



28 April 2023

Energy Hardship Expert Panel  
c/- Energy Use Team  
Ministry of Business, Innovation and Employment

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## **Te Kore, Te Pō, Te Ao Marama Energy Hardship Expert Panel Discussion Paper**

Meridian welcomes the opportunity to submit on the Energy Hardship Expert Panel's discussion paper.

### **About Meridian**

Meridian is New Zealand's largest generator of renewable energy. We operate six large hydro stations and five large wind farms, and have a sixth wind farm and a grid scale battery currently under construction. We also sell electricity as a retailer to customers through our two brands, Meridian and Powershop.

Meridian's purpose is clean energy for a fairer and healthier world. It is at the centre of everything we do.

In late 2021 Meridian began exploring how it could best make a difference for whānau in Aotearoa living in energy hardship. This resulted in a pilot programme during 2022 where we supported 134 Meridian customers with a holistic approach and wrap around support over one year.

In addition to interventions within our core capability such as different plans, pricing options, and LevelPay, we also partnered with organisations to:

- Provide in home energy assessments and education;
- Facilitate and provide small-scale interventions such as Scoopy condensation squeegees, window seal kits, heaters and more;
- Co-fund installation of insulation, heat pumps, ground vapour barriers and extractor fans.

We also intervened in acute situations by providing groceries and other items to assist with immediate relief.

Another common approach was to help customers set and achieve a goal for partially reducing their energy debt. Once achieved, we would issue credit for the remaining debt.

This pilot programme saw 75% of customers supported on track or in credit on their bills, and a 70% reduction in the level of debt being carried. We had much feedback from our customers about the impact this work had on them and their whānau. Our partners are also extremely supportive of this approach, as it is tangible and has a real impact.

In February 2023 Meridian made the decision to scale this programme up, committing over \$5 million to support 5,000 customers in energy hardship by the end of 2024 across both of our retail brands.

There is much more foundational work to do, including developing data and insights to better identify those in hardship, and measure the success of the various interventions applied. We will use our dedicated funding to continue to do the things we know work – assessments, interventions, wrap around support, while trialling various other products and options. Our focus will remain on long-term, sustainable outcomes and energy education.

## **Our main points on the issues and proposals set out in the consultation**

### *Understanding energy hardship*

Meridian is very supportive of the efforts of the Panel to understand the drivers of energy hardship. We know from our work that in many cases other sacrifices are made to enable

families to pay their energy bills, so late payment and energy debt are not the only signs of energy hardship.

We are very supportive of the efforts that the Panel has made to bring Māori and Pasifika world views through in the analysis, and to inform the solutions. Our experience is that this is essential for support to be as effective as possible with a wide range of people. As the consultation notes, Māori and Pasifika are among some of the groups most likely to be affected by energy hardship. We strongly encourage that energy hardship services make the most of existing networks, for example via iwi Māori and urban Māori authorities. It is also essential that proposals such as the energy education strategy and services on the ground are designed in ways that are culturally relevant and outcomes focused.

### *Improving housing quality*

Meridian supports the measures to improve housing quality in New Zealand. It is clear that poor quality housing has a huge impact on a household's ability to maintain their energy wellbeing. All of the targeted outcomes in the housing kete will contribute to reduction in energy hardship. We recommend that resources are strongly targeted to priority groups, such as renters. We also strongly support additional measures to monitor and enforce the Healthy Homes Standards.

### *Social retailing*

The costs, benefits, and risks associated with a government-led social retailer model need to be worked through in detail before a recommendation can be made. Meridian's view is that any proposals to change social retailing in New Zealand should be tightly linked to a robust problem definition. The Panel has identified several solutions, all of which could assist with ensuring that vulnerable customers can be connected to electricity, and receive the care and support that they need. However:

- Without any interventions in place, there already exists a social retailing sector, which has sprung up independently. In addition, large retailers have invested in energy wellbeing initiatives and dedicated hardship support mechanisms. Substantial work has been carried out and is helping to meet the diverse needs of consumers experiencing hardship.
- Energy hardship is a multi-faceted issue with income inadequacy at its core. While the industry cannot solve income related issues, it has demonstrated that it can

deliver energy hardship solutions for consumers through a diverse range of approaches, including the efforts of large retailers and several small, regionally focused social retailers tailoring of services to different communities and needs in a way that a single regulated or government-led approach may struggle to achieve.

- This therefore raises the question of what extra outcomes government support would achieve, over and above what the sector is already providing, and whether the funding associated with any government-led social retailing could alternatively be better used to improve incomes for households experiencing hardship.

Meridian's view is that the panel should start with a consideration of what the problem is in the context of social retailing. This may be around ensuring that everyone who wants to be connected to electricity is able to, or around providing a more tailored service to vulnerable customers. Clarity on this point could then guide the identification of any gaps in the existing services offered by retailers and the options that could be further considered.

#### *Simplifying and changing bill formats*

Meridian aims to ensure that our bills are informative, and easy to understand. Our experience is that customers have a range of needs with respect to bills, with some customers wanting a very simple format, and others wanting lots of information.

Standardising bill formats would be very complex, due to the different pricing variables and products across retailers. We think that it is essential that the Panel and the CAC have a high degree of confidence that consumers do want changes to bills. Our experience is that changes to bill format are not a priority for customers. Another option would be for the CAC to develop guidelines on simplifying bills, which would allow retailers a degree of individualisation and customisation to their own customer base.

Many of the factors that lead to complexity in plans and offerings are outside of the control of retailers (for example, the very large range of distribution pricing in New Zealand, across the 29 distribution companies). We would like to see more standardisation in distribution pricing, as we think that this would have a meaningful impact in simplifying bills.

### *Changing and codifying the Consumer Care Guidelines*

Several of the proposals involve changes and extensions to the Consumer Care Guidelines, alongside moves to give these guidelines more impact (i.e. to incorporate them into the Code). Meridian is supportive of this.

The guidelines contain robust rules, for the benefit of consumers. Meridian puts a lot of effort into ensuring alignment with these guidelines. Codifying them is the logical next step and will ensure that they are widely implemented and can be enforced when any retailer fails to meet the standards.

Details of which elements of the Guidelines could be recrafted as mandatory minimum standards needs to be considered by the Electricity Authority in consultation with stakeholders.

### *Data collection and indicators of energy hardship*

Many of the proposals in the consultation also include an extension of the current data collection arrangements on retailers.

We think that the Electricity Authority should ensure that any new data collection does not duplicate existing arrangements and serves a clear purpose. We note that there are already data collection arrangements as part of the Consumer Care Guidelines, and that ERANZ also collects data on energy hardship measures.

We encourage the Electricity Authority to report on any data collected in a timelier fashion. Current reporting on disconnections for non-payment is out of date. A range of businesses, consumer advocacy groups, and social agencies are interested in such data and its value is diminished if it cannot be accessed promptly.

Much of the existing data that is collected relates to consumers who are clearly experiencing hardship (e.g. disconnections for non-payment). While this is important, it is equally important to consider data on earlier interventions by retailers to avoid disconnections and keep customers out of debt. There may also be value in data on hardship more broadly, for example to identify trends in the number of households that might be on the fringe of experiencing energy hardship, or not meeting their energy needs (households that are able to pay their electricity bills but are foregoing heating or other

wellbeing needs in order to do so). Such measures of hardship in Aotearoa could come from outside of retailers, for example from census data, income data, and housing data.

*Accelerating options to address energy hardship*

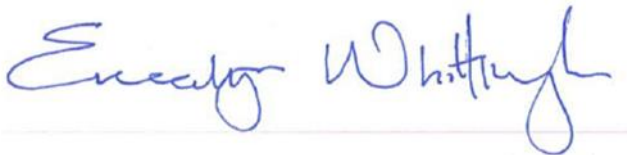
It is important that the strategies quickly progress to action. Consumer hardship is a real problem in peoples' day to day lives. We recommend the Panel prioritise their focus and act quickly on those initiatives likely to deliver the most benefit to consumers. We look forward to further engagement with the Panel and with the government entities tasked with implementing priority options.

**Conclusion**

Attached to this submission is an appendix that contains our comments on the specific questions raised in the consultation.

This submission can be released in full. Please contact us if you have any queries regarding this submission.

Nāku noa, nā



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## Appendix: Responses to consultation questions

For each strategy across the five kete, we have considered the three consultation questions:

- Do you broadly support the proposed strategy?
- Please share your comments on the proposed strategy. For example, you could include your thoughts on any benefits, costs, risks or limitations associated with this strategy.
- Do you have any alternative suggestions on how to address the challenge (in the strategy)? If so, please share these below.

### Health of the home kete

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

Meridian supports this strategy.

All outcomes in this strategy contribute to a reduction in energy hardship. Better and more efficient housing can also play a part in managing peak demand as New Zealand transitions to a low carbon economy. We also support prioritising vulnerable groups.

As renters are among the groups most vulnerable to energy hardship, this strategy could aim to focus in on landlords in order to lift the standards of rental accommodation.

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

Meridian supports this strategy.

Similar to HH1, this strategy addresses some of the root causes of energy hardship and will also contribute to energy efficiency.

This strategy could also be expanded to include landlords and tenancy advocacy. Our view is that it would work best with more tenant protection in place.

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

Meridian supports this strategy.

Monitoring and compliance are critical to ensure that the Standards are adhered to. Resourcing inspections, and clearer requirements on exemptions would likely significantly reduce energy hardship. We are aware of situations where landlords are failing to comply with the standards, but tenants are fearful of rent increases or losing the tenancy if they were to complain.

#### **HH4: Strengthen advocacy and support services for tenants**

Meridian supports this strategy.

Our partners often want to act on a tenant's behalf, but many tenants will not take this up as they fear retaliation by landlords for raising issues.

We recommend looking at ways to ensure that these services can be safely taken up by tenants.

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

Meridian supports programmes that help people to invest in more efficient appliances.

The purchase assistance programme could be widened to include smaller items, such as LED lightbulbs. However, the first (and best) approach should be to aim to connect these households with energy coaching and navigation services. We also suggest that MSD expand their preferred suppliers to give people more choice.

## **Knowledge and navigation kete**

### **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 Pasifika practitioners**

Meridian supports this strategy.

We strongly encourage making the most of established networks to enhance services provided to consumers and collaboration amongst service providers. Families in need of energy support may have multiple agencies engaging with them. A Whānau Ora style approach of integrating the services could be helpful for these families.

### **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 Pasifika worldviews**

Meridian supports this strategy.

Some Meridian staff have recently completed Home Performance Advisor training and found it very helpful.

### **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, Pasifika peoples, and tenants**

Meridian supports this strategy.

We recommend engaging with iwi and urban Māori authorities, as well as NGOs with a proven track record, to improve the reach and scope of this programme, as well as the uptake. We also suggest focusing on building engagement with communities.

### **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).**

Meridian supports this strategy.

It is essential that this strategy is culturally relevant, and that cultural experts are involved in the design. The wider sector, such as retailers and distribution companies should also contribute to the 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**

Meridian supports this strategy.

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

In Meridian’s opinion there is no clear evidence that consumers collectively want bill standardisation or simplification. Any efforts to simplify or standardise bills should only be done if there is clear evidence of consumer preferences. Consumers are diverse and have varying needs and expectations of their bills. In our



experience many want more information rather than less, and apps are increasingly used by power companies so that individual consumers can access whatever level of information they want. For many consumers paper bills are becoming obsolete. Bill standardisation through a simplification process could limit innovation and consumer choice.

Meridian supports improved price comparison services, and simplifying tariff structures.

Simplifying inputs such as distribution pricing would go a long way towards simplifying tariff structures. There is currently a lack of consistency in pricing across the 29 distribution companies. Meridian has previously advocated for simplifying distribution pricing, for example, through a regulated pricing toolbox with a small number of defined structures and pricing mechanisms.<sup>1</sup>

## **Energy accessibility and choice kete**

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

Meridian supports this strategy.

The Panel should consider the mechanisms that already exist within the industry. Meridian agrees that all consumers should be able to obtain a post-pay electricity supply. Meridian approves customers with adverse credit every day, and we also participate in the Connect Me programme, which works with customers with adverse credit to obtain an electricity connection.

### **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**

Meridian supports this strategy.

Meridian supports codifying the Consumer Care Guidelines. Meridian's practices are aligned with the Guidelines and we treat disconnections as a last resort. The Guidelines could be recrafted into rules for disconnections, and minimum obligations on all retailers so consumers receive the same level of service regardless of their retailer. The Guidelines have been in place since 2021 and codifying them by incorporating them into the Electricity Industry Participation Code is the logical next step and has already been signalled by the Authority.

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

Meridian supports this strategy.

Advancing the smart meter roll-out could help to address energy hardship. Smart meters allow for improved understanding of electricity consumption, more accurate bills, and reduce the likelihood of unexpectedly large bills. Current smart meter penetration is around 90% of households and those remaining are commonly either in areas without connectivity (smart meters require a cell phone signal to communicate) or with households that deliberately elected to use a non-smart meter. Therefore, further progressing the smart meter roll out may be challenging. Meridian currently prioritises customers in hardship for smart meter installation.

Meridian has some concerns about the proposed bill standardisation requirements on retailers to change bills to reflect information about meters. This pulls in the opposite direction to other recommendations regarding bill simplification. In either case, restrictive rules about what bills can and cannot do may limit consumer choice and we have not seen evidence that consumers would want such changes.

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<sup>1</sup> [Meridian-DP-Practice-Note-submission-2021.pdf \(ea.govt.nz\)](#)

**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) on energy hardship can access secure energy supply, linking with other energy programmes such as WHK and SEEC**

Meridian supports this 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**

Energy hardship is a complex problem, and social retailing has emerged independently of government involvement to address this complexity. We are concerned that some of the more interventionist strategies (such as the government setting up its own social retailer or levy funding a retailer) may result in less innovation and leadership from the sector.

Any strategies should only be progressed where a problem is identified that is not already addressed by existing social retailing activities in the market. The strategies should be targeted at gaps and the impact of any strategy on existing activities should also be carefully considered, for example a government-led strategy could risk crowding out other activity or raising costs for consumers and the Government would want to be certain that its approach would deliver better consumer outcomes.

**AC6: Ensure those in 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**

Meridian supports this strategy. However, we note that urgent action is needed to support the most vulnerable consumers.

## **Energy affordability kete**

**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**

Meridian supports this strategy.

It would be helpful if MSD were to prioritise energy hardship as an emergency issue, and it may avoid more disconnections due to non-payment.

**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**

Meridian supports this strategy.

Meridian supports the Winter Energy Payment being targeted to provide greater relief to low-income households. We have advocated for this since the time of the Electricity Price Review.<sup>2</sup> Many retirees that receive the

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<sup>2</sup> [Electricity Price Review Submission \(mbie.govt.nz\)](https://www.mbie.govt.nz/electricity-price-review-submission)

payment are not in energy hardship, while many low-income households are unsupported by the Winter Energy Payment.

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

Meridian supports this strategy.

The Consumer Care Guidelines include clauses on the reasonableness of fees. As noted elsewhere in this submission, we support codifying the Guidelines to ensure they are applied and enforced consistently across the sector.

**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**

Meridian supports this 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**

We support payment options that will help those in energy hardship. However, we do not support requiring retailers to use higher cost-to-serve methods of payment, such as cash payments or over-the-counter payments. This strategy would benefit from more consumer insights. Our experience is that these options are costly, and only used by very small numbers of customers. Strategies that increase costs to consumers and retailers should be approached with caution, particularly where the benefits to consumers appear limited.

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

Meridian supports this strategy.

Network costs make up a significant proportion of electricity bills. It would be good if the Electricity Authority were to consider the impact of network pricing on domestic consumers, and in particular those in energy hardship.

As noted elsewhere in this submission, Meridian is supportive of efforts to simplify and standardise distribution pricing methodologies.

## **Consumer protection kete**

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

Meridian supports this strategy.

As noted elsewhere in this submission, we are supportive of the Consumer Care Guidelines becoming mandatory and incorporated within the Electricity Industry Participation Code.

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

Meridian supports this strategy.

This strategy is a logical extension of CP1. If the Consumer Care Guidelines were to be codified (which we support), then there should be provision made to monitor compliance and enforce instances of non-compliance.

Industry reporting and self-reporting of breaches should also be expected as a result of codification given the reporting requirements in the Electricity Industry (Enforcement) Regulations 2010.

**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**

Meridian supports this strategy.

The Electricity Authority should first take stock of the data already collected and reported to the Authority quarterly under the Consumer Care Guidelines, including:

- Number of domestic customers premises at the end of the quarter.
- Number of domestic customers premises disconnected due to a contracted domestic customer's arrears during that quarter.
- Number of domestic customers on whose behalf the retailer has consulted with Work and Income in that quarter.
- Number of identified medically dependent consumers registered at the end of the quarter.
- Number of identified medically dependent consumers who have debts greater than 60 days.

As well as the annual certifications of alignment with the Consumer Care Guidelines.

ERANZ also already collects information on:

- Disconnections for non-payment per quarter.
- The total number of disconnections for non-payment that are reconnected:
  - within 24 hours of disconnection; or
  - between 24 and 72 hours of disconnection.
- In a given quarter, the total number of disconnections for non-payment that switch to another retailer.
- In a given quarter, the extent of early credit intervention measured through the total number of:
  - notices of disconnection; and
  - final notices.

To the extent that such data would be of value to the Authority there are existing processes in place (at least among the larger retailers) to collect and report that information.

Any additional data collection and reporting obligations should only be considered where gaps are identified, and the data is required to better understand and address an aspect of energy hardship. Data requests have a cost to retailers and data should not be collected without a clear purpose.

We would also encourage the Authority to report the data in a timelier fashion. For example, disconnection data is reported quarterly but the most recent reporting is for the fourth quarter of 2021.<sup>3</sup> A range of businesses, consumer advocacy groups, and social agencies are interested in such data and its value is diminished if it cannot be accessed promptly.

**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**

Meridian supports this strategy.

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<sup>3</sup> <https://www.emi.ea.govt.nz/Retail/Datasets/Disconnections>