

2021 ACCC/AER Regulatory Conference







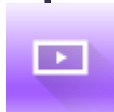
Session – Consumer Vulnerability and Market Design

Chair: Justin Oliver, Australian Energy Regulatory

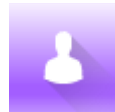
Speakers: Lauren Solomon, Consumer Policy Research Centre
Prof Cameron Tonkinwise, University of Technology Sydney
Meghna Tewari, Ofgem

Platform housekeeping

- Questions can be submitted via the Q&A window  Q&A
- For any technical issues please click the refresh icon  Refresh
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Video



Speaker

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Consumer vulnerability – insights and regulatory approaches

ACCC/AER Regulatory Conference

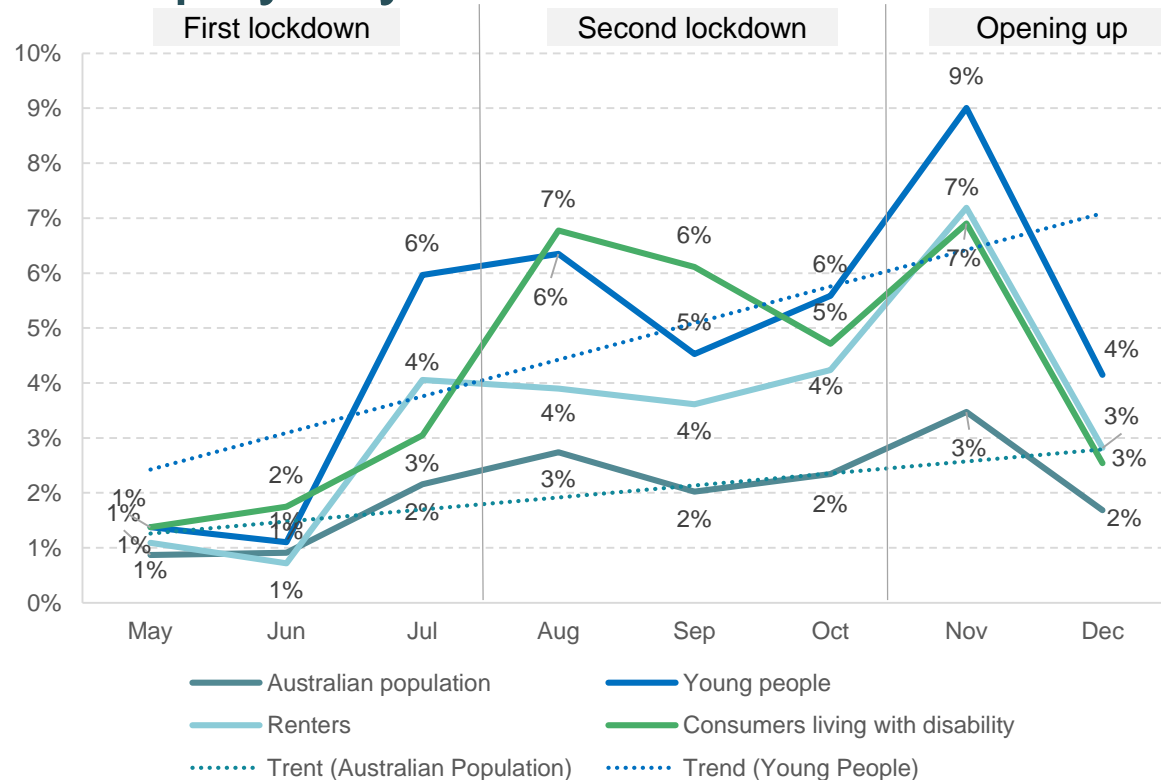
Lauren Solomon
Chief Executive Officer

July 2021



Consumers and COVID-19 trends

Growing proportion of vulnerable groups take out high-risk, high-cost payday loans or consumer leases

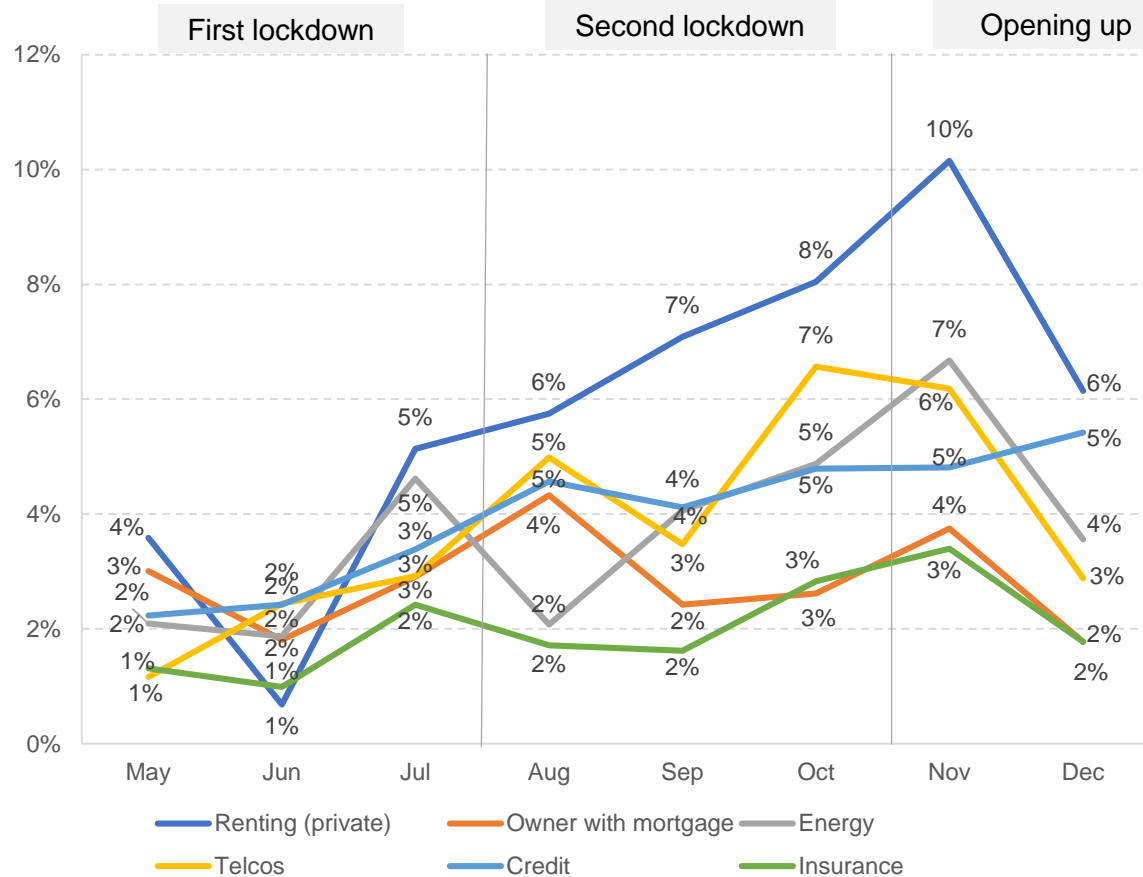


Summary of results

- Slight trend growth in the proportion of Australian consumers taking out high-risk, high-cost **payday loans/consumer leases** from May - December
- Among consumer subgroups, the trend has been much sharper – peaking in November:
 - 9% of young people (18-34) - extrapolated this equates to more than **half a million** young people (535k)
 - 7% of consumers living with disability
 - 7% of renters
 - 8% of CALD consumers (not shown)
 - 3% of the Australian population

QTN: In the past month, have you taken any of the following actions to manage your household expenses? (payday loans/consumer leases)

Consumers missing household bill payments on the rise



QTN: Thinking of your (household bills), have you attempted any of the following in the last 4 weeks?

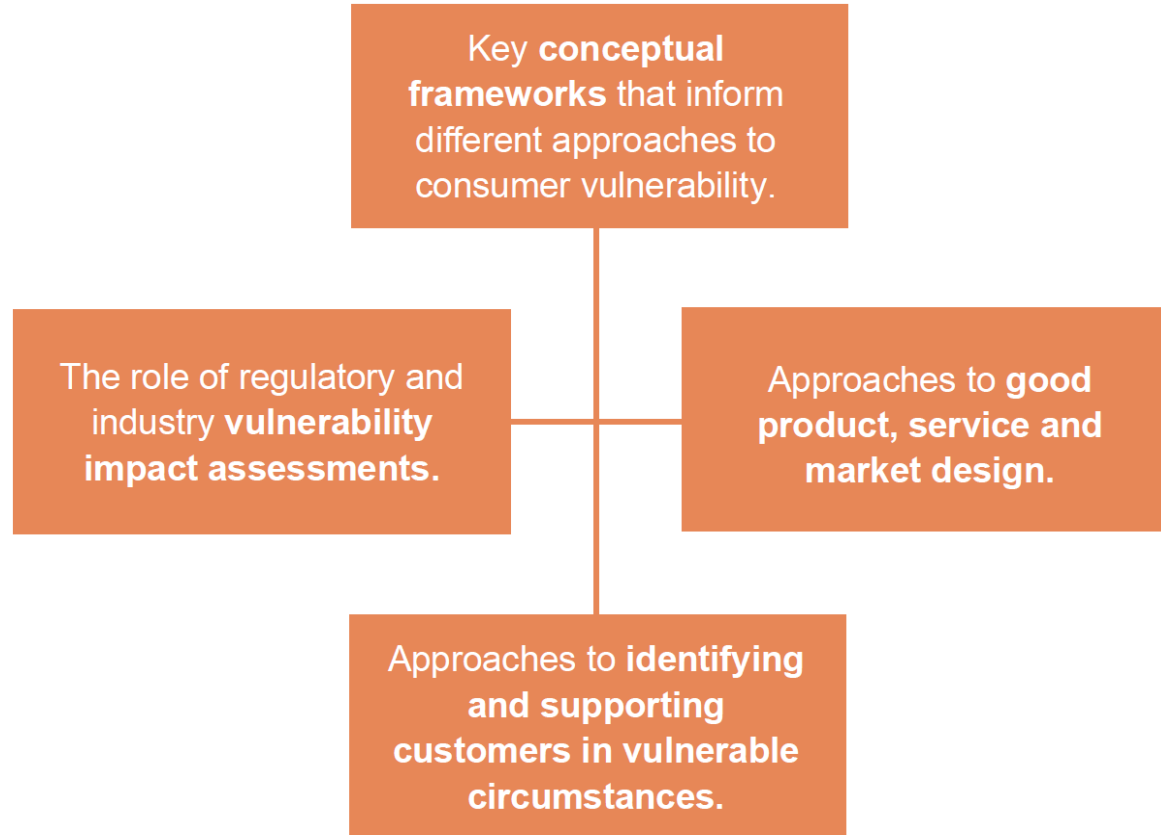
Summary of results

- Renters in particular struggled to make payments – trending up from 4% in May across the period peaking at 10% in Nov. Among renters:
 - **22% of CALD community** missed rental payment in November
 - **17% of young people** missed rental payment in November
- Missed credit card, loan or BNPL repayments also steadily increased across the period. Again, a higher proportion of particular subgroups reported missing a credit payment:
 - **12% of young people** in both Nov and Dec
 - **11% of renters** in both Nov and Dec
 - **10% of CALD consumers** in Nov and 11% in Dec



Regulatory approaches to consumer vulnerability

Key measures underpinning vulnerability strategies



Exploring regulatory approaches to vulnerability – A report for the Australian Energy Regulator (2020)

For more information...

KEY REPORTS

- Exploring regulatory approaches to vulnerability: A report for the Australian Energy Regulator
- The experiences of older consumers: Towards markets that work for people
- Vulnerability, capability, opportunity: Understanding consumer vulnerability as a key to unlocking benefit from the Consumer Data Right
- Consumers and COVID-19: from crisis to recovery (series)
 - **WEBSITE:** cprc.org.au.
 - **TWITTER:** [@CPRC_Research](https://twitter.com/CPRC_Research)

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Generative Co-Design of Energy Futures with Vulnerable People



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The UTS Design Innovation Research Centre

are experts in research-based
Social Service System Design.

We bring these skills to fostering
safer and
more sustainable
lively cities.

The book cover features the title 'Designing for the common good' in a large, multi-colored, sans-serif font. Each letter is filled with a different vibrant, abstract pattern. The words are stacked: 'Designing' on the top line, 'for the' on the second line, 'common' on the third line, and 'good' on the fourth line.

Designing
for the
common
good

Kees Dorst
Lucy Kaldor
Lucy Klippan
Rodger Watson
& contributing authors

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MATURITY PLAN PILOT CO-DESIGN KNOWLEDGE SHARE

Knowledge Share Report
July 2021



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PEOPLE-ORIENTED PERSPECTIVES ON DESIGNING THE FUTURE ENERGY MARKET

Design Innovation Research Centre
University of Technology Sydney

APRIL 2021

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DESIGN

DISABILITY

REGULATION

<i>Needs-based</i>	Same for everyone	Disabled Ignored	Minimum Service
<i>Human-factored</i>	Average Normal	Abnormal, Accessible	Safety
<i>Consumer-oriented</i>	Convenience	Universal	Anti-monopoly
<i>Human-centred</i>	Personas	Inclusive	Shared costs
<i>Strengths-based</i>	Co-design	Capacity	Process

Generative Co-Design of Energy Futures with Vulnerable People



DESIGN

Needs-based

Human-factored

Consumer-oriented

Human-centred

Strengths-based

Same for everyone

Average Normal

Convenience

Personas

Co-design

DISABILITY

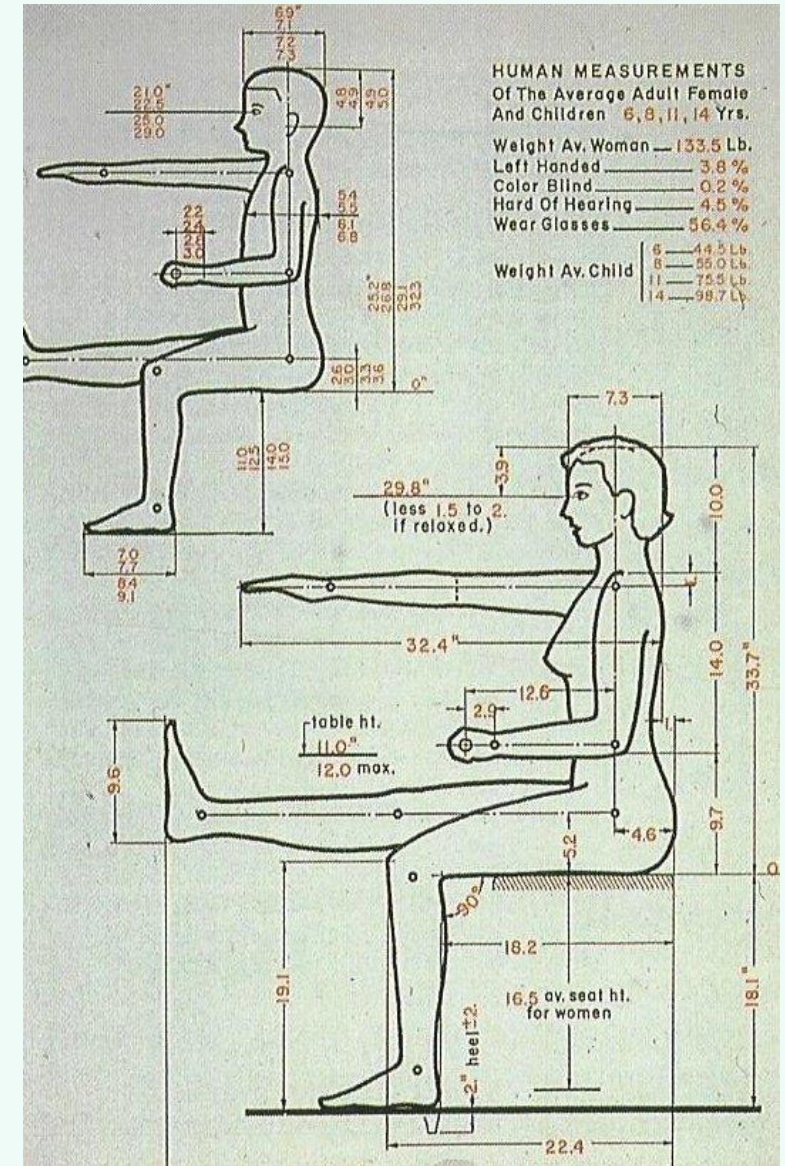
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Abnormal, Accessible

Universal

Inclusive

Capacity



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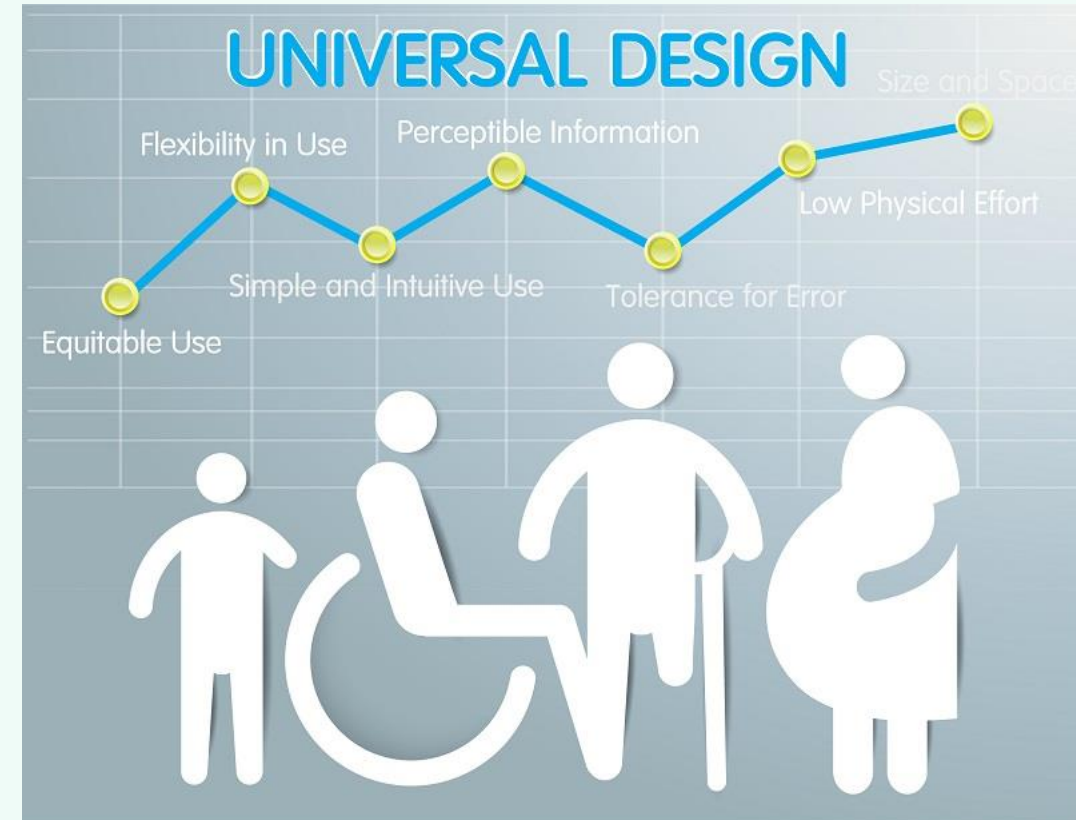
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Abnormal

Universal

Inclusive

Capacity



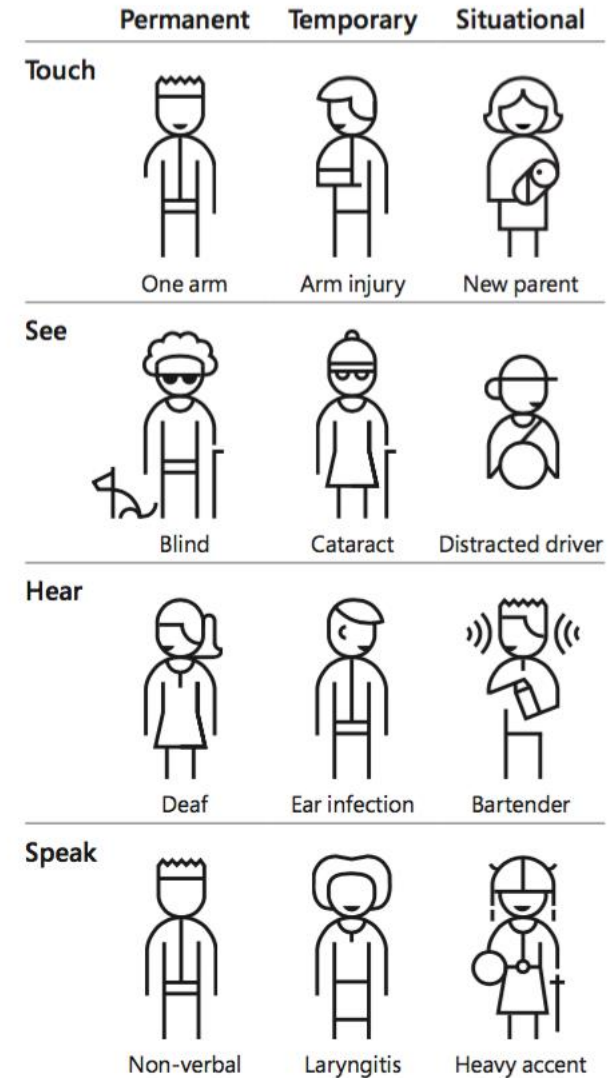
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Generative Co-Design of Energy Futures with Vulnerable People

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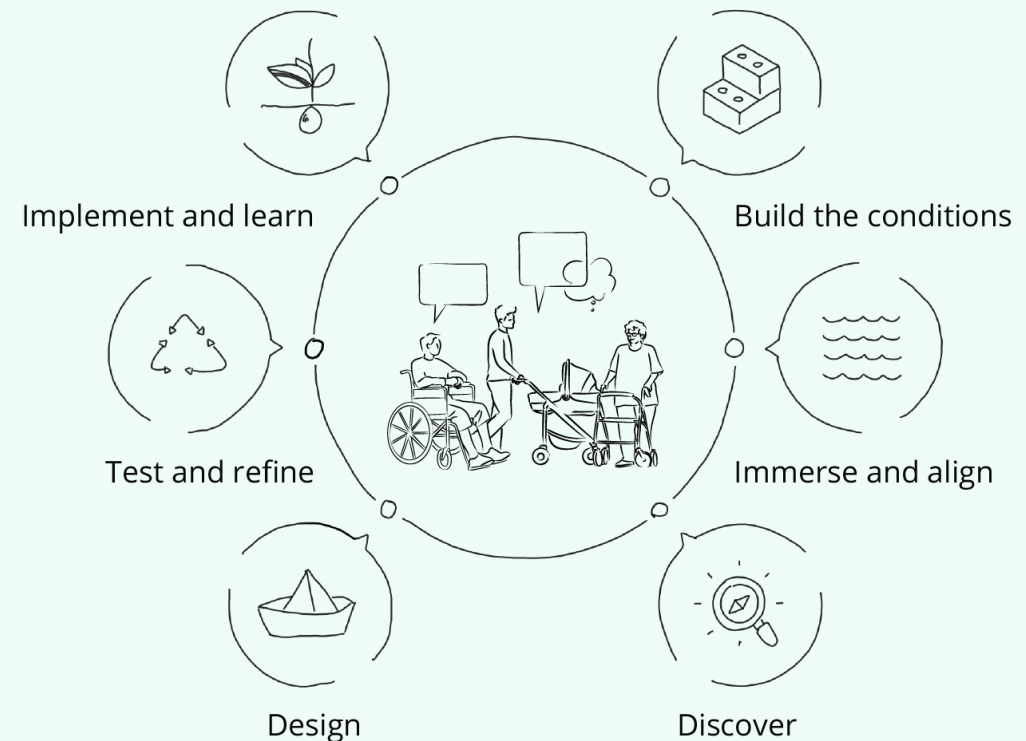
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DESIGN

DISABILITY

REGULATION

Generative

What seems impracticably undesirable now
could be desirable if made practicable
(especially if much of the system also shifts)

Encouraging transitions in
social practice

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ENERGY SYSTEM TRANSITION

Centralized One Way

High Voltage	Safety (Expert)
External meter	Bill shock
Power outlets	Sovereign Consumer

Distributed

Prosumer
Interface
Interface

Two Way

Design (Lay)
Provenance from & to
Negotiated Time

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ENERGY SYSTEM TRANSITION

Centralized One Way

High Voltage

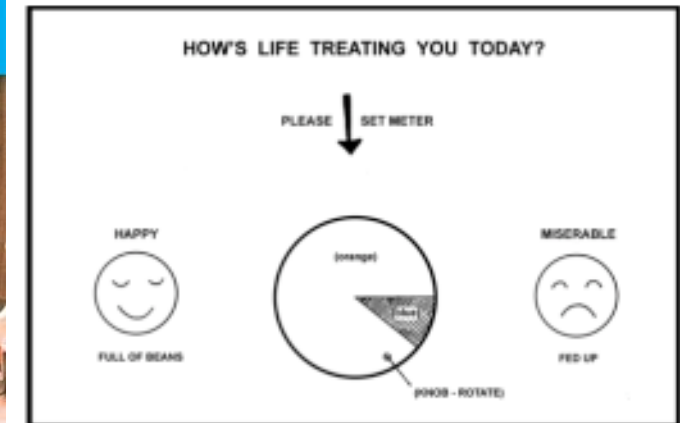
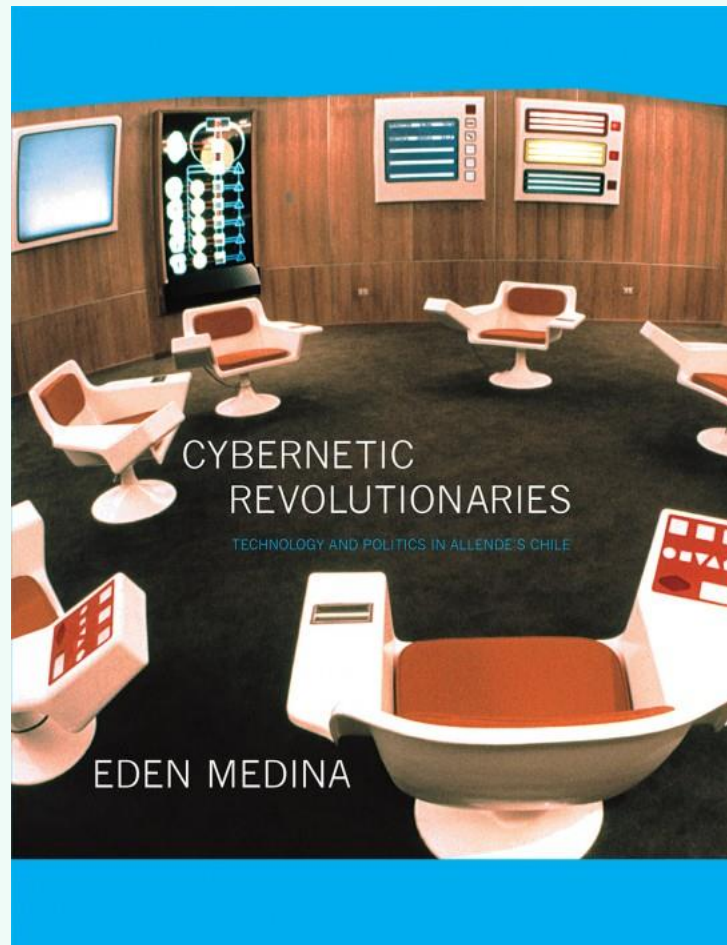
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External meter

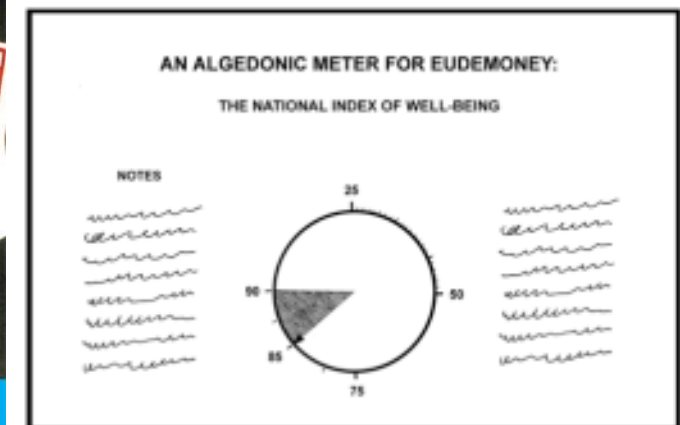
Bill shock

Power outlets

Sovereign Consumer



OBVERSE



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cameron tonkinwise @camerontw · 1h

decisions about societal transitions should be made through comprehensive deliberative democracy not competing market research; deciding what SHOULD happen by asking people they would CURRENTLY do, without working through what else they COULD do, defutures

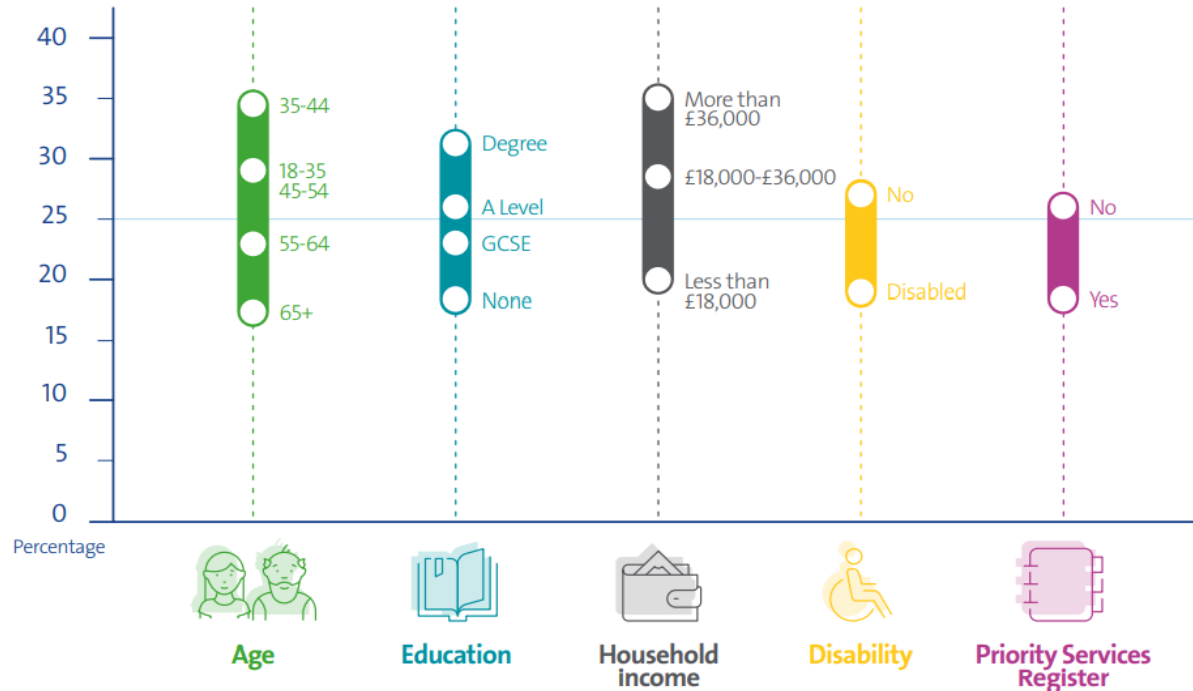


Australia's 'sun tax': solar energy supporters split over how to make ...
Rule changes aimed at making room for more household solar systems and batteries on the grid would be unfair to current owners, ...
[theguardian.com](https://www.theguardian.com)

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Figure 1:
Proportion of energy supplier switching in the last three years by demographic and household characteristics⁶⁴



Source: CMA analysis of survey and supplier data from 2014 in its energy market investigation.
 Note: 'Don't know' and 'Refused' responses have been excluded except for disability.
 Base: age 6,901; education 6,665; household income 6,999; disabled 6,999; Priority Services Register 6,990.

COVID impact on consumers

<p>Young working people</p> <p>1 in 5 people aged 18-34 are behind on their bills</p>	<p>Self-employed</p> <p>58% of self-employed people Citizens Advice help with debt had a negative budget</p>	<p>Health Conditions</p> <p>People with a health condition that means they're 'shielding' are 4 times as likely to have fallen behind on a bill</p>	<p>Key Workers</p> <p>1 in 5 key workers have fallen behind on their bill</p>	<p>BAME</p> <p>1 in 3 Black people have fallen behind on a bill as a result of coronavirus</p>
<p>38% (20.0m) adults have seen their financial situation overall worsen because of Covid-19</p> <p>The largest proportional increases in vulnerability since February 2020 – by more than 40% – have been among younger adults aged 18-34 and the self-employed. In contrast, retirees have seen a small proportionate decrease in the numbers who have characteristics of vulnerability.</p>			<p>Average UK household: spends £1,214 a year on energy</p> <p>Over ¼ of households with a disabled person spend more than £1,500 a year on energy.</p>	

Source – CitizenAdvice, FCA, Ofgem

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Thank you for joining us today

- Join us **tomorrow at 9am** (AEST) for the Electricity market design session

Head to the networking lounge if you want to continue the conversation or leave any comments or questions