

Te Kore, Te Pō, Te Ao Marama Energy Hardship: The Challenges and a way forward

Energy Hardship Expert Panel Discussion Paper

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Introduction

Community Energy Network (CEN) is made up of 21 members spread throughout the country, literally from Kaitiāia to Bluff. They are all deeply committed to improving the health, resilience, and overall wellbeing of their communities. Our members are charitable trusts and community enterprises that, amongst other programmes, provide healthy housing advice, retrofits, repairs, renewable generation, and other energy related services. Over the past 20 years CEN members have insulated more than 150,000 homes and completed over 325,000 healthy home assessments. We have also collaborated with other sector leaders to deliver national scale programmes like the Home Performance Advisor training programme (now jointly owned with Beacon Pathways).

In 2018, CEN began implementation of a strategy that is aimed at supporting the creation of a community energy sector in Aotearoa New Zealand. 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 can 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.

General Comments

1. While accepting the need to present information as simply as possible, the report should place greater emphasis on the connectivity between the actions recommended. The Expert Panel needs to be clear to the Government that many of the recommended actions fit within a complex policy, funding, and service delivery ecosystem. Without this recognition, there is a real risk that if certain recommendations are not selected to be progressed then there will be serious negative implications on those that have been. This needs to be better articulated in the report (suggesting links in brackets at the end of each action does not communicate the importance). Some examples:
 - Without a comprehensive codesigned education strategy (KN4), the ability to strengthen advocacy for tenancy services (HH4), simplify energy bills, most of the AC, AF and CP actions will not be appropriately scoped and connected to 'hard to reach' customers, their representative groups, or to other service providers.
 - Without a well-resourced and appropriately governed (see comments below) EWSN, many of these recommendations will likely be implemented in silos (within Government, local government and/or the energy sector) and will therefore be at considerable risk of being inefficient or miss large sections of our communities they were intended to support.
2. While discussed in multiple parts of the report, there is not enough urgency communicated, nor is there recognition of the full scope and scale of work required to build our collective monitoring and evaluation system(s). The panel refers to 7 foundation principles with one of them being Hao Ora – "the great net which captures the data, stories, narrative or purakau related to energy". We support this principle, but there are many sections of this net that are missing, and this issue hasn't been acknowledged well enough in this report. There is a reliance on compliance monitoring rather than gathering expert generated housing assessment data. There are several references to national surveys that rely on self-reporting. For example:

"Compliance with the HHS is monitored by the Ministry for Housing and Urban Development (HUD) through the Kantar Public Healthy Homes Guarantee Act monitoring survey. Although self-reported, this data indicates that 17% of landlords have already met the standards". Page 29

This statement clearly highlights three core issues:

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- Reliance on self-reporting across a technically challenging range of issues will mean the accuracy and therefore value of this reporting will be low.
 - That Government has conducted self-reporting surveys like this one suggests that they have significantly discounted the value of high-quality home assessments and house performance data (which has received very limited funding) currently being conducted by many highly experienced service providers.
 - That only 17% of landlords have met the standards by 2022. With a comprehensive monitoring and evaluation system, issues such as this would have been flagged and interventions put in place much earlier. We note that this would have provided value in supporting the policy development for this Government's child poverty reduction goals as well.
3. There has been a further lack of urgency for the development of large-scale programmes. A report¹ commissioned by the Asthma Foundation, stated that respiratory illnesses causing long term impacts and death cost the country \$7B in 2015 alone. This report also highlights the strong inequity towards Māori and Pacifica as well as youth and elderly. The situation has not improved markedly since then. This is just the fiscal impact, and this alone should be a suitable motivation for a much larger programme response. It is also a clear rationale for urgency but this is not reflected in this report. While not the fault of the Expert Panel, this lack of urgency has also been expressed in other ways:
- While Covid has undoubtedly placed considerable strain on staff throughout Government, the Electricity Price Review recommendations were published in 2019. When overlaying the cost-of-living crisis, the increased electricity costs (from loss of low user tariff) and the need to respond to issues like Cyclone Gabrielle, the actions in this report should have been ready to implement last year, not starting sometime in the 2023/24 financial year (which will be 5 years after the EPR).
 - Secondly, the timeframes in this report refer only to short, medium, and long-term actions with no qualifier about what these terms mean. Given the time it has taken so far, we think there should be a clear directive to Government to implement the urgent or 'short term' actions within the 2023/24 fiscal year, medium term actions in 2024/25, and long-term actions by the end of 2026.
4. There is acknowledgement in this report of the connection between this work and the Equitable Transition Strategy and Energy Strategy. Both are focused solely on emission reduction as the motivation and primary value of establishing strategies and actions. This focus on emission reduction appears to have been done to reduce some of the complexity and enable policy development within tight timeframes. However, this does not reflect the reality of how any of these actions are implemented in our communities. All the actions recommended by the Expert Panel will influence the level of adaptability/overall resilience of our communities. To not have these attributes acknowledged or valued at this point will lead to poor evaluation of recommendations.
5. This report needs to be stronger in its reference to the Energy Hardship (EH) definition and an indicator that measures all elements in a robust way. The EH definition is a relatively well thought out approach (albeit policy friendly rather than practical) regarding the key areas that determine the scale and scope of EH prevalence in a home. However, there appears to be a low appetite to scale up monitoring and evaluation platforms across the sector that will allow the community-based service providers to participate and contribute to the indicators that would in turn support more robust policy development. This limits the ability of those outside the Government to engage in using the definition in a transformative way (to support better policy and funding decisions).
6. The Ministerial Group that leads the Government response to Energy Hardship should be continued. One of the issues that makes the Energy Wellbeing Sector Network best located out of Government is that many policies and funding decisions are made in silos within various Government organisations. While the EWSN would support a more cohesive set of regional programmes, we also believe that leadership within

¹ The impact of respiratory disease in New Zealand: 2018 update, Dr Lucy Telfar Barnard Jane Zhang

Government is critical to reduce the negative impacts of this siloed approach. The Ministerial Group established to oversee the EH Expert Panel is a great step forward to achieve this.

7. CEN recognises that the Expert Panel has conducted a robust and inclusive process in the formation of this discussion document. The Expert Panel has clearly made a considerable effort to understand the complex interactions as well as the scope and scale of interventions required to make a meaningful impact on those in energy hardship. CEN would ask that the Panel includes the names of the organisations that are part of the Reference Group that was used extensively throughout the development of this report in recognition of the time and effort provided.

5 Kete- Health of the Home

Proposed Action	Comments	
<p>Strengthen and expand Warmer Kiwi Homes (WKH) programme (measures, reach and funding) so more low- income New Zealanders are supported into energy wellbeing (links to KN1)</p>	<p>HH1</p>	<p>CEN has been asking for a much wider range of retrofits to be part of Warmer Kiwi Homes for many years. This action is therefore supported, with the following considered:</p> <ul style="list-style-type: none"> • There are many regionally designed and implemented retrofit programmes, many of which are supported by WKH. These regional programmes are fit for purpose for specific communities, and so should be supported to grow. This could happen under WKH but with a very high regard to ongoing regional ownership of the programmes that an expanded WKH would support. This would require a collaborative/partnership approach rather than a strictly contractual one (which is currently the case). • A key issue may be that WKH is run through EECA, who are primarily focused on energy efficiency and emissions reduction. The broader wellbeing values and measures (such as health, education, employment, financial and ability to engage in the transition to a low carbon society) required to justify the expansion therefore run the risk of being minimised. For this to be successful, we believe that there should be a clear impact framework(s) put in place that ensure this broader wellbeing scope is part of the core design of WKH. This would ensure that EECA are well supported by the other Government agencies involved (and that programmes run through these other agencies are well connected to WKH as well). • This would almost certainly require that features of the monitoring and evaluation system, that includes the broader wellbeing impacts, are included in the tender process for contract holders under the programme.
<p>Fund broader building repair and improvement work to support home retrofit programmes</p>	<p>HH2</p>	<p>It appears that HH1 and HH2 are similar in action and outcomes. CEN supports the recommendation with a particular focus on extensive home repairs or at least repairs required to make it eligible for the WKH retrofits (such as a leaky roof or dangerous wiring). This would allow this approach to also support other regionally led programmes.</p> <p>As mentioned in HH1 comments above, there is an implication to both recommendations that the otherwise technical home assessments completed to ensure an accurate retrofit report also need to include broader wellbeing values and outcomes. This needs to be valued accordingly and be part of the funded programme.</p>

Strengthen the monitoring, compliance and enforcement of the Healthy Homes Standards (links to HH4) Strengthen advocacy and support services for tenants (links to HH3 and KN1)	HH3	Care is required to ensure the outcomes for tenants is not made worse. This is an area that would benefit greatly from the development of strong regional networks. These networks of social and healthy home service organisations (as well as landlord advocates if willing to engage) will be able to ensure that one of the collaboration goals is to work with both tenants and landlords to ensure good outcomes for both.
	HH4	<p>We note that a well-designed and resourced education strategy will have a large impact of these actions as well. For example, many landlords are still unaware of the reduction in maintenance costs and increased profitability from having a dry, warm healthy home for their tenants (who have been trained to use the home properly and who appreciate/look after the higher performing home).</p> <p>It could be considered whether landlords, as part of HHS compliance processes, be encouraged to provide energy saving devices as part of rental agreements that could be incentivised through financial/ tax pathways.</p> <p>This Government included an investigation in Energy Performance Certificates as a market mechanism to support increased home quality and performance leading up to the last election. We would strongly recommend that this investigation is done alongside these two actions.</p> <p>CEN notes that curtains are still missing from the HHS. Given the relative low cost of curtains, and their impact on thermal envelope performance throughout the home (perhaps most importantly in the bedrooms), this needs to be urgently addressed. While regulatory changes to the HHS are being considered, we could quickly make progress on this issue through ensuring curtains are included in the expanded WKH programme.</p>
Expand all energy-related MSD purchase assistance programmes for household appliances to offer energy efficient choices	HH5	Strongly support. CEN would like to see these programmes well aligned with other energy efficiency and healthy home programmes so that the impacts from these interventions are maximised. Again, the value of these programmes may not be well understood unless there is a well-designed monitoring and evaluation system.

Knowledge and Navigation

Proposed Actions	Comments
<p>Establish and fund a nation-wide “energy wellbeing sector network” to facilitate and support enhanced service integration and collaboration between local organisations and establish co-networks for Māori and Pacific practitioners (links to HH1, HH4, KN2, KN4 and KN5)</p>	<p>KN1 is strongly supported. However, as mentioned in our general comments, it has missed the important feature that the core functions of the EWSN should be to provide the appropriate support to each region so that they can coordinate and implement energy wellbeing programmes that are fit for purpose for that region. This is critically important for the following reasons:</p> <ul style="list-style-type: none"> • Each region is different in how energy hardship is expressed (such as cultural, financial, levels of trust). This will mean that the way of measuring the impact of programmes will vary as well, albeit with many overlapping features. • There are a range of challenges in each region: such as travel distances to remote communities, weather patterns, and relative quality/age of housing. • The organisations that are already in place and providing services may have a greater or lesser degree of collaboration. Greater funding support in the short/medium will be required in those areas that are not well connected yet. • Each region has access to different forms of other financial (such as philanthropy, council, Iwi, impact investment) and other forms of support. For example, 6 councils have invested in Eco Design Advisor service so are well placed to support a full education programme. • Each of the above will also impact on the complexity of developing a wide range of responses to climate change. As discussed in the general section above, ensuring both emission reduction and adaptation are valued appropriately is best addressed within that region. <p>The establishment of an appropriately resourced EWSN, outside of Government, would also contribute significantly to achieving the ‘Supporting Environment’ discussed in the report. Specifically, achieving a participatory and collaborative approach with organisations and groups that are either representing or supporting all parts of the energy hardship sector.</p>
<p>Strengthen and deliver energy wellbeing ‘navigator’ training (such as Home Performance Advisor), including Māori and Pacific energy wellbeing training wananga/programmes that are grounded in Te Ao Māori and Pacific worldviews.</p>	<p>Strongly supported. Note that this recommendation action provides another example of the ‘ecosystem’ issue raised above. Having a well-coordinated training system is critical to ensure that all parties delivering training opportunities have access to the same technical grounding. This is very closely linked to KN3 and will, for example, be one of the key determinants of the success of most of the ‘Energy Accessibility and Choice’ recommendations. This action is one of the key elements of how engaged our communities are in the energy performance of their homes and willingness to change their behaviour.</p>

		<p>As discussed above, CEN acknowledges the value of having technical experts such as Eco Design Advisors. This service is provided by only 6 councils in New Zealand and a discussion with those councils who do not provide this service should be an action under the EH education strategy.</p> <p>CEN is strongly supportive of the need to develop Te Ao Māori and Pacifica networks and programmes to address energy hardship. This is especially important given the prevalence of energy hardship in these communities. While CEN is willing to provide any support we can towards enabling this to happen, we acknowledge that a kaupapa Māori approach is critical. An example of this has already been shown through the development of the HEMI training programme for Whanau Ora Navigators.</p>
Strengthen and extend MBIE’s Support for Energy Education in Communities (SEEC) programme, and ensure funding targeting and programme design recognise those groups over-represented in energy hardship such as Māori, Pacific peoples and tenants.	KN3	This is supported and has the potential to add significant value to an area of the energy hardship sector that is currently very poorly resourced. That said, it needs to be guided by a codesigned education strategy so that resources are provided to the locations and programmes that will be the most impactful.
Develop and deliver an Energy Wellbeing Education Strategy for targeted education on energy-saving practices, consumer protection rights, and how to access authoritative information (including targeting for specific groups over-represented in energy hardship)	KN4	<p>This strategy essentially provides the scope, scale and funding for KN2 and KN3 so should be presented in the report as having a high priority.</p> <p>There must be a genuine codesign process to develop the strategy that supports all educational elements of energy hardship. This codesign process could be most effectively completed as one of the functions of the Energy Wellbeing Sector Network or at least well-resourced to allow sector experts the opportunity to engage.</p>
Develop and maintain a comprehensive online portal as a “go-to” for accurate, up-to-date and complete information for tenants, landlords and homeowners to support improved energy wellbeing, good energy choices, efficient energy use in the home and consumer protection rights	KN5	<p>Again, strongly support this recommendation as there are already far too many opportunities for biased and/or poor-quality information to be presented across the sector. As stated above, this is a core part of the education infrastructure and so needs to be presented in this report as an outcome of the education strategy.</p> <p>This could also be the portal for providing ongoing analysis and reports that would be possible through a significantly improved and sector wide monitoring and evaluation platform.</p>
Simplify energy bills and information access, improve comparability across electricity tariff structures, and improve price comparison services	KN6	This should be given urgency (to be completed in the next year) as it is seen by CEN to be both impactful and relatively straightforward to implement. An important feature of this work is that people and organisations from outside the retail sector are brought in to be part of the group that completes this work.

Energy Accessibility and Choice

Proposed Actions	Comments	
Develop mechanism(s) to ensure all residential consumers can obtain a post-pay electricity supply despite “adverse credit” (links to AF5, CP1 & CP2)	AC1	<p>Support for both AC1 and AC2. CEN recommends that all retailers provide (inhouse or contracted) an energy hardship support service that includes but may not be limited to:</p> <ul style="list-style-type: none"> • healthy home assessments, • advice of eligibility for national and regional retrofit programmes, • minor interventions (such as draught stopping), • monitoring of home performance (with permission). <p>Wherever possible this should be done in partnership with regional networks.</p>
Develop mandatory rules for electricity retailers to follow before disconnecting for non-payment so that disconnection becomes the last resort, including penalties e.g. for wrongful disconnection (links to AF2, AF4, CP1 and CP2)	AC2	
Identify and address the barriers to completing smart meter roll-out, prioritising areas of low coverage, and requests from households in energy hardship.	AC3	<p>Support although also recognise there may be other ways to support energy use programmes such as direct energy use monitoring. This could be integrated into current ‘early stage’ home performance (temperature, humidity, and CO2) sensor systems. These may be more useful in that the data can, with appropriate permissions and data security measures, be made available to the customer, community-based service agencies, electricity distributors, researchers, and policy analysts relatively quickly.</p>
Provide increased funding and support for community energy schemes and capability-building in rural communities to ensure rural and off-grid households and those on communal or ancestral lands (including Papakāinga) in energy hardship can access secure energy supply, linking with other energy programmes such as WKH and SEEC (links to HH1, KN3)	AC4	<p>Strongly support. Care needs to be taken to ensure there is an understanding of what a community energy scheme is. In our view, a CE project is one where the generation, storage, demand management and home efficiency infrastructure is owned by the community with all the benefits being applied to the energy related issues that community has identified. These projects should be able to generate a positive cashflow, but all profits should be reinvested back into the community. It is critically important that each community is able to use these projects to build knowledge and engagement of energy related issues.</p> <p>There is also a strong link to KN1, KN2, KN4 and KN5 recommendations as the energy performance of homes will impact the scale of renewable generation/storage, type of demand management and load balancing required, and the amount of support required by the community to implement.</p>

<p>Explore ways to facilitate and support social retailing which can provide post-pay supply to those in energy hardship with low credit scores, deliver targeted wrap-around services, and provide tailored pricing and payment plans. Options may include one or more of:</p> <ul style="list-style-type: none"> a. Provide support for accredited social retailers eg through an industry fund, social generation hedge obligations or government funding b. Government contracts one or more retailer(s) to act as a social retailer. c. Government support for community/regional integrated social generator-retailers. d. Government support for a nationwide integrated social generator-retailer <p>(links to AC1, AC2, CP1)</p>	<p>AC5</p>	<p>CEN supports this discussion. Our preference is for Option A or C (they may coexist) although there must be Government support to ensure that the social hedge contracts are fair and able to be scaled where necessary. The accreditation process for a social retailer needs to be carefully considered.</p> <p>CEN does not support a ‘retailer of last resort’ (option b) as this provides a perverse incentive for non-social retailers to offload all customers who have any indication of bad credit rating. This would then reduce the ability of customers to have a choice of retailers and would also ensure that these retailers have little reason to engage in energy hardship issues, which could in turn exacerbate the issues faced by many other customers – potentially forcing them into energy hardship.</p>
<p>Ensure those in energy hardship can access the benefits of, and do not face undue costs from, the transition to low emissions energy, including explicitly reflecting energy wellbeing requirements in Government’s Equitable Transition Strategy, Energy Strategy and Gas Transition Plan.</p>	<p>AC6</p>	<p>This is a very ambitious recommendation that is strongly supported. As mentioned in our general statement though, this work must include the benefits of building community resilience with then strategies and plans. As it is written though it is unworkable without a very well supported EH service sector. Those in energy hardship, who are largely unable to consider any issues beyond those that are day-day/immediate will almost certainly not be able to consider climate change related issues, whether it is emission reduction or adaptation related. For these people, the transition process only starts to occur once they are out of energy hardship.</p>

Energy Affordability

Proposed Actions	Comments	
<p>Prioritise lack of energy access as an emergency issue and implement nationally consistent processes and timeframes for responding to requests for assistance from customers in energy hardship/their advocate/retailer, and establish clear and direct lines of communications between MSD and those customers/their retailer/advocate (links to CP1 and AC2)</p>	AF1	<p>Strongly support. This is linked to the community energy and monitoring and evaluation recommendations above as those with poor or no access are probably also highly overrepresented in the energy hardship impact indicators. This is also closely linked AC4 in that many of these communities will likely be in remote, rural locations. The development of appropriately scoped and scaled microgrids may be the best solution for these communities.</p>
<p>Provide extra Government financial support, needs-based and targeted at households in energy hardship, including those outside the existing beneficiary group. Possible mechanisms include better targeting of the Winter Energy Payment (WEP) eligibility criteria/funding levels, an energy-related income supplement, an energy bill rebate, and making a portion of energy-related grants non-recoverable</p>	AF2	<p>Strongly support while acknowledging that many of the recommendations in all 5 Kete are focussed on elements of this one. For example:</p> <ul style="list-style-type: none"> • Better targeting of the WEP can only be achieved with much greater capacity of those able to assess where EH is prevalent. This also requires a practical and standardised approach to monitoring and evaluation so the sector can ensure we are not wasting resources. • Ensuring that energy efficient appliances are included in other retrofit and education interventions may lead to a greater uptake of behaviour change recommendations. • If able to link into a community energy programme, then highly likely to maximise benefit of any intervention and/or reduce the need for a wide range of interventions for any household. <p>Note that, again, this recommendation would greatly benefit from a well-coordinated regional network so that various service providers are able to align support.</p>
<p>Ensure all fees and costs charged to energy consumers are cost-reflective and reasonable (including pre-pay, disconnections, reconnections, top-ups, bonds, metering)</p>	AF3	<p>Strongly support. While understanding that pre-pay has a place in the market, retailers must also understand that this is only chosen because budget constraints require it. This should be approached by retailers in a similar way to 'social' retailing in that the moral imperative is to ensure people have access to enough energy to meet their basic needs. The retailer should be able to reassure themselves and entities such as the Consumer Advocacy Council that this is the case for these customers.</p>

Review and monitor the use and pricing of pre-pay accounts to ensure they do not create or exacerbate disadvantage, including tracking and publishing self-disconnection (how many, how often, for how long) and reviewing pre-pay terms and conditions, fees, wraparound support (links to CP2, CP3)	AF4	See comments above. There is significant potential for time of use to be used in community energy projects but only if retailers and distributors are able to provide the framework that allows communities to engage fully. This is part of the wider education and engagement work and is also a possible function of the regional networks (ensuring a close partnership with the local distributor for example).
Require retailers to include payment options that recognise the difficulty those in energy hardship face, e.g. cash payment, smooth pay, weekly or fortnightly billing/payment (links to CP3)	AF5	Support. This is linked to the social retailer recommendation as one approach might be one that is currently provided by Toast in Wellington. That is, a capped payment over winter that enables the household to maintain an appropriate amount of heating.
Investigate and address the implications of network pricing methodologies for energy hardship, particularly in high cost-to-serve areas	AF6	Strongly support. Many communities with high rates of energy hardship are rural and remote. The cost to meet their needs in the future will likely go up once the impacts of climate change become more acute. This issue therefore needs careful planning and a set of highly innovative responses (like deeply resilient microgrids and highly efficient homes). These innovative network solutions need to be developed urgently.

Consumer Protection

Proposed Actions	Comments	
Review and strengthen the Consumer Care Guidelines including expanding to include mandatory consumer care obligations on all electricity retailers.	CP1	Support. This is also a part of the overall education strategy and simplifying bills recommended above in that retailers must be required to support measures that will increase customer engagement in energy.
Strengthen monitoring, compliance and enforcement of the Consumer Care Guidelines, including a penalty and reporting regime for non-compliance	CP2	Support
Require electricity retailers to report key energy hardship indicators to the Electricity Authority for it to monitor and publish (e.g. number of customers refused supply, disconnection numbers/durations/reasons, customer debt levels, bonds, pre-pay, referrals to Income Support, retailers' alignment with Consumer Care Guidelines (links to AC1, AC2, AC5, AF4)	CP3	Strongly support. This is part of the general submission around evaluation and monitoring. This data should also be available with the IDI so correlation with other EH impacts can be determined.

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