

# Energy Hardship Outcomes Framework and Focus Areas

The Energy Hardship Expert Panel has developed an outcomes framework and focus areas to guide its work over the next 12 months - it is a living document that will be refined as its work progresses.

<p><b>Outcomes</b></p>	<p><b>All children and whānau can access and afford the energy they need to live in a safe and healthy home</b></p> <ul style="list-style-type: none"> <li>☑ Individuals, whānau and households can access energy regardless of income or location</li> <li>☑ People can access and afford appropriate levels of home energy within their home</li> <li>☑ People are able to reach out and receive the support they require when they are struggling to afford their energy needs</li> <li>☑ People easily understand and are supported to make the best decisions about their energy needs</li> <li>☑ People are confident to articulate their needs to energy companies and easily compare plans and make choices</li> <li>☑ Energy protections, with clear compliance standards, are in place for people living in sub-standard homes, vulnerable or medically dependent</li> </ul>						
<p><b>Landscape</b></p>	<p>Energy hardship in New Zealand is the inability of whānau to access and afford enough energy to meet occupants' needs. Its causes include housing quality, appliance efficiency, energy access and needs, income levels and price. Health impacts from energy hardship can be severe such as respiratory and cardiovascular problems, and mental health issues.</p> <p>Current issues contributing to energy hardship include:</p> <ul style="list-style-type: none"> <li>• a significant portion of NZ housing stock is damp, draughty and uninsulated, and such houses are expensive and difficult to heat to a comfortable temperature</li> <li>• there is minimal information about individual housing performance</li> <li>• not all energy plans and offers are available to all consumers, leading to inequitable outcomes.</li> <li>• many households are unable to afford efficient appliances and are not turning on heat but are instead 'rugging up'</li> <li>• living pay-to-pay means families can't cope with sudden increases in household expenditure</li> <li>• housing shortages mean more people are living in overcrowded or substandard properties, and are fearful of eviction or housing cost increases</li> <li>• comparing home energy plans is complex and difficult to navigate</li> <li>• some have no energy supply and struggle to get energy due to previous credit issues</li> <li>• new technologies and innovations are not always reaching those who would benefit most and do not have access</li> <li>• climate change is affecting weather patterns and accessibility</li> </ul> <p>Estimates of the levels of energy hardship in Aotearoa vary, but it is likely that COVID-19 and cost of living increases are exacerbating energy hardship. However, evidence is emerging that benefit increases, winter energy payments and other income support measures are helping, as are programmes run by community-based support agencies, financial mentors, government and industry.</p>						
<p><b>Foundation Principles</b></p>	<p><b>Whanaungatanga</b></p> <p>The social organisation of individuals to the collective</p> <p>The recognition that the people are our wealth</p>	<p><b>Mana motuhake or rangatiratanga</b></p> <p>The capacity to be self-determining</p> <p>Self-managing over our own energy supply, energy provision, assets, and information</p>	<p><b>Manaakitanga</b></p> <p>The capacity to care</p> <p>The ability to acknowledge the mana of others as having equal or greater importance than one's own through the expression of aroha, hospitality, generosity, and mutual respect</p>	<p><b>Mauri</b></p> <p>Lifeforce</p> <p>To create a clean, safe and healthy environment, to protect and enhance mauri</p>	<p><b>Kaitiakitanga</b></p> <p>An active exercise of duty in a manner beneficial to resources and the wellbeing of the people so that we live in reasonable prosperity</p> <p>A focus on biodegradable, recyclable or sustainable resources so as to not leave a mess for future generations</p>	<p><b>Ōritetanga</b></p> <p>Capacity to collaborate, co-design and empower to work in partnership with Maori and Pasifika entities who have relationships (trust) and language skills to achieve equity - to actively reduce poverty</p> <p>To address and confront systematic inequities in wellbeing determinants, energy outcomes and services.</p>	<p><b>Hao Ora</b></p> <p>The great net which captures the data, stories, narrative or purakau related to energy</p> <p>Using qualitative community-based data alongside IDI data.</p>

	Health of the Home	Knowledge and Navigation	Energy Accessibility	Energy Affordability	Consumer Protection
<b>Focus areas</b>	<p><b>Improving energy well-being through healthier homes</b></p> <p>New Zealand’s housing stock remains poor for both owner-occupier and rental properties. Insulation in new dwellings was not legally required before 1978, with only minor requirements introduced in the 1990s, and recently healthy home standards for rentals.</p> <p>Unless retrofitted, many properties still require work. A poorly insulated house is expensive and difficult to heat to a healthy standard, making it hard for those living in the house to afford the energy needed to remain warm and dry. Retrofitting and repairs can be expensive and complex. The efficiency of household appliances also contributes to the affordability of maintaining energy well-being.</p>	<p><b>Supporting and empowering whānau in their energy decisions</b></p> <p>Understanding energy, bills and options is complex – getting the right tariff, using power wisely in the home and knowing what support services are available are examples of important energy well-being activities that are hard to navigate, especially for those struggling. New technologies, innovative energy plans and solutions, and increasing electrification will likely increase complexity over the coming years.</p> <p>Experience from pilot programmes suggests that improved knowledge and navigation has the potential to significantly shift the dial on energy hardship in Aotearoa.</p>	<p><b>Accessing energy regardless of income or location</b></p> <p>Not all people in New Zealand can access a reliable and secure supply of energy. Rural communities can struggle to access reliable electricity supply due to connection access and costs. People are refused supply by an energy retailer due to poor credit history. Households can be disconnected due to non-payment of energy bills (including self-disconnecting from a pre-pay service). Other energy accessibility issues include payment methods, digital access, metering and availability of different energy sources.</p> <p>Decarbonisation and electrification goals mean houses will be increasingly reliant on a secure and reliable electricity supply and may need support navigating innovative technologies.</p>	<p><b>Affording the energy whānau need for their well-being</b></p> <p>The ability to afford the energy needed for a healthy home is a complex combination of the amount of energy the household needs, the cost of acquiring it and the resources available to the household. Energy plans, fees and payment options are also relevant.</p> <p>Improving the health of the home and helping with knowledge and navigation can make a material difference for some whānau, but affordability will nevertheless likely remain an issue for a significant number of households. Although income support is available, it is not enough for some, particularly those with high energy needs, and not all who need extra support are eligible to receive it.</p>	<p><b>Protecting energy consumers in their relationships with providers</b></p> <p>Household energy consumers, particularly the vulnerable, are at a disadvantage in their relationships with energy suppliers. Reasons include an imbalance of power, energy sector complexity, lack of time, language barriers and cultural differences. Vulnerable customers may not reach out for help as they are fearful of disconnection. Customers may not know their rights or how to enforce them.</p> <p>Housing issues can compound the situation, with tenants fearful of rent increases or eviction if they seek improvements. Energy sector innovations mean consumers may need protection in relationships with non-traditional energy service providers.</p>
<b>Key insights</b> Drawn from quantitative and qualitative research to date	<p>Key insights include:</p> <ul style="list-style-type: none"> <li>• Coldness, damp, and mould are issues for a significant proportion of houses. Rental properties, Māori and Pasifika, and low-income households are over-represented in these situations</li> <li>• A significant proportion of houses have roof, floor, wall and window insulation below current standards</li> <li>• Those on lower incomes typically rent, and their dwellings are in worse condition, putting them at higher risk of housing-related hospitalisations</li> <li>• Rental properties less likely to have heaters in bedrooms, and much less likely to have fixed heaters in living areas</li> <li>• Warm, dry and healthy homes prevent a sizeable number of hospitalisations and reduce the severity of those that still occur</li> <li>• Significant social and living environment benefits can result from investment in insulation and heating</li> </ul>	<p>Key insights include:</p> <ul style="list-style-type: none"> <li>• There are many electricity tariffs, and significant variation in cost between the best and worst electricity tariff – choosing the right one is complex</li> <li>• Face-to-face consultations with a trusted advisor assist greatly in increasing communities’ knowledge to manage energy hardship</li> <li>• Material savings can be achieved through improved understanding of efficient energy use in the home</li> <li>• The following actions can each deliver significant average energy savings, ranging from \$180 to \$230 per year: <ul style="list-style-type: none"> <li>– more efficient heat pump use through cleaning filters</li> <li>– installing LEDs</li> <li>– installing an efficient shower head and taking 1min shorter showers</li> <li>– turning off second fridges</li> <li>– switching electricity plans to a lower-cost option</li> </ul> </li> </ul>	<p>Key insights include:</p> <ul style="list-style-type: none"> <li>• Many whānau are not able to access a new provider (or get reconnected) because of their credit rating – e.g. in a 2021 survey, one in ten consumers had been refused service from a power company due to previously missed payments</li> <li>• Disconnections have fallen materially since levels of 15 years ago, but there are associated impacts on debt levels and numbers on pre-pay</li> <li>• Metering is limiting access options for some whānau, and meter upgrade cost and permission can be barriers</li> <li>• People living in rural communities can struggle to get connected, and stay connected</li> <li>• Many in energy hardship don’t have access to a computer/internet/data, further hindering ability to access energy and interact with supplier</li> <li>• Pilot renewable energy schemes for Māori housing are showing monthly energy bills halved in some cases</li> </ul>	<p>Key insights include:</p> <ul style="list-style-type: none"> <li>• Almost 20% of all households report insufficient income to adequately heat their home, rising to 37% of households in lowest income quintile</li> <li>• Of those in/at risk of energy hardship, many are likely under pressure to pay bills, in debt and be exposed to cold, damp and mouldy homes</li> <li>• Regions outside major centres often pay higher retail electricity prices and have lower average incomes</li> <li>• By 2021 end, about 2% of residential households received MSD support payments for electricity and gas</li> <li>• Energy costs form a much higher proportion of income and expenditure for low-income consumers</li> <li>• Increases in housing costs have progressively increased the proportion of households facing energy hardship</li> <li>• Cost of an extra degree of warmth in a home varies markedly by location, level of insulation, and heater type</li> </ul>	<p>Key insights include:</p> <ul style="list-style-type: none"> <li>• Most if not all electricity retailers have consumer care policies, but they are not mandatory nor enforceable</li> <li>• The Electricity Authority’s Consumer Care Guidelines are a significant improvement, but they are neither mandatory nor enforceable</li> <li>• Those who don’t understand the energy sector are more susceptible to predatory deals, and have limited capacity to negotiate</li> <li>• The Healthy Homes Initiative (HHI) identified 25,000 poor quality rentals over nine years, but only 41 were investigated by Tenancy Services, typically because tenants too fearful to give permission</li> <li>• Healthy Homes Standards help, but housing pressures mean whānau are increasingly fearful of raising energy-related issues with landlords (enforcing standards, upgrading appliances, metering upgrade) for fear of rent increase or eviction</li> </ul>
<b>Relevant mahi</b>	<p>Examples include:</p> <ul style="list-style-type: none"> <li>• EECA’s Warmer Kiwi Homes programme</li> <li>• Ministry of Health’s Healthy Homes Initiative</li> <li>• Kāinga Ora’s retrofit programme</li> <li>• Various smaller-scale programmes by community providers</li> </ul>	<p>Examples include:</p> <ul style="list-style-type: none"> <li>• MBIE’s Support for Energy Education in Communities (SEEC) programme</li> <li>• FinCap’s MoneyTalks programme</li> <li>• ERANZ’ EnergyMate programme</li> <li>• Consumer NZ PowerSwitch</li> <li>• EECA’s Gen Less programme</li> <li>• Home Performance Advisor training programme</li> </ul>	<p>Examples include:</p> <ul style="list-style-type: none"> <li>• MBIE’s Māori and Public Housing Renewable Energy Fund</li> <li>• MBIE’s new Community Energy Fund</li> <li>• Community Energy schemes such as Raglan Local Energy</li> </ul>	<p>Examples include:</p> <ul style="list-style-type: none"> <li>• Income support</li> <li>• Winter Energy Payments</li> <li>• Pulse Energy’s Pay it Forward programme</li> <li>• Nau Mai Rā’s Whānau Fund</li> <li>• ERANZ’ Power Credits scheme in 2020 (Covid related)</li> </ul>	<p>Examples include:</p> <ul style="list-style-type: none"> <li>• Consumer Care Guidelines for residential electricity consumers</li> <li>• Electricity Authority’s guidelines for residential electricity contracts</li> <li>• Utilities Disputes services</li> <li>• Fair Trading Act and other general consumer protection law</li> <li>• Tenancy protection laws</li> </ul>