



## **SUBMISSION FROM FINCAP TO THE ELECTRICITY PRICE REVIEW OPTIONS PAPER 18/02/19**

FinCap is a charitable NGO which was established in 2017 to work with New Zealand's 201 local, free financial capability and budgeting services, delivering to 60,000 new clients each year from over 300 locations. That network has a 50-year history. We provide training, network support, data collection/storage and advocacy services. Our insights are drawn from the statistics we collect, our contact and consultation with those local services and expertise around the needs of consumers who are vulnerable and/or living in hardship. Those 60,000 clients carry a total debt of over \$600 million when they arrive at our services, 5% of which relates to power.

### **A1 We strongly support**

The establishment of a Consumer Advisory Council. Our clients are in general living in hardship, and/or vulnerable. They have a particular interest in the price of electricity, since they spend the highest proportion of their income on power of any sector of society, and also on disconnection policy, and have needs which the system needs to hear. Such a Council needs to have "teeth" – power of a tangible kind – and needs to be structured to ensure that the diversity of residential and SME consumer voices is heard. Maori and Pasifika voices are a must.

### **A2 We agree**

That a 'consumer protection function' would be more advantageous via an amendment to the Electricity Act. This statutory basis is more likely to ensure sincere consultation than would leaving it up to chance or interpretation

### **B1 We strongly support**

The establishment of a cross-sector energy hardship group. FinCap supports the panel in maintaining that this recommendation is a matter of priority, to ensure that the range of stakeholders in the sector are exposed to the consumer voice.

### **B2 We strongly support**

A definition of 'energy hardship' that is universal within the sector, since that standardisation would encourage enforceability.

### **B3 We support**

The concept of developing a network of community-level support services. However, we would like the panel to consider that some local financial capability and budgeting services already sit within wrap-around agencies, and that Whanau Ora providers are already operating around the country. This means umbrella organisations such as the Whanau Ora commissioning agencies, Hui E and Community Networks Aotearoa could work with FinCap

and others to potentially deliver this initiative as a means to speedy implementation. There will be a risk of capture by the more organised sectors of the residential voice, and to avoid this resourcing will need to be made available to allow for genuinely diverse and accessible consultation mechanisms to grow,

Local financial capability and budgeting services see energy hardship in context, alongside the many other forms of hardship, so can provide a holistic perspective. Some local services are involved through FinCap with ERANZ in delivering the EnergyMate pilot. We commend this as the sort of initiative which involves industry and community, and is scaleable.

**B4 We support**

As mentioned above, this could come under the EnergyMate pilot. Most customers primarily deal with their retailers, so it could be beneficial to retain this scheme under the retailer's umbrella.

However, this may need to be worked out between ERANZ, EECA and the Community Energy Network.

**B5 We support**

The concept of this recommendation. We suggest that this would be best kept under Work and Income New Zealand.

**B6 We support**

This in general, but seek to have this workstream to move from a 'guideline' to regulations that the EA can enforce. ERANZ have already established a Vulnerable and Medically Dependent Customer Committee that FinCap is involved with,

**B7 We support**

Prompt Payment Discounts being phased out. Reasonable collection costs for late payments are understandable.

FinCap does not support Financial Mentors being charged to obtain copies of bills and/or statements for their clients. FinCap could help with the messaging of this significant change to lessen confusion for our clients.

**B8 We strongly support**

Bulk deals for people who are housed by Housing NZ or receiving assistance from Work and Income NZ.

FinCap is aware of some 'alternative views' on the viability of this recommendation, but consider these surmountable, and urges that the interests of consumers be regarded as paramount.

**C1 We strongly support**

Any range of options that make it easier for consumers to shop around.

The merging of What's My Number & Powerswitch would surely streamline the experience for consumers.

**C2 We strongly support**

More information on power bills, but stress that any additions are kept comprehensible and overall succinct so as to not overwhelm customers with jargon etc.

FinCap supports UDL in its endeavour to concentrate on this recommendation, to encourage consumers to seek free, professional advice and dispute resolution services should a complaint be appropriate.

**C3 We support**

Easier access to electricity usage data via standardisation.

**C4 We support**

The recommendation to make distributors offer retailers standard terms for network access.

**C5 We strongly support**

The prohibition of winbacks.

**C6 We strongly support**

Helping non-switching customers find a better deal, via bulk billing for example.

A scheme tailored for NZ from international research could be offered to a contracted agent for trial.

**C7 We support**

A combination of efforts to ensure affordable electricity prices, especially for the clients seen by FinCap's budgeting services.

We seek reassurance that, if not 'price caps', some mechanism(s) is available to keep prices reasonable

**E5 We do not support**

Phasing out low fixed-charge tariff regulations

We note that Grey Power has considerable concerns about this recommendation, and we share their position that elderly people in particular would be disadvantaged should the option of a low fixed-charge tariff be removed. Therefore, we welcome debating this further with the help of evidence to make a more informed decision about the pros and cons of this matter

Could getting the 'pivot point' right alleviate the need to phase out the LFC tariff?

**F6 We strongly support**

The amalgamation of regulatory powers into one entity. Should this cover gas to start with and all utilities in the future that could only be good for customers, to increase their understanding of this technical and complex industry

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In time, we hope that this review encourages decarbonisation efforts, given the current and crucial focus on climate change. One example would be for solar power put back into the grid to be subject to the same unit price as the customer pays to get power from the grid.

FinCap would like to thank Molly Melhuish for the free gift of her technical expertise and knowledge of this sector gleaned over many decades in the development of this submission.

Lastly, we would – in this process - like the consumer voice to be as valid at those supporting the narrative of ‘energy efficiency’. Dividends have been and are harmful if they push customers into energy poverty.

Please contact Merv Ransom if you need any clarification/elaboration on this submission:  
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