



16 December 2021

Ministry of Business, Innovation and Employment
15 Stout Street
PO Box 1473
Wellington 6140
Attention: Defining Energy Hardship

Email: definingenergyhardship@mbie.govt.nz

To whom it may concern

SUBMISSION ON DEFINING ENERGY HARDSHIP

Thank you for the opportunity to present our submission on Defining Energy Hardship.

Queenstown Lakes District Council (QLDC) supports work to define energy hardship. QLDC has several points of emphasis and recommendation to ensure the definition reflects the needs of local communities:

- A resilient and reliable energy supply is central to community wellbeing and should be included in the definition of energy hardship.
- The Queenstown Lakes district is already facing energy affordability challenges, due to overdue local energy network investment. Better definition of energy hardship will help to hold providers to account and potentially protect consumers.
- The Energy Hardship Framework needs to provide opportunities for everyone to reduce emissions, not just higher income / wealth households.

QLDC recommends that the Ministry for Business, Innovation and Employment further consider the impacts of energy resilience and security, affordability, and climate change action in the definition of energy hardship as outlined in the attached.

Please note that this submission reflects the position of officers and has not been ratified by full Council.

Thank you again for the opportunity to comment.

Yours faithfully,

Meaghan Miller
General Manager
Corporate Services

SUBMISSION ON DEFINING ENERGY HARDSHIP

1.0 Context

- 1.1 Queenstown Lakes District is an area of high growth, with resident numbers growing at a higher rate when compared to other areas in New Zealand. It is also a district that has consistently seen lower than average wages than the rest of the country, and higher than average cost of living. Having taken the likely impact of COVID-19 into account in its projections, this is likely to remain unchanged beyond the next three years¹.
- 1.2 Prior to the pandemic, the district acknowledged the need to transform the energy system for the following reasons:
 - a. Electrical capacity in the district is limited,
 - b. Resilience of supply is low,
 - c. Heating affordability is a critical issue,
 - d. The transition from natural gas to lower emissions solutions will be a necessary, but difficult change for the district, and
 - e. The appetite to electrify may not be affordable without significant network investment.
- 1.3 On aggregate, these challenges compromise the district's ability to be resilient, affordable, and able to meet its emissions reduction aspirations.
- 1.4 Furthermore, these challenges erode the district's ability to provide a reliable, modern economic infrastructure. In the competition for highly mobile international investments, the electricity supply presents a risk. This risk has significant implications for the district's ability to diversify its industry and attract new investments.
- 1.5 While defining Energy Hardship is a key first step, the district's unique energy context presents an imminent need for transformation in partnership with central government.

2.0 A resilient and reliable energy supply is central to community wellbeing and should be included in the definition of energy hardship.

- 2.1 The current network in the district lacks resilience, with one spur line providing power through the Kawarau Gorge to Queenstown (Transpower) and two single lines from Cromwell to Wanaka (Aurora). Reliance on single-line supply for Queenstown results in a low level of resilience for the district. It is likely that Queenstown is one of the largest (if not the largest) population and economic centre in New Zealand served by a single spur line. The chances of a total loss of power, for an extended period of time are high, whether due to a weather-related or seismic event.
- 2.2 Residents are familiar with mid-winter power outages², and understand the value of heating fuels which are not reliant on electricity. For the climate conscious, moving away from gas reduces the resilience of the district's energy supply even further, by increasing its reliance on electricity. This is complicated by the fact that

¹ <https://www.qldc.govt.nz/community/population-and-demand>

² During a significant snow event on 17/18 September 2018, Queenstown suffered a total loss of supply that lasted 20 minutes, due to a failure on Transpower's lines. The same weather event caused longer interruptions of supply to ~4,500 customers on Aurora's network, some of which experienced outages lasting a number of days due to the hazardous conditions.

any increase in the use of wood fires to complement electricity is limited by air quality constraints.

- 2.3 Low energy resilience and decreasing energy affordability, contribute to ongoing stress in the district's communities. This is heightened by the current stressors already impacting the community, including the economic and wellbeing impacts of the pandemic on the Queenstown Lakes District.
- 2.4 Given this context, QLDC recommends emphasizing the energy reliability and security as part of the Energy Hardship Definition and drawing a clear link between energy resilience and community wellbeing.

3.0 The Queenstown Lakes district is already facing energy affordability challenges, due to overdue local energy network investment. Better definition of energy hardship will help to hold providers to account and potentially protect consumers.

- 3.1 Aurora, PowerNet (local distribution companies) and Transpower are considering a range of investment options to improve the low level of electricity supply resilience in the district. The group is exploring a combination of smarter distribution investment³ and the use of local generation and storage (distributed energy resources, or DER⁴). These investments may be significant, and will have to be met by Queenstown Lakes businesses and households.
- 3.2 QLDC's 2020 Quality of Life Survey demonstrated that energy affordability and hardship are significant issues in the district. Last year, 14% of the community were either unable to heat their homes or only able to do so some of the time. Of those respondents, 74% cited affordability of heating as a reason for inability to heat homes.⁵ Given the cold climate and alpine environment, energy hardship could lead to extremely poor health and wellbeing outcomes for the community.
- 3.3 Defining Energy Hardship will ensure that these increased costs for people in the district will be recorded and ensure that the energy provider, Aurora, can be held to account.

4.0 The Energy Hardship Framework needs to provide opportunities for everyone to reduce emissions, not just higher income or wealth households.

- 4.1 QLDC is committed to emissions reduction and increasing biodiversity in the district to combat climate change and to adapt to and mitigate the effects of climate change equitably among local communities. Given that renewable and alternative power sources often require an initial investment, for some members of our community, making choices that reduce their carbon footprint might be financially prohibitive. This exacerbates inequities in energy supply and resilience and will have significant implications for the wellbeing of current and future generations.
- 4.2 An inability for consumers to make resilient and climate conscious energy choices may result in heightened climate anxiety and a reduced sense of community wellbeing. QLDC recommends that the Energy Hardship framework includes the provision for consumers to make choices that reduce their carbon footprint and therefore contribute to climate action.

³ By interconnecting disparate parts of the district, thus reducing the reliance of the two main population centres on a single line

⁴ Ref solar Zero as an example?

⁵ Queenstown Lakes District Council, *Quality of Life Report 2020*, 2020, p.15.
<https://www.qldc.govt.nz/media/kl4ozu41/quality-of-life-2020-final.pdf>