

Energy Hardship Expert Panel

MBIE Secretariat

Via email energyhardshipMBIE@mbie.govt.nz

Mercury Submission to The Energy Hardship Expert Panel's Discussion Paper: Te Kore, Te Pō, Te Ao Marama | Energy Hardship – the challenges and a way forward

Thank you for the opportunity to submit on the The Energy Hardship Expert Panel's Discussion Paper: Te Kore, Te Pō, Te Ao Marama | Energy Hardship – the challenges and a way forward (Discussion Paper).

We commend the Energy Hardship Expert Panel (EHEP) for their extensive consultation in preparing the Discussion Paper and for drawing together under the umbrella of the five Kete all the work that is currently happening or that needs to happen in this very complex area. We attach Mercury's submission in response to the Discussion Paper questions at Appendix A. In addition to these responses, we would like to make some overarching comments that summarise our views. These are set out below.

Prioritisation of healthy homes and better targeting of the Winter Energy Payment

The Discussion Paper contains 27 strategies. We support most of the proposed strategies and are impressed at how the EHEP has managed to successfully translate much of the good work that is already happening at government, community and industry level into strategies that capitalise and move this work forward.

Inevitably there will be neither the funding nor the resource to action all these strategies at once. Priority should be given to strategies with the greatest impact.

In the short term we believe that better targeting of the Winter Energy Payment (WEP) could have an immediate and measurable positive outcome. There are many ways this could be done, and industry and the community will be able to provide data to the EHEP and MBIE to help inform any decisions in this regard.

In the longer term, all the research shows that we cannot solve energy hardship until we improve New Zealand's housing stock. Until this happens, families living in substandard properties will continue to have trouble heating their homes adequately and paying their electricity bills. This is not a problem the electricity sector can solve but will drive the most impactful change. Mercury therefore supports an urgent focus on increased funding for the retro fit of homes whilst finding ways to incentivise landlords to do the same.



Industry, community, and government must work together

The Discussion Paper recognises the importance of industry, community, and government collaboration to solve the problem of energy hardship.

Mercury is very keen to work with the EHEP and MBIE to build an “energy wellbeing sector network” as we believe this is the way to bring together all the respective learnings and help coordinate which actors need to be involved to deliver the strategies most efficiently and effectively. This is especially important to ensure that strategies benefit even the hardest to reach customers who retailer and government must rely on the community to engage on our behalf. Mercury’s Home Sweet Home pilot, developed by Helen Tua, is already bringing together community and cross sector industry organisations to provide a support network for vulnerable families. There would be value in understanding how Home Sweet Home and any future energy network might best complement each other.

We also believe in the importance of giving our community organisations a stronger voice. This is something we have humbly learned through the joint research project undertaken with Genesis (Joint Research Project). Community organisations have shared with us their priorities for industry action in the energy hardship space and at the heart of this is the need for industry to listen to community, build trust within community and involve community in decisions that impact their whanau. Much of what we have learned and the actions we as an industry would like to take are very closely aligned with the strategies contained in the discussion paper. We would very much like to share our learnings with the EHEP and MBIE and work together to achieve the best outcomes.

We hope to organise a way to start a collaborative conversation outside of the submission process.

Yours sincerely,



Jo Christie
Regulatory Strategist



Appendix A:

Mercury Submission to The Energy Hardship Expert Panel's Discussion Paper:

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

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'] <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Q2.	What is your name?* Jo Christie
Q3.	Do you consent to your name being published with your submission?* <input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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?* <input type="checkbox"/> Individual (skip to Q8) <input checked="" type="checkbox"/> Organisation
Q6.	If on behalf of an organisation, we require confirmation you are authorised to make a submission on behalf of this organisation. <input checked="" type="checkbox"/> 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. Mercury NZ Ltd

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

1. 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 HH2: 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.

We support better targeting of the WKH fund towards households most in need. Expanding the package of measures will enable some low-cost quick fixes that may not previously have been available.

We strongly support expanding the eligibility criteria and developing referral pathways so that harder to reach households can benefit from the programme. The Energy Wellbeing Sector Network will have a crucial role to play here.

We would also like to see some flexibility built in around the 20% cost contribution so that poorer households are not excluded.

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

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.

Resolving NZ's housing quality issue is at the core of resolving energy hardship and there is no easy fix. Funding is obviously the first part of the problem but then identifying and accessing the homes most in need will be difficult. As noted in relation to HH1 at page 24 of the Discussion Paper, local community organisations will provide the key to helping government or approved providers start building repair and improvement in the highest priority areas.

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

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.

We strongly support strategy HH3. Our current system is fundamentally flawed – the onus must be on landlords to comply with the Healthy Homes Standards rather than relying on tenants to report breaches. This could be done by mandatory reporting requirements, fines for non-compliance and/or incentives for landlords who do comply by 1 July 2025.

We would also support better resourcing of The Tenancy Compliance and Investigations team or a similar unit so that complaints in relation to Healthy Homes Standards can be investigated and followed up as required. The inherent power imbalance means a tenant is unlikely to ever have the means to force an uncooperative landlord to make improvements.

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.

We support and agree with HH4 however it seems unlikely that improving these services will solve the problem of tenants who are too afraid to raise issues at the risk of losing their tenancy. The onus should always be on Landlords to complete upgrades. If HH3 is successfully implemented, with a balance of incentives and enforcement, energy hardship should decrease without tenants having to feel at risk of losing their homes if they approach a non-compliant landlord.

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

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.

We support this initiative and would recommend focusing on low-cost high impact energy efficiency appliances such as LED light bulbs so that more customers are able to benefit.

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

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.

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.

We strongly support KN1 and commend the EHEP for recognising the importance of community voice in decision making.

The Energy Hardship Expert Panel (“EHEP”) will be aware of both Mercury’s Home Sweet Home initiative and the research project that Mercury and Genesis have undertaken to co-design solutions for vulnerable customers with the communities that represent them (“Joint Research Project”).

Home Sweet Home began as a collaboration between Mercury and other essential service providers to give families in general hardship a hand up by assisting them with their fundamental needs including food, power, water and a dry and healthy home to a point in time at which they are able to better support themselves. At the core of Home Sweet Home is the idea that a network of providers can be set up to improve the wellbeing of vulnerable families in our communities. Those involved in the Home Sweet Home pilot have been linked in and are working with the Sustainable Finance Forum – Toitu Tahua¹. As part of this work they have visited the team from Thriving Communities in Australia and are following their learnings to work on creating a network which overlaps significantly with the network described in strategy KN1.

Similarly, the key learning from our Joint Research Project has been the need for industry to work more closely with our communities to build relationships and trust. Involving community in the decisions that impact them is fundamental and to do this community needs to have a seat at the table (whatever that table looks like).

An “energy wellbeing sector network” aligns closely with Home Sweet Home and outcomes from our Joint Research Project and we are very keen to work with the EHEP and MBIE to

¹ <https://www.sustainablefinance.nz/>

investigate how strategy KN1 can best complement or augment work that has already been started.

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

As part of our Joint Research Project, we asked community to share with us how they think industry can better serve vulnerable customers. We have collated a prioritised list of the initiatives that community shared with us and will be happy to share this with the EHEP and MBIE outside of the consultation process. As this piece of work is the community's own voice, the staged delivery of these initiatives could provide a valuable roadmap for an energy wellness network or some other form of community platform.

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.

We strongly support this recommendation. We believe that there are organisations out in the communities doing this work however they currently lack the funding required to scale up their endeavours.

The EHEP will be aware of the success of ERANZ' EnergyMate. This is a model that has achieved measurable results and with more resourcing and more active referrals could significantly widen its impact. At the heart of EnergyMate's success is using advisors who are already part of the community they coach in. Not only does this make it easier for EnergyMate coaches to be welcomed into homes but also means that the coaches can encourage and train others within the community to become coaches themselves.

We also note that Home Sweet Home is being delivered in partnership with Kootuitui, a South Auckland based community organisation trained in energy well-being services. Their standing within the community means they can identify whanau most in need of industry support via the pilot.

We believe there is a strong case for funding EnergyMate, Kootuitui and similar community-based organisations focusing on energy efficiency with sector contributions coming from a levy (like that raised by EECA) to ensure all retailers, network companies and generators contribute.

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.

We support this strategy.

We would however like to share feedback from community that they would like to have a say in how funding should be allocated. Again, this comes down to giving community a seat at the table or making sure that the community voice is heard. This is no small task given the number of community organisations that exist to tackle so many different issues in New Zealand. However, in-roads can be made simply by involving community stakeholders in decision-making processes that will impact them from the outset. The network mentioned at KN1 will provide a way to make collaboration with community stakeholders easier.

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

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.

We support strategy KN4 and agree that a targeted co-design approach is likely to achieve better results. An education strategy should be formed from within communities to reflect what communities need and should be delivered by community representatives who are better positioned to engage with whanau.

Our Joint Research Project gave a very high priority to energy education and in particular teaching kids in schools about energy efficiency.

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.

We support KN5.

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

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.

We do not support KN6.

Whilst we understand the need for simplicity, any requirement on industry to simplify bills and improve comparability across tariff structures would add cost and complexity to multiproduct retailers and risks unintended consequences. It represents a creep towards regulated tariffs, which as we have seen in the UK can have dramatic consequences upsetting the balance of the energy trilemma.

With so much good work to be done in this area we urge the EHEP to prioritise those with potential to have the greatest impact with the least cost and disruption. The trilemma should be used as a tool to assess the potential longer-term impacts of well-meant interventions.

In relation to electricity price comparison websites, Mercury recognises that they provide a valuable service to customers by enabling them to compare plans and tariffs from different retailers. However, these websites can struggle to account for bundled services or complex products, which can lead to inaccurate comparisons and sub-optimal outcomes for customers. These comparisons are likely to become more difficult as we start to see innovative, and time of use tariffs being introduced. In addition to improving the functionality of the price comparison services by including broader information, (such as plan and tariff options like solar panel and EV, payment options, social offers and customer support services provided) we would support training and development for trusted advisors and community agencies in what all of these mean for customers.

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

The Consumer Advocacy Council has already done considerable research in this area. Rather than further duplicating this we would like to see the results of their work with recommendations or guidelines as to how industry might simplify their bills on a voluntary basis.

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.

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.

We support strategy AC1.

In 2022 Mercury piloted a process with MSD whereby customers with low credit scores were onboarded onto a post pay product with the assistance of MSD providing a fast-tracked redirection of a portion of their beneficiary payments towards the electricity bill. Our data shows that most of the customers onboarded in this way have been able to remain in credit and are still with Mercury.

Together with four other large retailers, we are currently working on the ERANZ ConnectMe pilot which follows similar process however offers a post pay product to customers irrespective of whether they are an existing MSD customer. We are testing whether customers with poor credit scores can remain connected and pay their electricity bills if retailers offer a more wrap around service from the outset including access to lowest price plans, payment arrangements, referrals to budgeting agencies and a one-off financial assistance if required.

The data gained from this pilot and our previous work will assist in the design of future propositions where credit scores are no longer an automatic barrier to connection but rather provide an indication that the customer requires a specific plan to rehabilitate their credit score and manage their debt.

With industry, government, and community working together we believe that we can come up with a sustainable solution and we would welcome the opportunity to work with MBIE and the Electricity Authority on developing what this could look like.

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

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.

We do not support AC2.

Most retailers are working towards compliance with the Consumer Care Guidelines so that disconnection is already a last resort. Mercury has a Here to Help Team working specifically with customers at risk of disconnection to help them onto individualised payment plans and refer them to budgeting or other support agencies.

Any change in this area has the potential to add material costs to retail businesses which are ultimately borne by other customers and potentially limit customer choice. Instead of developing mandatory disconnection rules, we recommend focussing on the upfront measures that will minimise customer debt and disconnection in the first instance.

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

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.

We broadly support strategy AC3 but note that in our experience the main barrier to completing smart meter roll out is cost. Where connectivity is not an issue, Mercury considers requests for smart-meter upgrades on a case-by-case basis. Metering companies charge retailers for installing smart meters and this cost must land somewhere. Absorbing these costs mean that all customers end up paying.

We agree it is important to identify mechanisms to prevent landlords or building managers from unreasonably withholding consent for tenants who would like a meter change.

We note however that while it is important for customers to know what meter they have and what tariffs and plans are available to them, a requirement to disclose meter type information could further complicate bills. We would prefer to provide clear and easily accessible information on our website or through other channels to ensure that customers can make informed choices about their energy use.

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

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

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.

We support strategy AC4.

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

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.

We support the intention to explore the role social retailing might play in the market and have experience working to support social retailing we can share.

We recognise social retailers play an important role in supporting their communities that is not easily replicated by larger traditional retailers like Mercury. However, no one social retailer or even a handful of regional social retailers would be able to connect with the full range of communities and their various needs. The benefits of that important community connection would be lost.

The cost of implementing the strategies proposed at AC5 should also be weighed against other solutions such as the better targeting of the WEP and government support for energy wellbeing training such as EnergyMate which have the potential for great impact with less intervention.

We see challenges with each of the options a to d appreciating that these are not exhaustive or intended to limit the broader discussion on the best ways to support those in hardship to access greater retailer choices. We think it's important to consider the role social retailing might play and the implications and interactions of any support across the wider system in terms of delivery of existing social welfare initiatives, wider retail competition and other policy objectives. We would be keen to participate in the exploration of options and share our experiences.

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.

See response to Q58

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

See response to Q58

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.

Whilst we support the intent behind strategy AC6 we are concerned that it is very high level and lacks tangible outputs. For example, how do we make sure that the transition addresses and not worsens existing inequities within our energy system? The strategy mentions providing support to enable those in energy hardship to access more expensive technologies that could meet their energy needs more efficiently but what does this look like?

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

The strategy needs to provide a mechanism for identifying what initiatives are needed to ensure that the transition is equitable. Hopefully this will come from the Equitable Transition Strategy however we note that this is not due to be published until June 2024. We would be interested to know if the EHEP has considered how it might input into the Equitable Transition Strategy or if it has considered the specifics of how new technologies will be made available to those in hardship (not simply energy hardship). For example:

- the Clean Car Discount has been successful in increasing the uptake of electric vehicles however it has also shown that those benefiting from the discount are not those most in need. How do we make EV's more widely available?
- The gas transition will directly impact customers who currently rely on gas for heating and cooking. What is the plan for customers with limited choice and resource?
- Where demand response is made available to create energy efficiencies for homes, how do we make sure that those in energy hardship will benefit?

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.

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.

We support strategy AF1.

The issue of nationally consistent processes and direct lines of communication between MSD/customers/retailer is being investigated by the ERANZ Connect Me pilot (discussed above at Q46). It is our hope that having tested fast redirections on the pilot MSD will see value in rolling this out as a permanent measure to prevent its customers from falling into debt and requiring additional financial assistance when they sign up with a new electricity retailer.

This strategy would be supported by KN1 where a network of community, government agencies and industry bodies could help to prioritise and coordinate the delivery of improved processes. This group could consider piloting a project like that adopted by Thriving Communities Australia known as "One Stop One Story". As part of this pilot participants in the network wrap around a customer to ensure they only tell their story to the first provider they contact. The customer is then automatically referred to other relevant agencies who will proactively assist the customer with no additional information required. This is something that our Home Sweet Home Pilot is also considering as part of its future expansion. There are of course Privacy Act issues that would need to be resolved for this to be operable however we believe there is some precedence in the terms and conditions signed by ACC customers.

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.

We strongly support AF2. Mercury has been advocating better targeting of the Winter Energy Payment (WEP) for some time and it is very encouraging to see this as a strategic goal.

The numerous pilots we are working on can help inform decisions on alternative ways that funds could be allocated whether that be via the WEP or additional needs based financial support. For example:

- Our work with a large New Zealand housing agency will demonstrate whether a subsidy/rebate applied to a capped bill gives whanau comfort to heat their homes appropriately during colder months. We will be able to share data with the EHEP on the effectiveness of the subsidy and the retailer experience in applying this to electricity bills;
- The ERANZ ConnectMe pilot will identify the customers who are not entitled to WINZ support but who would benefit from the WEP during colder months or some other form of income supplement. Retailers could apply for these payments on behalf of customers to ensure that funds are directed towards electricity bills;
- Home Sweet Home and our Joint Research Project also show how we as industry and government must involve community organisations in the decisions that impact their whanau. Community should be engaged in any decisions about how the WEP could be better targeted. For example, as electricity retailers we find some customers hard to reach however these same customers are not hard to reach for the communities that support them.

We support a needs-based approach but would not support the universal application of the WEP to other demographics such as families with infants as suggested at page 70 of the discussion paper. This would result in the same issues that exist when the WEP is provided universally to pensioners. Any ability to opt out is likely to have minimal impact as most people will simply accept the payment as a right, particularly if a specific action is required to say no thank you.

We look forward to working with the EHEP and MBIE on how retailers and community can assist in identifying customers most in need of additional financial support and will be happy to share our pilot learnings once these have been completed.

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.

We support strategy AF3. Following the Electricity Price Review and part 9 of the Consumer Care Guidelines most retailers should already have cost reflective fee design top of mind and it follows that the same principles should be applied to pre-pay fees, disconnection, reconnections, top ups, bonds and metering,

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

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.

We support strategy AF4 and appreciate the EHEP's recognition that prepay helps many families with their budgeting and helps them to control their electricity bills. Mercury's GLOBUG is competitive on price and does not charge disconnection fees – unlike post pay products where late payments fees will also apply.

We appreciate however that for some whanau prepay is not serving them well. Faced with a choice to “heat or eat” the wellbeing of the household is at risk. Mercury is working on what an alternative post pay proposition might look like for these more vulnerable GLOBUG customers for whom prepay is not the solution:

- Our pilot with a large New Zealand housing agency will provide us with an opportunity to explore moving GLOBUG customers onto a capped post pay product and observe the impact on debt;

- ConnectMe is giving customers who would previously only have been able to connect to power via GLOBUG the opportunity to sign up to a post pay product with weekly payment options and wrap around support.

Mercury is also supportive of developing realistic and achievable prepay reporting requirements and we are currently working on some quantitative and qualitative measures that will help provide meaningful insight. We look forward to working with the EHEP and/or the Electricity Authority to input into the opportunities and limitations around this reporting.

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

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.

We support strategy AF5 and note that this is already a recommendation in the Consumer Care Guidelines. Retailers should however retain the option to decide what those payment options look like as some legacy platforms do not have the functionality to provide smooth pay or weekly billing (for example) and the cost to provide these services for some smaller retailers may be prohibitive.

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

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.

We support strategy AF6.

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

We recommend MBIE look to work that is being done in other jurisdictions in relation to pricing methodologies to help with long term energy equity through the transition to a low emissions economy. In California, for example, driven by new regulations, one electricity provider is proposing a new income-based fixed charge that that would not change month-to-month regardless of how much electricity is consumed.² This charge would cover the electricity delivery infrastructure and reduces the variable per kilowatt hour cost by 42% compared to today. The proposed reform will provide immediate financial relief with estimated savings of up to \$300 per year for the average low-income customer, while making monthly bills more predictable and transparent for all customers. By lowering the cost of electricity, the plan also will help to accelerate the electrification of transport and household appliances.

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

² Designing Electricity Rates for An Equitable Transition - The Energy Institute at UC Berkeley's Haas School of Business and Next 10, 23 Feb 2021 <https://www.next10.org/publications/electricity-rates> and <https://www.next10.org/publications/electricity-rates>

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.

We support strategy CP1 and including mandatory consumer care obligations on all electricity retailers in the Consumer Care Guidelines where it is reasonable to do so. We are not convinced however that the Electricity Authority's recent review of retailer compliance with the Consumer Care Guidelines in 2022 showed levels of non-compliance sufficient to warrant mandating core minimum standards.

We believe there are other areas where government and retailer resources could be directed as a greater priority such as better targeting of the WEP, energy efficiency training, supporting community networks and developing products that are suitable for all customers regardless of their credit scores.

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.

As above at Q83.

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.

We support strategy CP3 and would be willing to report on key energy hardship indicators. As this would involve considerable time and resource, we would like to work with the EHEP and the Electricity Authority (EA) to develop what information might be provided and at what frequencies.

Similarly, we would like to work with the EHEP and the EA to ensure that reporting requirements acknowledge the differences between post pay and prepay disconnections. Where prepay customers use disconnection as a tool to manage debt, post pay customers will only face disconnection as a very last resort for debt owing to their retailer. It would not be feasible for example for a prepay retailer to contact every customer immediately after disconnection as disconnection occurs frequently and in most cases are reconnection will occur within 12 hours. As mentioned above at Q72 Mercury is working on a set of criteria that could practically be reported on for GLOBUG to provide meaningful insight. We will be happy to share this work.

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

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.

We support strategy CP4.

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

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.

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.

We agree on the importance of the factors identified and emphasise the key role for community organisations to play in decision making and reaching the most vulnerable customers. The environment must support and raise the community voice in helping to solve energy hardship.

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.