

From: energymarkets@mbie.govt.nz
To: [Energy Markets](#)
Subject: Electricity Price Review submission
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Region

Wellington

Category

Consumers, Consumer Groups and Advocates

Do you accept these terms & conditions?

Yes

A1. Establish a consumer advisory council

Strongly Support: There are a number of successful models around the world, particularly in the UK and Australia which have similar cultural expectations in energy supply as NZ. Care design of the panel to include groups and individuals who can provide a representative voice will be necessary. While consumer groups (such as Consumer, Grey Power etc) will be useful and essential, the individual voice will also need to be empowered through formalising such consultation processes as citizen juries, challenge groups and consumer panels such as Ofgem's (UK regulator) Consumer First Panel consisting of 60-100 individual citizens who are consulted regularly from an individual consumer's perspective.

A2. Ensure regulators listen to consumers

B1. Establish a cross-sector energy hardship group

Strongly support: We applaud the Panel's recommendation - to take a broad view on energy hardship rather than working piecemeal on unlinked interventions such as EECA's Warmer Kiwi Homes, MoH's Healthy Homes Initiative, the Winter Energy Payment and many other national and local initiatives.

The issue is complex, and involves the triangle of housing quality/energy efficiency; cost of energy; and poverty. Fortunately, however fuel poverty/energy hardship is well understood concept in the UK and Europe. Cross-sector groups and multi-sectoral projects abound. These include the Committee on Fuel Poverty, National Energy Action, Centre for Sustainable Energy and many other organisations dedicated to reducing fuel poverty in the UK.

As outlined in the Panel's recommendation, we too envisage this group to comprised of a range of government, business and community sector players. There is a level of passion within, especially the community sector around supporting vulnerable households which will keep any group powered and working towards practical solutions.

Community Energy Network and our members are keen to be involved in this work which is the heart of what our mission.

B2. Define energy hardship

Strongly support: Definition of energy hardship is essential to be able to define the problem, its extent, solutions and progress towards reducing its impact. We believe there is some merit in developing a NZ-based definition but are wary that it not be a long and drawn-out affair that results in a poorly defined criteria. We also note that while this review is focussed on electricity, households draw energy from many sources including gas, wood, sun, and fossil fuels.

Various definitions in the UK including the 10% of household income in Wales/Scotland, to the high energy costs/low income model in the UK already allow for direct measure of households in fuel poverty/energy hardship in NZ. We need to be keenly aware that there may be political and commercial imperatives to limit the definition to either minimise the problem or the scale of interventions. A NZ definition that falls short of EU/UK definitions will need strong justification.

As case in point, the newly developed Healthy Homes Standards (HHS) will allow for at least 15% of rental properties in NZ to be grandfathered through as compliant due to costs to insulate flat ceilings or low underfloors. Compounded by the HHS only requiring efficient heating in the living area, affordability of being able to heat the whole house to 18 degrees (WHO healthy temperature) is likely to see a large proportion of homes fail the UK fuel poverty standards. We should not shy away from the fact that our housing stock is in poor shape or allow a weak definition to further slow our progress to a more equitable society.

B3. Establish a network of community-level support services to help consumers in energy hardship

Strongly support: Our only caveat here is that there are already many groups and programmes within NZ working at the community level, but are generally poorly funded. Many regions already have organisations and assessors such as Community Energy Network (CEN) members, Eco Design Advisors, Healthy Homes Initiative service providers, HomeFit assessors and those trained through the Home Performance Advisor training programme.

In the mid 2000's Sustainability Trust (Wgtn) , Community Energy Action (Chch), and EcoMatters (Auck) all CEN members developed and ran a national energy advice centre project modeled on the UK Energy Savings Trust centres. This constituted a central 0800 number that was routed to main centres to provide phone and onsite advice. This programme was halted due to winding up of funding, But is only one example of the depth of knowledge that exists in energy advice provision. We welcome the opportunity to expand and resource a more comprehensive

B4. Set up a fund to help households in energy hardship become more energy efficient

Strongly Support: Funding to provide both assessments and interventions is always in short supply. Case in point is the Healthy Homes Initiatives across the North Island who receive funding for referrals and assessments but nothing from central government to implement the measures recommended.

In Wellington, Sustainability Trust and Tu Kotahi Maori Asthma Trust visit up to 800 homes per year but have on average only \$120 to distribute the each household

for energy saving measures. Noting that the costs of insulation, heating, efficiency appliances, debts on energy bills, curtains etc etc can reach over \$10,000 per house we are only scratching the surface. We welcome a heroic funding bid through Budget or following the example in the UK of a levy on energy providers that is redirected to low-income household initiatives.

B5. Offer extra financial support for households in energy hardship

Strongly support: We recommend that any financial support be tied to a comprehensive assessment of the needs of the household. We were bitterly disappointed that the Winter Energy Payment was dispensed to all households meeting income criteria, and believe that this particular payment could be redirected to those who are actually in need.

B6. Set mandatory minimum standards to protect vulnerable and medically dependent consumers

Strongly support: Mandatory standards not only provide a regulatory framework but also encourage industry to engage more strongly with these vulnerable households. These households would/should be eligible for energy hardship programmes.

B7. Prohibit prompt payment discounts but allow reasonable late payment fees

Support

B8. Seek bulk deals for social housing and/or Work and Income clients

Support: However, we caution that the benefit/cost to individual households may be quite low if the focus is only on the cost of energy. Shaving 2c/kWh off an energy bill is not as significant as building a fund with the savings to target at energy efficient interventions.

We ask the question as to what outcome is trying to be achieved and if this is the best use of resources bearing in mind the resources needed to implement this option.

C1. Make it easier for consumers to shop around

Support: Note that most vulnerable households will need an energy advisor to be able to support them through this process. And that due to such practices as win-backs it can be difficult to navigate to the best deal.

C2. Include information on power bills to help consumers switch retailer or resolve billing disputes

Support:

C3. Make it easier to access electricity usage data

Support

C4. Make distributors offer retailers standard terms for network access

C5. Prohibit win-backs

Strongly support: this practice can be very confusing for consumers who are not able to gauge the short-term vs. long-term benefits of an immediate cash reward vs. lower pricing. Let's compare apples with apples.

C6. Help non-switching consumers find better deals

Strongly support: we note that many vulnerable households do not shop around so these sticky customers can end up paying the highest costs.

C7. Introduce retail price caps

Undecided

D1. Toughen rules on disclosing wholesale market information

D2. Introduce mandatory market-making obligations

D3. Make generator-retailers release information about the profitability of their retailing activities

D4. Monitor contract prices and generation costs more closely

D5. Prohibit vertically integrated companies

E1. Issue a government policy statement on transmission pricing

E2. Issue a government policy statement on distribution pricing

E3. Regulate distribution cost allocation principles

E4. Limit price shocks from distribution price increases

E5. Phase out low fixed charge tariff regulations

Do not support: We note that this will have a financial impact on many low-income households when they are faced with higher fixed costs. While we note that the low fixed charge is a blunt instrument we recommend analysis of this change on vulnerable households (who may either be using little electricity or using other fuels), and implementation of alternative arrangements to reduce the impact.

E6. Ensure access to smart meter data on reasonable terms

E7. Strengthen the Commerce Commission's powers to regulate distributors' performance

E8. Require smaller distributors to amalgamate

E9. Lower Transpower and distributors' asset values and rates of return

F1. Give the Electricity Authority clearer, more flexible powers to regulate network access for distributed energy services

F2. Transfer the Electricity Authority's transmission and distribution-related regulatory functions to the Commerce Commission

F3. Give regulators environmental and fairness goals

F4. Allow Electricity Authority decisions to be appealed on their merits

F5. Update the Electricity Authority's compliance framework and strengthen its information-gathering powers

F6. Establish an electricity and gas regulator

G1. Set up a fund to encourage more innovation

G2. Examine security and resilience of electricity supply

G3. Encourage more co-ordination among agencies

G4. Improve the energy efficiency of new and existing buildings

Strongly support: New and existing buildings in Europe all require an Energy Performance Certificate documenting the energy required to heat the home to a healthy temperature and rating the building against a A-G scale. This provides householders and regulators information on the likely energy use, costs and carbon emissions.

Importantly it is also to benchmark housing energy efficiency. For example all rental properties are mandated to meet an E rating currently but will have to meet a higher standard (C) by 2030. The relationship between household energy efficiency and fuel costs is clear and a NZ rating system that measured energy use/m² and set minimum limits is a step along the way to reducing the overall need for extra generation and encouragement for higher building standards in new and existing homes.