

28 April 2023

Energy Hardship Expert Panel
c/- Energy Use team
Ministry of Business, Innovation and Employment
PO Box 1473
Wellington 6140

By email: energyhardshipMBIE@mbie.govt.nz

Submission on: Discussion paper “Te Kore, Te Pō, Te Ao Marama | Energy Hardship – the challenges and a way forward.”

Introduction

- 1.1 Thank you for the opportunity to make a submission on the Energy Hardship Panel’s discussion paper “Te Kore, Te Pō, Te Ao Marama | Energy Hardship – the challenges and a way forward”.
- 1.2 This submission is from the Consumer Advocacy Council, the independent advocate for residential and small business electricity consumers in Aotearoa New Zealand.
- 1.3 Our comments on the discussion document are set out in the submission form below.
- 1.4 If you have any questions regarding our submission, please do not hesitate to contact:
Emma Sturfels – principal advisor, Consumer Advocacy Council
Email: emma.sturfels@cac.org.nz
Phone: 021 812 663

Yours sincerely,



Deborah Hart

Chair – Consumer Advocacy Council

Submission Form

Privacy statement

The information provided in your submission will be used to inform the Panel's final recommendations to government on energy hardship and related policy development, and will inform government agencies' advice to Ministers. Your submission will also become official information, which means it may be requested under the Official Information Act 1982 (OIA). The OIA specifies that information is to be made available upon request unless there are sufficient grounds for withholding it.

Use and release of information

To support transparency in our decision-making, MBIE, as the secretariat for the Energy Hardship Expert Panel, proactively releases a wide range of information. MBIE will upload copies of all submissions to its website at www.mbie.govt.nz. Your name, and/or that of your organisation, will be published with your submission on the MBIE website unless you clearly specify you would like your submission to be published anonymously. Please tick the box provided if you would like your submission to be published anonymously i.e. without your name attached to it.

If you consider that we should not publish any part of your submission, please indicate which part should not be published, explain why you consider we should not publish that part, and provide a version of your submission that we can publish (if we agree not to publish your full submission). If you indicate that part of your submission should not be published, we will discuss with you before deciding whether to not publish that part of your submission.

We encourage you not to provide personally identifiable or sensitive information about yourself or others except if you feel it is required for the purposes of this consultation.

Personal information

All information you provide will be visible to Energy Hardship Expert Panel members and to the MBIE officials who are analysing the submissions and/or working on related policy matters, in line with the Privacy Act 2020. The Privacy Act 2020 includes principles that guide how personal information can be collected, used, stored and disclosed by agencies in New Zealand.

Contacting you about your submission

The Energy Hardship Expert Panel or MBIE officials may use the information you provide to contact you regarding your submission. By making a submission, MBIE will consider you to have consented to being contacted, unless you clearly specify otherwise in your submission.

Viewing or correcting your information

This information will be securely held by MBIE. Generally, MBIE keep public submission information for ten years. After that, it will be destroyed in line with MBIE's records retention and disposal policy. You have the right to ask for a copy of any personal information you provided in this submission, and to ask for it to be corrected if you think it is wrong. If you'd like to ask for a copy of your information, or to have it corrected, please contact the MBIE secretariat by emailing energyhardshipMBIE@mbie.govt.nz

Submission information

(Please note we require responses to all questions marked with an *)

Personal details and privacy	
Q1.	I have read and understand the Privacy Statement above. Please tick Yes if you wish to continue* [To check the boxes above: Double click on box, then select 'checked'] <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Q2.	What is your name?* Emma Sturmfels
Q3.	Do you consent to your name being published with your submission?* <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Q4.	What is your email address? Please note this will not be published with your submission.* emma.sturmfels@cac.org.nz
Q5.	Are you submitting as an individual or on behalf of an organisation?* <input type="checkbox"/> Individual (skip to Q8) <input checked="" type="checkbox"/> Organisation
Q6.	If on behalf of an organisation, we require confirmation you are authorised to make a submission on behalf of this organisation. <input checked="" type="checkbox"/> Yes, I am authorised to make a submission on behalf of my organisation
Q7.	If you are submitting on behalf of an organisation, what is your organisation's name? Please note this will be published with your submission. Consumer Advocacy Council
Q8.	If you are submitting on behalf of an organisation, which of these best describes your organisation? Please tick one. <input type="checkbox"/> Iwi, hapū or Māori organisation <input type="checkbox"/> Energy retailer <input type="checkbox"/> Energy regulator <input type="checkbox"/> Energy distributor

- Registered charity
- Non-governmental organisation
- Local Government
- Central Government
- Academic/Research

Other. Please describe: independent advocacy organisation representing domestic and small business electricity consumers.

Q9. I would like my submission or parts of my submission to be kept confidential.*

Yes

No

Q10. If you answered yes to Q9 above, please provide your reasons and grounds under [section 9 of the Official Information Act](#) that you believe apply, for consideration by MBIE.

Q11. If you answered yes to Q9 above, please confirm you will provide publishable versions of your submission in both Word and in PDF by emailing them to the MBIE secretariat at energyhardshipMBIE@mbie.govt.nz - clearly labelling both "for publication"

Yes

No

Responses to questions

The Energy Hardship Expert Panel welcomes your feedback on as many sections as you wish to respond to, please note you do not need to answer every question.

Q12. Please tick those sections which you wish to provide feedback on:

- √ HEALTH OF THE HOME KETE
- √ KNOWLEDGE NAVIGATION KETE
- √ ENERGY ACCESSIBILITY AND CHOICE KETE
- √ ENERGY AFFORDABILITY KETE
- √ CONSUMER PROTECTION KETE

HEALTH OF THE HOME KETE

Improving individual, house and whānau energy wellbeing through healthier homes

Challenge: A significant number of New Zealand homes require retrofit to bring them to a healthy standard of energy performance

Strategy HH2: Strengthen and expand Warmer Kiwi Homes (WKH) programme (measures, reach and funding) so more low-income New Zealanders are supported into energy wellbeing

Q13. Do you broadly support the proposed strategy HH1?

- Yes
- Somewhat
- No
- Don't know/Not sure

Q14. Please share your comments on the proposed strategy HH1. For example, you could include your thoughts on any benefits, costs, risks or limitations associated with this strategy.

The Consumer Advocacy Council broadly supports proposed strategy in HH1 to expand the Warmer Kiwi Homes programme. The effects of cold, damp housing on health and wellbeing are well documented.

Retrofitting insulation and efficient heating systems can make a significant improvement to housing stock. However, we stress that the benefits of retrofitting will not be fully realised if the price of electricity means households continue to restrict their power use.

In most situations, retrofitting will not remove the need for regular use of heating appliances. If consumers cannot afford heating costs, their homes are likely to remain below temperatures recommended by the World Health Organization.

Retrofitting measures therefore need to be considered in conjunction with the affordability of electricity. In the Council's view, energy hardship issues will persist unless power prices are affordable.

As an immediate step, we consider electricity retailers should be given a specific obligation to inform customers whether they are on the best plan for their energy usage and if they could save by switching.

Research carried out for the Electricity Price Review estimated a significant proportion of consumers were over-paying for power because they were not on the best plan for their usage. Retailers were benefiting from this situation, earning millions in extra revenue.

Placing an obligation on retailers to inform customers whether they are on the best plan has the potential to help ensure the benefits of retrofitting are maximised.

We consider retailers could also be given obligations to provide customers with information on potential energy efficiency improvements or direct them to independent sources of this information.

These obligations should be subject to audit by the Electricity Authority and penalties should apply for non-compliance. Consumers should also be entitled to refunds where a retailer has not met its obligations to inform them of the best plan option.

Q15. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

Challenge: The full benefits of energy efficiency improvements cannot be accessed unless a home is weathertight and reasonable quality

Strategy HH2: Fund broader building repair and improvement work to support home retrofit programmes

Q16. Do you broadly support the proposed strategy HH2?

Yes

Somewhat

No

Don't know/Not sure

Q17. Please share your comments on the proposed strategy HH2. For example, you could include your thoughts on any benefits, costs, risks or limitations associated with this strategy.

The Council broadly supports proposed strategy HH2. However, we consider further analysis is likely to be required to identify the most cost-effective repairs and improvements to benefit consumers' health and wellbeing (for example, considering improvements such as retrofitting double-glazing).

Q18. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

Challenge: Tenants are four to five times more likely to experience energy hardship than owner-occupiers

Strategy HH3: Strengthen the monitoring, compliance and enforcement of the Healthy Homes Standards

Q19. Do you broadly support the proposed strategy HH3?

- Yes
- Somewhat
- No
- Don't know/Not sure

Q20. Please share your comments on the proposed strategy HH3. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

The Council broadly supports proposed strategy HH3. We agree effective monitoring and enforcement are essential to ensuring compliance with the Healthy Homes Standards. Monitoring is also needed to assess whether the standards are working to deliver intended improvements for renters and to identify changes required where shortfalls are found.

Challenge: Tenants are four to five times more likely to experience energy hardship than owner-occupiers

Strategy HH4: Strengthen advocacy and support services for tenants

Q21. Do you broadly support the proposed strategy HH4?

- Yes

- Somewhat
- No
- Don't know/Not sure

Q22. Please share your comments on the proposed strategy HH4. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

The Council broadly supports proposed strategy HH4 to strengthen advocacy and support services for tenants. A basic principle of effective consumer protection frameworks is that consumers have access to information about their rights and are able to enforce those rights.

We therefore consider strengthening advocacy and support services for tenants would help ensure they were aware of their rights under the Healthy Homes Standards, and other consumer protection legislation, and were better placed to take action to enforce these rights when necessary.

Funding for support services could be distributed to existing organisations that provide consumer advice, such as Citizens Advice Bureau and FinCap.

Q23. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

Challenge: Energy efficient household appliances (e.g. whiteware, lighting, cooking) offer important long-run cost savings but the higher purchase price often puts them out of reach

Strategy HH5: Expand all energy-related MSD purchase assistance programmes for household appliances to offer energy efficient choices

Q24. Do you broadly support the proposed strategy HH5?

- Yes
- Somewhat
- No
- Don't know/Not sure

Q25. Please share your comments on the proposed strategy HH5. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

Q26. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

FINAL QUESTION FOR HEALTH OF THE HOME:

Q27. Are there any other key challenges and/or corresponding solutions relating to the HEALTH OF THE HOME KETE that we have missed? If so, please outline these below.

We refer the panel to our comments under HH1 regarding the affordability of electricity.

KNOWLEDGE AND NAVIGATION KETE

Supporting and empowering whānau energy decisions

Challenge: Stronger coordination and collaboration across providers of energy hardship programmes and support services is needed to improve effectiveness and coverage

Strategy KN1: Establish and fund a nation-wide “energy wellbeing sector network” to facilitate and support enhanced service integration and collaboration between local organisations and establish co-networks for Māori and Pacific practitioners

Q28. Do you broadly support the proposed strategy KN1?

- Yes
- Somewhat
- No
- Don't know/Not sure

Q29. Please share your comments on the proposed strategy KN1. For example, you could include your thoughts on any benefits, costs, risks or limitations associated with this strategy.

Q30. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

Challenge: There is a lack of widespread, easy access to trusted and informed community-based energy advisers, home assessors and service navigators

Strategy KN2: Strengthen and deliver energy wellbeing ‘navigator’ training (such as Home Performance Advisor), including Māori and Pacific energy wellbeing training wananga/programmes that are grounded in Te Ao Māori and Pacific worldviews

Q31. Do you broadly support the proposed strategy KN2?

- Yes
- Somewhat
- No
- Don't know/Not sure

Q32. Please share your comments on the proposed strategy KN2. For example, you could include your thoughts on any benefits, costs, risks or limitations associated with this strategy.

Challenge: There is a lack of widespread, easy access to trusted and informed community-based energy advisers, home assessors and service navigators

Strategy KN3: Strengthen and extend MBIE's Support for Energy Education in Communities (SEEC) programme, and ensure funding targeting and programme design recognise those groups over-represented in energy hardship such as Māori, Pacific peoples and tenants

Q33. Do you broadly support the proposed strategy KN3?

- Yes
- Somewhat
- No
- Don't know/Not sure

Q34. Please share your comments on the proposed strategy KN3. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

Q35. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

Challenge: Increased support is needed to boost energy literacy among tenants, landlords and homeowners

Strategy KN4: Develop and deliver an Energy Wellbeing Education Strategy for targeted education on energy-saving practices, consumer protection rights, and how to access authoritative information (including targeting for specific groups over-represented in energy hardship)

Q36. Do you broadly support the proposed strategy KN4?

- Yes
- Somewhat
- No
- Don't know/Not sure

Q37. Please share your comments on the proposed strategy KN4. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

Challenge: Increased support is needed to boost energy literacy among tenants, landlords and homeowners

Strategy KN5: Develop and maintain a comprehensive online portal as a "go-to" for accurate, up-to-date and complete information for tenants, landlords and homeowners to support improved energy wellbeing, good energy choices, efficient energy use in the home and consumer protection rights

Q38. Do you broadly support the proposed strategy KN5?

- Yes
- Somewhat
- No
- Don't know/Not sure

Q39. Please share your comments on the proposed strategy KN5. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

The Council broadly supports proposed strategy KN5. We agree access to independent information is important, particularly as marketing claims for energy efficiency and "green" technologies increase.

Consumers need access to reliable information in order to assess options for their homes and help ensure energy choices are supported by good evidence. Benefits and costs must be clearly set out to ensure the information is useful for and used by consumers.

The Council considers the need for this information will only increase as new technologies enter the market.

Q40. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

Challenge: Households can face challenges in accessing and understanding bill and pricing information and options

Strategy KN6: Simplify energy bills and information access, improve comparability across electricity tariff structures, and improve price comparison services

Q41. Do you broadly support the proposed strategy KN6?

Yes

Somewhat

No

Don't know/Not sure

Q42. Please share your comments on the proposed strategy KN6. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

The Council broadly supports proposed strategy KN6. We are currently working on a project to simplify electricity bills. This work is informed by international research examining the design of bills and core information they must include. We expect to have this work completed in the near future.

Overseas and New Zealand experience suggests most electricity companies are unlikely to voluntarily make improvement to their bills. We therefore consider regulation will be required to ensure companies make required changes.

We consider bill changes should extend to requiring companies to inform customers whether they are on the best plan for their energy usage. A simple way to do this would be by regularly including the information on customers' bills.

We consider mandatory requirements are also needed to improve traceability of retailers' pricing plans and enable better price comparisons. The Electricity Authority could facilitate this by developing a unique code system for retail plans and requiring retailers to use this code on bills, in published plan information and in the electricity industry registry.

We note that work remains to be done to improve consumers' access to their electricity consumption data. Recommendations made by Electricity Price Review panel (recommendations C3 and E3) relating to this do not appear to have been fully implemented.

Q43. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

FINAL QUESTION FOR KNOWLEDGE AND NAVIGATION KETE:

Q44. Are there any other key challenges and/or corresponding solutions relating to the KNOWLEDGE AND NAVIGATION KETE that we have missed? If so, please outline these below.

ENERGY ACCESSIBILITY AND CHOICE KETE

Improving individual, house and whānau energy wellbeing through healthier homes

Challenge: Credit issues can prevent individuals, households and whānau from having choice in an electricity supplier or switching suppliers

Strategy AC1: Develop mechanism(s) to ensure all residential consumers can obtain a post-pay electricity supply despite "adverse credit"

Q45. Do you broadly support the proposed strategy AC1?

- Yes
- Somewhat
- No
- Don't know/Not sure

Q46. Please share your comments on the proposed strategy AC1. For example, you could include your thoughts on any benefits, costs, risks or limitations associated with this strategy.

The Council broadly supports proposed strategy AC1. At present, consumers deemed a 'bad credit risk' may have no other option than switching to a prepay plan. These plans provide a more restrictive electricity service, requiring consumers to have credit on their account to use power and can come with additional costs, such as top-up fees.

A proportion of prepay consumers are also paying back debt each time they top-up their account. Some of this debt may be from disconnection fees charged by their previous retailer.

Given electricity is an essential service, we consider mandatory standards are needed to set out retailers' obligations in relation to electricity supply and help ensure consumers are protected from unfair treatment. In our view, the voluntary Consumer Care Guidelines are failing to provide appropriate consumer safeguards.

Q47. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

Challenge: Households struggling to pay their bills face disconnection

Strategy AC2: Develop mandatory rules for electricity retailers to follow before disconnecting for

non-payment so that disconnection becomes the last resort, including penalties e.g. for wrongful disconnection

Q48. Do you broadly support the proposed strategy AC2?

- Yes
- Somewhat
- No
- Don't know/Not sure

Q49. Please share your comments on the proposed strategy AC2. For example, you could include your thoughts on any benefits, costs, risks or limitations associated with this strategy.

The Council broadly supports proposed strategy AC2. As noted above, we consider the existing voluntary Consumer Care Guidelines provide inadequate safeguards for consumers. Mandatory standards and reporting requirements for electricity retailers, and penalties for non-compliance would significantly improve the situation for consumers.

Q50. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

Challenge: Metering technology may constrain a household's access to energy supply and tariff choice

Strategy AC3: Identify and address the barriers to completing smart meter roll-out, prioritising areas of low coverage, and requests from households in energy hardship

Q51. Do you broadly support the proposed strategy AC3?

- Yes
- Somewhat
- No
- Don't know/Not sure

Q52. Please share your comments on the proposed strategy AC3. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

The Council broadly supports proposed strategy AC3. We note barriers to completing the smart meter roll-out may require legislation to address. For example, where landlords need to invest in their properties to allow metering, they be reluctant to do so unless there is a legal requirement, as there is no direct benefit to them.

In some cases, we're aware there may be practical difficulties to installing meters. For example:

- Premises could become electrically unsafe if wiring is touched, due to its age; the cost of making the wiring safe may be high if significant parts of a premises need to be rewired.
- Insufficient space available on the switchboard to fit an AMI meter may also be a problem; the cost to increase the available space may be significant.

We are also aware there can be a high cost to reconfigure or replace a meter. The cost of a meter change can be an additional burden to consumers who just want to be able to obtain a better price. Smart meters can be remotely reprogrammed and retailers should be encouraged to require meter equipment providers to reprogram meters where rewiring is not required.

Q53. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

Challenge: Rural and off-grid households or communities, and those living on communal or ancestral land, need additional support to build their energy access, resilience and sovereignty

Strategy AC4: Provide increased funding and support for community energy schemes and capability-building in rural communities to ensure rural and off-grid households and those on communal or ancestral lands (including Papakāinga) in energy hardship can access secure energy supply, linking with other energy programmes such as WKH and SEEC

Q54. Do you broadly support the proposed strategy AC4?

Yes

Somewhat

No

Don't know/Not sure

Q55. Please share your comments on the proposed strategy AC4. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

The Council broadly supports proposed strategy AC4. We consider the Electricity Authority should be supporting projects such as the multiple trader relationships trial.

Q56. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

Challenge: Individuals, households and whānau in energy hardship often have limited options in choosing, and engaging with, an energy retailer

Strategy AC5: Explore ways to facilitate and support social retailing which can provide post-pay

supply to those in energy hardship with low credit scores, deliver targeted wrap-around services, and provide tailored pricing and payment plans. Options may include one or more of:

a. Provide support for accredited social retailers eg through an industry fund, social generation hedge obligations or government funding

b. Government contracts one or more retailer(s) to act as a social retailer

c. Government support for community/regional integrated social generator-retailers

d. Government support for a nationwide integrated social generator-retailer

Q57. Do you broadly support the proposed strategy AC5?

Yes

Somewhat

No

Don't know/Not sure

Q58. Please share your comments on the proposed strategy AC5. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

The Council somewhat supports proposed strategy AC5. We are concerned that social retailers may be seen as a “dumping ground” for customers who are deemed to be low value and these customers will continue to have limited choice of retailer.

Further, mainstream retailers may use the existence of social retailers as an excuse to ignore their own social responsibilities (as providers of an essential service) and continue practices that exacerbate energy hardship.

While social retailers can provide a way of offering cheaper power to specific consumers, the broader issue of electricity affordability for all consumers remains. As the panel's discussion document notes, the issue of a “two tier” market being created also needs to be considered.

We would welcome more discussion of these issues and additional analysis of the effectiveness of proposed interventions.

Q59. Please share your comments on each of the social retailing options listed above. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with these options.

Q60. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

Challenge: The energy transition presents new opportunities but risks leaving lower-socio-economic whānau behind

Strategy AC6: Ensure those in energy hardship can access the benefits of, and do not face undue costs from, the transition to low emissions energy, including explicitly reflecting energy wellbeing requirements in Government's Equitable Transition Strategy, Energy Strategy and Gas Transition Plan

Q61. Do you broadly support the proposed strategy AC6?

Yes

Somewhat

No

Don't know/Not sure

Q62. Please share your comments on the proposed strategy AC6. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

Q63. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

FINAL QUESTION FOR ENERGY ACCESSIBILITY AND CHOICE KETE:

Q64. Are there any other key challenges and/or corresponding solutions relating to the ENERGY ACCESSIBILITY AND CHOICE KETE that we have missed? If so, please outline these below.

ENERGY AFFORDABILITY KETE

Affording the energy whānau need for their wellbeing

Challenge: Low income is a major barrier for many whānau to afford the energy they need for wellbeing in their home

Strategy AF1: Prioritise lack of energy access as an emergency issue and implement nationally consistent processes and timeframes for responding to requests for assistance from customers in energy hardship/their advocate/retailer, and establish clear and direct lines of communications between MSD and those customers/their retailer/advocate

Q65. Do you broadly support the proposed strategy AF1?

- Yes
- Somewhat
- No
- Don't know/Not sure

Q66. Please share your comments on the proposed strategy AF1. For example, you could include your thoughts on any benefits, costs, risks or limitations associated with this strategy.

Challenge: Low income is a major barrier for many whānau to afford the energy they need for wellbeing in their home

Strategy AF2: Provide extra Government financial support, needs-based and targeted at households in energy hardship, including those outside the existing beneficiary group. Possible mechanisms include better targeting of the Winter Energy Payment (WEP) eligibility criteria/funding levels, an energy-related income supplement, an energy bill rebate, and making a portion of energy-related grants non-recoverable

Q67. Do you broadly support the proposed strategy AF2?

- Yes
- Somewhat
- No
- Don't know/Not sure

Q68. Please share your comments on the proposed strategy AF2. For example, you could include your thoughts on any benefits, costs, risks or limitations associated with this strategy.

Challenge: Low income is a major barrier for many whānau to afford the energy they need for wellbeing in their home

Strategy AF3: Ensure all fees and costs charged to energy consumers are cost-reflective and reasonable (including pre-pay, disconnections, reconnections, top-ups, bonds, metering)

Q69. Do you broadly support the proposed strategy AF3?

- Yes
- Somewhat

- No
- Don't know/Not sure

Q70. Please share your comments on the proposed strategy AF3. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

The Council supports proposed strategy AF3. Mandating the Consumer Care Guidelines, and also including these provisions in retailers' certification audits, would improve transparency of fees and help ensure they were fair and reasonable. Expanding the guidelines to cover fees imposed by networks and metering equipment providers would further improve transparency.

The Council is concerned that some fees, such as disconnection fees and fees for processing refunds, are unfairly adding to the costs faced by vulnerable consumers. The justification for these fees is not always clear. However, it can be difficult for individual consumers to challenge them.

Mandatory standards would assist consumers, advocacy organisations and regulators to pursue action against companies that attempted to impose unreasonable fees.

Q71. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

Challenge: Pre-pay accounts often impose significantly higher costs on those most in need and self-disconnection is hidden

Strategy AF4: Review and monitor the use and pricing of pre-pay accounts to ensure they do not create or exacerbate disadvantage, including tracking and publishing self-disconnection (how many, how often, for how long) and reviewing pre-pay terms and conditions, fees, wraparound support

Q72. Do you broadly support the proposed strategy AF4?

- Yes
- Somewhat
- No
- Don't know/Not sure

Q72. Please share your comments on the proposed strategy AF4. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

The Council supports proposed strategy AF4. We strongly agree prepay electricity requires greater scrutiny. Our research plan identifies prepay as a key area for investigation and we intend to progress work in this area.

Our work will include reviewing prepay terms and conditions against the unfair terms provisions of the Fair Trading Act, the Electricity Authority's model terms for domestic electricity contracts and relevant provisions in the Consumer Care Guidelines.

Requirements for prepay providers to publish data on customer "self-disconnections" would significantly improve our ability to monitor this market and the outcomes for consumers on prepay plans. At present, this data is not routinely available, limiting assessment of consumers' experiences and retailers' practices.

Q74. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

Challenge: Payment options may impact affordability and choice

Strategy AF5: Require retailers to include payment options that recognise the difficulty those in energy hardship face, e.g. cash payment, smooth pay, weekly or fortnightly billing/payment

Q75. Do you broadly support the proposed strategy AF5?

- Yes
- Somewhat
- No
- Don't know/Not sure

Q76. Please share your comments on the proposed strategy AF5. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

The Council broadly supports proposed strategy AF5. In relation to payment options, we consider retailers should have an obligation to offer flexible payment options (such as weekly payments). Retailers could also serve customers better by using meter readings (usually received daily) to keep vulnerable consumers informed (through text or message service) on their usage.

Q77. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

Challenge: Distribution pricing methodologies can impact affordability

Strategy AF6: Investigate and address the implications of network pricing methodologies for energy hardship, particularly in high cost-to-serve areas

Q78. Do you broadly support the proposed strategy AF6?

- Yes
- Somewhat
- No
- Don't know/Not sure

Q79. Please share your comments on the proposed strategy AF6. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

The Council broadly supports proposed strategy AF6. However, we consider any investigation also needs to look at the effects on electricity affordability arising from pricing practices in wholesale and retail supply.

There is evidence of practices that may be artificially inflating prices. For example, the Electricity Authority has been reviewing competition in the wholesale market as a result of sustained high power prices.¹ To date, it has made amendments aimed at addressing the potential for distortions from large contracts for supply at prices that “might be inefficient”.

We also note the Electricity Authority is encouraging networks to use cost reflective pricing in their price plans. This is likely to complicate pricing. Consumers may not understand the pricing plan or may not have the discretionary load to get a benefit from cost reflective pricing. In the worst case, consumers without flexible loads will pay more for their electricity.

In the Council’s view, any affordability analysis therefore needs to consider pricing practices throughout the electricity supply chain, including whether interventions to date have benefitted consumers or not.

Q80. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

FINAL QUESTION FOR THE ENERGY AFFORDABILITY KETE:

Q81. Are there any other key challenges and/or corresponding solutions relating to the ENERGY AFFORDABILITY KETE that we have missed? If so, please outline these below.

As noted above, we consider responses to energy affordability need to consider wholesale and retail pricing practices that may be inflating electricity costs and contributing to energy hardship.

¹ See <https://www.ea.govt.nz/projects/all/review-of-wholesale-market-competition/>

CONSUMER PROTECTION KETE

Protecting energy consumers in their relationships with providers

Challenge: The Electricity Authority's Consumer Care Guidelines (CCG) are voluntary and there is no regulatory penalty for not complying

Strategy CP1: Review and strengthen the Consumer Care Guidelines including expanding to include mandatory consumer care obligations on all electricity retailers

Q82. Do you broadly support the proposed strategy CP1?

- Yes
- Somewhat
- No
- Don't know/Not sure

Q83. Please share your comments on the proposed strategy CP1. For example, you could include your thoughts on any benefits, costs, risks or limitations associated with this strategy.

The Council strongly supports proposed strategy CP1. Voluntary guidelines provide a weak incentive for retailers to improve their practices and companies may differ in how they interpret the guidelines. Mandatory standards, compliance audits and meaningful penalties for non-compliance are essential to ensure effective consumer protection in the electricity sector.

As the panel's discussion document notes, penalties have been introduced in Australia, enabling the regulator to take action against companies that fail to comply with their obligations to protect consumers experiencing hardship. We consider penalties here should be on a similar scale to those in Australia.

Mandatory standards must also include requirements for retailers to publicly report key data at regular intervals. This data would significantly improve the ability of the Council and other organisations to monitor retailer performance and outcomes for consumers.

Regular reporting of data is essential. We note, for example, that data on disconnections for non-payment has not been published by the Electricity Authority since March 2022.

Challenge: The Electricity Authority's Consumer Care Guidelines (CCG) are voluntary and there is no regulatory penalty for not complying

Strategy CP2: Strengthen monitoring, compliance and enforcement of the Consumer Care Guidelines, including a penalty and reporting regime for non-compliance

Q84. Do you broadly support the proposed strategy CP2?

- Yes
- Somewhat
- No
- Don't know/Not sure

Q85. Please share your comments on the proposed strategy CP2. For example, you could include your thoughts on any benefits, costs, risks or limitations associated with this strategy.

See comments above.

Q86. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

Challenge: There is a lack of reporting and monitoring of key energy hardship information from electricity retailers

Strategy CP3: Require electricity retailers to report key energy hardship indicators to the Electricity Authority for it to monitor and publish (e.g. number of customers refused supply, disconnection numbers/durations/reasons, customer debt levels, bonds, pre-pay, referrals to Income Support, retailers' alignment with Consumer Care Guidelines)

Q87. Do you broadly support the proposed strategy CP3?

- Yes
- Somewhat
- No
- Don't know/Not sure

Q88. Please share your comments on the proposed strategy CP3. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

The Council supports proposed strategy CP3. We agree there is a lack of monitoring and reporting of energy hardship data. This data is essential to inform effective policy and regulation.

To improve transparency and ensure retailer behaviour can be monitored, we recommend the Electricity Authority's public reporting of hardship indicators should be by retailer. Aggregated data will not provide the required transparency to assess retailers' practices.

Q89. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

Challenge: Other consumer protection regimes and dispute resolution schemes may be too narrow as new technologies and business models emerge

Strategy CP4: Expand consumer protection and existing dispute resolution schemes to cover other forms of energy provider relationships taking an energy hardship lens e.g. solar power providers

Q90. Do you broadly support the proposed strategy CP4?

- Yes
- Somewhat
- No
- Don't know/Not sure

Q91. Please share your comments on the proposed strategy CP4. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.

The Council supports proposed strategy CP4. We recommend that flexibility providers and load aggregators should also be considered for inclusion in an expanded dispute resolution process.

Q92. Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.

FINAL QUESTION FOR THE CONSUMER PROTECTION KETE:

Q93. Are there any other key challenges and/or corresponding solutions relating to the CONSUMER PROTECTION KETE that we have missed? If so, please outline these below.

SUPPORTING ENVIRONMENT AND ANY FURTHER COMMENTS

The Panel has identified a number of supporting or enabling elements it considers are important for the landscape surrounding energy hardship initiatives, to ensure the proposed strategies can be implemented effectively and in a long-term sustainable manner.

These include:

- *Data and insights*
- *Learning environment*
- *Leadership and coordination*

- *Participatory approach*
- *Collaborative service models*
- *Durable funding environment*
- *Targeting of solutions*

Please see the Supporting Environment section of the Discussion Paper for more information.

Q95. Do you have any comments on the Supporting Environment section? Please share these below.

The Council strongly agrees with the panel that proposed strategies must be informed by robust data and research to ensure they are effective.

Data gaps should be urgently addressed. Research requirements include regularly assessing the amount households (in different parts of the country) need to spend on power to achieve healthy indoor temperatures and to measure the proportion of consumers struggling with this cost.

We note the Consumer Care Guidelines recommend retailers record information on energy use and primary heating (para 15d of the guidelines). This information could provide another source of data, if retailers were required to publish it (in an anonymised form).

We also support the panel's comments about the importance of taking a participatory approach to addressing energy hardship. This is essential to developing effective policy and regulations that tackle the systemic issues contributing to hardship. Energy hardship is not a problem that individual consumers can solve with behaviour change.

Q96. Do you have any other thoughts or comments you would like to make on the Expert Panel's Discussion Paper? If so, please share these below.