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Energy Hardship Expert Panel
Ministry of Business, Innovation and Employment

By email: EnergyHardshipMBIE@mbie.govt.nz

Te Kore, Te Pō, Te Ao Marama | Energy Hardship – the challenges and a way forward

Genesis Energy is grateful for the opportunity to provide feedback on the panel's draft advice. Genesis supported the panel's establishment when this was recommended by the Electricity Price Review, and we have welcomed the opportunities to engage with the panel up to this point.

It is clear from the well-reasoned and comprehensive draft advice the panel has produced that a wide range of stakeholders interested in this complex and important issue were meaningfully consulted.

The 27 strategies for alleviating energy hardship rightly rely variously on Government, industry, community organisations, and households playing a role. Genesis agrees with the panel's proposed approach overall, and while we do not support every strategy for reasons set out below, almost all have merit.

However, given the substantial amount of work involved with giving effect to these recommendations and the limited resources available to do so, Genesis considers that a targeted/staged approach is sensible. Whilst implementation is ultimately up to Government once in receipt of the final advice, we would recommend prioritising certain recommendations for immediate adoption and implementation. In our view, it is likely that implementing a handful of the highest impact recommendations is likely to make a sufficient impact to make many of the lower impact proposals unnecessary.

Providing extra Government support by revisiting how Winter Energy Payment funding is deployed has the potential to make an enormous impact. As the panel notes, more than one million New Zealanders are currently supported by this payment and many value it highly. However, it is certain that many people who do not need support receive it and, equally, many whānau who could benefit from additional support do not receive it.

More precisely targeting the more than \$500m in annual funding could make an enormous difference to many families. Genesis understands that better targeting the payment has been looked at and considered to be very complex. This is understandable. However, while perfection is unattainable any improvements to channel support to where it is most needed would be welcome and worth the effort.

The 'Health of the Home' initiatives (HH1 and HH2 in particular) should similarly be considered a top priority. There is a large body of work internationally and domestically that shows investments in residential energy efficiency make a material impact to affordability but also crucially to health, environmental, and even education outcomes. The Warmer Kiwi Homes programme has demonstrably delivered impactful benefits and provided excellent value¹. Building on such a successful programme should be uncontroversial.

Prioritising these measures also recognises that energy is just one component of overall wellbeing. Households that are not achieving energy wellbeing are likely to be facing difficulties in other areas too, which strengthens the case for measures that have multiple benefits. Further, effectively targeting HH1 could support customers who are achieving energy wellbeing, but only by 'cutting back' in other areas.

Finally, Genesis strongly supports the proposal to establish and fund a nationwide energy wellbeing sector network (KN1). This is consistent with EPR recommendation B3 – Establish a network of community-level support services to help consumers in hardship – which Genesis also supported².

Genesis and Mercury have for more than a year been undertaking a research project which seeks to understand how we can better support households experiencing energy hardship, in particular those that are reluctant to engage with their provider (or access a provider at all).

This research has been led by the community throughout, and we look forward to sharing the results with the panel soon once the research phase of the project is completed. This process has reinforced to us that empowering community organisations to support whānau is among the best things providers can do to address energy hardship. Accordingly, progressing KN1 should be a priority and, as the panel notes, could also support delivery of other options (HH1 in particular).

My team is happy to assist if you have any further questions.

Yours faithfully

A handwritten signature in black ink, appearing to read 'C.B. Jardine', with a horizontal line underneath.

Cameron Jardine
Interim Chief Customer Officer

¹ Motu, "Healthy Homes Initiative: Three year outcomes evaluation" (2022) accessed at:

<https://www.tewhaturora.govt.nz/publications/healthy-homes-initiative-three-year-outcomes-evaluation/>

² <https://www.mbie.govt.nz/dmsdocument/4859-genesis-energy-submission-electricity-price-review-options-paper-pdf>

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The information provided in your submission will be used to inform the Panel's final recommendations to government on energy hardship and related policy development, and will inform government agencies' advice to Ministers. Your submission will also become official information, which means it may be requested under the Official Information Act 1982 (OIA). The OIA specifies that information is to be made available upon request unless there are sufficient grounds for withholding it.

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If you consider that we should not publish any part of your submission, please indicate which part should not be published, explain why you consider we should not publish that part, and provide a version of your submission that we can publish (if we agree not to publish your full submission). If you indicate that part of your submission should not be published, we will discuss with you before deciding whether to not publish that part of your submission.

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Submission information

(Please note we require responses to all questions marked with an *)

Personal details and privacy

- Q1.** I have read and understand the Privacy Statement above. Please tick Yes if you wish to continue*
[To check the boxes above: Double click on box, then select 'checked']
 Yes
 No
- Q2.** What is your name?* Matt Ritchie
- Q3.** Do you consent to your name being published with your submission?*
- Yes
 No
- Q4.** What is your email address? Please note this will not be published with your submission. Privacy of natural persons
- Q5.** Are you submitting as an individual or on behalf of an organisation?*
- Individual (skip to Q8)
 Organisation
- Q6.** If on behalf of an organisation, we require confirmation you are authorised to make a submission on behalf of this organisation.
 Yes, I am authorised to make a submission on behalf of my organisation
- Q7.** If you are submitting on behalf of an organisation, what is your organisation's name? Please note this will be published with your submission. Genesis Energy Limited
- Q8.** If you are submitting on behalf of an organisation, which of these best describes your organisation? Please tick one.
- Iwi, hapū or Māori organisation
 Energy retailer
 Energy regulator
 Energy distributor
 Registered charity
 Non-governmental organisation
 Local Government
 Central Government
 Academic/Research
 Other. Please describe:
- Q9.** I would like my submission or parts of my submission to be kept confidential.*
 Yes
 No
- Q10.** If you answered yes to Q9 above, please provide your reasons and grounds under [section 9 of the Official Information Act](#) that you believe apply, for consideration by MBIE.

- Q11.** If you answered yes to Q9 above, please confirm you will provide publishable versions of your submission in both Word and in PDF by emailing them to the MBIE secretariat at energyhardshipMBIE@mbie.govt.nz - clearly labelling both "for publication"
- Yes
 No

Responses to questions

The Energy Hardship Expert Panel welcomes your feedback on as many sections as you wish to respond to, please note you do not need to answer every question.

Q12. Please tick those sections which you wish to provide feedback on:

- HEALTH OF THE HOME KETE
 KNOWLEDGE NAVIGATION KETE
 ENERGY ACCESSIBILITY AND CHOICE KETE
 ENERGY AFFORDABILITY KETE
 CONSUMER PROTECTION KETE

HEALTH OF THE HOME KETE

Improving individual, house and whānau energy wellbeing through healthier homes

Challenge: A significant number of New Zealand homes require retrofit to bring them to a healthy standard of energy performance

Strategy HH1: Strengthen and expand Warmer Kiwi Homes (WKH) programme (measures, reach and funding) so more low-income New Zealanders are supported into energy wellbeing

Q13. Do you broadly support the proposed strategy HH1?

- Yes
 Somewhat
 No
 Don't know/Not sure

Q14. Please share your comments on the proposed strategy HH1. For example, you could include your thoughts on any benefits, costs, risks or limitations associated with this strategy.

Genesis strongly supports HH1 as, depending on implementation, it is potentially the most impactful strategy put forward by the panel. While primarily aimed at improving energy affordability outcomes the co-benefits in health, environment, and education make this option very valuable.

There is a large body of work internationally and domestically that shows that investments in residential energy efficiency make a material impact to affordability but also crucially to health, environmental, and even education outcomes. The

Warmer Kiwi Homes programme has demonstrably delivered impactful benefits and provided excellent value.

Furthermore, expanding this programme has the potential to support New Zealanders who are achieving energy wellbeing but restricting spending in other areas.

Q15. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

No comment.

Challenge: The full benefits of energy efficiency improvements cannot be accessed unless a home is weathertight and reasonable quality

Strategy HH2: Fund broader building repair and improvement work to support home retrofit programmes

Q16. Do you broadly support the proposed strategy HH2?

Yes

Somewhat

No

Don't know/Not sure

Q17. Please share your comments on the proposed strategy HH2. For example, you could include your thoughts on any benefits, costs, risks or limitations associated with this strategy.

Strategy HH2, combined with HH1, has the potential to materially improve energy affordability for New Zealand households.

Q18. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

No comment.

Challenge: Tenants are four to five times more likely to experience energy hardship than owner-occupiers

Strategy HH3: Strengthen the monitoring, compliance and enforcement of the Healthy Homes Standards

Q19. Do you broadly support the proposed strategy HH3?

Yes

- Somewhat
- No

- Don't know/Not sure

Q20. Please share your comments on the proposed strategy HH3. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

No comment.

Challenge: Tenants are four to five times more likely to experience energy hardship than owner-occupiers

Strategy HH4: Strengthen advocacy and support services for tenants

Q21. Do you broadly support the proposed strategy HH4?

- Yes

- Somewhat
- No

- Don't know/Not sure

Q22. Please share your comments on the proposed strategy HH4. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

HH4 likely complements KN1 (establish and fund a nationwide energy wellbeing sector network). Many community organisations with strong existing links to whānau will be able, if appropriately resourced, to deliver these services (either by expanding their current approach or providing additional services).

It is key that if the above approach is taken then these community organisations are appropriately funded and that their expertise and guidance is sought and heeded.

Q23. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

No comment.

Challenge: Energy efficient household appliances (e.g. whiteware, lighting, cooking) offer important long-run cost savings but the higher purchase price often puts them out of reach

Strategy HH5: Expand all energy-related MSD purchase assistance programmes for household appliances to offer energy efficient choices

Q24. Do you broadly support the proposed strategy HH5?

Yes

Somewhat

No

Don't know/Not sure

Q25. Please share your comments on the proposed strategy HH5. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

No comment.

Q26. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

No comment.

FINAL QUESTION FOR HEALTH OF THE HOME:

Q27. Are there any other key challenges and/or corresponding solutions relating to the HEALTH OF THE HOME KETE that we have missed? If so, please outline these below.

N/A

KNOWLEDGE AND NAVIGATION KETE

Supporting and empowering whānau energy decisions

Challenge: Stronger coordination and collaboration across providers of energy hardship programmes and support services is needed to improve effectiveness and coverage

Strategy KN1: 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

Q28. Do you broadly support the proposed strategy KN1?

Yes

Somewhat

No

Don't know/Not sure

Q29. Please share your comments on the proposed strategy KN1. For example, you could include your thoughts on any benefits, costs, risks or limitations associated with this strategy.

Genesis strongly supports strategy KN1. This is consistent with EPR recommendation B3 – Establish a network of community-level support services to help consumers in hardship – which Genesis also supported.

Genesis and Mercury have for more than a year been undertaking a research project which seeks to understand how we can better support households experiencing energy hardship, in particular those that are reluctant to engage with their provider (or able to access a provider at all).

This research has been led by the community throughout, and we look forward to sharing the results with the panel soon once the research phase of the project is complete. It has become clear to us that empowering community organisations to support whānau is among the best things providers can do to address energy hardship. Accordingly, progressing KN1 should be a priority and, as the panel notes, could also support delivery of other options (HH1 in particular).

The funding of this network of organisations is a key consideration. It is important to ensure community organisations are appropriately resourced to offer the services they provide, and are not relied upon as a free service provider.

Also, the organisations often have a much better understanding of the needs of their communities than other agencies including Government. The knowledge, expertise and relationships they possess are a major part of the reason they can be so effective. Accordingly, funders and partners should be guided to a large extent by what community organisations tell them the needs are and be prepared to provide resource on this basis, rather than a more conventional approach of funding these organisations to do work that funders want to see done.

Q30. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

No comment.

Challenge: There is a lack of widespread, easy access to trusted and informed community-based energy advisers, home assessors and service navigators

Strategy KN2: 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

Q31. Do you broadly support the proposed strategy KN2?

Yes

Somewhat

No

Don't know/Not sure

Q32. Please share your comments on the proposed strategy KN2. For example, you could include your thoughts on any benefits, costs, risks or limitations associated with this strategy.

Again, this strategy is a logical extension of KN1. As above, any training should be developed and deployed in close consultation with those who will be providing the navigation services. This recognises that these organisations and individuals have the most knowledge of the need in their communities, and will help ensure that Te Ao Māori and Pacific worldviews are reflected (as well as those of other communities in need).

Challenge: There is a lack of widespread, easy access to trusted and informed community-based energy advisers, home assessors and service navigators

Strategy KN3: 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

Q33. Do you broadly support the proposed strategy KN3?

Yes

Somewhat

No

Don't know/Not sure

Q34. Please share your comments on the proposed strategy KN3. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

As above, Genesis supports the intent of the SEEC fund. However, while the reach (number of interventions) of the programme is well understood the actual impact of this activity is less clear.

Genesis considers it would be worthwhile to reflect on whether this model is the most effective way of providing support, acknowledging the need to be materially guided by the organisations delivering these services. It may be that an altogether different funding model, which is more predictable and less prescriptive, may in fact be the best way to provide support.

Close consultation with community organisations on this point would be instructive.

Q35. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

No comment.

Challenge: Increased support is needed to boost energy literacy among tenants, landlords and homeowners

Strategy KN4: 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)

Q36. Do you broadly support the proposed strategy KN4?

Yes

Somewhat

No

Don't know/Not sure

Q37. Please share your comments on the proposed strategy KN4. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

Energy literacy is an important component of enabling households to achieve energy wellbeing, and there is a role for retailers, Government, and social agencies in improving it. However, creating a new strategy could take time and resource that is better spent providing direct support. There is arguably insufficient capacity within the relevant Government departments to undertake this exercise, recognising the many other workstreams under way.

Challenge: Increased support is needed to boost energy literacy among tenants, landlords and homeowners

Strategy KN5: 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

Q38. Do you broadly support the proposed strategy KN5?

Yes

Somewhat

No

Don't know/Not sure

Q39. Please share your comments on the proposed strategy KN5. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

Genesis considers that this strategy could have value, depending on uptake. It is likely existing resources could fairly easily be repurposed for this platform.

However, we consider that this is a second order priority as other strategies are likely to make a bigger difference and are therefore worthy of progressing first.

Q40. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

No comment.

Challenge: Households can face challenges in accessing and understanding bill and pricing information and options

Strategy KN6: Simplify energy bills and information access, improve comparability across electricity tariff structures, and improve price comparison services

Q41. Do you broadly support the proposed strategy KN6?

Yes

Somewhat

No

Don't know/Not sure

Q42. Please share your comments on the proposed strategy KN6. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

Genesis is aware that work on this is currently being undertaken by the Consumer Advocacy Council and Consumer NZ.

While simplification and improved comparability is positive in principle, it is not necessarily simple in practice. There can be considerable costs associated with redesigning bills and this should be factored into any direction to industry (bearing in mind that these costs, one way or another, are eventually born by consumers). It is possible that if not carefully implemented any measures here could impose costs on a net basis (accepting that the net costs / benefits of this sort of intervention are almost impossible to understand).

Furthermore, it is expected that the trend in recent years of differentiation of energy plans will only continue into the future as consumption patterns change, through growth in the electric vehicle fleet in the first instance. This differentiation will make simplification / standardisation more difficult, and if prescriptive requirements are introduced there are risks that innovation could be stifled.

Q43. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

No comment.

FINAL QUESTION FOR KNOWLEDGE AND NAVIGATION KETE:

Q44. Are there any other key challenges and/or corresponding solutions relating to the KNOWLEDGE AND NAVIGATION KETE that we have missed? If so, please outline these below.

No comment.

ENERGY ACCESSIBILITY AND CHOICE KETE

Improving individual, house and whānau energy wellbeing through healthier homes

Challenge: Credit issues can prevent individuals, households and whānau from having choice in an electricity supplier or switching suppliers

Strategy AC1: Develop mechanism(s) to ensure all residential consumers can obtain a post-pay electricity supply despite “adverse credit”

Q45. Do you broadly support the proposed strategy AC1?

Yes

Somewhat

No

Don't know/Not sure

Q46. Please share your comments on the proposed strategy AC1. For example, you could include your thoughts on any benefits, costs, risks or limitations associated with this strategy.

Genesis agrees that ideally all residential customers should be able to choose a post-pay electricity product, irrespective of their credit history.

However, there are genuine costs associated with customer defaults which must be taken into account in the search for any solution. Risk of default is ‘priced in’, which means as this risk increases so does the cost on all customers whether they are likely to default or not.

Q47. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

Industry has been working on a solution through the ConnectMe pilot being coordinated by the Electricity Retailers Association. This initiative is seeking to understand how retailers can

coordinate (within the bounds of the Commerce Act) to spread the risk of customers with adverse credit. This provides customers with options they would not otherwise have had, while managing the risk of any one provider becoming a 'retailer of last resort' or taking on an outsized share of credit risk.

An industry-led solution, with appropriate support by Government, is likely to strike the best balance between achieving the desired outcome for consumers with adverse credit, minimising costs on all consumers, and ensuring retailers are not exposed to undue risk.

In addition to ConnectMe, Genesis has been working on a solution that would enable customers to remain connected while managing down accumulated debt. This addresses issues that some customers have faced historically, whereby they become trapped in a cycle which sees them disconnected with no option but to opt for prepay (and in some cases even this option is not available).

Challenge: Households struggling to pay their bills face disconnection

Strategy AC2: 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

Q48. Do you broadly support the proposed strategy AC2?

Yes

Somewhat

No

Don't know/Not sure

Q49. Please share your comments on the proposed strategy AC2. For example, you could include your thoughts on any benefits, costs, risks or limitations associated with this strategy.

Similarly to the situation with adverse credit, in a perfect world no customer would be disconnected. At Genesis, disconnection is already a last resort. If we are able to engage with customers we can help them manage their circumstances and restore their accounts, and often provide considerable flexibility on arrears.

In our experience, the vast majority of customers do want to pay their bills but can require extra support to manage their costs. All situations are different, and we support these households with a 'one customer at a time' approach.

In some cases, customers in arrears will not engage until receiving a disconnection notice. Whilst it is unfortunate that matters have to reach this point before customers reach out to resolve the issue, in our experience this is sometimes required.

Unfortunately, as a last resort some customers do need to be disconnected to avoid them accumulating levels of debt that they would never be able to service, and placing strain on (particularly smaller) retailers' balance sheets that ultimately affects all other customers.

At Genesis we have a post-disconnection care process for all residential customers where we call them if their electricity supply has been disconnected for non-payment for more than 48 business hours and they haven't called to get reconnected.

We do not have a great deal of visibility over how other retailers approach this issue. However, our understanding is that others (certainly ERANZ members) have similar views and approaches to ourselves.

Q50. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

The panel notes that disconnections have fallen steadily in recent years (accepting that suspending the practice altogether during Covid skews the figures somewhat), and acknowledges that retailers must ultimately be paid for their services.

All of the above notwithstanding, Genesis accepts that if there is an issue with unnecessary disconnections this should be addressed. A good first step would be putting in place a process for retailers, community organisations, and Government agencies to work together on a Code of Practice (similar to the process of developing the Consumer Care Guidelines).

Genesis has no objection to providing data to support monitoring and enforcement as suggested. However, there is cost associated with gathering, holding and supplying information and this should be considered when setting out what information exchange is required. There should be a clear justification for requesting the data sought, and communication around how it is to be used. Finally, in recognition of the cost and administrative burden involved in this data handling, ideally industry should receive some value back by way of insights and advice that can help improve practices (including in addition to disconnection processes).

Challenge: Metering technology may constrain a household's access to energy supply and tariff choice

Strategy AC3: Identify and address the barriers to completing smart meter roll-out, prioritising areas of low coverage, and requests from households in energy hardship

Q51. Do you broadly support the proposed strategy AC3?

Yes

Somewhat

No

Don't know/Not sure

Q52. Please share your comments on the proposed strategy AC3. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

As the panel notes, fewer than 10% of New Zealand households currently have legacy meters. This proportion continues to diminish as retailers work through the 'long tail' of properties that are not as easy to provide with an advanced meter.

Genesis considers that the reasons for why the roll-out has slowed are, broadly speaking, fairly obvious. Some properties are not suited to smart meters due to safety issues related to, for example, the presence of vulcanised Indian rubber wiring or asbestos. This could potentially be addressed in part if resolving these issues was prioritised in the retrofit and upgrade programme recommended in HH2.

Access to communications is another common barrier, particularly in remote locations. We anticipate that this situation will improve over time as telecommunications providers improve coverage, including through partnerships with satellite companies such as Starlink and Lynk³.

Some households are resistant to having an advanced meter installed for privacy or other reasons. For some properties, the costs of a meter installation are such that it is unlikely to be beneficial on balance.

Despite these challenges, Genesis continues to work through those customers that do not have advanced meters with a view to installing them in every property where this is possible and appropriate.

The proposal to include information on meter configuration and functionality on bills is, in our view, at odds with strategy KN6 (simplify bills). To the extent that bills are already challenging for some consumers to understand, the sort of technical information involved in strategy AC3 would add complexity.

Q53. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

Genesis considers that there may be merit in developing a better understanding of how households experiencing hardship are *particularly* affected by a lack of access to smart meters. A programme to address this need specifically may be worthwhile, if it emerges that the issue of an incomplete rollout is having a particular impact on vulnerable households, but that is not at this point clear.

Challenge: Rural and off-grid households or communities, and those living on communal or ancestral land, need additional support to build their energy access, resilience and sovereignty

Strategy AC4: 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

Q54. Do you broadly support the proposed strategy AC4?

Yes

Somewhat

No

Don't know/Not sure

³ <https://www.stuff.co.nz/business/131664617/one-nz-inks-deal-with-spacex-to-provide-100-mobile-coverage-of-nz>

Q55. Please share your comments on the proposed strategy AC4. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

Where genuine access issues are identified that are best addressed with non-network supply side solutions, Genesis has no objections to these being implemented. Electricity distributors will be best placed to provide guidance on the challenges here and how to address them at least cost (to taxpayers and / or other consumers on networks).

Q56. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

No comment.

Challenge: Individuals, households and whānau in energy hardship often have limited options in choosing, and engaging with, an energy retailer

Strategy AC5: 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:

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

Q57. Do you broadly support the proposed strategy AC5?

Yes

Somewhat

No

Don't know/Not sure

Q58. Please share your comments on the proposed strategy AC5. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

There is a case for ensuring social retailers can provide the support and services they are uniquely able to, in a similar way to how supporting community organisations is appropriate. Social retailers can and do provide many of the support services that are outlined in the panel's paper.

However, there are considerable risks and challenges involved in the options described in the paper.

At a high level, we can foresee difficulty arising in attempting to define what a 'social retailer' is. On the one hand, too broad a definition could result in businesses like large commercial retailers being designated / accredited as social retailers. This is not necessarily inherently bad, but does not appear to be the intent of the panel's strategies.

Genesis does not share the view expressed by some that there is no role for social retailers. Even if the panel's most impactful strategies are progressed at pace, and conventional retailers continue the trend over many years of improving support for customers experiencing hardship (including and especially in partnership with experts), social retailers have characteristics that are likely to remain valuable. Well run social retailers can get 'closer' to customers and support them better, and long-standing (and often justified) trust issues that exist between (particularly vulnerable) customers and conventional retailers are not as a much of a barrier to social retailers.

However, given the range of ways in which the support highlighted by the panel (wraparound support, post-pay offers for customers in adverse credit) can be delivered it is not obvious why social retailing should be the preferred option.

Q59. Please share your comments on each of the social retailing options listed above. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with these options.

Of the possible options for supporting accredited social retailers (the definitional issues highlighted above notwithstanding), Option A (supporting accredited social retailers) is probably the least risky. There is the potential to align this option with KN1 if social retailers could be included in the energy wellbeing sector network. Several generators are already supporting social retailers in this way, and more are expected to, so if the sort of support outlined here is to be developed then Government is the most appropriate funder.

An important consideration with respect to Option A relates to ensuring that social retailers are not set up to fail. It would be counterproductive to fund several retailers to support vulnerable customers, only for this support to be necessarily withdrawn if Government or commercial funding ceases (for any number of reasons).

Option B, in which Government contracts one or more retailers to act as social retailers is well intended, but as the panel notes likely to be a high-cost approach. Given the work underway to address the issues the panel identifies, and the further work to flow through from this initiative, these costs are unlikely to be justified.

Option C, support community / regional integrated social gentailers, relies on distributed generation to be available to mitigate the risks associated with Option A (albeit not entirely given the volatility of the electricity market). It is not made clear whether the distributed generation assets necessary for this proposal exist or that their output would be made available for this purpose. If the suggestion is for the Government to fund these generation projects, Genesis would find it difficult to support given the risks (cost and execution) associated with these (even small relative to grid scale) capital investments.

The costs associated with Option D, Government support for a nationwide integrated social gentailer, would be likely to be so high it should not be considered further. The other concerns the panel raises with respect to competition and limits to choice are also valid.

Q60. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

Ultimately, executing HH1, HH2, KN1, and AF2 alone should make a sufficient difference as to make recommendation AC5 and the associated execution options unnecessary. In particular, Genesis considers there is likely to be far greater value for money in directly supporting whānau experiencing energy hardship, compared to attempting to create a new class of retailer with particular characteristics (loosely defined).

That is not to say that some or even many of these organisations are not worthy of support. Where social retailers are delivering a demonstrable public good and could do more of this in a cost-effective way with additional financial support, this should absolutely be considered. This needs to be done in a way that avoids creating dependency, and safeguards should be in place to avoid a social retailer or retailers becoming the defacto solution for providing for customers in hardship and enabling commercial retailers to shirk their responsibilities.

However, the models outlined in the panel's paper are, in our view, unlikely to deliver value and could instead impose significant unnecessary costs on consumers and the Crown.

Challenge: The energy transition presents new opportunities but risks leaving lower-socio-economic whānau behind

Strategy AC6: 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

Q61. Do you broadly support the proposed strategy AC6?

Yes

Somewhat

No

Don't know/Not sure

Q62. Please share your comments on the proposed strategy AC6. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

Genesis supports New Zealand's transition to net zero by 2050. We agree with the panel's observation that, as with any major change, the transition will create 'winners and losers' and the Government should ensure the costs of the transition do not fall too heavily on the vulnerable or those who are not able to take advantage of the new technologies that will help decarbonise the economy. As the panel notes, many households will struggle to meet the up-front costs of making lower carbon choices, such as electrifying home heating and

cooking activities currently fuelled by gas or LPG. It is right that support is provided for these households.

We note that the terms of reference for both the New Zealand Energy Strategy⁴ and Gas Transition Plan⁵ specifically highlight equity and affordability as objectives and we agree with this.

Q63. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

Genesis is engaging in development of the New Zealand Energy Strategy and Gas Transition Plan, and we are supportive of arrangements to enable low-income households to fully participate and benefit from decarbonisation. How this looks in practice is yet to take shape, but we consider that Government support to meet the capital cost of converting appliances is likely to form part of a successful approach.

FINAL QUESTION FOR ENERGY ACCESSIBILITY AND CHOICE KETE:

Q64. Are there any other key challenges and/or corresponding solutions relating to the ENERGY ACCESSIBILITY AND CHOICE KETE that we have missed? If so, please outline these below.

No comment.

ENERGY AFFORDABILITY KETE

Affording the energy whānau need for their wellbeing

Challenge: Low income is a major barrier for many whānau to afford the energy they need for wellbeing in their home

Strategy AF1: 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

Q65. Do you broadly support the proposed strategy AF1?

Yes

Somewhat

No

Don't know/Not sure

Q66. Please share your comments on the proposed strategy AF1. For example, you could include your thoughts on any benefits, costs, risks or limitations associated with this strategy.

⁴ <https://www.mbie.govt.nz/dmsdocument/25373-terms-of-reference-new-zealand-energy-strategy>

⁵ <https://www.mbie.govt.nz/dmsdocument/20265-terms-of-reference-gas-transition-plan>

When designing this system it is important to work closely with people with real experience of the issues. While important, putting a system like this in place should be accompanied by measures to avoid emergencies arising in the first place (to the extent possible).

Challenge: Low income is a major barrier for many whānau to afford the energy they need for wellbeing in their home

Strategy AF2: 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

Q67. Do you broadly support the proposed strategy AF2?

Yes

Somewhat

No

Don't know/Not sure

Q68. Please share your comments on the proposed strategy AF2. For example, you could include your thoughts on any benefits, costs, risks or limitations associated with this strategy.

Better targeting of the Winter Energy Payment, alongside (and / or potentially supporting) measures to address health of the home is likely to be the most impactful approach to addressing energy wellbeing, given the sums involved.

The paper notes that \$518m is budgeted for the WEP in the 2022/23 financial year. Automatically paid out to anyone on a main benefit, it reaches more than 1 million New Zealanders a year. Taking the generally accepted figure of 100,000 homes in energy hardship, it is obvious a lot of people are receiving the WEP who do not need it (and likewise there will be plenty of people struggling who don't receive the support).

Better targeting this support, which is already allocated in the Budget, seems like an obvious first step in any serious Government effort to improve energy wellbeing.

The argument has been made that it is simply too difficult to appropriately target this, and that may be the case. However, given the potential impact that successfully directing this funding to need could have it is important that a better approach is found.

Treating this funding as allocated to address energy wellbeing, rather than providing a cash payment (which of course may not directly contribute to powering the home at all), would make a massive difference to the problem the panel has been asked to consider.

Further, new needs-based supports and / or making some (or all) energy-related emergency payments non-recoverable could be funded through what is currently allocated for the WEP and would likely have a much more material impact.

Challenge: Low income is a major barrier for many whānau to afford the energy they need for wellbeing in their home

Strategy AF3: Ensure all fees and costs charged to energy consumers are cost-reflective and reasonable (including pre-pay, disconnections, reconnections, top-ups, bonds, metering)

Q69. Do you broadly support the proposed strategy AF3?

Yes

Somewhat

No

Don't know/Not sure

Q70. Please share your comments on the proposed strategy AF3. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

It is worth noting that different retailers will have different costs, even for the same service. Determining what is 'reasonable' requires some subjectivity. These complications notwithstanding, Genesis considers this strategy worth pursuing (and it is consistent with the Consumer Care Guidelines). As a basic starting principle, retailers should not be making money off fees and costs charged to customers overall.

Q71. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

No comment.

Challenge: Pre-pay accounts often impose significantly higher costs on those most in need and self-disconnection is hidden

Strategy AF4: 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

Q72. Do you broadly support the proposed strategy AF4?

Yes

Somewhat

No

Don't know/Not sure

Q72. Please share your comments on the proposed strategy AF4. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

Genesis does not offer a prepay plan and others will be best placed to comment on this proposal. Philosophically, it is important to ensure any action taken here appropriately balances consumer protection with enabling choice and innovation.

Q74. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

No comment.

Challenge: Payment options may impact affordability and choice

Strategy AF5: 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

Q75. Do you broadly support the proposed strategy AF5?

Yes

Somewhat

No

Don't know/Not sure

Q76. Please share your comments on the proposed strategy AF5. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

Genesis offers a range of payment options designed to enable customers to manage their bills in a way that suits them. We consider that retailers have a strong incentive to do this as things stand.

What is important, in our view, is that a household can find a retailer that provides the service they require, not that all retailers offer the same service (including in relation to payment plans). It is also important to understand that not all retailers have the same 'back office' capability, so not all payment options will be available to all retailers. This is not just a limitation faced by small and very small retailers, who will in fact often have newer billing platforms that provide greater flexibility than larger established retailers enjoy.

Q77. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

No comment.

Challenge: Distribution pricing methodologies can impact affordability

Strategy AF6: Investigate and address the implications of network pricing methodologies for energy hardship, particularly in high cost-to-serve areas

Q78. Do you broadly support the proposed strategy AF6?

Yes

Somewhat

No

Don't know/Not sure

Q79. Please share your comments on the proposed strategy AF6. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

To the extent that this information is unknown, it is worth understanding as an important part of the overall affordability picture.

Q80. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

No comment.

FINAL QUESTION FOR THE ENERGY AFFORDABILITY KETE:

Q81. Are there any other key challenges and/or corresponding solutions relating to the ENERGY AFFORDABILITY KETE that we have missed? If so, please outline these below.

CONSUMER PROTECTION KETE

Protecting energy consumers in their relationships with providers

Challenge: The Electricity Authority's Consumer Care Guidelines (CCG) are voluntary and there is no regulatory penalty for not complying

Strategy CP1: Review and strengthen the Consumer Care Guidelines including expanding to include mandatory consumer care obligations on all electricity retailers

Q82. Do you broadly support the proposed strategy CP1?

Yes

Somewhat

No

Don't know/Not sure

Q83. Please share your comments on the proposed strategy CP1. For example, you could include your thoughts on any benefits, costs, risks or limitations associated with this strategy.

Genesis supports strengthening the guidelines to the extent that there are areas where the guidelines do not drive the right outcomes.

However, the voluntary nature of the guidelines has been important to provide retailers with the flexibility to comply 'in spirit' at least cost. Under this approach, at the last review Genesis was 99% compliant with the guidelines. Therefore, it is difficult to justify creating a new obligation and the associated costs that would accompany it. As ourselves and others conveyed during the process of developing the guidelines, mandatory minimum standards risk a 'race to the bottom' and can reduce incentives to innovate.

We understand that the Electricity Authority has been reviewing the effectiveness of the guidelines. If there is evidence that certain retailers are materially falling short of the intent of the guidelines, there may be a case for a mandatory regime by exception. This would see participants who substantially fail to meet their voluntary obligations become subject to a mandatory regime if performance isn't addressed.

There may be an argument for making *aspects* of the guidelines mandatory where these result in desirable outcomes and do not give rise to the issues above. These should be set out in detail and discussed after a clear diagnosis of a problem.

Challenge: The Electricity Authority's Consumer Care Guidelines (CCG) are voluntary and there is no regulatory penalty for not complying

Strategy CP2: Strengthen monitoring, compliance and enforcement of the Consumer Care Guidelines, including a penalty and reporting regime for non-compliance

Q84. Do you broadly support the proposed strategy CP2?

Yes

Somewhat

No

Don't know/Not sure

Q85. Please share your comments on the proposed strategy CP2. For example, you could include your thoughts on any benefits, costs, risks or limitations associated with this strategy.

Genesis supports measures that usefully monitor compliance with the guidelines, where these offer value in excess of the administrative and cost burdens associated with any regime. Introducing a penalty regime is effectively making the guidelines mandatory and we would not support this for the reasons set out in Q83.

Ideally, retailers could also have the opportunity to learn and adapt if information gathered via monitoring is appropriately shared, representing a 'carrot' rather than 'stick' approach to improving the guidelines' usefulness.

Q86. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

Challenge: There is a lack of reporting and monitoring of key energy hardship information from electricity retailers

Strategy CP3: 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

Q87. Do you broadly support the proposed strategy CP3?

Yes

Somewhat

No

Don't know/Not sure

Q88. Please share your comments on the proposed strategy CP3. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

As set out in response to several questions above, Genesis has no objection to providing data where this has demonstrable consumer benefit (including potentially via helping the industry improve practices).

Any additional data disclosures need to be well justified on this basis and balanced against the cost of supply.

Q89. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

No comment.

Challenge: Other consumer protection regimes and dispute resolution schemes may be too narrow as new technologies and business models emerge

Strategy CP4: Expand consumer protection and existing dispute resolution schemes to cover other forms of energy provider relationships taking an energy hardship lens e.g. solar power providers

Q90. Do you broadly support the proposed strategy CP4?

Yes

Somewhat

No

Don't know/Not sure

Q91. Please share your comments on the proposed strategy CP4. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

No comment.

Q92. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

No comment.

FINAL QUESTION FOR THE CONSUMER PROTECTION KETE:

Q93. Are there any other key challenges and/or corresponding solutions relating to the CONSUMER PROTECTION KETE that we have missed? If so, please outline these below.

No comment.

SUPPORTING ENVIRONMENT AND ANY FURTHER COMMENTS

The Panel has identified a number of supporting or enabling elements it considers are important for the landscape surrounding energy hardship initiatives, to ensure the proposed strategies can be implemented effectively and in a long-term sustainable manner.

These include:

- *Data and insights*
- *Learning environment*
- *Leadership and coordination*
- *Participatory approach*
- *Collaborative service models*
- *Durable funding environment*
- *Targeting of solutions*

Please see the Supporting Environment section of the Discussion Paper for more information.

Q95. Do you have any comments on the Supporting Environment section? Please share these below.

N/A

Q96.

Do you have any other thoughts or comments you would like to make on the Expert Panel's Discussion Paper? If so, please share these below.

See cover letter.