub-contract programs (could be the Centralised Service Body)	• Could coordinate with gamechanger centralised service body	• Building capacity of organisation to deliver nationally will take time • Risk of overloading centralised service body (if applicable)
4. Retailers	Expanding on existing retailer programs, where they sub-contract or undertake appliance replacement	• Existing partnerships may be scaled up	• Can only serve their customers, so difficult to deliver more broadly • Do retailers want to do this?

One example of an industry-led initiative governed in this way is the Grains Research and Development Corporation, which uses funds levied from industry (with some matching contributions from government) for a range of activities, often in partnership.[20]

Overall, the Design Group indicated that a commissioned delivery program is likely to not have significant barriers to implementation. Some Design Group members emphasised the importance of viewing this as a long-term strategic initiative which would deliver incremental improvements for the benefit of all in the future. Evaluation would ensure the program can adapt and evolve over time.

Some Design Group members raised concerns that such a program would only be possible with significant increases to consumers' energy bills due to the scale of building retrofit required.

[20] Grains Research and Development Corporation (GRDC), Who we are, 2023

Other Design Group members suggested that energy efficiency measures could deliver aggregate savings across the sector by reducing the accrual of bad debt (much of which will never be paid) and the demand for other forms of support (including energy concessions, debt write-offs or a social tariff if implemented).

It was suggested that modelling should be undertaken to better assess these issues.

Some Design Group members indicated that partnering with government makes sense, but further work is required to clarify what this would look like in practice. It was suggested that any program should be designed with a view to adding value to government programs (for example, through co-funding existing programs or delivering more targeted interventions that the sector is best placed to deliver) rather than taking on programs that are within government remit (such as retrofitting social housing). Any program would also have to consider how to deal with the high proportion of landlords who may benefit from energy efficiency measures.

Potential approach

Based on the assessment of options for the energy efficiency measures idea, the following potential approaches to progress this idea are presented to the Leadership Group:

Consider designing this idea in detail with the following parameters:

- Ensure substantive and sustainable funding through a shared funding pool.
- Ensure the implementation and delivery risks are identified and appropriately addressed through program design and management.
- Ensure equity of access and allow for systematic change by enabling diverse groups to access programs (including social and community housing providers, renters and consumers who are not in retailer hardship programs).
- Minimise barriers to entry by allowing diverse referral pathways.
- Ensure the deliverer has capability to identify all opportunities in the home and refer consumers to relevant supports.
- Deliver sustainable behaviour change by ensuring the deliverer can educate, inform and empower occupants to engage now and in the future.
- Enable consumers with capacity to make a co-contribution.
- Design programs to align with other relevant policy objectives (such as emissions reduction) where possible.
- Ensure programs reinforce rather than replace existing schemes.
- Collaborate with other essential services.
- Monitor and evaluate programs to support targeting and program refinement.
- Ensure the body governing the program is independent and expert.
- Ensure the governing body can enter into partnerships (especially government).

3.6. Automated better offer

Assessment

In the idea assessment survey, this idea scored highly against the design principles, with an overall score of 4.3. Confidence in the sector's ability to deliver on this idea was the second highest, at 70%. This idea was prioritised by 60% of the Leadership Group.

This idea aims to make it easier for consumers experiencing vulnerability to access better energy prices. To achieve this, it would allow or potentially require retailers to automatically place consumers experiencing vulnerability on a better offer (as defined in the Better Bills Guideline),[21] with no or reduced requirements for explicit informed consent. This would reduce the onus on the customer to engage with their retailer in order to access a better offer, thereby ensuring more people are accessing lower-cost energy products. This will lead to lower energy bills and, in turn, lower debt. Removing barriers to support will also reduce the cost to consumers of time spent navigating the energy market (estimated at 15% of the quantifiable costs of vulnerability in the energy sector),[22] as well as delivering unquantifiable benefits by reducing the stress and anxiety associated with navigating the system and comparing available offers.[23]

Case study: ActewAGL switch of hardship customers from standing offer to lower price market offer during COVID-19
In April 2020, ActewAGL requested a letter of no action from the AER so that they could conduct a one-off transition of a small number of their hardship customers from a standing offer to a directly comparable, lower cost market offer without receiving explicit informed consent (EIC). This request was considered in light of COVID-19 and the AER's Statement of Expectations during this time.[24] The AER had asked retailers to raise any potential ways that they wanted to assist customers during the COVID-19 period. Under these circumstances, the retailer was advised that the AER did not propose to take action in relation to the retailer's non-compliance with the EIC requirements as set out in section 38(b) of the Retail Law, for a limited time, provided the retailer complied with specified conditions.

Case study: UK automated switching products
In the UK, paid auto-switching energy services assist consumers with finding the cheapest and most suitable energy deals for their individual circumstances. Typically, customers sign up on the basis that the auto-switching service will repeatedly run an algorithm-based search of available tariffs and automatically switch the consumer if an appropriate tariff is found. Examples include Switchd and Flipper, both of which include contract terms that allow them to act as an agent on behalf of the customer, including the power to switch. With both services, consumers retain the ability to cancel the switch within a 14-day window.

[21] Australian Energy Regulator, Better Bills Guideline – Version 2, 2023
[22] Australian Energy Regulator and EY PJP, p. 19
[23] Uniting and Australian Energy Regulator, Game Changer Consumer Exploration Workshops, 2023
[24] Australian Energy Regulator, Statement of Expectations of energy businesses: Protecting customers and the market during COVID-19, 2020

In the development process, the following key design considerations were identified:

- **Explicit informed consent:** The most fundamental change proposed by this idea is to reduce or remove explicit informed consent requirements for automatically switching consumers to a better plan. Explicit informed consent is how 'customers give retailers permission to do something on their behalf'.[25] The obligation for retailers to obtain and record explicit informed consent from a consumer before switching or changing their plan is set out in legislation (the National Energy Retail Law). Therefore, any proposal to automatically switch consumers to a different plan – including a better offer as defined by the Better Bills Guideline – would require a review of explicit informed consent obligations, and almost certainly legislative change. Such a review was proposed by the AEMC in 2019, in recognition of the significant changes in the energy market since the explicit informed consent obligations were created.[26] Early feedback from Game Changer consultation suggests that the benefits are likely to outweigh risks for disengaged consumers. However, the options have been developed with consideration of approaches to mitigating potential risks, including through notification, opt-out and reversal mechanisms.
- **Targeting:** Initial feedback from retailers suggests that it would be most relevant to apply automated better offer to consumers on a hardship program, which is estimated to be approximately 140,000 customers or 1.5% of all customers. However, automated better offer could also be extended to a wider audience, for example to include consumers who are experiencing vulnerability and are on a payment plan (which, based on current estimates, could increase the number of eligible consumers to 321,000 customers or 3.4% of all customers).[27] This proposal does not specify a particular target audience, as further consideration is needed regarding who this idea should apply to. However, this consideration should include the feasibility of identifying targeted consumers. This may be affected by whether other Game Changer ideas (such as the priority support register) are progressed.
- **Implementation requirements:** All options for this idea require changes to retailer billing systems. These changes are likely to be highest in option 2, which requires a pre-switch opt-out notification as well as a post-switch reversal option. Any change to retailer systems would require cost and time to implement.

Feedback from Design Group members suggests that further work is required to better understand potential negative consequences and how they might be mitigated (including consideration of the needs of specific consumer groups who may require additional support to avoid unintended consequences).

[25] Australian Energy Market Commission (AEMC), Issues paper 2: Consumer Protections in an Evolving Market: Traditional Sale of Energy – 2020 Retail Energy Competition Review, 2019.

[26] Although in 2022 the AER expressed concern about waiving explicit informed consent for consumers experiencing vulnerability (as suggested by FTI Consulting in their report on simplifying the retail market regulatory framework), it also expressed interest in stakeholder views on this issue, particularly on whether this reform should be considered further. It did not receive any responses on this matter.

[27] Consultant's report.

With reference to the findings of the consumer exploration workshops, Design Group members highlighted the importance of consumer agency. They noted that agency is important both because it is valued by consumers and because it helps (re-)build trust in the energy sector. On a related note, some Design Group also members pointed out the potential benefits of certain types of friction in the customer journey for supporting literacy and engagement.

Table 13. Comparison of options for automated better offer

Option	Summary	Key strengths	Key weaknesses
1. Automated switch with post-switch reversal	Retailer notifies customer than automated switch has taken place and the customer can choose to reverse the switch during the existing 10-day cooling-off period.	• Creates the strongest default for maximum impact on the outcome.	• Consumers experiencing vulnerability may not be able to notify retailer of desire to reverse switch within the cooling-off period.
2. Automated switch with pre-switch opt-out and post-switch reversal	Retailer notifies the customer of an upcoming automated switch and the customer can choose to opt out beforehand or reverse the switch during the cooling-off period.	• Balances consumer control with stronger default.	
3. General consent for automated switch in future	Customer provides consent for retailer to automatically switch them to a deemed better offer in the future. Customers can choose to reverse the switch during the cooling-off period.	• Maximises consumer flexibility and control.	• Requires consumers to opt in, thereby retaining onus on consumer and decreasing potential impact.

In comparing the options, the proposal for this idea suggests that options 2 and 3 should be considered for implementation in combination. In practice, this would mean that consumers provide consent at the point they become eligible for the automated better offer (for example, when first entering a hardship arrangement). They would be able opt out at any point after this, including in response to a pre-switch notification. The consumer would also be able to reverse the switch during the current 10-day cooling-off period as an added layer of protection. This approach would provide consumers with the most flexibility and control, while still providing assistance to disengaged consumers.

Design Group members indicated that this idea is likely to not have significant barriers to implementation, particularly the proposal to implement options 2 and 3 in combination.

Potential approach

Based on the assessment of options for the Automated better offer idea, the following potential approaches to progress this idea are presented to the Leadership Group:

Consider implementation of options 2 and 3 in combination.

Consider taking the following actions:

- Raise the need for a review of explicit informed consent arrangements with Energy and Climate Change Ministers, in discussion with jurisdictions, market bodies and the Department of Climate Change, Energy, the Environment and Water.
- Conduct further user research to understand how consumers experiencing vulnerability respond to potential options.

3.7. Concession upgrades

Assessment

In the idea assessment survey, this idea scored highest against the design principles, with an overall score of 5.0. Confidence in the sector's ability to deliver on this idea was also highest of all ideas, at 73%. It was prioritised by 53% of the Leadership Group, and was equal first in being listed as respondents' top priority (17%).

This idea aims to increase the proportion of eligible consumers who receive their energy concessions by making systemic changes to improve access through automation, portability, or proactive support. Research indicates the gap between the number of consumers who are eligible for an energy concession and the number of consumers who receive an energy concession is as high as 19–38% in the National Electricity Market, depending on the jurisdiction.[28] The consumer exploration workshops highlighted how difficult it can be for consumers experiencing vulnerability to access concessions when they need them, with multiple participants referring to the experience as 'fumbling' or 'stumbling' around in the dark. This experience is driven by consumer, market and structural barriers. Overcoming these barriers through automation, portability or proactive support could significantly improve both the customer experience and concession access, which would have important benefits for consumer outcomes. It would also benefit the energy sector by supporting these consumers to meet their financial commitments to retailers.

Case study: NSW One Form program
The NSW Office of Energy and Climate Change (OECC) is working towards enabling 1.6 million eligible NSW households to apply for multiple energy social programs via one customer journey through the Service NSW website. The aim is to consolidate and streamline customer application, eligibility assessment/verifications processes and ICT systems for the Energy Social Programs, improve energy customers' digital journeys and increase efficiency of delivery. It will integrate with the systems of over 40 energy retailers currently authorised to operate in NSW as well as future market participants to enable all rebates to be applied to eligible customers' energy bills.

[28] Consumer Policy Research Centre (CPRC), Mind the Gap, 2022

Case study: Commonwealth Bank Benefits Finder[29]
Commonwealth Bank launched their Benefits Finder service in 2019. It was developed as part of a collaboration with Harvard University's STAR (Sustainability, Transparency and Accountability Research) Lab. It is built on their Customer Engagement Engine, which uses AI, machine learning and consumer insights to help connect customers to relevant benefits through personalised digital interactions. Customers can access the Benefits Finder through the bank's website or mobile app. The service uses customers' answers to 5 simple questions to provide personalised suggestions regarding which benefits they might be eligible to claim (from a database of more than 360 potential benefits). Customers are provided with details on each benefit (including how much they may be able to claim and instructions on how to claim), and are then directed to the relevant website to start the claim. Customers have started more than 2.2 million benefit claims through the service since it was launched, with the highest proportion among consumers in NSW.

The design process identified specific barriers at each stage in the concession journey, including knowing concession support is available, seeking concession support, receiving concession support, and maintaining concession support over time (particularly when switching retailers). Key barriers impacting the concession journey more broadly include:

- **Separation between concession eligibility bodies and concession delivery bodies:** Eligibility for energy concessions is largely tied to Commonwealth benefits, which are primarily administered by Services Australia via Centrelink (although other agencies, such as the Department of Veterans' affairs, also play a role in some cases). However, concessions are delivered by energy retailers. This creates significant challenges in ensuring concessions reach the consumers they are intended to.
- **Lack of consistency in concessions and eligibility criteria across jurisdictions:** The variety of energy concessions and eligibility criteria across jurisdictions significantly increases the complexity for consumers in navigating supports, particularly when it comes to knowing what supports are available and how they can access them. It also increases the complexity of delivering concessions.
- **Cognitive and emotional barriers to accessing support during times of vulnerability, exacerbated by poor service quality and information complexity:** Shame, stigma and anxiety have a significant impact on how consumers engage with and experience the market during times of vulnerability, as highlighted by both the consumer exploration workshops and the AER's earlier lived consumer experience research.[30] This is exacerbated when these consumers experience poor service quality, including retailer interactions that are lacking in empathy or place unreasonable burdens on consumers to access support. Some consumers may be more comfortable seeking support from government bodies, due to a lack of trust in energy businesses (with Centrelink mentioned as a key trusted information source by multiple participants in our exploration workshops). The effect of trauma on the brain can also make it more difficult for consumers to understand complex information about concessions.

[29] Commonwealth Bank, CBA's 'Benefits finder' connects customers to $1 billion, 2023
[30] AER, Vulnerability in energy study report, 2022

The Design Group identified three potential opportunities to improve concession access: automation, portability and proactive supports. In line with the case studies, the key principle behind these proposals is reducing the onus on the consumer by making it easier for them to access their concessions. In doing so, the following design issues must be considered:

- **Data sharing and privacy:** Due to the separation between concession eligibility bodies (such as Centrelink) and concession delivery bodies (such as energy retailers) noted above, information must be shared between organisations to identify eligible consumers, confirm their eligibility, and apply concessions to their energy account. Any changes to data sharing arrangements would likely require a privacy impact assessment.
- **Explicit informed consent:** Because of the need for data sharing, consent plays a critical role in any approach to automating concessions. In the current framework, Services Australia is unable to proactively share consumer eligibility information with energy retailers on the basis of consent provided, although it can confirm eligibility for retailers using its Centrelink Confirmation eServices system. Any attempt to automate concessions would require a fundamental change to the current consent framework, which would in turn require changes to contracts, policies and terms of use, as well as potential legislative change.
- **Information technology systems:** Proactively sharing concession eligibility information would require updates to both confirmation and retailer systems, entailing significant costs. Making concessions more portable or proactive would also require updates to retailer systems, for example to enable the provision of more personalised concession information or to better facilitate the sharing of relevant data (such as the consumer's Centrelink Customer Reference Number, or CRN) between retailers.
- **The consumer concession journey:** To make it easier for consumers to access their concessions, the journey from awareness to application should be as simple and seamless as possible, including when it comes to accessing concession information and providing consent for necessary data sharing. This is likely to require updates to a range of systems and processes along the journey, including customer onboarding, information provision, service delivery, and eligibility confirmation. The journey for different groups of consumers would also need to be considered, such as consumers from culturally and linguistically diverse backgrounds or those with limited digital literacy or access.

Case study: Service NSW Savings Finder[31]
In 2018 the NSW Government launched their Savings Finder website. The website consolidates information on all available rebates and concessions (including those beyond the energy sector), which consumers access through an online eligibility tool. The tool requires consumers to answer a series of simple eligibility questions in an online survey format. Consumers can also access support from Savings Finder specialists in selected Service NSW centres (better addressing the needs of those who are less digitally active or literate). Over 500,000 consumers have used the tool and collectively accessed more than $7.2 billion in rebates, with an average savings of approximately $700–$750 per consumer. Overall consumer satisfaction with the tool is currently 99.8%.

[31] Service NSW, Annual report: 2021–22, 2022

Following comparison of the options outlined in **Error! Reference source not found.**, the proposal suggests that a cross-sectoral concession eligibility checking tool should be scoped for implementation, ideally by building on existing platforms to minimise costs.

The consumer exploration workshops suggest that providing more consistent, accessible and personalised concession information would have significant benefits for consumers. Large-scale field experiments have also found that changing the way information is provided can make consumers more likely to take up concessions they are entitled to.[32] The case studies offer valuable insights into the likely benefits of this idea in practice as well as implementation considerations.

Table 14. Comparison of options for concession upgrades

Option	Summary	Key strengths	Key weaknesses
1(a): Centrelink opt-in	Consumers would provide necessary consent and information for their eligibility to be shared with energy retailers when they apply for a Centrelink benefit. Services Australia would 'push' this information to retailers.	• Best addresses consumer and structural barriers. • Best opportunity to minimise journey steps, if consent for data sharing can be captured at initial application step.	• Relies on change to consent framework, which would need to be explored with Services Australia (may require legislative change). • May affect the delivery of jurisdictional policies or programs. • Significant investment in system builds (may require shared funding). • Likely to increase data transaction volume and costs over time.
1(b): Jurisdictional opt-in	Consumers would provide necessary consent and information to a jurisdictional eligibility body when applying for concession. Jurisdictional body would confirm eligibility and push this information to retailers.	• Aligns with some existing jurisdictional programs. • Addresses trust barrier.	• Requires changes to jurisdictional policies, programs and systems. • Likely to increase variation across jurisdictions, exacerbating some barriers.

[32] S Bhargava and D Manoli, Psychological frictions and the incomplete take-up of social benefits: evidence from an IRS field experiment, *American Economic Review*, 2015, 105(11):1–42; W de la Rosa, AB Sussman, E Giannella and M Hell, Communicating amounts in terms of commonly used budgeting periods increases intentions to claim government benefits, *Proceedings of the National Academy of Sciences (PNAS)*, 2022, 119(37):e2205877119; W de la Rosa, E Sharma, SM Tully and G Rino, Psychological ownership interventions increase interest in claiming government benefits, *Proceedings of the National Academy of Sciences (PNAS)*, 2021, 118(35)

Option	Summary	Key strengths	Key weaknesses
1(c): Retailer opt-in	Consumers would provide consent to retailers to check their eligibility on an ongoing basis, including when their benefits change. Retailers would use existing systems to confirm and apply concessions.	• Minimal system builds/updates. • Fosters retailer–customer relationship.	• Likely to require change to consent framework, which would need to be explored with Services Australia (may require legislative change). • Doesn't address market or trust barriers.
2: Portable concessions	Consumers would be able to transfer relevant concession data (including CRN) when switching energy retailers.	• May align with existing updates. • Future-proofing.	• Narrowly targeted. • May be difficult to align timing with current updates. • Privacy still needs to be addressed.
3: Proactive concessions	The energy sector would use funding from a shared funding pool to build and run an eligibility checking tool as a 'first stop shop' to provide clear, consistent, personalised concession information and facilitate a streamlined concession journey.	• Could potentially expand on existing programs to reduce costs. • Addresses a range of key barriers.	• Primary onus remains with consumers. • Doesn't address needs of some consumer sub-groups. • May result in some duplication of existing tools.

Design Group members indicated that a cross-sectoral concession eligibility checking tool is not likely to have significant barriers to implementation and could be particularly valuable in the short term while longer-term solutions (such as automated concessions) are pursued.

However, the biggest opportunity to improve concession access appears to be automating the concession process to reduce on the onus on consumers as much as possible. This will address many of the most fundamental barriers both now and into the future. If privacy concerns can be overcome, obtaining the necessary consent and information from consumers at the point of applying for their underlying benefit is most likely to minimise the level of consumer engagement required. As such, the proposal suggests that the sector should advocate with relevant stakeholders to explore potential implementation options for automated concessions. This would likely require supporting actions such as reviewing the privacy and consent framework, supporting any necessary legislative changes identified by this review, and committing to undertake necessary system changes within the sector.

Design Group members indicated that despite some potentially significant issues with implementation, option 1(a) is the most feasible approach to automating concessions, with significant benefits for consumers. They suggested that it would be a worthwhile long-term investment in improving consumer outcomes into the future, which is likely to be strongly supported by other sectors. A new system would likely be required as a future-proofing exercise.

Options 1(b) and 1(c) were considered to have significant barriers to implementation, and it was suggested that they may risk ultimately increasing barriers for consumers.

Design Group members suggested evaluating and learning from current initiatives that reflect aspects of this option before beginning to advocate and explore further.

Potential approach

Based on the assessment of options for the Concession upgrades idea, the following potential approaches to progress this idea are presented to the Leadership Group:

Consider taking the following actions:

- Advocate with relevant stakeholders outside the energy sector (including Services Australia and jurisdictions) to explore implementation options for automated concessions, including undertaking or committing to supporting actions as needed.
- Scope a cross-sectoral and cross-jurisdictional energy concession eligibility tool for implementation.

Consider designing this energy concession eligibility tool in detail with the following parameters:

- A 'first stop shop' providing clear, consistent and personalised energy concession information.
- Funded by the energy sector via a shared funding pool.
- Supported by improvements to retailer systems as needed to facilitate a streamlined concession journey that minimises the onus on the consumer.
- Build on existing programs and platforms and coordinate a consistent approach across jurisdictions as much as possible to simplify implementation and minimise costs.

3.8. Social tariff

Assessment

In the idea assessment survey, this idea scored relatively low against the design principles, at 2.9 overall. It was also prioritised by a relatively low 23% of the Leadership Group, but confidence in the sector's ability to deliver on this idea was moderate, at 46%.

The social tariff idea aims to reduce the cost of energy for consumers experiencing vulnerability by acting as a safety net for eligible households who might be struggling with bills. A 'social tariff' is a broad concept and interpretation of this idea varies widely. In general, it is increasingly being used to mean a discounted price designed to ensure universal access to a service. The costs of this discounted price are then socialised among others either in the sector or more broadly, depending on the delivery method chosen. A social tariff could be a long-term solution to the 'loyalty tax' or 'non-switching penalty' by guaranteeing a low-cost option for consumers. The consumer exploration workshops found that a social tariff is likely to have significant benefits for those experiencing both short-term or transient vulnerability and long-term or entrenched vulnerability, and aligns with the expectation that energy is essential service which should be accessible to all.

Case study: California Alternate Rates for Energy (CARE)[33]
Under the CARE program, energy companies must provide enrolled customers a discount on electricity and gas bills. This discount is 30–35% for electricity companies with 100,000 or more customers, 20% for those with fewer than 100,000 customers, and 20% for gas bills. Eligibility is dependent on household size and income, and the program is funded through a ‘public purpose’ surcharge on all regulated utilities for other customers. The Public Advocates Office (PAO) for the California Public Utilities Commission is also considering an ‘Income Graduated Fixed Charge’, where a monthly fixed charge is applied to electricity bills based on income levels, while volumetric charges are reduced. CARE customers would be charged US$14–$22 per month, while others would be charged US$22–$42 a month.

This proposed change is designed to reduce bills for those on lower incomes, while aligning billing more directly with costs. These programs are offered in a context where other benefits, such as one-time assistance payments and free energy efficiency upgrades, are also available.

Case study: Belgian energy sector
Belgium provides a reduced tariff for electricity and natural gas for those receiving social, disability or pension payments from the government. The social tariff discount is set every three months by the Commission for Electricity and Gas Regulation to be below the lowest-priced commercial tariff offered by energy suppliers. An additional price cap for the tariff is set where the electricity price would be more than 10% higher than the tariff of the previous period, or 15% for gas. A further cap is introduced if the tariff is 20% higher than the average for the last year, or 25% for gas. In September 2021, those who accessed the social tariff paid 67% less for gas than the average, and 29% less for their electricity. About 925,000 households currently receive this support – almost double the 2020 number.

Case study: UK water sector[34]
All water companies in the UK offer social tariffs, with the precise tariff and eligibility varying depending on the water company. Water companies across the UK are given the discretion to design their own social tariff based on their assessment of need in the area they serve. This includes flexibility when it comes to the level of discount provided and who is eligible. Companies have the flexibility to provide this support through whatever mechanism they choose, with some providing a cap on bills and others offering a unit rate discount. Uptake of these schemes has been increasing as companies have been promoting them due to the impact of COVID-19 on household incomes. Over 1 million customers receive reduced water bills across England and Wales.

[33] G Pierce, R Connolly and K Trumbull, Supporting household access to complex low-income energy assistance programs, UCLA Luskin Center for Innovation, 2022; California Department of Community Services and Development, Low Income Home Energy Assistance Program, 2023; California Public Utilities Commission, California Alternate Rates for Energy (CARE), 2021

[34] Consumer Council for Water, Help with bills, 2023; Water UK, Water UK response to Affordability Review call for evidence, 2020

The three key design questions for a social tariff are:

- **How should the social tariff be funded?** As suggested by the case studies, the two primary mechanisms for recouping the costs of a social tariff are through government funding (which socialises the cost indirectly through the tax system) or through energy bills. The Belgian case study is an example of the former, while the UK and Californian case studies are examples of the latter. Significant further work would be required to design an industry-funded social tariff, including to determine an appropriate level of discount and to develop an approach to sharing the costs within the sector.

Design Group members indicated that the question of government-funded social tariffs needs to be considered alongside concessions, as they are ultimately using similar mechanisms to achieve the same purpose.

Some Design Group members raised concerns that socialising the cost through energy bills is a regressive approach that could have a disproportionate impact on some consumers. Members were particularly concerned about the potential impact on those at the eligibility boundary (that is, who do not qualify to receive the social tariff but would experience hardship if the socialised cost was applied to their bill).

- **Who should be able to access the social tariff?** An important part of this additional work would include determining and modelling appropriate eligibility criteria for the social tariff. All Game Changer ideas are intended to improve outcomes for consumers experiencing vulnerability. However, specific eligibility criteria need to be explored to ensure sufficient support is provided while also ensuring existing market signals enable the operation of a competitive and efficiency energy system. This would also help us better understand how consumers at the eligibility boundary may be affected. It is estimated that this work would take 6–12 months, in addition to other reforms required.
- **How should the social tariff be structured?** The structure of the social tariff could have significant implications for behaviour, as well as how the cost is shared. Again, significant work would be required to explore this question further. For example, each option could be implemented in various ways depending on which components of the cost stack are waived (with options including network tariffs, green schemes, other jurisdictional schemes, market levies, or retail margins). Each of these sub-options would have their own strengths and weaknesses, which would need to be explored in more detail.

In addition to the above general design questions, there are important implementation challenges to consider if the Leadership Group chooses to pursue a social tariff further, including:

- **Changing the regulatory environment:** Broadly speaking, a social tariff would represent a significant change to the current regulatory environment. It may require changes to the National Electricity Rules (for example, to allow for some residential customers to be differently from others in that tariff class) or Regulations (such as the Competition and Consumer (Industry Code – Electricity Retail) Regulations 2019). It would also be a significant deviation from broader tariff reform initiatives. However, there may be some opportunity to trial a social tariff in the shorter term.

- **Delivering the social tariff to consumers experiencing vulnerability:** A social tariff would also entail practical challenges around identifying eligible consumers and applying the tariff to their bills. The scope of these challenges is likely to differ depending on the specific eligibility criteria used. For example, a social tariff targeted at consumers who are on concessions may be easier to implement from a delivery perspective as it aligns with the delivery of other supports. Alternatively, if the priority support register or central service body ideas are pursued, the social tariff could be delivered to consumers who qualify for these supports.

Design Group members raised questions about using concessions as an eligibility criterion, including how this would be managed given the variation in concessions frameworks across jurisdictions, the interaction and potential overlap between a social tariff and concessions as socialised financial supports, and the effectiveness of this targeting approach.

Design Group members had mixed views on the latter point. For example, it was pointed out that people receiving concessions are only a subset of consumers experiencing vulnerability, all of whom would benefit from a social tariff. However, it was also noted that more than 30% of consumers receive a concession, raising questions about the scale of the issue the Game Changer is trying to address.

Some Design Group members emphasised the importance of ensuring appropriate referral pathways and automated provision of information to support consumers in accessing the social tariff. It was noted that this is particularly important in the current context, in which many people are presenting for assistance for the first time and don’t know how to access support.

Table 15. Comparison of options for a social tariff

Option	Summary	Key strengths	Key weaknesses
1. Unit rate discount	Unit price of energy is reduced by either a set percentage or is set at a particular amount. There are various sub-options for which components of the cost stack are waived. For the purposes of comparison, this option uses network tariffs as an example, as they represent around 50% of the cost stack for residential customers.[35]	• Can provide significant savings to customer bills • Would socialise costs across some of the supply chain • Targets bottom income deciles	• Requires a rule change (currently not permissible to treat a sub-category of residential customers differently to other customers in that tariff class) • Fairness issues with recovery of network revenues • Difficult to determine eligibility • How to implement for consumers who experience transient vulnerability

[35] ACCC, Inquiry into the National Electricity Market – November 2022 report, Supplementary Table D8.1, 2022

Option	Summary	Key strengths	Key weaknesses
2. Concessions DMO	Current Default Market Offer (DMO) process is expanded to provide two different DMO prices, one of which is only accessible to consumers experiencing vulnerability.	• Could be implemented through existing processes • Could support more efficient cost recovery • May reduce impact of any perverse incentives generated through other options • Updated regularly to reflect changing market conditions and demand for the concessions DMO	• Requires legislative change • How to implement across jurisdictions • Need to ensure the concessions and standard DMO can be calculated simultaneously with sufficient confidence • Need to consider how consumers who shift between the two different tariffs are treated and identified
3. Rising block tariff	Tariff is low initially and rises as consumption rises. There are various sub-options for which components of the cost stack are waived. For the purposes of comparison, this option uses network tariffs as an example.	• Rising costs for increased consumption are seen as helpful in incentivising demand reduction	• Fairness issues with recovery of network revenues • Retailers needing to apply different calculation method to bills • How to implement for consumers who experience transient vulnerability • Poorest consumers may be negatively impacted due to inability to adjust usage[36]

Overall, the Design Group does not have a clear view on the viability of proposed options for a social tariff at this stage.

Some Design Group members indicated that a social tariff is one of the most effective ways to address underlying drivers of vulnerability in the energy sector.

Feedback from Design Group members emphasised the benefits of the social DMO option in offering a clear implementation pathway. They also noted it would provide a transparent and consultative approach to funding the social tariff, with the concessions and standard DMO developed and consulted on in tandem, and may represent a more progressive approach than the alternatives.

The Design Group raised concerns about the rising block tariff option, noting that many consumers experiencing vulnerability do not have the ability to reduce demand and, as a result, are already missing out from an access and affordability perspective.

[36] A Norman, S Corfe, J Kirkup, D Powell-Chandler, Fairer, warmer, cheaper: New energy bill support policies to support British households in an age of high prices, Social Market Foundation, 2023

Potential approach

Based on the assessment of options for the Social tariff idea, the following potential approaches to progress this idea are presented to the Leadership Group:

Consider undertaking additional work to develop preferred models for a social tariff, including consideration of the following detailed design questions:

- Which component(s) of the cost stack should be waived?
- How can the costs be recouped to share the cost across the sector?
- What are the most appropriate eligibility criteria, taking into account the implications for consumers at the eligibility boundary and practical implementation challenges around identification and delivery?
- What is the most appropriate social tariff structure, taking into account the implications for efficiency and the limited ability of consumers experiencing vulnerability to adjust usage?

4. Ideas to be explored

4.1. Priority support register

Assessment

In the idea assessment survey, this idea scored moderately against the design principles, at 3.0 overall. However, it was prioritised by a relatively low 23% of the Leadership Group, with no one listing it as their top priority. Confidence in the sector's ability to deliver on this idea was also relatively low, at 37%.

This idea aims to help the energy sector identify consumers experiencing vulnerability early and refer them to appropriate support services in a timely manner. Early identification and intervention can make a significant difference to consumer outcomes, reducing customer debt and harm. This idea would create a register of consumers experiencing vulnerability that could be used to refer them to appropriate support services or deliver other targeted Game Changer ideas (such as a social tariff or energy efficiency measures). There are a range of existing metrics used to deliver support and relief in the energy sector (such as eligibility for a government benefit). However, we recognise that consumer vulnerability is dynamic, and people may move in and out of vulnerability as their circumstances change. Many consumers experiencing vulnerability may therefore not meet traditional eligibility criteria. This is likely to be a particular problem in the short-to-medium term, with cost-of-living increases contributing to many people experiencing vulnerability and seeking help for the first time. A priority support register could help the energy sector ensure that people are receiving supports when they need them. This could also benefit the sector by simplifying identification processes and reducing the cost of vulnerability to the sector (such as the burden of bad debt).

Case study: Ofgem Priority Services Register[37]
Customers on the Priority Services Register in the United Kingdom can get free, vital services from network operators and suppliers to help them manage their energy. Eligibility is based on specific customer attributes (such as age, disability and health conditions), although consumers might still be able to register for other reasons. Suppliers must take all reasonable steps to identify customers in vulnerable situations and offer to place them on the register. Consumers on the register receive support in case of emergencies, advance notice of power cuts, accessible information and priority service support. Suppliers can also offer other services, and some to choose to offer more than the minimum requirements. Currently, the register is a mandated decentralised register, with each retailer keeping their own separate register. However, a data sharing pilot has been trialled, and Ofgem's Chief Executive Officer has recently called for a universal register following a study that found planned relief wouldn't reach many intended beneficiaries as they are not registered.

[37] J Ambrose and A Lawson, Ofgem to call for vulnerable households register, with 1.7m to miss energy support, *The Guardian*, 24 April 2023; Office of Gas and Electricity Markets (Ofgem), Get help from your supplier - Priority Services Register, accessed 1 May 2023

At a high level, a priority support register would operate through a three-stage process:

1. **Identify:** Data-led insights would be utilised to identify consumers experiencing or at risk of experiencing vulnerability.
2. **Flag:** These consumers would be 'flagged' in the register or for inclusion in the register.
3. **Refer:** Flagged customers would be referred to a range of appropriate support services.

There are 4 key design questions for a priority support register:

- **Should the register be voluntary or mandated?** A voluntary program may be easier to implement in the short term, but is less likely to achieve meaningful change over time.
- **Who should hold the register?** For example, the case study uses a decentralised model, with each organisation holding their own separate register. This would minimise potential data privacy concerns and may be easier to implement. However, it could also have disadvantages in terms of duplication and cost. The alternative is a centralised model, with a single register used by the whole sector (on either a voluntary or mandatory basis). This would ensure a more consistent consumer experience and minimise the number of times they have to tell their story. However, it is likely to be more complex to establish and administer, and may raise some privacy concerns due to the data sharing required.

Feedback from Design Group members suggested that more work is needed to explore the governance structure of a potential centralised register. They also noted the importance of data security and ensuring the register is not used to exploit consumers.

Some Design Group members suggested a centralised register could potentially fulfil some of the functions of the proposed central service body by facilitating the delivery of targeted supports to consumers experiencing vulnerability.

- **Who should be eligible for inclusion on the register?** While the priority support register could be used as a way to simplify determining eligibility for other potential Game Changer ideas, the question of who should be eligible for inclusion on the register remains. Consideration needs to be given to identifying which cohort will be targeted by the register, ranging from all consumers experiencing vulnerability to customers on hardship programs to those at risk of disconnection. In doing so, it is also important to consider the implications for using the register to target delivery of other supports.

Design Group members emphasised that the priority support register is intended to support not just people in financial hardship, but also those who may need other kinds of additional assistance (such as those requiring medical or life support).

A key question raised by the Design Group was how the register will respond to consumers' changing circumstances, including how and when consumers will be taken off the register.

- **What support functions should the register be used for?** Similarly, consideration needs to be given to the functions and services that should be able to use the register. This includes which supports the register should be used to deliver and who needs to use the register in order to deliver them. This will inform the target audience and data requirements of the register.

Some Design Group members suggested the priority support register could be a useful add-on to support the delivery of other Game Changer ideas.

Table 16. Comparison of options for Priority support register

Option	Summary	Key strengths	Key weaknesses
1: Voluntary Decentralised Register	A regulatory voluntary guidance paper is used by individual retailers, network operators and distributors in identifying, flagging and registering customers within their own organisations for referral to appropriate support services.	• Freedom and flexibility for organisations to implement the register	• Inconsistent implementation approach leads to mixed results • Consumer needs to retell their story to every retailer or network body • Costs • Potential duplication of records
2: Voluntary Centralised Register	A regulatory voluntary guidance paper is used by retailers, network operators and distributors in identifying and flagging customers, and recording them on a centralised register to be used by whole industry to refer customers to appropriate support services.	• Central guidance and governance processes ensure consistent approach • Consumer may not need to need to retell their story	• Inconsistent implementation approach • Cost and time to establish central register • Data sharing required may raise privacy concerns • Requires participating organisations to maintain the central register
3: Mandated Decentralised Register	A mandated and enforceable set of minimum standards which individual retailers, network operators and distributors must comply with to identify, flag and register customers within their own organisations for referral to appropriate support services, and transferring data to a different retailer/operator if customer changes their service provider.	• Focused delivery, with minimum standards of compliance set and central guidance provided • Greater consistency for approach and consumer experience	• Costs • Potential duplication of records • Data sharing required may raise privacy concerns
4: Mandated Centralised Register	New rules and regulations to establish a centralised register, with mandated participation and an enforceable set of minimum standards on how vulnerable consumers are identified, flagged and registered by individual organisations, as well as a mandated set of rules for referral of customers to appropriate support services.	• Maximum potential impact, as all industry bodies are required to update and access central data source • Ensures consistent approach and consumer experience • Scalability	• Cost and time to establish central register • Requires a body to maintain the central register • Less control for retailers • Data sharing required may raise privacy concerns

This idea has the potential to be a game changer by supporting better identification of consumers experiencing vulnerability and enabling other Game Changer reforms. On balance, a mandated centralised model is likely to be the most viable option to achieve this goal. However, it should be treated as a supporting reform – that is, it should be included if needed to enable the delivery of other ideas, but should not be prioritised above them.

The Design Group indicated that a mandated centralised model is most viable because it would reduce the onus on consumers. They also suggested that it would have benefits and support better decision-making in the long term.

However, Design Group members also suggested that a priority support register should not be a priority. While it could have long-term benefits or be 'added on' to support other ideas, it should not be prioritised over other Game Changer ideas. Overall, the Design Group recommendation is for this idea to be re-reprioritised into the 'Reconsider' category, unless it is needed to support the delivery of other ideas.

Potential approach

Based on the assessment of options for the Priority support register idea, the following potential approaches to progress this idea are presented to the Leadership Group:

Consider reprioritising this idea:

- Shift this idea into the **Reconsider** category, for ideas that should be deprioritised in the short term to allow for higher-priority ideas to be developed further, noting that these ideas may be reconsidered as part of a future Game Changer initiative.

Consider designing this idea in detail with the following parameters:

- Mandate a centralised priority support register.
- Agree on eligibility metrics.
- Ensure customer provides consent or referral is supported by an appropriate regulatory mandate.
- Ensure the system is capable of identifying consumers experiencing or at risk of experiencing vulnerability, securely triggering referrals to appropriate support services, and receiving responses from support services to facilitate updates as needed.

As part of the detailed design process, consider the following detailed design questions:

- What specific supports or functions should the register to be used to target and deliver?
- In light of these functions, what should be the eligibility criteria for inclusion on the register?
- What should be the criteria and process for removing a consumer from the register?
- How can the register be designed to ensure data security and mitigate the risk of exploitation?

4.2. Reduced green scheme cross-subsidisation

Assessment

In the idea assessment survey, this idea scored relatively low against the design principles, at 2.6 overall. It was also prioritised by a relatively low 23% of the Leadership Group. Confidence in the sector's ability to deliver on this idea was moderate, at 42%.

This idea aims to reduce or remove regressive subsidisation by low-income and vulnerable customers to other customers by proposing reforms to the structure of green scheme funding arrangements. National, state and territory governments offer a number of green schemes which have been effective in encouraging greater uptake of renewable energy and energy efficiency improvements. The costs of these subsidies are recovered from energy customers through network and retail tariffs, with an estimated price impact per customer of between $78 and $405 per year (depending on factors such as location and energy consumption). Costs are therefore shared amongst all energy customers, but the benefits (aside from potential reductions in overall energy prices from increased generation and reductions in peak demand) are not accessible to all customers. Uptake of these schemes is often limited to homeowners and those with sufficient funds to invest. Consumers experiencing vulnerability are particularly excluded from the potential benefits of green schemes for a range of reasons, such as a lack of agency or control due to the type of housing they are more likely to live in (such as rental properties or social and community housing). As a result, many consumers experiencing vulnerability are subsidising benefits for consumers who are not experiencing vulnerability. This idea proposes reforms to improve equity in existing green schemes and prevent inequity in future schemes.

Case studies: Existing green schemes[38]

- The National Renewable Energy Target subsidises renewable generation at an estimated annual cost of $583 million, recovered through retail tariffs.
- The ACT Energy Efficiency Improvement Scheme funds programs for households and businesses at an estimated annual cost of $16.3 million, recovered through retail tariffs.
- The NSW Peak Demand Reduction Scheme provides financial incentives to households and businesses to reduce energy consumption during peak demand hours at an estimated annual cost of $13.2 million, recovered through retail tariffs.
- The QLD Solar Bonus Scheme provides a premium feed-in tariff at an estimated annual cost of $197 million, recovered through network tariffs.
- The South Australian Retailer Energy Productivity Scheme provides incentives for households and businesses to save energy at an estimated annual cost of $35.3 million, recovered through retail tariffs.
- The Victorian Energy Upgrades subsidises energy savings products at an estimated annual cost of $493 million, recovered through retail tariffs.

[38] DCCEEW, Renewable Energy Target Scheme, 2022; ACIL Allen, Default Market Offer 2022–23: Wholesale energy and environment cost estimates for DMO 4 Final Determination, 2022; Point Advisory, Review of the Energy Efficiency Improvement Scheme – Final report (Part 2: Overview), p. 15; NSW Government, NSW Climate Change Fund, 2023; NSW Government, Peak Demand Reduction Scheme, 2023; Energex, AER Pricing Model – Energex 2022–23, AER, 2022; Ergon, AER Pricing Model – Ergon Energy 2022–23, AER, 2022; Essential Services Commission of SA, Retailer Energy Productivity Scheme Annual Report 2021, 2022, pp. 8–9; Essential Services Commission of Victoria, Victorian Default Offer 2022–23: Final decision, p. 61; Essential Services Commission of Victoria, Victorian energy efficiency certificates (VEECs), 2023.

Green scheme cross-subsidisation has a clear and direct impact on consumers experiencing vulnerability, and the Design Group considers that there is an onus on government to address this issue. This requires commitment both nationally and across state and territory governments to implement changes. In doing so, it will be important to consider resource limitations, broader energy transition objectives, existing government commitments, and public perceptions and expectations. However, neglecting to address this issue will mean that existing schemes, and potentially future schemes, will perpetuate current inequities.

As such, the Design Group has proposed that a paper is prepared for consideration by Energy Ministers to seek the necessary commitment for a comprehensive review. This review would consider the above interactions and elicit greater clarity around what objectives have been met, at what cost, and to whom. It could also help answer questions about broader impacts like changes to energy prices. The review would consider options to improve equity in green schemes, which will vary according to the nature of the scheme (for example, whether it provides one-off payments for purchase of an item or funds ongoing payments through a feed-in tariff). There are also different legislative and contractual arrangements to consider. A review assessing these options and considerations would provide an opportunity to design programs to provide better access to and targeting of green schemes in the future, informed by work on energy equity to better identify vulnerable consumers. As a national approach is recommended, the Design Group has suggested that the Commonwealth is best placed to lead this work in consultation with market bodies, jurisdictions, consumer advocacy groups and the electricity industry.

The Design Group indicated this idea should be supported alongside the Game Changer, as it is not something the energy sector can realise. However, an option in which retailers do not pass on green scheme costs to their customers (thereby operating in a similar way to a social tariff) could be considered.

It was suggested that insights should be considered in designing any shared funding pool.

Potential approach

Based on the assessment of options for the Reduced green scheme cross-subsidisation idea, the following potential approaches to progress this idea are presented to the Leadership Group:

Consider reprioritising this idea:

- Shift this idea into the **Support** category, for ideas that the energy sector cannot implement directly but will support alongside this Game Changer.

Advocate with the Department of Climate Change, Energy, the Environment and Water to collaborate on a paper for an upcoming Energy and Climate Change Ministerial Council (ECMC) meeting to seek agreement from Energy Ministers to:

- develop overarching principles of equity in green scheme program design to allow for improvements to existing schemes and to guide design of any future programs
- undertake a comprehensive review of costs, benefits and equity of existing schemes across all jurisdictions in the context of government objectives and overarching principles
- develop and thoroughly assess options to improve equity in existing schemes, which could include considering if it should continue
- develop more detailed design requirements for any potential new green schemes
- implement the preferred option in all jurisdictions.

5. Ideas to be supported

5.1. Energy concession reform

Assessment

In the idea assessment survey, this idea scored relatively low against the design principles, at 2.2 overall. However, confidence in the sector's ability to deliver on this idea was moderate, at 46%, and it was prioritised by 43% of the Leadership Group.

This idea aims to address current flat rate energy concessions and rebates that do not meet need. While around 3 million households receive some form of ongoing financial assistance for their energy bills, too many people still can't afford the energy they need. Providing energy concessions and annual rebates as a fixed amount does not respond to energy price changes, seasonal variations in energy use, consumer circumstances or the energy performance of the home. As a result, some people are getting more assistance than they need, while others are getting significantly less. There is also concern that many people who need additional financial support to afford their energy bills are missing out due to eligibility restrictions or accessibility barriers. Shifting to adequate percentage-based concessions and rebates and improving concession eligibility should reduce energy debt and hardship by providing better financial support to consumers experiencing vulnerability. If rolled out with energy efficiency measures, percentage-based concessions could also reduce the overall amount of concessions needed.

Case studies: Existing initiatives

- In 2018, the ACCC recommended to Energy Ministers that they reform energy concessions to better meet need and address changing circumstances.[39]
- Councils of Social Service across Australia have been collaborating with the Public Interest Advocacy Centre (PIAC), St Vincent De Paul Society, Salvation Army and Consumer Policy Research Centre on research and advocacy in support of energy concessions reform. They published joint policy recommendations based on research in a report in December 2022 and wrote to Energy Ministers, Treasurers, and Social Service Ministers asking them to implement the report's recommendations.[40]
- The Energy Charter has a Better Together initiative to deliver a centrally coordinated awareness and engagement campaign across Energy Charter signatories in partnership with national community organisations and other stakeholders.[41]

Potential approach

Based on the assessment of options for the Energy concession reform idea, the following potential approaches to progress this idea are presented to the Leadership Group:

Consider jointly advocating for Energy and Social Services Ministers to commit to undertake energy concessions and rebate review and reform (relevant to their jurisdiction) to improve equity, accessibility, and better meet people's energy needs and changing circumstances.

[39] Australian Competition and Consumer Commission (ACCC), Restoring electricity affordability and Australia's competitive advantage: Retail Electricity Pricing Inquiry – Final Report, 2018

[40] Australian Council of Social Service (ACOSS) and South Australian Council of Social Service (SACOSS), Reforming electricity concessions to better meet need: Summary report, SACOSS, 2022

[41] The Energy Charter, Concessions Awareness and Engagement Campaign, 2023

5.2. Increased allowances

Assessment

In the idea assessment survey, this idea scored moderately against the design principles, at 3.0 overall. However, confidence in the sector's ability to deliver on this idea was relatively low, at 30%, and it was prioritised by just 13% of the Leadership Group.

This idea aims to increase the rate of JobSeeker and related allowances to meet basic needs including energy. A recent survey conducted by the Australian Council of Social Service (ACOSS) of people on low incomes revealed the extreme measures that people on income support take to restrict their energy use and lower their bills, as well as the consequences for their wellbeing.[42] The survey also found that almost 70% of these consumers went into debt or increased their debt to pay their energy bills. People receiving income support are more likely to accrue energy debt but will struggle to afford their next bill, let alone pay down energy debt. The AER's recent energy debt analysis found the number of hardship customers holding debts greater than 2 years is increasing.[43] However, research conducted by Deloitte for the Energy Charter found that when JobSeeker was doubled to help people with financial pressures imposed by COVID-19, people were able to pay down their energy debt rather than increasing it.[44] An increase to allowances would provide better financial support to customers experiencing energy vulnerability, directly reducing energy hardship.

Case studies: Existing initiatives

- In December 2022, the Commonwealth Government appointed an interim Economic Inclusion Advisory Committee to provide advice on economic inclusion and disadvantage. The committee concluded that current rates of JobSeeker and related non-pension payments for working age Australians are seriously inadequate, and their first recommendation was for the Government to commit to a substantial increase in the base rates of these payments as a first priority.[45]
- In the 2023–24 Federal Budget, the Commonwealth Government announced an increase of $40 to JobSeeker, Austudy and Youth Allowance income support payments.[46]

Some Design Group members indicated that despite the increase in the latest Federal Budget, further increases are needed to meet consumers' basic needs including energy.

Some Design Group members suggested that the sector should advocate for a review of allowances in the first instance, taking into account data available on the impact of increased allowances during COVID-19.

Potential approach

Based on the assessment of options for the Increased allowances idea, the following potential approaches to progress this idea are presented to the Leadership Group:

[42] ACOSS, ACOSS 2023 Heat Survey: How hotter days affect people on lowest incomes first, worst and hardest, 2023
[43] AER, Quarterly retail performance report – October–December 2022, 2023
[44] Energy Charter, COVID-19 Customer Vulnerability Research: 2020–2021, 2021
[45] Interim Economic Inclusion Advisory Committee, 2023–24 Report to the Australian Government, 2023, p. 15
[46] Commonwealth of Australia, Budget 2023–24 – Stronger foundations for a better future, 2023

Consider joining calls to the federal Government to raise JobSeeker and related payments above the poverty line to provide adequate income to meet basic needs including energy.

5.3. Minimum energy efficiency standards for renters

Assessment

In the idea assessment survey, this idea scored moderately against the design principles, at 3.4 overall. Confidence in the sector's ability to deliver on this idea was also moderate, at 52%, but it was prioritised by a relatively low 27% of the Leadership Group.

This idea aims to advocate for mandatory energy efficiency standards across all residential leases, including hot water systems, insulation and window coverings at the start of a tenancy. The average energy efficiency of Australian homes is a 1.7 star rating, and 1 in 3 Australian households rent their homes.[47] Low-income households are more likely to rent and live in inefficient homes, and spend a greater proportion of their income on utility bills. People in rental properties face significant barriers to improving the energy performance of the homes they live in. Unlike owner-occupiers, people who rent cannot make structural changes to their homes, so millions of renters are living in uncomfortable homes that result in high energy bills and negatively affect their health. The best way to improve the energy efficiency of rental properties is to require properties to meet mandatory minimum energy efficiency standards. This would permanently reduce energy use and hardship, not only improving outcomes for consumers experiencing vulnerability but also benefitting the energy sector and government by reducing unnecessary demand for both energy and concessions.

Case studies: Existing initiatives

- The Trajectory for Low Energy Buildings is a federal, state and territory agreement to achieve zero-energy and carbon-ready commercial and residential buildings in Australia. Under the Trajectory, governments have committed to establish a national framework for minimum energy efficiency requirements for rental properties. So far, Victoria has legislated minimum standards for heating effective from March 2021, while the ACT has legislated minimum standards for insulation effective from April 2023.[48]
- Through the Healthy Homes for Renters campaign, more than 100 organisations are advocating for all states and territories to commit to implementing mandatory energy efficiency standards. Its Community Sector Blueprint outlines key policy principles for the National Framework for Minimum Energy Efficiency Rental Requirements.[49]

Some Design Group members raised concerns about potential unintended consequences of this idea. It was suggested that these mandates could have a significant impact on some landlords in the current context of rising interest rates, which is creating a large gap been rental income and mortgage costs for some landlords in the short term. Others noted that these costs are likely to passed on to renters in the longer term.

[47] Healthy Homes for Renters, Community Sector Blueprint, 2022
[48] COAG Energy Council, Addendum to the Trajectory for Low Energy Buildings – Existing Buildings, 2019
[49] Healthy Homes for Renters, 2022, p. 11

Potential approach

Based on the assessment of options for the Minimum energy efficiency standards for renters idea, the following potential approaches to progress this idea are presented to the Leadership Group:

Consider jointly advocating to state and Territory Energy, Housing and Consumer Ministers to commit to mandate and accelerate energy efficiency standards in rental properties.

Appendix 1: Detailed design process

A.1 Establishing the design approach

In March 2022, EY Port Jackson Partners (EY PJP) estimated the cost of consumer vulnerability in the energy sector at approximately $645 million per year.[50] They also identified initial solution spaces for a potential Game Changer. The AER discussed these solution spaces and a proposed approach to collaborating on a Game Changer solution (including draft design principles and considerations for establishing a Design Group) in preliminary workshops with consumer and industry stakeholders in July 2022.

Following this, a 'Leadership Group' comprising a diverse range of senior stakeholders from across the sector was invited to a meeting on 15 September 2022. In this meeting, the AER proposed a collaborative, human-centred design approach to developing potential Game Changer solutions. Under this approach, the Leadership Group would provide feedback and direction to a smaller Design Group, who would develop ideas for the Leadership Group to consider using human-centred design principles, with support from an independent facilitator provided by the AER. The process would draw on existing insights and result in a proposed 'solution concept' (rather than a detailed reform proposal). Individual members of the Leadership Group would then be given the opportunity to endorse the proposed solution and participate in progressing the Game Changer through detailed development, implementation and advocacy. In line with the proposed approach, the AER's role is to steward the Game Changer by:

- chairing and convening the Leadership Group
- dedicating staff to the function of Game Changer secretariat
- providing additional support as needed (including an independent facilitator to guide the Design Group and report back to the Leadership Group).

The proposed design approach was discussed and agreed by the Leadership Group in September 2022. The AER sought nominations for Design Group members and membership was announced by email on 19 October 2022. Following consideration of feedback from the Leadership Group, the Design Group was limited to 20 members to allow for an efficient design process. Members were selected to provide a balance between diverse interests, capabilities and perspectives. This included selecting representatives from a range of organisation types and sizes across the sector, government jurisdictions, and diverse consumer organisations who represent different cohorts. Regional representation was considered but, in line with feedback from the Leadership Group, this was not the primary deciding factor.

The Design Group's terms of reference were discussed in their first workshop before being finalised. Design Group members also signed an ethical statement. The terms of reference and communiques summarising each workshop are published on the AER's website.

[50] Australian Energy Regulator and EY Port Jackson Partners, 2022

A.2 Generating potential Game Changer ideas

The Design Group first met on 9 November 2022 to generate initial ideas under the guidance of the independent facilitators, Executive Central Group. This first workshop took place primarily in person, at the AER/ACCC's Melbourne office. However, hybrid participation was facilitated for 6 members who attended online. In this workshop, the Design Group discussed the draft terms of reference and ethical statement, identified opportunities to address the problem by generating and prioritising 'how might we' statements, and generated initial ideas for further development. Following the workshop, Design Group members collaborated online in three 'home teams' to group and refine ideas in response to these 'how might we' statements using templates provided by the secretariat.[51] Home teams were selected by the secretariat to ensure a balance of expertise and perspectives.

Table 17. Home teams and 'how might we' statements for initial online collaboration

Home team	Design Group members	'How might we' statements
1	• Graeme Hamilton, Alinta Energy • Kellie Caught, ACOSS • Ben Barnes, AEC • Stephanie Jolly, AER • Adam Pankhurst, DCCEEW • Sue Fraser, Uniting	• How might we develop a future-proof support system and ensure all Australians benefit from the energy transition? • How might we make energy affordable and accessible for all consumers?
2	• Liam Jones, AGL • Lisa Shrimpton, AEMC • Kerry Connors, ECA • Lucy Moon, ENA • Rowan Bedggood, GEER • Craig Memery, PIAC	• How might we ensure that people experiencing vulnerability (including those at heightened risk of experiencing vulnerability) have the right energy supports at the right time?
3	• James Priestley, ACT Government • Janine Young, ANZEWON • Sabiene Heindl, Energy Charter • Kylie Holford, FCA • Sean Greenup, Origin Energy • Stefanie Monaco, Red Energy and Lumo Energy • Ciara Sterling, Thriving Communities Partnership	• How might we ensure shared responsibility across the supply chain, other sectors and other stakeholders? • How might we ensure energy is affordable for all Australians?

This process resulted in a refined set of 35 ideas, which were discussed in workshop 2 on 29 November 2022. A working group of Design Group members subsequently collaborated with a professional illustrator to prepare idea pitches. During this process, duplicate ideas were combined and related ideas were grouped into broader 'concepts'. Nominated Design Group members pitched the ideas to the Leadership Group on behalf of the Design Group in December. The pitch included an introduction summarising how the ideas might interact.

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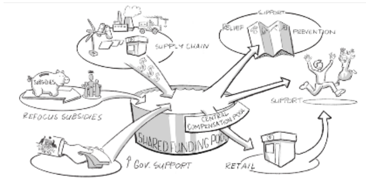
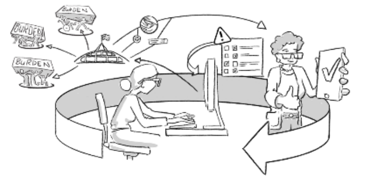
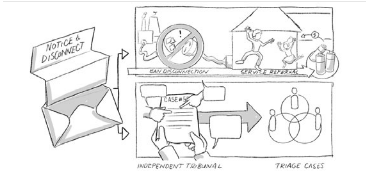
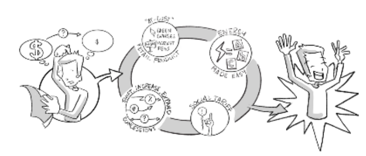
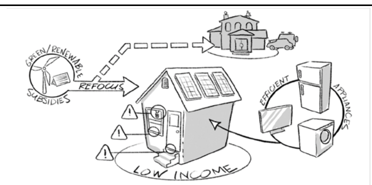
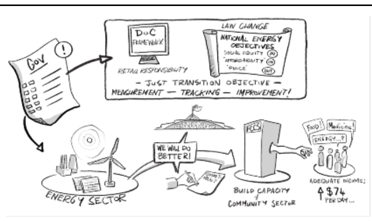
[51] Templates were provided in Miro, an online collaboration tool. The secretariat ran optional briefing sessions to explain the templates and collaboration platform. Some home teams elected to use alternative tools.

Table 18. Idea concepts pitched to the Leadership Group on 6 December 2022

Concept	Illustration	Ideas
Introduction		• Shared funding pool can be considered a central enabler of other ideas • Governance and enabling reforms can be seen as a way to guide outcomes into the future
Shared funding pool		• Redistribute supply chain profits to local community groups or a central trust fund • Central compensation pool to cover cost of providing ongoing support • Pool funding for co-payments and retire hardship debts • Empowered energy trust
Centralised service / decision body		• One-stop shop • Centralised service body focussed on wraparound services
Proactive and automated supports		• Incentives for proactive identification • Priority support register • Retailer grant processing • Automated better offer • Automated concessions
Disconnection protections		• Disconnection ban • Disconnection tribunal
Minimising energy bills		• Targeted green scheme waiver • At-cost retail product • Social tariff • Targeted pricing reductions • EME tariff optimisation • Concession reform
Energy efficiency		• Refocus green subsidies to consumers experiencing vulnerability • Targeted retrofits
Enabling and governance reforms		• Duty of care • Modify the NEO • Governance framework • Financial Counselling Industry Funding Model • Increase allowances

A.3 Refining potential Game Changer ideas

On 6 December 2022, the Leadership Group was asked to provide feedback on the idea concept pitches, including whether each idea was game changing, how it could be enriched, and how it meets the scope of the design challenge and principles. The Design Group also sought feedback on some key challenges in relation to specific concepts. Feedback provided during the live discussion was recorded by the Game Changer secretariat. The Leadership Group was also given a period of approximately 2 weeks to provide feedback out of session. The secretariat received 6 out-of-session submissions during this time. All feedback was analysed and grouped into themes by the secretariat. A document containing feedback themes and related comments was circulated to the Design Group on 21 December 2022.

Table 19. Themes identified in Leadership Group feedback on idea concept pitches

Concept	Feedback themes
Shared funding pool	• Identify the consumers who need it • Explore funder pathways/buy-in • Analyse the complexity of stakeholders • Be clear on the advocacy required • Ensure a shared pool is not paid by consumers • Consider how to redirect and share supply chain contributions to ensure positive consumer outcomes
Centralised service / decision body	• Consider the consumer journey of a centralised service • Look at alignments with other services • Explore the risks and impacts of running and funding a central service
Proactive and automated supports	• Identify how it will work and look at current practices • Build in privacy, consent and consumer protections • Explore the benefits of what and when support can be automated • Consider cost and resources • Refer to current examples, which suggest this idea is doable • Consider large system integration cost • Consider implications for those who are digitally excluded
Disconnection protections	• Consider the consumer conditions for reconnection • Look at central funding and service role in disconnections • Examine current and potential disconnection processes • Consider the advocacy required • Consider options to restrict rather than disconnect
Minimising energy bills	• Be transparent and identify measures across the supply chain • Make clear the impact on all consumers
Energy efficiency	• Consider and leverage off existing programs • Consider roles, responsibilities and resources across the supply chain • Look at how to engage consumers to participate • Provide a clear scope for efficiency (what it is and what it is not) • Consider the funding and delivery model • Explore opportunities for renters
Enabling and governance reforms	• Acknowledge good governance matters and can have an impact on consumers experiencing vulnerability • Recognise social policy won't 'fix' the energy sector

At this stage, the Design Group were asked to collaborate online to refine ideas based on the Leadership Group's feedback. The secretariat provided online templates to support the Design Group to analyse ideas in more detail using a logic model framework, as follows:[52]

- **Inputs:** What planning and resources do we need?
- **Activities:** What do we have to do to deliver it?
- **Outputs:** What will the activities result in?
- **Risks:** What are they and how might they be mitigated?

The framework also identified an outcome for each concept based on the design work and feedback to date. The outcomes (outlined below) applied to all ideas within a concept.

Table 20. Outcomes for idea concepts

Concept	Outcome
Shared funding pool	The cost of supporting consumers experiencing vulnerability is shared more equitably across the sector.
Centralised service / decision body	Consumers receive timely and holistic support from a centralised specialist service.
Proactive and automated supports	Consumers receive timely and effective support regardless of their ability to engage.
Disconnection protections	Disconnection is truly a last resort.
Minimising energy bills	Energy bills are more affordable for consumers experiencing vulnerability.
Energy efficiency	Consumers experiencing vulnerability are only paying for the energy they actually need.
Enabling and governance reforms	The energy sector is structured to respond to consumer vulnerability into the future.

On 13 February 2023, the Design Group met to discuss the inputs, activities, outputs, outcomes and risks identified for each idea, in a workshop facilitated by Executive Central Group. The shared funding pool was discussed as a whole group, while Design Group members nominated into breakout rooms for discussion of other ideas. A nominated Design Group member acted as scribe to record feedback directly into the online template for each idea. Following the workshop, nominated Design Group leads worked with the secretariat to develop final idea logic models reflecting the analysis and discussion. The role of the Design Group leads was to ensure the logic models represented the Design Group's feedback accurately. In discussion with Design Group leads, the logic models were simplified into 'requirements, results and risks' to facilitate assessment of ideas by the Leadership Group.

[52] The logic model templates were provided in Padlet, an online collaboration tool. The secretariat ran optional briefing sessions to explain the logic model framework and collaboration platform.

A.4 Prioritising potential Game Changer ideas

The requirements, results and risks for 18 ideas were shared with the Leadership Group for assessment via an online survey in March 2023. To inform the Leadership Group's review, the Design Group also completed a preliminary assessment of the ideas via an online survey in February 2023. The Design Group's average score of each idea against the design principles was included alongside the requirements, results and risks for leadership review. Both surveys were run by the Game Changer secretariat using the ACCC Consultation Hub platform. Approximately 80% of the Design Group (n = 16) and approximately 60% of the Leadership Group (n = 30) responded to the survey. The purpose of the survey assessment was to support the Leadership Group in providing more specific feedback and direction to the Design Group, including prioritising ideas for the Design Group to focus on developing in more detail moving forward. Key assessment criteria are summarised in the table below.

Table 21. Key idea assessment criteria in online surveys

Criterion	Question	Response
Assessment of individual ideas based on requirements, results and risks identified by the Design Group		
Design principles	How well does each idea meet the design principles?	Multiple response (Select each principle the idea meets)
Content confidence	How confident are you in the requirements, results and risks identified for each idea?	4-point scale (Not at all confident to very confident)
Delivery confidence	How confident are you in the ability of the energy sector to deliver on this idea given the requirements and risks involved?	4-point scale (Not at all confident to very confident)
Feedback on the future direction of the Game Changer		
Ranking	Assuming that a shared funding pool is part of the Game Changer reform package, which other Game Changer ideas should be prioritised?	Top 5 (Rank 1 to 5, where 1 = highest priority)
Relationships	Please describe any important interdependencies between ideas.	Open text

In general, results from the two surveys were closely aligned. Analysis of the Leadership Group's ranking responses indicated the highest support for prioritising the following ideas:

- Energy efficiency measures (previously targeted retrofits)
- Concession upgrades
- Automated better offer
- Energy concession reform
- Central service body
- Energy sector investment in the Financial Counselling Industry Funding Model

The survey findings were presented to the Leadership Group on 29 March 2023 to inform a discussion of which ideas should be prioritised moving forward. During this discussion, ideas were prioritised into four categories:

- **Develop:** Ideas for the energy sector to consider now, as a part of this Game Changer.
- **Support:** Ideas that the energy sector can't implement directly, but will support alongside this Game Changer.
- **Explore:** Ideas that require immediate exploration and development before considering whether they should be included in this Game Changer.
- **Reconsider:** Ideas that that should be deprioritised in the short term to allow for higher-priority ideas to be developed further.

The outcomes of the prioritisation discussion are outlined in the table below. The performance of each of the prioritised ideas (highlighted below) against the survey assessment criteria is provided on the next page. These results were considered by the Design Group in developing potential options for prioritised ideas, alongside open text feedback provided by the Leadership Group for each idea.

Table 22. Prioritisation outcomes from Leadership Group meeting on 29 March 2023

Prioritisation category	Ideas
Develop	• Shared funding pool • Energy sector investment in the Financial Counselling Industry Funding Model • Central service body • Retailer incentives mechanism • Energy efficiency measures • Automated better offer • Concession upgrades
Explore	• Priority support register • Reduced green scheme cross-subsidisation
Support	• Energy concession reform • Increased allowances • Minimum energy efficiency standards for renters
Reconsider	• Disconnection ban • Disconnection tribunal • Affordability and equity in the National Electricity Objective • Duty of care • Energy transformation objectives, principles and metrics

Table 23. Results of Leadership Group idea assessment survey for prioritised ideas

Idea	Average score against design principles *(Out of 6)*	Proportion somewhat or very confident in content	Proportion somewhat or very confident in the sector's ability to deliver	Weighted ranking score	Proportion ranking as top priority	Proportion ranking as any priority
Ideas to be developed						
Shared funding pool	4.3	63%	37%	—	—	—
Central service body	2.6	37%	23%	1.3	17%	37%
Retailer incentives mechanism	2.7	40%	30%	0.6	3%	17%
Energy sector investment in the Financial Counselling Industry Funding Model	3.2	63%	67%	1.2	7%	40%
Energy efficiency measures	4.7	79%	46%	2.0	10%	77%
Automated better offer	4.3	83%	70%	1.6	3%	60%
Concession upgrades	5.0	80%	73%	1.9	17%	53%
Ideas to be explored						
Priority support register	3.0	43%	37%	0.4	0%	23%
Reduced green scheme cross-subsidisation	2.6	46%	42%	0.8	10%	23%
Ideas to be supported						
Energy concession reform	3.3	54%	46%	1.5	13%	43%
Increased allowances	3.0	48%	30%	0.6	3%	13%
Minimum energy efficiency standards for renters	3.4	52%	52%	0.7	0%	27%

Note: *n* = 30; The weighted ranking score was calculated by assigning a weight to each possible ranking position, with greater weight given to higher positions. A weighted average score was then calculated with reference to the number of respondents who chose each position and the total number of respondents who answered the question. This can be expressed in the following formula: (w1c1 + w2c2 + w3c3 + w4c4 + w5c5) / t, where w is the weighting of the position, c is the number of respondents who chose that position for each idea, and t is the total number of respondents who answered the question.

A.5 Developing potential options for prioritised Game Changer ideas

To support the detailed development of ideas in a human-centred design framework, the secretariat worked with consumer advocate members of the Design Group to plan consumer exploration workshops. In line with the proposed design approach, these workshops were intended to ensure the perspectives and needs of consumers with lived experience were considered by both the Design Group and the Leadership Group in developing and deciding on potential Game Changer solutions. Uniting generously took responsibility for coordinating and running the workshops, which were facilitated by Sue Fraser. Four workshops were run with two cohorts of consumers, with a total of 21 participants. The workshops were supported by a participation grant from Energy Consumers Australia, while the secretariat assisted by developing the discussion guide and drafting the final report.

A detailed findings report is available separately from https://www.unitingvictas.org.au/. At a high level, the findings identified the following key themes in the systemic challenges experienced by energy consumers:

- Navigating a complex and non-inclusive energy market
- Experiencing variable service quality
- Managing unaffordable energy bills through underconsumption
- Being disconnected or excluded from an essential service
- Overcoming mistrust in the energy sector

Relevant prioritised ideas were also explored with consumers. Consumer feedback on the ideas was shared and discussed with Design Group members in workshop 4 on 12 April 2023, along with a proposed approach to developing the prioritised ideas in more detail for Leadership Group consideration. It was agreed to allocate ideas to nominated leads to develop further in design papers, using templates provided by the secretariat. Some ideas were allocated to an external consultant due to the complexity involved, while AER policy staff provided design support by leading on other ideas in a non-secretariat capacity. However, interested Design Group members were given the opportunity to provide input on any idea during the development process, including by commenting on draft design papers where possible. Design Group members were asked to nominate for ideas they would like to develop or provide input on. The final allocation of ideas is summarised on the next page.

In the design papers, nominated leads identified and analysed potential options for implementation, including strengths, weaknesses and risks, as well as any other design advice or recommendations for the group to consider. Potential options were identified by reviewing feedback from the Leadership Group, analysing case studies, and consulting with stakeholders (including other members of the Design Group where relevant). Design paper leads were also asked to consider relevant consumer insights, including feedback from the consumer exploration workshops. To support these considerations, the secretariat shared a summary of all Leadership Group feedback to date and a draft of the consumer exploration workshops findings report. Design papers were submitted to the secretariat, who compiled and shared with them with the Design Group in advance of workshop 5.

Table 24. Allocation of ideas for design paper development

Prioritisation category	Idea	Design paper leads
Develop	Shared funding pool	EY PJP
	Increased investment in the Financial Counselling Contribution Scheme	EY PJP
	Central service body	EY PJP
	Retailer incentives mechanism	EY PJP
	Energy efficiency measures	Design Group members
	Automated better offer	AER policy staff
	Concession upgrades	AER policy staff
Explore	Priority support register	AER policy staff
	Reduced green scheme cross-subsidisation	Design Group members
Support	Energy concession reform	Design Group members
	Increased allowances	Design Group members
	Minimum energy efficiency standards for renters	Design Group members

To further support the development of options, the secretariat also convened 2 industry roundtables on 26 April 2023, as follows:

- **Roundtable 1:** Centralised funding and support
- **Roundtable 2:** Automation and system integration

Roundtable participants were invited based on their experience with other relevant programs or initiatives, with the goal of learning from their experiences and expertise. The roundtables were facilitated by the Game Changer's independent facilitators, Executive Central Group, and interested Design Group members were given the opportunity to observe. A summary of key discussion points from the industry roundtables was also shared with Design Group members alongside the compiled design papers.

The design papers and consultant's report from EY PJP were discussed with the Design Group in workshop 5 on 11 May 2023. Nominated leads summarised their analysis, including the strengths and weaknesses of any identified options. The secretariat then facilitated a discussion for each idea, focusing on:

- the potential viability of all identified options
- the appropriateness of any design advice, including design parameters, implementation approaches, or recommended options.

Feedback from the Design Group was recorded by the secretariat for incorporation into the design report alongside design paper analyses. Feedback on ideas in the 'Support' category was solicited out-of-session due to time constraints during the workshop.