

# Defining Energy Hardship

A discussion document on defining and measuring energy wellbeing and hardship in Aotearoa

To: MBIE, Markets Team, Energy and Insights

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## 1. Introduction

Community Energy Network (CEN) is made up of 19 members throughout the country who are deeply committed to improving the health and resilience of their communities. Our members are all charitable trusts and community/social enterprises that, amongst other programmes provide a healthy housing and other energy services. Over the past 15 years CEN members have insulated more than 120,000 homes and completed over 250,000 healthy home assessments.

In 2018, CEN began implementation of a strategy that promotes and assists communities to assess, consider, install, and operate community centric energy resources. Alongside our work on all key elements of healthy homes, this work stream allows us to develop integrated community energy programmes for each community we are working in. Through using a community enterprise model, CEN members work directly on most of the issues relating to energy wellbeing and hardship while also supporting overall community wellbeing, resilience, energy security, employment, and community investment.

## 2. General Comments

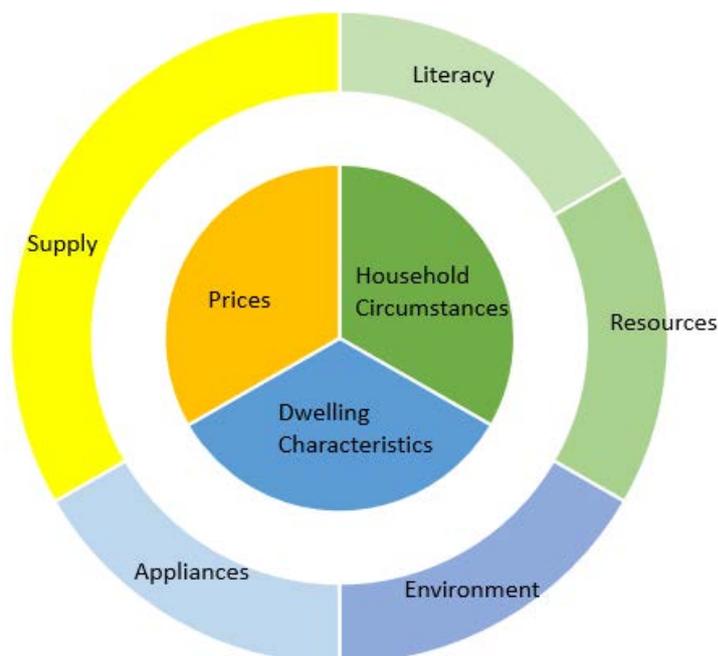
- a. CEN has asked for deeper engagement in the process of developing this definition over the last two years. Opportunities to do so have been rare and we understand that we are not alone with this issue. A result of this low level of engagement is that this definition document appears to have been developed almost exclusively for policy purposes only. This is seen most clearly in the section relating to measures, which discounts or ignores the ability of other sector stakeholders to innovate and provide data that is robust and enduring enough for Government agencies to use. These other stakeholders are often best placed to be able to provide the new data sets required and should be encouraged to do so.
- b. The process for completing this definition should include significantly more work with organisations who will want to use it on the ground. Failure to do this could lead to multiple approaches to defining and measuring energy hardship being used throughout NZ by organisations seeking to meet the needs of their communities. The value of MBIE setting an 'official' definition would then be reduced considerably.
- c. There appears to be an assumption that the causes of most issues relating to energy hardship are largely due to those experiencing it. In our opinion there is a need for those who provide housing, financial and energy related services (and policies) to also change their behaviour and systems of service delivery. This should be reflected throughout this definition. Examples are provided below.

## 3. Definition of Energy Wellbeing

CEN agrees in principle, with the idea of defining energy wellbeing and energy hardship as a spectrum. We also agree with the larger scope (when compared to international examples) where all energy types and all forms of heating are included.

#### 4. Wellbeing Framework

- a. In general, the framework covers the critical parts of energy wellbeing. We note that a decision has been made to not weight some factors as being more important based on the experience of energy wellbeing being highly dependent on specific issues within each home. While the rationale appears logical, CEN submits that there are factors that do have a considerably larger impact on whether people are experiencing energy wellbeing or not. This needs to be acknowledged. Without this, false equivalency could cause reduced value to policy changes and resourcing of programmes. Failure to respond strongly to these core issues introduces the risk of reducing or completely masking the value of programmes that address other factors. These core factors are:
- i. Energy price
  - ii. Household circumstances
  - iii. Dwelling characteristics
- b. In our view the framework should have these core factors on an inner ring with the secondary ones outside. This provides guidance as to where measures and policy should be primarily focused. Roughly, it would look like the below with green representing social/people factors, blue representing performance of the house and yellow representing the factors relating to the energy sector.



- c. Providing weighting also allows for explicit emphasis on what needs to be part of the primary measures.
- d. Noted that 4.2.4 is asking for feedback on whether the framework ‘captures’ the lived experience of energy hardship. Our response is that without including the weighting above or the mechanisms to allow for application of the definition while assessing homes, then it will not capture the lived experience well at all. It will mostly just be useful to provide a framework for the statistical analysis of what is currently (and planned based on discussion in the document) an incomplete data set.

- e. There has been an assumption in 4.3.3.1 that the information to the household is readily available. It should be acknowledged here that there is a requirement for distributors and retailers to interpret or present this data in a way that the bill payer can understand it.
- f. The description of energy literacy in 4.3.5.1 and 4.3.5.2, as well as payment methods in 4.3.4.6 needs to include wording that balances the lack of literacy or understanding from people in homes with the lack of transparency and clarity from energy service providers.
- g. As with above, 4.3.5.4 puts the onus on the people experiencing energy hardship to improve their digital literacy to the level that the energy service providers want to deliver it. The emphasis should rather be on the service providers ensuring that their services meet the needs of their customers. In other words, the technology needs to be made available in a way that meets the need of the household, not the other way around.
- h. In 4.3.7.3, the statement that “portable gas heaters can be unsafe when used incorrectly” has the potential to cause confusion and should be deleted. Any unflued (portable) gas heater will emit unhealthy gases (carbon monoxide and nitrogen dioxide) and increase humidity making the room both unhealthy and harder to heat. The only real solution is to provide significant ventilation from outside, which defeats the purpose of the heater and increases the likelihood of both energy hardship and corresponding health impacts.

## 5. Energy Wellbeing Indicators

CEN strongly agrees with the idea that a good measurement framework will enable good policy and funding decisions. We also agree with the guiding principles and technical criteria. However, CEN also notes that the technical criteria especially may have been used to discount the value of data sets generated outside Government that could be used to add considerable depth and colour to the analysis of energy wellbeing. This is covered in the discussion below.

## 6. Measuring Energy Hardship and Limitations

- a. These sections reflect, perhaps most clearly, our general comment relating to lack of engagement over the last 18 months. In Section 6, there is a complete reliance on data generated by through Government administered data sets. CEN believes that this is short sighted and will lock in an inability to gather data that will be required to measure energy wellbeing properly.
- b. CEN submits that there must a primary measure that includes data from in home assessments carried out by qualified people. The limitations section outlines why data generated externally (from HEEP 2 for example) can not be used as a measure because it is not guaranteed to be available in the future. Government should be able to establish formal partnerships with a range of trusted providers to ensure that high quality quantitative and qualitative data is generated and made available for energy wellbeing analysis on an ongoing basis.
- c. This section, including the discussion around measuring the ‘depth’ of energy hardship, would benefit significantly by taking a whole of sector approach and leveraging the skills and resources that other agencies can bring. For example, CEN members and Habitat for Humanity conduct between 15,000-20,000 healthy home assessments every year using qualified assessors. There are also a number of healthy home and energy monitoring systems being deployed, in what will soon be thousands of homes, that will provide a very large set of quantitative data (in our case, this has been supported by He Kainga Oranga).

There is no reason why CEN, and others such as BRANZ, Beacon Pathways, Habitat for Humanity, and FinCap could not work with Government to develop a system to ensure that these assessments provide data that can be used for official analysis.

- d. It is our view that using the HES for self-assessment of whether homes are dry and well ventilated will result in significant error based on a general poor understanding of what a good standard of dry and well-ventilated looks like (this is closely related to the need for a robust education strategy but that is for another submission). CEN has encountered numerous examples over the years of these types of surveys and 'assessments' having large error margins – the last being from landlords regarding whether their rental properties would be compliant with the yet to be enforced Healthy Housing Standards. In that example, in assessments conducted by CEN members, the self-nominated compliance rate was off by at least 50% in every region.
- e. It is also concerning that in the discussion for section 5, there was a well-articulated requirement to measure the energy that people need, not what they use (we strongly support the required energy approach). This requirement is completely missing from the primary indicators. Although covered somewhat in the discussion below, it is our opinion that this document must include the explicit and urgent need to develop a range of additional primary indicators to allow for the appropriate level of information to be gathered.
- f. Noted that due to a range of variables, health outcomes cannot be a directly attributable to energy hardship/wellbeing. However, if data regarding other elements relating to energy hardship is analysed alongside health outcomes, then it becomes a useful measure. This could include home sensors (measuring temperature, humidity and energy use) alongside technical and behavioural healthy homes assessments in homes where illnesses typically cause by low house quality are identified.

## Final comment

CEN recognises the research that has gone into this document and supports much of what has been developed. However, there is a very real risk that if the issues identified above are not addressed then measurement and indicator frameworks will continue to be developed in silos (in and out of Government) with little to no ability to build a complete picture of energy wellbeing/hardship in New Zealand. Development of this definition represents a golden opportunity to pull the sector together around a common set of evaluation measurements and indicators. The work stream following this submission round needs to recognise this.