

Submission Form

The Energy Hardship Expert Panel welcomes your feedback on its Discussion Paper 'Te Kore, Te Pō, Te Ao Marama | Energy Hardship – the challenges and a way forward.'

We welcome your feedback

This is the Submission Form for responding to the Discussion Paper released by the Energy Hardship Expert Panel '[Te Kore, Te Pō, Te Ao Marama | Energy Hardship – the challenges and a way forward.](#)' The Expert Panel welcomes your comments by **5pm on Friday 28 April 2023.**

Please make your submission as follows:

1. Please see the full Discussion Paper [here](#) to help you have your say.
2. Please read the privacy statement and fill out your details under the 'Submission information' section.
3. Please fill out your responses to the questions in the tables provided. Your submission may respond to any or all of the questions. Questions which we require you to answer are indicated with an asterisk (*). Where possible, please include evidence to support your views, for example references to independent research, facts and figures, or relevant examples.
4. Before sending your submission:
 - a. delete this first page of instructions; and
 - b. if your submission contains any confidential information, please:
 - State this in the cover page or in the e-mail accompanying your submission and respond to questions 8,9 and 10 below explaining which parts should be withheld and why.
 - Indicate this on the front of your submission (e.g., the first page header may state "In Confidence"). Any confidential information should be clearly marked within the text of your submission.
 - Provide an alternative version of your submission with confidential information removed in both Word and as a PDF for publication by MBIE.
5. Submit your submission by:
 - a. emailing this form as both a Microsoft Word and PDF document to the MBIE secretariat at energyhardshipMBIE@mbie.govt.nz; or
 - b. posting your submission to:
Energy Hardship Expert Panel
c/- Energy Use team
Ministry of Business, Innovation and Employment
15 Stout Street
PO Box 1473
Wellington 6140

Please direct any questions that you have in relation to the submissions process to energyhardshipMBIE@mbie.govt.nz.

Privacy statement

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.

Use and release of information

To support transparency in our decision-making, MBIE, as the secretariat for the Energy Hardship Expert Panel, proactively releases a wide range of information. MBIE will upload copies of all submissions to its website at www.mbie.govt.nz. Your name, and/or that of your organisation, will be published with your submission on the MBIE website unless you clearly specify you would like your submission to be published anonymously. Please tick the box provided if you would like your submission to be published anonymously i.e. without your name attached to it.

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.

We encourage you not to provide personally identifiable or sensitive information about yourself or others except if you feel it is required for the purposes of this consultation.

Personal information

All information you provide will be visible to Energy Hardship Expert Panel members and to the MBIE officials who are analysing the submissions and/or working on related policy matters, in line with the Privacy Act 2020. The Privacy Act 2020 includes principles that guide how personal information can be collected, used, stored and disclosed by agencies in New Zealand.

Contacting you about your submission

The Energy Hardship Expert Panel or MBIE officials may use the information you provide to contact you regarding your submission. By making a submission, MBIE will consider you to have consented to being contacted, unless you clearly specify otherwise in your submission.

Viewing or correcting your information

This information will be securely held by MBIE. Generally, MBIE keep public submission information for ten years. After that, it will be destroyed in line with MBIE's records retention and disposal policy. You have the right to ask for a copy of any personal information you provided in this submission, and to ask for it to be corrected if you think it is wrong. If you'd like to ask for a copy of your information, or to have it corrected, please contact the MBIE secretariat by emailing energyhardshipMBIE@mbie.govt.nz

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?* Philip Squire
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. Sustainability Trust – Toast Electric
Q8.	If you are submitting on behalf of an organisation, which of these best describes your organisation? Please tick one. <input type="checkbox"/> Iwi, hapū or Māori organisation <input type="checkbox"/> Energy retailer <input type="checkbox"/> Energy regulator <input type="checkbox"/> Energy distributor <input type="checkbox"/> Registered charity

Non-governmental organisation

Local Government

Central Government

Academic/Research

Other. Please describe:

Sustainability Trust is a registered charity/NGO. Toast Electric is a brand name for our electricity retailer.

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 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.

As a specific intervention for low-income owner-occupied homes WKH provides support for the basics of insulation and heating. The operational systems currently in place via EECA and service providers allow for a fairly straightforward expansion of criteria and measures. Our experience on the ground is that the current suite of measures provides immediate and significant warmth, and energy efficiency gains, as well as improved wellbeing. Widening the scope of measures to include items such as hot water systems, ventilation, LEDs, draughtstopping, and other smaller

interventions would address other areas of energy hardship. Also, high on the list would be working down through the deprivation zones included in eligibility criteria, and expansion to rental properties identified with occupants in energy hardship.

WKH, while an impactful programme, applies a standardised solution to energy hardship. We would much rather see a programme that flowed from the work done on definition of energy hardship by MBIE and others to create individualised responses that address the drivers of energy hardship for that household. Assessments by trained experts that capture a range of household and building data to develop a wrap-around solution for the household would more closely align with the logic flow around alleviating energy hardship – i.e. if we can firstly define energy hardship and its drivers, then identify the key drivers, and then design the solution, and monitor the outcomes then we will more likely be able to reduce energy hardship in Aotearoa. Applying a one-size-fits-all programme, while lower cost to run, misses a range of drivers (e.g. energy costs, crowding, inefficient hot water systems etc).

Sustainability Trust is in the process of developing an Energy Hardship Rating (EHR) that includes a measurement of the amount and cost of energy required to keep the home at 18/20 degrees C, run basic appliances and provide hot water needs. We also assess the compliance with the Healthy Homes Standards, and gather responses from standardised (Stats NZ/Otago University) energy hardship questions to the homeowner. This data allows an EHR to be determined that describes the depth of hardship across quantitative, regulatory, and subjective measures. Using a tool or approach similar to this would allow for recommendation of suitable measures to bring the home above a required EHR and also monitor changes in the future. This approach has similarities to the implementation of Energy Performance Certificates (UK/Europe) and Home Energy Scorecard (Victoria/Australia).

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

As noted above, we have long been advocates for integration of a system such as the UK and European Energy Performance Certificate and associated quantitative energy assessment. Assigning an energy efficiency rating to each home and its place on a scale would provide all current and future occupants with a publicly available measure of the cost to heat and upgrades required to improve the dwelling.

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.

We fully support the above strategy, but caveat that to be effective it needs to start with a complete survey of the home and household to determine the measures needed to upgrade the home (e.g. using an EHR/EPC type assessment).

On a practical level, there are structural issues that need to be addressed before some of the major interventions can be effective or safe. For example, a proportion of homes can not have heat pumps installed without upgrade of breaker boards or installation of new ground rods. This extra cost is not covered by WKH but may put the cost out of reach of low-income whanau. Similarly leaking roofs, broken windows and cladding and major draughts may render insulation and heating installs largely ineffective. A separate fund (limited in size) would assist in installation of the key insulation and heating measures in WKH).

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 have been advocating over the last four years for upgrading the HHS in four specific areas. Our experience on the ground speaking with landlords and tenants has not changed our views. The four main additions/variations are:

- Close the majority of exemptions for non-requirement for insulation, damp proofing, ventilation and insulation. Prime examples are homes with flat ceilings or low underfloors that are able to pass HHS via exemption and remain cold and damp for current and future tenants. As above we favour a more robust assessment that identifies the drivers of energy inefficiency and costs and in the case of the HHS interventions, includes complementary solutions that will achieve a minimum EHR/cost to run. For example, a simple heat balance on the property may identify that a home with a flat roof could meet the required cost-to-heat with installation of double glazing, wall insulation, whole of house efficient heating, hot water system upgrade, floor coverings, double-lined curtains etc. An HHS that was outcome-based would minimise the current situation where we have a two-stream level for homes that are lower cost to heat to a healthy temperature and those that are not – while both meeting the current HHS
- Create a publicly accessible public database of rental homes that meet the HHS and their current energy efficiency standard (EPC). This aligns with the current UK system and would allow tenants to determine whether their rental or prospective rental meets the HHS and the likely running costs.
- Align the compliance programme with the vehicle WoF administration, i.e. only allow registered and trained assessors and entities to be able to assess and sign off properties that meet the HHS. At present landlords are required to sign off that their property meets the HHS, and can rely on any (or no) outside expertise to make this assertion.
- Require all assessors and entities to be registered, trained and monitored by MBIE. This makes sense from a lower administrative burden for MBIE who can focus on upskilling and regulating the industry rather than the 750,000 individual rental properties in New Zealand.

We know from working with numerous landlords that a system that creates a level playing field and supports those landlords who want to provide a compliant and high quality home is well supported.

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 believe that much of the imbalance we currently experience between tenants and landlords would be alleviated by enacting our above suggestions. A well regulated network of assessors and entities, using standardised tools, that can be called on by tenants and landlords, with direct lines to MBIE and eventually a publicly available database would provide transparency and standardisation.

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.

As an electricity retailer, Toast Electric's focus is on reducing the total cost of electricity for low-income homes. Inefficient appliances including whiteware, lighting, hot water systems, negate some the benefits of providing discounted power. Home assessments that include recommendations for energy efficient appliances are key in making change in this area.

The Winter Energy Payment programme funding could be the financial support. If the WEP was better targeted (i.e. only paid to those on benefits or low-incomes) it could provide the capital base to support higher efficiency appliance purchases – or the topup required to move from the cheapest item to a higher efficiency item.

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 support funding a sector network that focuses on alleviation of energy hardship and acts as a key government connector to the sector. There are wide range of actors and responses across the motu and a community/NGO-led sector body that works with government to enhance collaboration would be a game-changer. Organisations such as Community Energy Network already fulfil some of this function as the collective voice for community enterprises working in energy hardship and healthy homes. Expansion of CEN's functions and development of aligned Pacific and Kaupapa Maori organisations would allow these organisations to support local groups and projects across the country, disseminate best-practice, and develop standardised monitoring and assessment criteria. They would also act as advocates to government and industry and a central point for government to engage with for major policy and programme advice.

Q30. 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 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 would like to see expansion of support for energy assessment and advice training – including identifying areas where cultural and locational variation in training methods and outcomes would enhance delivery. HPA courses could be expanded, brought in the NZQA system, added to PD requirements for various sectors, and better funded to increase staffing and resources.

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 expansion of the SEEC programme both in terms of available funding and longer-term funding horizons. Delivering programmes on a one-off or one-year timeframe is challenging when recruiting and training assessors, so longer-term more sustainable funding would be more effective for our delivery.

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.

Education, rather than information campaigns is our preference. Public service messaging has its place, and we have seen campaigns such as the EECA Energywise spots (2012-18) help create a climate where insulation and heating became expected elements in homes.

However, face-to-face and local delivery of healthy home/energy efficiency education delivered by trusted actors is key to creating change at a local level. Support to organisations to deliver public and school programmes, outreach events, websites and enews, media appearances etc at a local level (rather than only national messaging), helps to establish credibility for local organisations and increases their capacity to provide bespoke and local, culturally appropriate assistance.

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 are not completely sure on this strategy, due to the large number of organisations involved in the sector as well as the conflict with local organisations who are expert at providing local information and education resources for their rohe. Sometimes national-level messaging misses the power of keeping things local in terms of expert advice that can be delivered by local community group's assessors or educational offerings. We would like to see a careful stocktake conducted of what would be relevant on a national portal and what would be better left local.

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.

In general we support this strategy, but acknowledge that with the complexity of offerings and discounts, time-of-use vs. flat, EV plans etc, this is challenging territory to produce a standardised or simplified bills or price comparisons. We are also wary of the using price as the main gauge for determining if an electricity retailer can produce a better outcome than another. For example, as Toast Electric uses bespoke pricing, winter price caps, assessments/interventions, and ongoing support, headline pricing may not be able to reflect this value. Using a standard estimated \$/kWh rating (as in supermarket-required pricing) has some value, but does not reflect some of the wider benefits. As a social retailer, while Toast will provide a lower price for our energy wellbeing clients than the customers' current retailer, special offers, short-term loss leaders, etc may complicate accurate comparisons.

We recognise Consumer is doing some good work in this space, and look forward to ongoing discussions to work out a more nuanced comparison system.

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

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.

Electricity is an essential resource, and human right. Access to heating, lighting, hot water and appliance energy should be included in our social contract – not just when one can afford to pay the bill. When we look at the reality of cutting power supply or denying supply to a household, the implications are immediate and profound. There must be a better way. As one of the principles of the Consumer Care Guidelines states – Retailers have a right to be paid. This is essential, but when a household can not pay the bill, due to a variety of reasons, then someone will need to pick up the cost. Prepay power is always an option, and some whānau opt for the control of this method, but self-disconnection based on inability to pay is often the outcome.

Toast Electric offers an Energy Wellbeing programme where we do not refuse an application based on the results of a credit check. Indeed the presence of need is one of the markers of us encouraging a household to sign up to Toast and our EW programme. We do require households to be referred through a partner agency or to be assessed through one of Sustainability Trust's healthy homes programmes, but our outcome is to provide the

household with power they need at a cost they can afford (through energy efficiency interventions, advice, lower cost power, and referral to support agencies). Toast/Sustainability Trust is set up to support households in energy hardship, and we believe that are well placed to administer an social tariff/backstop where electricity tariffs are underwritten for households within our EW programme.

We favour a government or industry-supported fund that is available in cases of client default due to hardship. This fund would need to be ringfenced to only be available to clients who had entered into a programme similar to our EW programme at Toast or run by a social retailer, i.e. one where the customers had been referred and as being in energy hardship by a community partner, had received advice and support from a creditable agency, had a home assessment and been on reduced tariffs.

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.

Disconnection is usually the last resort for a retailer if payment is not forthcoming following numerous attempts to arrange debt repayment. All businesses are seeking low-cost/high value customers and retailers are no exception. At present, apart from a voluntary CCG, and MDC criteria, there is no mandatory protection from disconnection for non-payment. If we agree that disconnection for non-payment (due to hardship) should not be an option, then solutions would range from mandatory requirements for all retailers to avoid disconnections as part of their social contract, or refer households in hardship to a social retailer (who has a payment underwriting scheme).

The challenge with households not paying their bills as electricity retailers are seen as a soft-touch and/or electricity bills became less of a priority to pay could be a challenge. Our experience at Toast, is that as we or our referral partners have engaged with clients, then there is less of a chance of us being seen as a faceless corporate. In general, the majority of

customers want to pay their bills, and engaging and providing assistance at times of stress and providing wrap around support (pricing, interventions, advice etc) will minimise default.

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 agree with the statements and suggestions presented in the discussion paper as balanced and effective recommendations. In the Wellington Lines and Electra areas that Toast serves the majority of clients are on smart meters. Non-communicating or legacy meters are few, but we accept customers with these configurations. We note that many retailers do not due to extra costs associated with estimates, manual meter reads, and inability to be able offer their standard ToU tariffs. This is one way to reduce the costs-to-serve by only taking on clients on smart meters.

In general we have not found too many barriers to switching legacy or non-communicating meters to smart meters and generally MEP's will do this for no cost. Older fuseboxes and wiring can present costs to the householder to upgrade, and unless there is a distinct benefit then action may not be taken. In the case of Toast, as we are a social retailer and accept non-smart meters, and work with clients to try and upgrade legacy meters if possible, and can generally advocate effectively to landlords to upgrade (as this will be a long-term benefit) or fund this internally. We are planning on including a ToU option in our tariffs within the next 12 months and building an app to support EW customers with accessing lower prices during off-peak periods, as well as providing feedback and information on discounts, price caps, free electricity periods etc. Customers without access to smart meters will not be able to engage with this technology. However, as discussed before, it's BAU for us to try and ensure our clients receive the benefits and within reason will find a way to get the best outcome for the client.

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 are very supportive of increased funding and capability building to encourage development of community distributed energy. Resilience, energy sovereignty, reducing lines cost for vulnerable networks, as well as increasing the volume of renewable energy are key benefits. Where costs of connection to the main grid is more expensive than the long-run costs of developing and running a community energy system for isolated communities this may provide opportunities for reducing energy hardship. In addition if community energy schemes are partnered with social retailing, and can generate surpluses for their communities, these could be used to reduce energy hardship.

Perhaps the main benefit from supporting community energy programmes is that community energy can result in a range of novel initiatives and solutions that would not happen in a centrally controlled system. Resilience is only one of these, but communities (whether locational or interest/Kaupapa) are more engaged with an asset when they own it. Many community energy projects in the US, Australia, UK, and Europe have emerged from communities wanting to supply their own energy with their own resources. Communities, iwi, NGO's, community enterprises and other purpose-led organisations have a different world-view than those driven by a centralised profit-generating model of energy. Diversity is key to resilience in its widest sense, and seeding and supporting these models is in our best interests as a country.

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.

Toast Electric (operated by Sustainability Trust) is a social retailer and has been operating in the open market since September 2022. We set up Toast to directly provide a solution to energy hardship in our rohe (wider Wellington region), prove and refine the model, and expand into other areas where we have Community Energy Network partners. As electricity is an essential resource that is provided 24/7, and the cost and accessibility is a key component in energy hardship alleviation, we felt it was critical to directly involve our sector in its supply. And importantly as we also offer healthy home assessment and intervention services, we are able offer an integrated solution to households, that includes not only lower priced power but also advice, insulation, heating, curtains etc and referrals to partner organisations through our existing healthy homes programmes.

The rationale for setting up a separate retailer (rather than partnering with an existing retailer and providing energy hardship support to their clients) was that commercial retailers are not, and never will be, structured or focused on energy poverty. And to require them to take this role is unrealistic and perhaps unfair. Organisations such as Sustainability Trust, with commercial nous, decades of experience working to alleviate energy hardship, could and should be involved in the critical element of energy supply and accessibility. It mirrors the Trust's (and CEN members) involvement in assessments and supply of insulation, heating etc for low-income homes. As NFP, community-focussed organisations, with deep and trusted networks, we provide an integrated and outcomes-focussed solution. Leaving the supply of an essential resource to commercial for-profit organisations is like asking the possums to take care of pest control (not withstanding the possums would like to get it right, but are limited by a range of commercial imperatives and organisational DNA).

Entering a market dominated by larger commercial retailers, has been challenging to say the least. We have developed a model to assist lower-income households struggling with higher costs of energy and unhealthy housing that we think has the best shot of making the biggest difference to energy hardship. It includes providing detailed assessments, interventions, lower everyday electricity prices, and significant winter discounts to encourage heating – all to households referred by our local partners (poor credit checks do not preclude eligibility). The local partners make the call as to whether a household is likely to struggle to afford energy to maintain a healthy, warm home and run standard appliances and hot water service.

We also collect data in the home that allows us to calculate the likely costs to heat, provide hot water and run appliances based on the existing criteria. We also assess the compliance of the home with the Healthy Homes Standards, and capture occupants' subjective experience of energy hardship, including income. This data is the baseline for establishing an Energy Hardship rating that describes the affordability, compliance with govt standards, and lived experience.

The above information describes our business model. We would like to see mechanisms that would support us and our partners to deliver competitive and effective social retailing solutions. From the experience of the last 6 months of operation at Toast Electric, as a small start-up retailer there are number of key structural barriers to our ongoing sustainability. The main two are financial, specifically hedging and provision of prudential (electricity market bonds). In addition our ability to be able to offer an integrated energy hardship solution (rather than lower-priced electricity only) is reliant on funding to be able to continue to offer wrap around home assessment and intervention services.

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.

Our main preference is for three main types of support:

- Regulated or industry-agreed social hedge
- Financial support for prudential bonds
- Industry/government fund to support development of services/products and support for energy hardship clients.

We are not so supportive of government contracting of one or more retailers to act as social retailers or a single integrated social generator-retailer. Our experience over the past two decades and more recently as an electricity retailer is that social/community enterprises can and should run a financially viable operation in a commercial environment, but may need some level of market support to be able to get to scale and compete with larger deep-pocketed commercials. There is surplus in electricity retailing, which NFP's naturally use to support their low-income clients. But there are barriers to entry and scale. If government, industry and philanthropy believes there is value in challenger energy-hardship focused social retailers, then we urgently need support to turn our smaller ventures into the game-changers they have the potential to be.

Social Hedges

Toast was able to launch publicly in September following the offer of a hedge from a larger generator-retailer at a reasonable market price and adjustable for increasing volume. This offer was on the basis of discussions with a number of generator-retailers and was for the

gentailer who offered Toast the hedge, one of their responses to energy hardship. This hedge offer enabled us to begin operations with a degree of price surety in the wholesale market. While we are grateful for the hedge, it is of a limited term and with no ongoing surety of this price/volume being continued Toast has an uncertain future. In order for Toast, and other social retailers to be able to continue to develop at-scale solutions, some regulated or industry-agreed social hedge is critical.

The form of this hedge would ideally be priced at or below the internal-transfer-price of generator-retailers and of a variable volume. The hedges may also be limited to set maximum volume (say 20000 ICPs) whereafter the social retailer may be expected to compete in the general market. The hedges could be offered by a range of generators who are committed to supporting a social-retailer initiative. The scale we are seeking is of reasonably small scale in the overall market and if at the least at the internal-transfer-price is reflective of the overall market conditions. We would much prefer a lower-pricing to be able to deliver more benefit to our lower-income clients and this could also be supplied by industry agreement or regulation.

An independent consultant engaged by MBIE to consult with social retailers and generators could develop a template for agreement that meets the objectives of government and community, and provides a transparent mechanism for the larger generators to support social retailers into the market.

Prudential

Prudential is cash security that must be provided to NZX (as the market operator) for the purchase of electricity on the wholesale market. It can amount up to 70 days of electricity costs for each ICP and for small retailers can be a significant cash requirement versus cashflow and income. Support for social retailers to be able to access government or corporate backing to provide prudential would support the viability and ability to scale for smaller social retailers. The security could be provided in the form of low-interest loans, either secured or unsecured.

Support for development of energy hardship products and services

Social retailers are focussed on outcomes that do not prioritise financial return and (in the case of NFPs) return all their surpluses to the mission (i.e. energy hardship alleviation). In order to create services and products (e.g. apps to support lower income households with energy payments, alerts, trading, etc) that assist households in energy hardship rather than generate a return, specific financial support should be available. This could be in the form of contestable funds open to verified social retailers. The scope could include supporting staff positions, research, advocacy, IT development, pilot studies etc.

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

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.

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

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 this strategy, with a caveat. As a social retailer, with mission, networks, and focus on supporting low-income households, we know it takes financial resources, time, relationship management and experience to get the best results for whānau. To require commercially-focussed retailers to invest adequate and consistent resources in this area and to monitor results will be a challenge – especially with getting a consistent outcome across all customers.

Social retailers on the other hand are best placed to develop and deliver cost-efficiently on all strategies such as this to assist whānau. This will, however require initial investment and support to allow social retailers to get to scale. As noted in our comments in an earlier section on social retailing, we think social retailers provide one of the best shots at dealing with energy hardship in a consistent and cost-effective manner. If we truly believe that energy hardship interventions, can and should be managed through retailer identification and interventions, then developing the social retailers' capabilities is essential. But this will require government and industry to engage with ourselves to develop an effective model and funding support.

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 these strategies, but emphasise that they must be well targeted. As an example, the WEP is very broad based and as is not targeted to energy costs is more of a benefit increase for the winter months. We are very keen to engage with government on better targeting to achieve warmer homes for lower income whānau over winter.

As noted previously, we believe that social retailers, and community organisations such as Sustainability Trust, our Community Energy Network partners, FinCap and others working directly to alleviate energy hardship are best placed to trial some of these solutions for customers we directly engage with.

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 agree with this strategy. We do note, however that the actual direct costs e.g. charged by MEPs for disconnections/reconnections are only part of the overall cost of this particular intervention. Staff time to communicate with MEPs, clients, and others perhaps makes up the majority of any charge. Cost-reflection is a tricky concept and in reality will vary depending on the intervention. It may be useful to publish and standardise across the industry the charges for each retailer for provision of the above services.

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 agree with the observations in the discussion paper about the advantages and disadvantages of pre-pay. It allows whanau to have control and visibility of the spend and mirrors the (now declining) use of unflued gas heaters, in that whanau know how much they are spending on the service rather than bill shock at the end of the month. However, without comprehensive data on how energy is being used, potential negative impacts remain hidden.

An integrated strategy on the place of pre-pay in energy hardship alleviation would be a good way to start. This might include the path to access for pre-pay, monitoring, paths out of pre-pay etc. Again as noted previously, social retailers are best placed to use tools such as prepay as a suite of solutions. With the ability to be able to provide pre-pay, or formal partnership with a prepay provider, and appropriate wrap around support, social retailers will develop a whanau-centred approach to keeping households warm, dry and healthy.

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 this recommendation. In Toast's case our Energy Wellbeing customers are generally on a weekly smooth-pay arrangement, especially if the client has nominated a WINZ benefit direct. Wider ranges of payments, such as AP, cash, weekly and monthly billing, all increase costs and complexity for small retailers, however we know that for many

whanau a single monthly payment is not convenient and smaller regular payments improve ability to be able to budget effectively.

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 an investigation into the wide variations in distribution costs across the country and their implications on affordability, including potential mitigation. The discussion paper notes the increased costs of electricity in regions such as Northland which corresponds with lower incomes. The carbon emissions implications should also be considered in driving heating and transport choices in those regions with higher elec costs. As many decisions by households, suppliers, and infrastructure providers are longer-term capital decisions, price signals and long-term price stability will need to be carefully designed to encourage lower carbon investments in these regions.

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

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.

We support creating an even playing field for all retailers by strengthening and making the CCG mandatory. We also support investigating including referral mechanisms to a verified social retailer for clients in hardship who meet a certain threshold. Contracting out of a responsibility to treat customers in hardship should not be the default, but as noted before, social retailers who have access to a range of cost and wrap around support may be able to provide a better outcome for whanau rather than being a distraction for commercially-focused retailers.

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.

We support the recommendations regarding monitoring and compliance – similar comments to above regarding creating an even playing field for all retailers.

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.

Standardised reporting templates and capture of information during onboarding and customer journey would enable both compliance with CCG, as well as create a broad data set for assessing correlations of various measures. against increase/decrease of energy hardship. We also note that a robust definition and measurement of energy hardship levels at an individual household level (Energy Hardship Rating/EPC we have discussed in an earlier section) would give a complete data set. Without an EHR the information will have limitations, so we strongly advocate for increased emphasis on creating a household-level EHR that incorporates required energy, cost, compliance with HHS, and subjective energy hardship data from householders.

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 are particularly concerned that with the expansion of new technologies that low income households will either be left behind or provided with services that either do not meet their need or exacerbate hardship. For example, retailers offering products or services that increase the total energy costs (large TV's, and other inefficient whiteware), or provide products that are not fit for purpose (ToU for households with high daily usage), or lock consumers into contracts that limit switching to better deals due to penalties.

Conversely, carbon emissions reduction tech may also be limited to households who are able to afford the upfront cost and/or credit requirements of items such as solar panels, heat pumps, EVs etc. This can create a two-speed electricity market where lower income households effectively pay more per unit of electricity than better off households.

We support expansion and flexibility of consumer protection schemes to monitor and police the changing offers and supply arrangements.

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 have commented previously on the need for a robust definition and measurement of energy hardship levels on an **individual** basis, rather than MBIEs proposed national/global definition of EH in New Zealand. If every home in NZ was benchmarked against a nationally recognised scale (such as in the UK/Europe), interventions would be more easily supplied, monitored and assessed for benefit.

From a community perspective, working with households at the coalface/flaxroots level, we stress the importance of active engagement with government and industry. Community organisations are in many cases a primary agent for assisting those in hardship and can advise on suitable solutions. In our own case, Toast Electric has arisen out of what we see as a market failure, and huge gap in service provision by commercial retailers and government. As independent NGO/NFP's and community enterprises, we develop solutions, but will only be able to scale these with investment. Our call is that if government is serious about providing solutions to energy hardship, initiatives such as Toast, Sustainability Trust's healthy homes programmes, Community Energy Network member projects, significant upfront investment is needed and fast. We have the solutions, are delivering, but need backing to make the change we all want to see.

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.

Thank you

We appreciate you sharing your thoughts with us. Please find all instructions for how to return this form to us on the first page.

We will consider your submission as we work towards developing final recommendations for the government by 30 June 2023.