

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

Sandra Greenslade

**Company (if applicable)**

Turangi-Tongariro Residents & Ratepayers Assn. Inc.

**Email**

9(2)(a)

**Contact number**

9(2)(a)

**Region**

Waikato

**Category**

Consumers, Consumer Groups and Advocates

**Do you accept these terms & conditions?**

Yes

**A1. Establish a consumer advisory council**

Agree.

The Council should be apolitical representing a diverse and deep cross section of the country, including those with long industry background to provide historical understanding for meaningful decisions to take place. However, it should primarily consist of residential and small business representatives, whose lives have been affected most by the many dysfunctional aspects of the current systems. The Australian model would be a good place to start, including a budget that shows the government is serious about change.

**A2. Ensure regulators listen to consumers**

The Advisory Consumer Council should have regulatory input, directly to the Ministers office, which will ensure that regulators will respond to consumers.

**B1. Establish a cross-sector energy hardship group**

Agree. There are a wide group of organisations, NGO's along with Housing NZ. Whanau Ora, Min. of Health - who have the understanding necessary, to be able to effect change. Needs to have targets and budget.

**B2. Define energy hardship**

The Committee on Fuel Poverty, UK would be worth investigating, so as not to re-invent the wheel. Energy hardship has many faces, and not all of them obvious..

1. Can people afford the energy they need? If they are turning off electrical items such as hot water cylinders; not using the heaters and limiting themselves to one element on a stove - this is Energy Hardship.

2. What other sources of energy are people using, because they cant afford electricity? e.g. cooking on bbqs; gas heaters (which are known to aggravate health issues) diesel and petrol generators; solar - for lighting only (shows extreme poverty, seen in extensive areas in Northland and King Country), fire pits, LPG

camping equipment - are all some of the innovative ways people are living across NZ now.

3. Power companies, disconnecting power from houses.

The first response when the company steps in, should be to find out why the bill has not been paid, then with social support to help customers pay their bills - not just a blunt tool of disconnect.

4. There should be a social agency, that steps in immediately they are alerted that a power bill has not been paid due to hardship.

In The Lines Company area, no bill should ever be disconnected, due to non payment of the lines bill. This is discriminatory behaviour against the people of the King Country as nowhere else in NZ do customers get disconnected due to non-payment of transmission (Lines) accounts.

In this area, there needs to be a separate organisation, that works with consumers in this region, and no customer should be disconnected unless they have gone through a process with the agency responsible. Many people in this region live in the Highest Deprivation Index areas in NZ, and to discriminate against them, for non payment of lines bills is socially, morally and ethically unacceptable.

Energy Hardship therefore, is primarily based around disconnection. Secondary to this, is low energy use in households, that do not have other means of providing energy - that is solar, PV or thermal. These homes should be identified.

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

See above - this needs to be established and paid for out of industry funds - Transpower, lines companies, power companies, gas companies and solar energy companies - all companies involved in selling energy.

It should be part of the cost of doing business for any company involved in selling energy in NZ.

It should not be a levy on customer accounts the same as the EA levy but of course it will be paid for by customers.

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

This could be under EECA. It should be associated with energy efficiency as that is their specialist area.

For instance, installing a house with LED light bulbs which use 7w bulbs as opposed to incandescent bulbs which use 75-100w is a clear and easy start point.

### **B5. Offer extra financial support for households in energy hardship**

Local government identify hardship through rates rebates, identified by low income returns from IRD. This is an easy and effective way to identify hardship homes in areas, although it does not cover tenants, who are often the hardest hit, in energy hardship. Landlords invariably do not provide energy efficient appliances or support. From 1 July 2019 all rental homes will have insulation requirements so it may be prudent to add other requirements such as LED bulbs.

Again EECA are the people to administer this.

For the wider community, people will use more energy if it is cheaper - which means there wont be a reduction in energy use and companies should have no reason to claw back in higher costs. A 1% decrease in energy use was identified by Vector, but the increased number of customers across their area must surely have mitigated this.

It really is the Warehouse theory - the cheaper electricity is, the more people will stay on it and use it; make it cheap and the only sensible option for everyone. People are moving away from electricity almost solely because of cost.

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

Agree. The Australian model is an excellent one and should be adopted here as soon as possible.

We do not believe that any customer should be disconnected without extensive investigation and support. This should only be a last resort and not used as the blunt instrument that it is at present. We also do not support prepayment options being more expensive than any other, due entirely to the fact that customers pay in advance and therefore no company is every out of pocket. This is a discriminatory practice focusing on low income and poor credit customers who are already struggling in life. This form of payment only discriminates further.

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

All PPD should be banned and we encourage all companies to discontinue this practice without government intervention.

Late payment fees, are necessary as we are all aware of large companies in particular who will automatically institute 90 day payments if they can. This is an unacceptable practice that needs to be discouraged.

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

This seems fair on the surface, but does not take into account the many thousands of people who live in private rentals and struggle week to week.

The main issue we see with this is as often these customers are slow to pay, probably have lower than normal accounts and would not be attractive customers to most companies. Its difficult to see how this could work, other than all companies offering a discount to Work and Income clients, identified by W&I and people in the low tax band also being eligible for a bulk deal offer.

Social housing clients could be covered in some of the previous methods of ensuring support. The concern is, that private rental people will miss out. In our area, this would be the bulk of our community.

**C1. Make it easier for consumers to shop around**

Only the most savvy customers appear to be benefiting from the current shop around initiatives. If you have ever tried to do it yourself, you will see it is not easy.

The offers from companies do not specifically identify electricity prices and are often lumped in with other offers. They also do not show the raw cost.

Offers such as free (name what you would like) go hand in hand with contracts that cant be broken for 2 years, and only the first years power charge being fixed.

There is a lot of misunderstanding among consumers and in our experience, word of mouth seems to be the only sure way customers can get information at present.

Talking to companies is impossible - a call to a number of companies showed that they will not disclose figures, such as how much are you going to charge me?

One company relayed messages to the Billing Dept. who would then relay the message to the front office who phoned me. They couldn't answer any questions on the billing because "only the Billing Dept" could answer questions and "were not allowed" to put customers through to the billing dept.

Indebted or prepayment customers have an almost impossible job as credit checks

stop them from benefitting from any deals.

If the blunt disconnection was discontinued, this may go some way to alleviating this issue.

Cold calling by companies is aggressive and vulnerable customers again are at the mercy of this.

Nowhere could we find on any company's website, clear advice to the charging in a specific area.

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

Utilities Disputes Ltd. the organisation that works to resolve customer issues is almost unknown now in the country. The fact that they exist should be in a font size that can be seen - 11 minimum. It should be clear on every power bill and it should be in a box separate from the company's own dispute service.

Sites which also help customers switch retailers should be treated in a similar manner. Easy to see; easy to access for customers.

## **C3. Make it easier to access electricity usage data**

There is currently no pricing signal technology in the retail market that allow customers to:

- 1) see what their electricity use is
- 2) see what the cost of that is
- 3) allow them to make decisions based on their own needs
- 4) shows what their distribution charges are and how they are affecting their energy bill with their retailer

This is unacceptable in the 21C, as this technology is available and widely used in other countries.

For instance, in the UK a customer is able to go online and see clearly, what power is currently being used in the house and what the current account is standing at on any given day.

This sort of information would allow customers to monitor their use and therefore their accounts and allow them to make decisions based on affordability.

Because lines companies (apart from The Lines Company) bill retailers, customers have no idea what component of their account is lines - many distribution companies are now in the process of changing their charging to Time of Use (TOU) charging and not only do customers have no idea this is occurring, they have no idea how it will affect their monthly power accounts - there is no way they have access to this information nor does either the lines or the retailer offer this information.

If customers ask their retailer for this information, it is not forthcoming and the retailers will not disclose it.

So customers are paying for a service that:

- a) they have no idea how it is charged
- b) they have no idea what their own charge is

c) they cannot access the information in any way either from the lines company or their retailer, who won't disclose the information

d) do not know what component of their energy bill is lines charges

e) cannot respond to pricing signals with their lines company, such as High, Low, Shoulder, Night charges because they don't even know they exist in most cases

f) in most cases it appears the lines charging hours/times do not correspond to the retailer hours - for example a retailer may charge a Day and Night rate, whereas a lines company will have High, Low, Shoulder, Night rates.

This lack of usage data and info augurs very badly for the future particularly when we think that we are moving into EV's that really should only be charged at Night rates, but customers have no access to info that will help them to make financial decisions based on their own circumstances.

It is unsafe and it is no wonder we have so much energy hardship and disconnections, when there is no information available for customers - let alone easy accessible information.

This is area needs to be regulated and regulated very quickly as it is available in other countries and there is no need to reinvent the wheel on this one either.

#### **C4. Make distributors offer retailers standard terms for network access**

We agree 100% with this. The variety of terms and conditions for network access is at best 29 contracts and probably more. Retailers need to be able to access meters on the same costs across NZ too no matter who the meter belongs to. There is no need for anything other than standard terms for network access. It is not a competitive market.

#### **C5. Prohibit win-backs**

This insidious behaviour by retailers is unacceptable and is probably the main barrier to customers not switching when it would be in their best interests. In our area we have heard of some "wonderful" offers by retailers and unsuspecting customers who feel flattered cannot help but accept these offers, thereby denying themselves the opportunity to exploit the competitive market.

New comers to the market have been particularly affected by these win backs; the idea of freeing up the market was supposed to be competition, so how can there be competition when the current players take the ball and go home?

We agree that any form of win backs needs to be prohibited.

#### **C6. Help non-switching consumers find better deals**

Energy fairs could be held by distribution/lines companies. Lines companies should not be in collusion with retailers; they should be supporting their customers to find the best retailer for their area and keeping a distance from them. Unfortunately that is not the case at present and the coziness between them is at the expense of the customer.

Because the lines companies operate in a monopoly market, they need to make sure that a competitive edge is kept within that market as much as possible.

We support this option and again, more online support is necessary to make sure that customers have the same options offered to them that switching customers get. We have found that many customers are on the "wrong plan" and retailers do not seem to have any inclination to correct this. It is often only when a friend or

neighbour comments, that a customer will ask questions as to their plan. When a retailer offers a new plan, any current customer who is eligible needs to be offered the same plan.

### **C7. Introduce retail price caps**

This question is the nub of the whole review in our opinion.

There is no doubt that electricity prices in New Zealand have been climbing consistently over the past 20 years to the point now where we have this Review, as electricity has become unaffordable in many sectors of the community.

We know from our own community, in the King Country but specifically in Turangi, it is a regular point of discussion and we also know that in the week that the lines company account is due, the Foodbank prepares to feed many of the families who have a choice between pay the bill or eat. This should not be a choice that any New Zealand family has to make.

We know that we are the only district in NZ that has this issue - but we also know that in other areas, the distribution charge along with the electricity charge makes the power bill unaffordable to many - in our own area 10% of customers are disconnected per annum due to non payment of the lines bill alone. We do not know the retail figure.

The real cost of electricity is in transmission. You dont have to be Einstein to know that connecting a country the size of NZ (as long as France and similar in size to Italy) to electricity must be a huge cost.

We also know that the bulk of our power comes from renewable energy in the form of hydro; there are increasing amounts coming from thermal - also renewable - and wind. A smaller amount comes from coal and gas. So mostly renewable

If a large earthquake took out the hydro sources, which is certainly possible, we understand the need to keep other forms in place.

However, for the bulk of the time, hydro is our main source of electricity.

The cost of producing this is minimal compared to other forms of electricity production and therefore, we question very strongly why power has increased so much in this country particularly for residential users.

In our area most of the people are within a few kilometers of a power station; some of us live right next door to one, yet our power price is exactly the same as people who live nowhere near a power station and power has to be transported over long distances to them.

The people in our community who agreed to their maunga being drilled through, in the Tongariro Power Project, so the community would always have access to power, are questioning - and rightly so - why can our people who provide the water: the maunga, the awa and the whenua from whence the water comes, - no longer afford to heat their homes, cook their food and turn on the heater in the winter time, so their children can be warm and their old people dont sit in blankets?

Why do we turn off our hot water cylinders during the day, because we can only afford to heat them at night?

Why do we cook on bbqs?

Why are our distribution costs so huge when we can see the hydro power stations

from our front room?  
Why?  
How come?

And so, when we hear people say, NOT IN FAVOUR, we say, so what are you going to do for the people then?

Why can't the dreams of the tipuna for their children and their children's children be realised?

It is not emotional to say, not good enough!  
Not fair!

And certainly we don't hear anyone offering anything other than platitudes to the families who are struggling with ever increasing power bills.

Charity is not what they want.

We want prices we can afford; bills we don't dread; companies that care about us and not see us as cash cows to fill their coffers for distant shareholders.

In the areas where electricity is produced off the land, where people live surrounded by power stations, we believe there needs to be acknowledgement of this, and we are: \_

**IN FAVOUR OF RETAIL PRICE CAPS IN THESE AREAS.**

We believe that our people have a right to have lower bills; we believe that they have given so they could receive fairly and they are MOST CERTAINLY not receiving in return.

The competitive market in NZ created by the Bradford reforms did away with fairness that our people actually did have 20 years ago - we had the cheapest power in NZ, because we produced the power, in the stations we can still see and it was transported to the people locally, cheaply and efficiently just the way the tipuna imagined it to be - and probably were told that too when they needed convincing that their maunga was to be drilled through.

The people in the King Country have been hugely let down in this respect and added to the burden of the power cost, they have the burden of The Lines Company.

No group of 18,000 people have been as badly let down by the electricity reforms as the people in this area.

We insist on retail and distribution price caps and we insist on the dreams of our fathers being acknowledged in legislation.

Anyone within a 30km radius of a power station should have a retail price cap.  
Anyone within a 20km radius of a hydro station should have a distribution price cap.

It's only fair.

It's what we were promised; power for the people.

## **D1. Toughen rules on disclosing wholesale market information**

The EA does not seem to have had enough teeth in the past, or if they have, they were reluctant to use them. The EA should be for the people of the country yet when trying to engage with them or ask for fairness in the industry, it has met with brick walls for many. Either the regulation needs strengthening or the EA needs to find its teeth. Either way, we support this option.

#### **D2. Introduce mandatory market-making obligations**

The larger companies have exploited their position, in direct conflict with the supposed electricity reforms objectives of making the market more competitive. We agree with the recent unacceptable position where the EA did not find "unacceptable trading conditions" were in place yet no one in the country thought otherwise.

Small companies must be allowed to prosper; they must be able to use their smallness to offer customers prices and conditions that large companies perhaps may not be able to, without unacceptable risk and the EA must support the public interest in every aspect of their endeavours.

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

We support this option. It is amazing to us that it does not currently exist.

#### **D4. Monitor contract prices and generation costs more closely**

We support this option particularly in our area where The Lines Company "requires" around \$40m each year to service 18,000 customers. Last year they took in \$53m from the 18,000.

We agree this applies right across the whole retail, generator industry, where pricing appears to have little accountability.

#### **D5. Prohibit vertically integrated companies**

Further investigation is needed here. What would be the effect on customers? would it reduce prices? Are there any benefits to customers in the long term? What might be the unintended consequences that may occur, such as we have seen in the King Country?

#### **E1. Issue a government policy statement on transmission pricing**

We favour this as with one government owned, monopoly company, we would like to believe we are getting the very best we can for our people and that the public interest was paramount in all their dealings, as essentially, we are the owners of this company.

#### **E2. Issue a government policy statement on distribution pricing**

For those of us who live in The Lines Company area, this issue in the EPR is of the highest importance.

We have suffered from unintended consequences; government intransigence and industry arrogance for ten years. The fact that no legislation existed to help us and no Minister had the guts to enact any, showed how the distribution industry was prepared to ignore the plight of their consumers, with total impunity.

The Bradford reforms predicted that 30% of a power account would be distribution. Customers have no way of knowing whether in fact this is the truth, as in 28 areas they don't deal with their lines company and retailers do not distribute this information either on the account or if requested.

In The Lines Company area have been consistently charged way beyond the 30%



with many bills currently even under the new Time of Use system, more than people's electricity bill from their retailer.

If you are a holiday home owner, the lines bill is \$75 before you turn a light on; if you are a permanent resident, and have gas connected instead of using a hot water cylinder, you are penalised for not using electricity and charged a higher rate for your overall power (because you DONT use power).....the madness reigns supreme and the monopoly company continues to charge=at it wants, with little sympathy for the plight of its customers.

A recent review and customer consultation by the company with people was meaningful and people felt hopeful. However, all that has transpired is that 18,000 people cant afford to have electricity to their homes and businesses. The cost is prohibitive.

We need help and this help has to come via government reform, legislation and enforced fairness.

The Bradford reforms have spectacularly failed the people in the King Country - even more so than most, as we provide much of the North Island electricity to others across the country.

### **E3. Regulate distribution cost allocation principles**

See above in E2 for much of the answer to this, but the unfairness of high users getting better deals; no pricing signals for customers so that they are completely unaware they are incurring charges on distribution and a hundred other ways consumers dont know that they are in peak times, needs addressing.

Distribution has never been talked about in the country - only retailers. We need to have some conversations and they need to be initiated by the industry.

### **E4. Limit price shocks from distribution price increases**

Lines companies need to make customers aware of their lines charges - simple. Poweco for instance is in the process of changing to TOU - what do customers know about this? How does it affect a customer? Will it be reflected in their power account?

Customers have absolutely no idea of how, why, what or when their distribution charges are on their power accounts.

When we ask people outside the Lines Company area what their lines bills are, they literally dont know what we are talking about - yet they all pay one.

This needs to change drastically. All lines charges on a power bill must be itemised out. The pricing should be itemised down to Low, High, Shoulder - however the company charges. We have said that pricing signals need to be put in place even in the form of an APP, so that a customer can make their own decisions as to how they spend their energy dollar.

### **E5. Phase out low fixed charge tariff regulations**

We know the whole industry is in agreement with this and we do NOT AGREE

In the King Country, traditionally in winter we often have lower bills than NZ. This is due to two reasons:

1. For the past 10 yrs The Lines Company has ruled our lives, and so to keep those bills low, we have had to drastically reduce our power bills particularly during Load Controlling as our bills were based on our 6 highest peaks during Load Controlling.

That system has gone now, but during the 10 yrs it existed, we did everything we could to reduce our Load. This mean that most of us were on LFC. Even though we

live in one of the coldest areas of NZ, we kept these bills as low as we could.

2. Because we are so cold in winter, heat pumps do not work efficiently in the area and so all homes (with very few exceptions) have wood burners. Many of these are wetbacks, so we are able to heat ourselves and the water at the same time.

We live in an area with plenty of renewable forests and so it is easy for us to obtain firewood. This keeps our bills lower than most in the winter. The Winter Energy payment has been particularly useful to us as it has paid for our firewood and in many cases for the whole winter.

Therefore even though we understand where others are coming from when they say apartment dwellers, people with solar and others who can well afford to pay higher bills are benefitting, this would be another unintended consequence that would affect the people in this district badly.

Our power bills are traditionally higher in the summer due to the above, and some relief in winter bills particularly when we still have The Lines company to deal with, is a small but welcome relief.

We ask that it not be removed - or perhaps it could remain solely for people who live in The Lines Company area - and we ask that the 8000kwh limit be raised to 9000kwh the same as the South Island - which we are as cold as most days and nights in winter.

We agree that changing the regions to which the thresholds apply and the thresholds themselves be gazetted.

#### **E6. Ensure access to smart meter data on reasonable terms**

This is essential as at present, those who own the meters act highhandedly with the data they download.

We know of companies who still have meter readers in our area as the owner of the meter charges so much for this data. Actually, one questions who the data belongs to? If the data is about my house and I am the owner of the house, surely that data is mine?

Further investigation is necessary to find out why this situation has even occurred.

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

We highly favour this option and we believe that in fact, that Comcom are the right people to be regulating the distributors performance.

#### **E8. Require smaller distributors to amalgamate**

How can we not FAVOUR THIS OPTION when 18,000 of us have to come up with \$40-\$50m every year to our lines company! Surely there has to be some other way that we can fairly and cost effectively get electricity to our homes and businesses, without going bankrupt (which is what is happening) in the process? If amalgamation is the only way, then we favour this.

If there is another way, we are happy to listen, but so far, there has not been.

The maths speaks for itself on this one.

\$40m from 18,000 is \$2,222.22 per customer every year.

None of us can afford this;

our small businesses cant afford this;

our churches cant afford this;

our community halls cant afford this;

our people cant afford this.  
And of course it will only get higher.

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

ROI is a cruel and blunt instrument used to justify unjustifiable charges on customers.

\$200m is the current asset value of The Lines Company - last year a former director said, they would be lucky to get \$70m for it.

So who is correct?

The accountant working for TLC or the director who knows exactly the true value and cost of the company?

WE AGREE and FAVOUR THIS

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

FAVOUR - for many of the reasons listed previously. We must have fair regulation of distributed energy systems. We agree with the comments from the EPR Panel completely.

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

WE AGREE AND FAVOUR THIS.

Our own dealings with the EA over the past 10 yrs have been unsatisfactory and of little help or support to an area and group of customers so in need of it. Their attitude was one of indifference to our plight and therefore we conclude that they did not have the interests of the public at heart. An electricity and gas regulator seems a good option to us. The current system has not worked for us in any way.

**F3. Give regulators environmental and fairness goals**

WE AGREE wholeheartedly with this and believe that it is probably in line with the current governments thinking on Well Being goals too.

"The long term benefit of the customer" has to be paramount in all decision making and when that is enacted we will start to see an industry that is guided by worthy considerations, not just "the bottom line and shareholders"

The electricity industry must be designated an Essential Industry and treated as such. No person who requires it should be denied it.

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

Undecided. This needs more discussion.

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

Agree. If it is going to continue, then it needs strengthening.

**F6. Establish an electricity and gas regulator**

WE FAVOUR THIS

We feel that there are plenty of models across the world that we could follow and that any support that consumers can have, will only to be their benefit.

**G1. Set up a fund to encourage more innovation**

There have been various organisations over the years but often poorly funded. Funding needs to be more forthcoming as innovation and implementation is change - and change is hard. And costs a lot of money. It would be great if we could see innovation coming from the industry but so far only the big players (Vector for example) seem interested. We need innovation - how and where and who pays is

the next discussion to be had.

**G2. Examine security and resilience of electricity supply**

We favour this.

**G3. Encourage more co-ordination among agencies**

We favour this but also including those doing research not only in NZ but across the world.

**G4. Improve the energy efficiency of new and existing buildings**

In France all commercial buildings are now required to be "green" If the French can do it, so can we. It is so much easier in NZ. If we can earthquake strengthen we can require this too. All new building including homes, should have LED lighting by regulation.

Eventually all buildings should be this way too.