

## **Submission on the Electricity Price Review from FinCap**

**(Prepared by Merv Ransom)**

This submission is made on behalf of our clients that enter of budgeting services. We support and advise them on how to live a dignified live, despite their financial challenges. Building Financial Capability is the umbrella under which we operate, funded by MSD. Therefore, our sole focus will be from the consumer perspective, not the 'industry'.

### **1. Consumer priorities**

For our sector, the priority first and foremost is affordability. The national office has not explicitly been made aware that environmental impact precedes this priority

### **2. Consumer voice**

The only, but unfortunately limited voice, for consumers seems to be via the IPAG committee of the Electricity Authority and ERANZ (vulnerable customers). Unfortunately, there is but one voice purely dedicated to consumers on IPAG. Thankfully ERANZ recently supported the appointment of a staff member dedicated in one area to bridging the divide between retailers and their customers in hardship

There is no financial support to enable the meeting of consumer interest groups to collaborate and amplify their voice as a collective  
Generation, transmission, distribution and retail: all branches of the network should have consumer representation that is authentic and enabled

The field is highly technical and requires some effort to help consumers understand complex terms, to be able to advocate for themselves

### **3. Consumer trust**

Anecdotally, there may be less trust since privatisation; that the price of power is an exercise in lining shareholder profit

### **4. Prices changes**

On behalf of the clients FinCap represents, an impartial and objective assessment needs to be made as there seems to be many competing sides of the debate around this issue. Clearing this up would help consumers have more faith in the market

### **5. How prices compare internationally**

Would be aided by the investigation required in response number 4

6. **Outlook for electricity prices**

Fear about increasing prices could be allayed by Consumer NZ insight and some certainty from increased regulation

7. **Size of the affordability problem**

Affordability is THE problem for the people that we support and represent. There is a growing number of people/families entering the 'gig economy' where their work is insecure (temporary/seasonal), part-time, contractual, or at the duress of their employer, under-paid. Not having the means to pay their power bill results from an unstable source of income. This is certainly not just a problem confined to beneficiaries. MBIE's assessment of the size of the affordability problem is comprehensive

8. **Causes of the affordability problem**

FinCap is largely in agreement with Concept Consulting's factors affecting consumption and price

9. **Outlook on affordability**

This largely depends on the extent to which the industry looks in the mirror. The Generators, Transpower and retailers must own their contribution to the cost of electricity

FinCap is willing to put itself forward for further engagement and largely pins its hopes on regulation

We would ask that the following things be taken into consideration also:

**Bad credit**

Where retailers might refuse to reconnect or sign up a new customer because of their credit history/score. There is a convention that the last supplier to the ICP take the customer on, but we're not sure how strictly this is adhered to

**Percentage of spend**

FinCap is investing in its database on debt. When our database has more functionality, we might be able to contest the percentage of spend on electricity and suspect it may actually be more than reported

**PPD**

Prompt payment discounts are largely missed out on by the poorer. There are grounds for these to end, as long as the change is cost-neutral for consumers. This idea will hopefully be enacted by all retailers over time

## **Only have one price-comparison website**

Combining Powerswitch and Whatsmynumber

## **Hardship teams**

FinCap has a particular interest in how retailers approach arrears; we would like to see the policies of all retailers to determine what best-practice would look like collectively

## **Code of Conduct/Guidelines**

ERANZ has made significant progress in this area; they could well do with review once the findings of the EPR are released

## **Accrual of credit**

Customers should not be financially penalised for seeking a refund. We've heard that many of our customers like to have this buffer for winter. The number of refunds is likely to be minimal and administrative costs absorbed

## **'Energy mate/coach'**

This idea has really caught on and would cover education and support regarding education and implementation of 'tips-and-tricks' to save on power.

## Lastly:

Maori are tangata whenua and Treaty partners. Article 21 of the United Nations Declaration on the Rights of Indigenous People declares that:

“Indigenous peoples have the right, without discrimination, to the improvement of their economic and social conditions, including inter-alia, in the areas of education, employment, vocational training and retraining, housing, sanitation, health and social security”.

Fresh water rights will be a very topical issue for all regulatory bodies to consider in the future.

FinCap has done a lot of work with ERANZ covering flowcharts regarding arrears/disconnections and WINZ issues. To a lesser extent, meetings have been held with the Electricity Authority and Sustainability Trust as well, seeking to assert consumer perspectives.

We sincerely hope that the Default Distribution Agreement (DDA) matter is resolved asap in the interests of consumers.