

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

Gisborne

**Category**

Consumers, Consumer Groups and Advocates

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

Yes

**A1. Establish a consumer advisory council**

Yes - To be appointed by and at the pleasure of the Minister of Consumer Affairs and for the Advisory Council to have an administrative secretariat to manage complaints concerning domestic electricity supply and pricing

**A2. Ensure regulators listen to consumers**

Yes.

They probably already do but unfortunately at present they can ignore the individual householder and with impunity.

For example the Eastland Community Trust in Gisborne/ Wairoa which owns and controls the Eastland Network and charges the highest electricity distribution fees in NZ to a low decile population is not subject to the Official Information Act or Ombudsman oversight.

All electricity suppliers and retailers should be brought under the schedules to the Ombudsman Act . "Commercial secret" etc have sufficient protection already under that legislation.

It may be this simple tweek of the OIA regulations would obviate the need for a consumer advisory council and with obvious savings.

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

Yes

The existing evidence shows already that profit taking is excessive and that low income families are already suffering. East Coast is again an example.

No mention has been made in this study, so far as I can establish, of the costs of re-connection or shame a household faces if it is disconnected from the supply; or the effect of the pejorative "bad-payers list."

A new consumer is expected to reveal previous supply details which over rides and cancels out Privacy Act protections. This creates an enduring hardship . Details of previous supply-default should be prohibited or expunged after say 5 years. A recidivist cheat will simply change his/her name anyway. So a "hardship group" probs a good idea.

**B2. Define energy hardship**

"The inability to keep a household warm which is primarily attributable to the

consumer's lack of means. "

Note - the root of the problem is profit taking by the electricity industry not building standards.

Hydro electricity supply was built and paid for by the tax-payer generations ago. Water costs (leaving aside Maori rights) nothing and is a renewable resource. Take out the subsidised Southland smelters and NZ has an over supply of atmospheric clean hydro electricity with an existing distribution system which may be wasted if alternative fashionable energy forms take hold.

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

Nope.

This will not be necessary provided the cost of access to heat is reduced.

Much simpler and effective to bring electricity supply charges back to something approaching the cost of supply.

Reducing prices will obviate any need for a nationwide army of community-level support services and state intrusion into family lives by "do-gooders"

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

No.

Once again we have nanny state and the profiteering by those living off the electricity industry will continue

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

No. Bad idea.

Once again it does not address the problem and the harm caused to young families by energy price gouging organisations. The companies and trusts claim their profits 'trickle-down' and they claim that poor financial management by householders is the reason for electricity hardship.

The Gisborne/ Wairoa experience proves 'trickle-down' does not work and we have an electricity trust (ECT) with \$400 million in capital assets and growing. It is now a controlling shareholder (via its wholly owned Eastland Group Ltd) in Flick Electric with two directors. Better the trust made distributions to the electricity consumer families who have been funding it since the "reforms" with their power bill payments.

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

Standards already exist. Again if the Ombudsman was given jurisdiction things would improve.

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

Exchanging a known prompt payment discount for an undefined "reasonable late payment fee" seems to be a contradiction in terms.

Clearly the discount system has been used by the retailers as a money-for-nothing for many years and it has impacted more on low income families. It is sensible to outlaw the practice.

The penalty of having supply terminated is sufficient deterrent in itself and the debt collectors used by the industry rack up collection costs and recoveries which

inevitably pop-up when the bank does a credit check for a loan a few years down the track and the bank re-finances the debt (fair or not) in full.

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

Bulk deals? Sounds like an industry generated good idea. Forget it. The industry is already deeply into bulk deals at retirement villages and no doubt other large consumer groups. A Christchurch group of entrepreneurs attempted to buy supply on behalf of wealthy household groupings in Gisborne but lucked out.

No need for MBIE to waste energy exploring bulk deals.

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

There is "no shopping" around in Gisborne. 40% of our power bill charges goes to the local monopoly distributor Eastland Group which is owned by an electricity trust (ECT) which has not made a distribution to domestic consumers since 1995. Recently (2018) our local distributor financed a geothermal electricity plant in Kawerau for \$120 million. This will not benefit Gisborne/Wairoa residents because there us no other supplier. Retail is a much smaller component of our bills and that market is very competitive.

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

"Information on power bills" is like information on food product labels. The information is manipulated to become advertising; or you need a double major in English and Science to interpret. Information does not help busy young parents juggle their family budget. This proposal will generate more spin doctors. Better that rights of redress exist when a consumer gets into difficulties and can access the Ombudsmen.

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

My current retailer sends me regular eMails advising me of usage and of course usage data. This is already happening and being used by the industry to lock in customers. Retail is extremely competitive and data information is easily accessed now. The industry anticipated and probably set up this idea as a gratuitous ploy for the Reviewers to seize upon.

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

Don't know. Causes me to suspect Eastland Group (as a supplier) offers better rates for its own new retail company Flick Electric. They do appear to be offering hugely better rates to attract new retail customers

**C5. Prohibit win-backs**

Why? Helps competition and the consumer.

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

Interventionist so not a good idea

**C7. Introduce retail price caps**

Interventionist so not a good idea

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

Nope

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

No

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

Yes

And make lines-company distributors release information about the profitability of their retailing activities too.

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

Yes AND I think distribution costs should also be a factor.

**D5. Prohibit vertically integrated companies**

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

Yes to that .

Issue an annual policy statement.

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

Yes to that.

Issue an annual policy statement.

**E3. Regulate distribution cost allocation principles**

Yes please .

Eastland Group (Eastland Lines) plead hilly terrain and other irrelevant 19th century excuses to justify the highest distribution charges in NZ. We have helicopters and computers now. Horses and book ledgers have gone.

Also the linesmen of yore are no more. So the whole of Gisborne went without power for three days in December 2017 when an aircraft struck the unmarked High Tension wires. It took that long to find contractors to do something that would have taken my linesmen (I was a supply authority Chairman in the 1070's and 1980's) about 24 hours to fix.

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

Yes.

Seems to be a sensible proposal

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

No.

It is what the industry want you to do.

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

Yes

Access by consumers to data generated by themselves however should be free. It is their data

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

Yes.

The example I gave in E3 is relevant here. The local company does not have enough in-house knowledge and it has already been "pinged" at least twice in the past 10 years for overcharging customers.

Worse the Commission let them off because they said the community which benefits from its operations would suffer. The community (electricity consumers) do not benefit, as stated above, because consumers get nothing from the trustees who control distributions to maximise capital gain. Now worth \$400 million and growing. All collected from a low economic community.

**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**

Yes

**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**

Can be done now with judicial review. So No.

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

Yes

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

Not necessary imo

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

Yes. Good idea but put on the tax payer not the electricity consumer

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

Very important. Start by getting rid of the albatross called the Smelters

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

The agencies are really well co-ordinated already but start ups like Flick and other entrepreneurial get rich schemes are being shut out. Anyway this proposal is unlikely to benefit the end user electricity user.

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

Surely this is happening thru the Resource Management Act and Building Act consent process now.