

Te Kore, Te Pō, Te Ao Mārama

Energy Hardship: The challenges
and a way forward

Energy Hardship Expert Panel Report to the Minister

July 2023



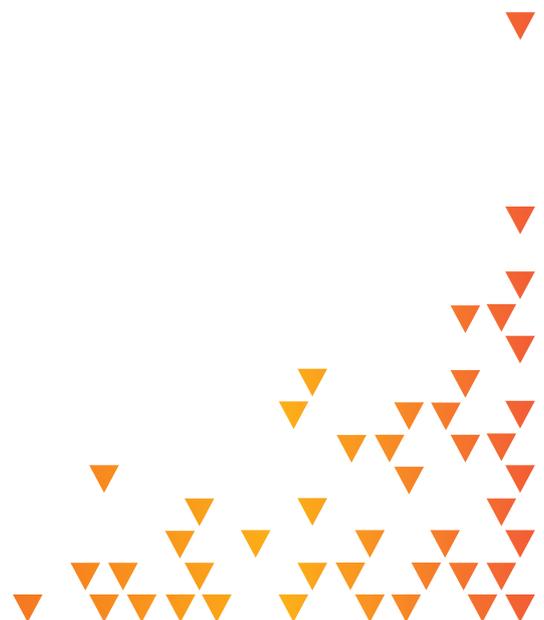
Te Kāwanatanga o Aotearoa
New Zealand Government

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Energy Hardship: The challenges and a way forward



Our Report

E ngā pare raukura o te mate, haere, haere, haere atu rā

Ko te akaaka o te rangi ki a rātou, ko te akaaka o te whenua ki a tātou

Tēnā anō rā tātou katoa.

As the Energy Hardship Expert Panel, we looked, listened and learnt from so many New Zealanders who are doing their best to create enduring solutions to seemingly intractable problems – such as high power bills, a lack of access to alternative energy sources, houses that are damp, draughty and uninsulated, low incomes and inefficient appliances. Each idea gave us confidence that there are tangible, innovative approaches that shine a light ahead for tackling energy hardship.

Drawing on our rich indigenous wisdom in New Zealand was key as we contemplated the enormous challenges of energy hardship, climate change, and the ongoing pressure on communities to be resilient, innovative and strong. As we deliberated on the importance of inter-generational strategies, the value of collective solutions, and the need to be locally driven, we found inspiration in the creation story's journey from Te Kore to Te Ao Mārama. This reinforced our belief that by uniting our efforts, we can find meaningful responses to the challenges of energy hardship.

It was in that context that we embraced the title of our report – *Te Kore, Te Pō, Te Ao Mārama* – as a framework for inviting all New Zealanders to contribute towards ensuring every whānau can access and afford the energy they need to live, thrive and prosper.

The story of creation passed on from generation to generation within te ao Māori reveals three states of evolution: the origins of all life. First, is the state of **Te Kore**, our starting place. The place of energy and unlimited potential or being. The late Rev Māori Marsden, a tohunga of the whare wānanga of Te Aupōuri, described Te Korekore as

“the realm between non-being and being: that is the realm of potential being.”¹ It is often referred to as a void; an emptiness; the space without boundaries; a world beyond.

From there comes **Te Pō**: the perpetual night: a night that is long (Te Pō-roa), a night that is deep (Te Pōuriuri); the dark night (Te Pō), the intense night (Te Pō-tangotango), and the night where nothing at all is seen. The final state of Te Pō-tahuri-mai-ki-taiao (the night of turning towards the revealed world) leads us towards the realm of being; the moment of transformation.

Finally, from Te Pō emerges **Te Ao Mārama**, the world of light and life. Within the realm of Te Pō are found our celestial parents, Ranginui (Sky Father) and Papatūānuku (Earth Mother), huddled together in a tight embrace with their children between them. As their son Tāne pushed Ranginui upwards, the two parents were separated, enabling Te Ao Mārama to come into being, giving their children room to move, explore and grow.

From the void, the night, to the glimmer of dawn, to the bright light of day, there is life – Te Kore. Our world follows a daily passage from darkness (Te Pō) into the light (Te Ao); from the rising of each new dawn to the setting of the sun at night. It is a movement from nothingness to the world of light.

This process of transformation, and what we have seen, heard and learnt, has given rise to the hope that we can work towards a world where energy hardship will no longer serve to constrain or limit the daily lives of New Zealanders – so that all can flourish in a world of light and life.

Kua rahi tēnei. Ngā manaakitanga o te wa.

¹ Te Ahukaramū Charles Royal, 'Te Ao Mārama – the natural world - The world of light and darkness', Te Ara - the Encyclopedia of New Zealand, (accessed 10 June 2023). Story by Te Ahukaramū Charles Royal, published 24 Sep 2007.

Energy Hardship Expert Panel

Chair

Keri Brown (Ngāti Raukawa, Ngāti Whātua, Ngāti Mahana) is a respected member of her community, serving as a councillor at Hutt City Council. She is a dedicated advocate for social housing and has played a key role in developing effective strategies to address homelessness in her region.

As a Director of Urban Plus Ltd, a Council owned development company, Keri works closely with Community Housing Providers and Mana Whenua to create high-quality social housing to provide homes that are highly energy efficient. Her extensive background in public service, including her previous role as a senior national adviser for the Family Start programme, provides her with a wealth of knowledge and experience that she brings to her work. Keri is dedicated to improving the health and wellbeing of whānau and communities. As a former Hutt Valley DHB board member, she has first-hand experience of the challenges faced by many, particularly those facing hardship.

Panel members

Dr Amanda-Lanuola Dunlop (Samoan, Ngāti Maniapoto, Waikato-Tainui) has more than 25 years' experience in health policy, management, research and evaluation. She has held senior posts in the public sector, academia and the not-for-profit sector, most recently as chief executive officer at Vaka Tautua, a national Pacific health, disability and social services provider. Amanda-Lanuola holds a PhD in Community Health.

Helen Leahy is Pou Ārahi for Ngā Waihua o Paerangi, leading environmental, social, Whānau Ora, cultural and other kaupapa across the rohe of Ngāti Rangi in central North Island. As the former chief executive of the Whānau Ora Commissioning Agency for the South Island, she has extensive experience working with Māori communities and whānau and has a long history of involvement in areas of supporting children, health, hardship, education, vulnerable communities and wellbeing. Helen was a senior ministerial and policy advisor in Parliament from 1999 to 2015. Helen lives in Raetihi, a small rural locality that lies in a valley between Tongariro and Whanganui National Parks.

Kay Brereton is the manager for the Beneficiaries and Unwaged Workers Trust and co-convenor of the National Beneficiary Advocacy Consultative Group. Kay has been a beneficiary advocate for more than 16 years and has extensive experience on focus groups in areas such as welfare, housing and service alignment. She received a Queen's Service Medal in 2020 for services to welfare of beneficiaries.

Kevin Angland has several years' governance experience as a director of the Electricity Retailers' Association of New Zealand, where he oversaw strategic work with an emphasis on supporting vulnerable communities. He is currently a Director and Deputy Chair of Hawke's Bay-based, member-owned, Unity Credit Union. He also has executive experience with electricity generator-retailer Mercury, which included working on programmes to reduce energy hardship. His leadership in the technology and digital sector was recognised in 2014 when he was named New Zealand CIO of the year.



Contents

Our Report	3
Energy Hardship Expert Panel.....	4
Foreword	7
Acknowledgements.....	8
Executive Summary.....	10
Summary of Recommendations	12
Part 1: Where we are now	18
1. The Report	19
1.1. Purpose of this report	19
1.2. How we went about our work - our process	19
1.3. Structure of this report.....	24
2. Context - Energy hardship in New Zealand	26
2.1. Introduction	26
2.2. Energy hardship	27
2.3. Energy hardship in New Zealand	30
3. What we heard - People's voices	37
3.1. Introduction	37
3.2. Human rights and energy	38
3.3. Māori energy wellbeing	38
3.4. Pacific energy wellbeing	39
3.5. Health of the home	40
3.6. Energy affordability	43
3.7. Energy access and choice.....	47
3.8. Consumer care and protection	50
3.9. Energy information, knowledge and support.....	51
3.10. Leadership and accountability.....	53
4. What we think	58
4.1. Introduction	58
4.2. Energy hardship needs to be prioritised	58
4.3. We have foundations to build on	58
4.4. Housing and energy hardship are undeniably connected	59
4.5. We are not getting outcomes for some groups	59
4.6. Equitable Access, Financial Affordability, and Protections: Essential Pillars for Success	60
4.7. Our vision for energy hardship and wellbeing in New Zealand	60
Part 2: What needs to happen.....	61
5. Strengthen leadership and accountability	62
5.1. Introduction	62
5.2. Energy Hardship and Wellbeing Legislation.....	63

5.3.	Building the system: a coordinated government response	66
5.4.	Building the system: aligned Crown entities	67
5.5.	Building the system: an energy hardship expert advisory group	69
6.	Improve health of the home	73
6.1.	Introduction	73
6.2.	Strengthen enforcement of Healthy Home Standards	74
6.3.	Expand Tenancy Services and support	76
6.4.	Improve New Zealand housing	77
6.5.	Design and pilot a healthy housing assessment tool	78
7.	Expand energy access and choice	81
7.1.	Introduction	81
7.2.	Ensure people can access electricity and stay connected	82
7.3.	Deliver energy wellbeing in the transition to low-emissions energy	87
7.4.	Social retailing	89
8.	Enhance energy affordability	91
8.1.	Introduction	91
8.2.	Ensure a competitive and efficient electricity market	92
8.3.	Negotiate bulk deals for social housing	96
8.4.	Review and monitor pre-pay tariffs, fees and disconnections	100
8.5.	Target the Winter Energy Payment	101
8.6.	Prioritise energy hardship as an emergency issue	104
8.7.	Improve access to energy-efficient appliances	106
9.	Increase consumer protection	109
9.1.	Introduction	109
9.2.	Enhance Consumer Protections with Mandatory Consumer Care Obligations	109
9.3.	Ban disconnection fees, ensure other fees are reasonable, and provide payment options	112
9.4.	Inform customers about their most affordable plan	115
10.	Build community education and action	119
10.1.	Introduction	119
10.2.	Strengthen and extend the Support for Energy Education in Communities Programme	120
10.3.	Develop and maintain an energy wellbeing online platform	124
11.	Enrich data and information	127
11.1.	Introduction	127
11.2.	Enhance the definition and measures of energy hardship	129
11.3.	Progress energy hardship and wellbeing framework	130
11.4.	Enhance knowledge sharing	131
11.5.	Establish an energy hardship research fund	132
	Cover design	135

Foreword

We thank the leadership of the Electricity Price Review (EPR) 2019 advisory panel for identifying energy hardship as a key issue, and for recommending a suite of actions – of which arguably, the most important was the recommendation which led to government setting up this Energy Hardship Expert Panel, and the Energy Hardship Reference Group, so we could undertake this important work.

However, as we have been reminded throughout this journey, the EPR and energy hardship work at the Ministry of Business, Innovation and Employment was only the beginning.

Significant systemic change is required if we are to alleviate energy hardship in New Zealand.

It is an honour to submit our report Te Kore, Te Pō, Te Ao Mārama. This report outlines what we believe and consider to be the strongest strategies, policies and initiatives to alleviate energy hardship in New Zealand and ensure all individuals, whānau and tamariki can access the energy they need to live in a warm, dry home.

Helen Leahy, Kay Brereton, Dr Amanda-Lanuola Dunlop, Kevin England, and I were appointed to the Energy Hardship Expert Panel by the Minister of Energy and Resources, Honourable Dr Megan Woods on 16 August 2021. Our terms concluded in July 2023 with the presentation of this report.

Our journey has been interesting, and at times a very challenging one. It began mid-October 2021 during COVID-19 lockdowns and border restrictions. We have encountered cyclones, floods, and a steep rise in the cost of living; all factors that exacerbate energy hardship.

We discovered fairly quickly that the evidence base on energy hardship in New Zealand is limited, but growing for many households. For example, a definition and indicators for measuring energy hardship were only developed within the past year. Accordingly, we commissioned research and undertook an extensive engagement to obtain new knowledge and insights, to strengthen the evidence base for understanding energy hardship.

We also discovered that government agencies and the energy sector are at different starting points in terms of how they see, think and respond (or not) to energy hardship, which made for interesting

conversations. Along the way we found exemplar organisations and people who are doing amazing work. The growing recognition of energy hardship, and the implementation of innovative initiatives, policy frameworks, and community-led initiatives have demonstrated that progress is possible, as outlined in this report. But there's more to do.

This report, the first of its kind, reveals the nature of energy hardship in New Zealand. Our findings result from extensive listening, collaboration, research and analysis. This report shines a light on the various dimensions of energy hardship, providing an understanding of the challenges faced by individuals and communities across New Zealand. It offers insights into the consequences of energy hardship. Without doubt, energy hardship exacerbates social inequalities by disproportionately impacting vulnerable communities, including Māori, Pacific peoples, tenants, disabled people, older people, children, and those living in remote areas.

This report also proposes a way forward. Alleviating energy hardship requires more than just technical solutions. It demands a concerted effort from the government, the energy sector and community organisations. It necessitates a shift in mindset, recognising that access to energy should be a fundamental human right. It requires a commitment to empowering communities and ensuring their active participation in decision-making processes. It includes fostering partnerships and collaborations to leverage resources and expertise.

Our hope, and the hopes of all the people, whānau, who contributed to this work, is that the government, energy sector and community organisations take up this wero (challenge) – adopt the recommendations, increase and coordinate funding and mobilise – to lift our people out of energy hardship now and into the future.

Acknowledgements

We knew at the outset, that the solutions to alleviating energy hardship do not sit with one organisation or group but with all New Zealanders. So we made a commitment to go out and engage with as many people as we could to obtain their knowledge and insights. And we did.

We engaged with a wide range of organisations, people and whānau across the motu, from Whangārei to Invercargill; and through a wide variety of platforms – face-to-face and online meetings and hui, social media, and by email and phone.

We engaged with iwi Māori, Pacific, beneficiary and community organisations, the energy sector, businesses and academics. We sought expertise from experts well versed in the complexities of energy hardship and the drivers that contribute to it. We wish to thank all the organisations, key stakeholder groups and experts who graciously shared their knowledge, wisdom and perspectives about energy systems and the hardship experienced by many in Aotearoa.

However, our most profound gratitude goes to the individuals and whānau who shared their experiences of energy hardship. We are immensely thankful for their bravery, resilience, and unwavering honesty that provided us with invaluable insights.

We extend our gratitude to everyone who contributed to this work, whether it was through submissions, expert advice, meetings, emails, phone calls; every bit informed our final thinking.

We sincerely thank Tuatahi for their design work and valuable contribution to this Final Report. Their design brilliantly captures the very essence of *Te Kore, Te Pō, Te Ao Mārama* as we deliver our final advice to the Government.

I reserve a special acknowledgment for the dedicated members of the Secretariat from the Ministry of Business, Innovation and Employment who provided expert advice and support throughout the journey of this work. We acknowledge your dedication to this important work.



Executive Summary

The Government appointed our five-member, independent Energy Hardship Expert Panel in August 2021 to make recommendations on policy priorities and actions to alleviate energy hardship.

Our vision is for a thriving New Zealand where everyone can attain energy wellbeing. We place all families and whānau at the centre as we ensure equitable outcomes by providing the right tools and support for those facing energy hardship to regain their wellbeing. We believe in an inclusive vision, where individuals, whānau, and households can access energy irrespective of their income or geographical location, and empowering people by ensuring they have the means to afford suitable levels of energy within their homes, fostering an environment of wellbeing for all.

Our first step as a panel was agreeing on the outcomes and principles that would guide our work. We then identified seven foundation principles, our five kete, to help identify the challenges faced by those experiencing energy hardship, and strategies to address these. Considering our research and engagement during this review we have now expanded this to seven kete which our recommendations are structured around.

We identified a phased approach to progressing our work and mapped out the key activities for each phase. We needed to remain flexible and responsive to changing circumstances, refining our approach as we progressed our work, particularly as we all navigated the implications of COVID-19. Submitting this final report to the Minister of Energy and Resources marks the end of our work.

Engagement has been at the heart of our work, and we have taken an inclusive and collaborative approach in every phase. Across our 22-month journey, we held 40 meetings and 34 workshops, involving around 400 people in total. We received over 50 written submissions on our discussion paper.

Throughout all of this, we heard of people's struggles and frustrations, and stories from some who too often have to decide whether to heat or eat. We also heard of their hopes and ideas for how things could be better.

Our research process involved engaging various groups and government agencies to gather information about existing services and programmes and their insights on gaps and potential opportunities. We gathered reports through this commissioning process, read materials extensively, and held multiple meetings with experts specialising in specific areas.

Recent data shows 110,000 households across the country could not afford to keep their homes adequately warm.² The same data shows Māori, Pacific peoples, renters and low-income households were far more likely to experience energy hardship. We identified the key drivers of energy hardship for our work as: housing type and quality, household energy needs, efficiency of household appliances, household income, energy sources, cost of energy, where one lives (location) and knowledge about energy.

Poor housing conditions, including cold, dampness and mould, can be linked to increased hospitalisations, which in turn represent an approximate cost of \$141,000 per year.³ This is particularly evident for households with young children, where there are correlations between the risk of hospitalisation from housing conditions and the household's income.⁴

It is well recognised that there are strong links between substandard housing conditions and additional health issues and even infectious disease.⁵

² See Chapter 2: Context – Energy hardship in New Zealand.

³ *ibid*

⁴ *ibid*

⁵ See Chapter 2: Context – Energy hardship in New Zealand

For example, living in damp homes or homes with mould is associated with increased instances of asthma, more frequent colds and flu, and an increased number of sick days and care days.⁶ In 2017, damp or mouldy housing in New Zealand led to 6,276 hospitalisations, representing a cost of \$36 million.⁷

Over the past five years, there has been an increase in interventions and programmes in New Zealand that are focused on supporting people in energy hardship. This is on the back of increasing research on the impact of poor housing on health outcomes, and recommendations in the Electricity Price Review to target energy hardship.

From our engagement, research and analysis, it's clear that there is a need to build a well-functioning system of energy hardship and wellbeing to enable and drive change.

Our recommendations are about systemic, sustainable change. We recommend new and significant changes in current laws and policy, supported by collective action, increased funding and enhanced consumer protections. This drive for change needs to be underpinned by recognising that affordable energy is a human right for every household.

The recommendations in this report are structured around our seven kete:

- Strengthen leadership and accountability (chapter 5)
- Improve health of the home (chapter 6)
- Expand energy access and choice (chapter 7)
- Enhance energy affordability (chapter 8)
- Increase consumer protection (chapter 9)
- Build community education and action (chapter 10)
- Enrich data and information (chapter 11)

We are aware of the deep energy-related issues and hardships that exist, yet we are heartened by the stories of resilience and proactive efforts from various community groups. By building on these positive examples and continuing our collective work, we can create a future where energy accessibility, affordability and security are a given for every individual and community.

As we move forward, there will be a need to scale up successful initiatives, amplify the success stories, and encourage further cooperation between policy-makers, energy providers and communities.

We believe through sustained commitment and concerted actions, we can pave the way for a more equitable and sustainable energy landscape, creating a brighter, more promising future for everyone.

⁶ ibid

⁷ ibid

Summary of Recommendations

Strengthen leadership and accountability

Recommendations

- LA1** Government should introduce energy hardship reduction and energy wellbeing legislation to help achieve a sustained reduction in energy hardship in New Zealand. The legislation should:
- require current and future governments to set three-year targets for reducing energy hardship
 - establish a suite of measures that will track progress on reducing energy hardship
 - require annual reporting against energy hardship-related indicators
 - identify the lead Ministry accountable for leading action on energy hardship on the government's behalf.
- LA2** Government should issue a Government Policy Statement on energy hardship and wellbeing as soon as possible, that sets direction for energy hardship actions for government agencies and Crown Entities.
- LA3** Government should establish an Interdepartmental Executive Board to implement the government's response to energy hardship, with MBIE as the servicing department and lead agency for energy hardship.
- LA4** The Interdepartmental Executive Board should report on progress with energy hardship work, with its first report due 12 months after the government's response to this report.
- LA5** The Electricity Authority should apply 'equity' and 'energy affordability for consumers' to the interpretation of its expanded objective which now includes protecting the interests of small consumers.
- LA6** MBIE, or the Interdepartmental Executive Board, should establish an energy hardship advisory group to provide expert advice on designing and delivering policies and actions to address energy hardship.

Improve health of the home

Recommendations

- HH1** Government should increase funding for the national and regional Healthy Homes Standards monitoring compliance, and enforcement system to ensure better living conditions for all renters.
- HH2** Government should increase funding for the Tenancy Compliance and Investigations Team to enable them to meet their statement of intent or desired outcomes in effectively regulating the rental market.
- HH3** Government should facilitate agreements between the Tenancy Compliance and Investigations Team and advocacy groups, as well as regional organisations, to collectively ensure compliance of single-property landlords with rental regulations.
- HH4** Tenancy Services should consider implementing accredited landlord training to enhance landlords' knowledge and understanding about their responsibilities and obligations.
- HH5** Government should develop and fund a network of regional organisations that provide expert tenancy advice and advocacy.
- HH6** EECA should develop targeted community-specific projects in collaboration with local organisations, as part of its Warmer Kiwi Homes programme.
- HH7** Government should increase funding for broader repair and improvement work to support home retrofit programmes, through EECA and through Te Puni Kōkiri.
- HH8** Government should commission, and fund, the development of a home energy needs assessment and referral tool that facilitates access to available support services.
- HH9** Government should establish an industry levy to provide funding for training of Home Energy Performance Advisors, as well as for the on-going development of the home energy needs assessment and referral tool.

Expand energy access and choice

Recommendations

- AC1** Industry and the Electricity Authority should develop mechanism(s) to ensure all residential consumers can obtain a post-pay electricity supply despite adverse credit.
- AC2** The Electricity Authority should develop mandatory rules for electricity retailers to follow before disconnecting for non-payment so disconnection is the last resort.
- AC3** The Electricity Authority should identify and address the barriers to completing the nationwide smart meter roll-out.
- AC4** Government should provide increased funding and support for community energy schemes and capability-building in rural communities.
- AC5** Government should ensure those in energy hardship can access the benefits of, and do not face undue costs from, the transition to low-emissions energy.

Enhance energy affordability

Recommendations

- AF1** The Electricity Authority, Commerce Commission and MBIE should focus on affordability outcomes by continuing work to improve competition and remove barriers to entry and operation for independent and social retailers.
- AF2** The Electricity Authority and Commerce Commission should investigate the implications of network pricing methodologies for energy hardship, and MBIE should coordinate across the Electricity Authority, Commerce Commission, and other agencies to design and ensure implementation of appropriate mitigations to help reduce energy hardship.
- AF3** MBIE and Kāinga Ora should seek bulk electricity deals that deliver a favourable negotiated tariff, low fees and extra support for all people living in Kāinga Ora public homes. Further bulk deals should be expanded in future to other groups at risk of energy hardship, building on lessons learned from the Kāinga Ora deal.
- AF4** The Electricity Authority should review and monitor the use and pricing of prepay accounts and take action to ensure they do not create or exacerbate disadvantage. This includes tracking and publishing auto-disconnections, and reviewing prepay terms and conditions, tariffs, fees and consumer support.
- AF5** The Ministry of Social Development should strengthen the targeting of the Winter Energy Payment by:
- expanding its eligibility criteria in the interim to include all people with Community Services Cards
 - reviewing the Winter Energy Payment to ensure it is targeted at groups who are in energy hardship
 - amending the relevant legislation accordingly.
- AF6** The Ministry of Social Development should prioritise energy hardship as an emergency issue so it responds to energy hardship-related matters within 24 hours. This will require the Ministry to amend energy hardship national guidelines to reflect energy hardship as an emergency issue, including response times.
- AF7** The Ministry of Social Development should pro-actively inform people of their full and correct entitlement to energy hardship related support.
- AF8** The Ministry of Social Development should investigate partial non-recovery for Advance Payment of Benefit and Recoverable Assistance Payment Grants to minimise ongoing hardship.
- AF9** Ministry of Social Development should expand all energy-related purchase assistance programmes for household appliances to include the supply of higher-rated energy-efficient models.
- AF10** Government should create a new fund to pay a portion of the incremental cost for people eligible for appliance assistance payment to enable them to choose more energy-efficient models as an equitable transition initiative.

Increase consumer protection

Recommendations

- CP1** The Electricity Authority should review and consult on the Consumer Care Guidelines that is then made into mandatory Consumer Care Mandatory Obligations for all retailers, including social retailers, to create clear minimum standards that ensure better protection for all consumers against energy hardship.
- CP2** The Electricity Authority should monitor compliance with, and enforce, the Consumer Care Mandatory Obligations in the Electricity Industry Participation Code.
- CP3** The Electricity Authority should collect and regularly publish statistics on electricity retailer compliance with the new Consumer Care Mandatory Obligations in the Electricity Industry Participation Code, with the first report due 12 months after they come into effect.
- CP4** The Electricity Authority should implement a Code change to ban all disconnection fees for prepay and post-pay electricity and ensure all other fees and costs charged to energy consumers are reasonable.
- CP5** The Electricity Authority should require retailers to include payment options suitable for those in energy hardship, e.g. cash payment, smooth pay, weekly or fortnightly billing and payment.
- CP6** The Electricity Authority should require retailers to notify their residential customers of the most affordable plan available to them annually.

Build community education and action

Recommendations

- CE1** The Community Energy Network should be mandated, and appropriately funded, by government as a community energy wellbeing network including support for local advocates such as whānau Ora Navigators, or Māori and Pacific community agencies.
- CE2** Government should increase funding to strengthen and expand the SEEC Programme.
- CE3** Government should fund an online energy wellbeing platform to make energy savings, efficiency and wellbeing information more widely available and accessible.

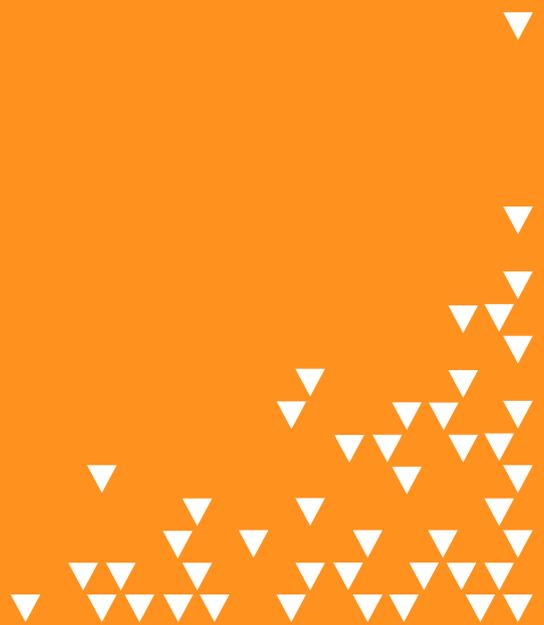
Enrich data and information

Recommendations

- DI1** MBIE should develop a full suite of energy hardship measures that respond to the eight key drivers of energy hardship.
- DI2** MBIE and Stats NZ should design and administer a national survey to obtain pertinent information and insights.
- DI3** MBIE and Stats NZ should routinely conduct national surveys to measure the incidence of, and changes in energy hardship.
- DI4** MBIE should convene a working group to develop an energy hardship and wellbeing framework for energy hardship monitoring, evaluation, research and learning activities in New Zealand.
- DI5** MBIE should develop, establish and maintain an online repository on New Zealand energy hardship research and evaluation.
- DI6** Electricity Authority should require electricity retailers to report on key energy hardship indicators.
- DI7** Electricity Authority should collect and publish electricity retailer data relating to the key energy hardship indicators, with the first report due 12 months after they have been confirmed.
- DI8** Government should create and fund the Energy Hardship Research Fund; scoped and led by MBIE. Eligibility criteria, application rounds and assessment processes should be developed by September 2024, and the fund should prioritise te ao Māori and mātauranga Māori and Pacific and ethnic-specific worldviews, knowledge, and community approaches.



Part 1:
Where we
are now



1. The Report

1.1. Purpose of this report

This report provides the Energy Hardship Expert Panel's recommendations to Government on policy priorities and actions to alleviate energy hardship.

Our report builds on the Electricity Price Review (EPR) work. In 2018/19, the EPR's review of the electricity sector recommended that a cross-sector group examine the challenges and solutions to energy hardship in New Zealand. As part of its response, Government appointed our five-member independent Panel to undertake this work and report back to the Minister of Energy and Resources by 30 June 2023.

Our Terms of Reference⁸ set out the Panel's objective to provide the Government with recommendations on policy priorities and actionable measures to alleviate energy hardship in New Zealand. We are to advise the government on:

- recommendations for how the energy industry, regulators and government agencies could work better together to reduce energy hardship,
- policies, arrangements, interventions and actions aimed at reducing energy hardship, recognising that the causes of energy hardship extend beyond the electricity sector.

Our Terms of Reference also gave us direction on how to go about this work – for example, we were asked to acknowledge the broad and complex drivers of energy hardship, while not duplicating existing work underway in other areas of government. We were expected to take a participatory and independent approach to engagement that recognises the experience of people affected by energy hardship in New Zealand, and to undertake appropriate consultation with other key stakeholder groups including consumer advocates, NGOs, academics, industry and regulators.

1.2. How we went about our work - our process

The five Panel members brought diverse skillsets and expertise, enabling a comprehensive review process. As a collective, we appreciated the intersecting elements contributing to hardship in New Zealand, including housing, healthcare, income, and inequality.

Moreover, our panel knowledge extended to Te Tiriti o Waitangi, cultural and societal matters, and the complex relationships between social, environmental, and cultural factors in energy systems and the broader economy.

We started our journey in September 2021 and agreed on the outcomes and principles to guide our work throughout.

A central focus of our approach was to engage extensively throughout. To that end, we listened to many, including hearing the difficult experiences of some who have to at times, decide whether to 'heat or eat'.

⁸ For more information see: <https://www.mbie.govt.nz/dmsdocument/16928-energy-hardship-expert-panel-terms-of-reference>.

We travelled across the country, meeting stakeholders through different channels such as face-to-face interactions, online platforms, video conferencing, and large and small meetings and hui. These efforts aimed to provide multiple avenues for people to participate and contribute their insights and perspectives.

Our research process involved engaging various groups and government agencies to gather information about the services and programmes they support and their insights on existing gaps and potential opportunities. We gathered reports through this commissioning process, read materials extensively, and held multiple follow-up meetings with experts specialising in specific areas.

A secretariat appointed by the Ministry of Business, Innovation and Employment provided us with essential support.

1.2.1. An outcomes framework and focus areas

We began by developing an outcomes framework and focus areas for our work. We believe all children and whānau should be able to access and afford the energy they need to live in a safe and healthy home. In particular:

- Individuals, whānau and households can access energy regardless of income or location
- People can access and afford appropriate levels of energy within their home
- People are able to reach out and receive the support they require when they are struggling to afford the energy they need
- People easily understand and are supported to make the best decisions about their energy needs
- People are confident to articulate their needs to energy companies and can easily compare plans and make choices
- Energy protections, with clear compliance standards, are in place for people living in sub-standard homes, and for vulnerable or medically dependent people.

We identified seven foundation principles that have guided our work to identify the challenges those experiencing energy hardship face, and strategies to address these challenges:

Whānaungatanga – the social organisation of individuals to the collective. The recognition that the people are our wealth.

Mana motuhake or rangatiratanga – the capacity to be self-determining. Self-managing over our own energy supply, energy provision, assets, and information.

Manaakitanga – the capacity to care. The ability to acknowledge the mana of others as having equal or greater importance than one's own through the expression of aroha, hospitality, generosity, and mutual respect.

Mauri – Lifeforce. To create a clean, safe and healthy environment, to protect and enhance mauri.

Kaitiakitanga – an active exercise of duty in a manner beneficial to resources and the wellbeing of the people so that we live in reasonable prosperity. A focus on biodegradable, recyclable or sustainable resources so as to not leave a mess for future generations.

Ōritetanga – the capacity to collaborate, codesign and empower to work in partnership with Māori and Pasifika entities that have relationships (trust) and language skills to achieve equity and actively reduce poverty. To address and confront systematic inequities in wellbeing determinants, energy outcomes and services.

Hao ora – The great net that captures the data, stories, narrative or pūrākau related to energy. Using qualitative community-based data alongside national statistics and databases.

These key outcomes and principles that have guided our work are depicted in Figure 1.

Figure 1:
Key outcomes and principles



1.2.2. Our approach

We identified a phased approach to progressing our work and mapped out the key activities for each phase. We needed to remain flexible and responsive to changing circumstances, refining our approach as we progressed our work particularly in response to COVID-19. Our phased approach is illustrated in the high-level roadmap (Figure 2). The submission of this final report to the Minister of Energy and Resources marks the end of our work.

Figure 2:
Roadmap as of July 2023

We have mapped out likely phases and activities for progressing our work, but we are flexible and responsive to changing circumstances, refining our approach as we progress our mahi.



Engagement has been at the heart of our work throughout, and we have taken an inclusive and collaborative approach as we progressed every phase. We did this by meeting with groups and individuals with personal or professional experience of energy hardship throughout our 22-month journey, and through formal engagement on our discussion paper. In total:

- We held 40 meetings with individuals or organisations and 34 group workshops across New Zealand, which in total involved around 400 people.
- We received over 50 written submissions from individuals and organisations.

What we heard is summarised in Chapter 3: What we heard – people's voices.

1.2.3. Our kete

We settled on the concept of kete to describe the key themes of our discussions and engagement with community groups, advocates, government agencies, and industry.

The term kete, comes from 'Ngā kete o te wānanga' representing the ascent of Tāne into the twelfth heaven to gain the three baskets of knowledge. The three baskets of knowledge are usually called te kete tuauri, te kete tuatea and te kete aronui.

We have applied the concept of Ngā Kete o te wānanga in a contemporary sense. We conclude that the complexities around energy hardship require a comprehensive, integrated and coordinated response to increasing energy knowledge.

The core of our recommendations is structured around these seven kete – Figure 3.

Figure 3:
Our seven kete



1.3. Structure of this report

This report has two main parts.

Part 1 describes where we are now.

- About this report (Chapter 1)
- Context – energy hardship in New Zealand (Chapter 2)
- Key messages we've heard through our engagement (Chapter 3)
- What we think (Chapter 4)

Part 2 sets out our conclusions about what needs to happen. We detail the main areas where we recommend change.

- Strengthen leadership and accountability (Chapter 5)
- Improve health of the home (Chapter 6)
- Expand energy access and choice (Chapter 7)
- Enhance energy affordability (Chapter 8)
- Increase consumer protection (Chapter 9)
- Build community education and action (Chapter 10)
- Enrich data and information (Chapter 11)



2. Context

Energy hardship in New Zealand

2.1. Introduction

Our energy sources include fossil fuels such as coal, oil and natural gas; and renewable energy, including geothermal, hydro, wind, solar and waste heat. The government is focused on ensuring our energy and natural resources are managed efficiently and effectively to meet our energy needs in a way that supports our way of life, our economy and our commitment to the environment.⁹ Data from 2021 showed fossil fuels account for 59% of New Zealand's total energy supply.¹⁰

Electricity accounts for the majority (57%)¹¹ of the residential consumption of energy sources in New Zealand; and this proportion increases significantly when petrol used for transport is excluded.¹² Most households require electricity as their main energy source, and this will become increasingly so as New Zealand transitions to low-emissions technologies (for example electrifying cooking, water heating and space heating). While one-third of New Zealand's demand for electricity comes from households, some individuals, households¹³ and families do not have access to power, or reliable power.

We are fortunate in New Zealand to have access to a wide range of resources for electricity generation. The majority of New Zealand's electricity comes from hydroelectric generation. Some parts of the country have access to geothermal generation (heat extracted from beneath the earth's surface),¹⁴ which accounts for roughly 18% of our electricity generation, as well as wind generation, which makes up roughly 7% of our electricity generation. Coal, oil and gas remain important in New Zealand's electricity supply, making up roughly another quarter of the country's electricity generation.¹⁵

In this section, we discuss:

- Energy hardship in New Zealand – a definition, measures
- Energy hardship in New Zealand – the figures, the cost of energy hardship, interventions, and the organisations and people involved.

⁹ For more information see: <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/>.

¹⁰ <https://www.mbie.govt.nz/assets/Data-Files/Energy/nz-energy-quarterly-and-energy-in-nz/energy-overview.xlsx>. Exact numbers in 2021 were: oil (34%), coal (7.46%) and waste heat (0.12%) and renewables sources like geothermal (23.35%), hydro (10%), natural gas (17.6%) and other sources like solar (7.41%).

¹¹ For more information see: [energy-overview.xlsx](https://www.mbie.govt.nz/assets/Data-Files/Energy/nz-energy-quarterly-and-energy-in-nz/energy-overview.xlsx) (live.com).

¹² Oil (mainly petrol) accounts for 24% of residential use. The affordability of energy for transport is relevant to energy hardship, but has been excluded from the Panel's work to enable a clear focus on non-transport household energy, and for consistency with the work to define energy hardship which excludes transport.

¹³ Ibid

¹⁴ For more information see: <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-generation-and-markets/geothermal-energy-generation/>.

¹⁵ For more information see: <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-statistics-and-modelling/energy-statistics/electricity-statistics/>.

2.2. Energy hardship

2.2.1. Defining energy hardship

The Ministry of Business, Innovation and Employment as lead Ministry for energy hardship policy, was tasked with developing a definition for energy hardship on the back of the Electricity Price Review in 2019.¹⁶ According to MBIE:

Energy hardship is:

when individuals, households and whānau are not able to obtain adequate energy services to support their wellbeing in their home or kāinga.¹⁷

Conversely, energy wellbeing is:

when individuals, households and whānau are able to obtain and afford adequate energy services to support their wellbeing in their home or kāinga.

Individuals' experiences exist on a continuum where there are different levels of energy wellbeing and hardship. Some households may experience intermittent hardship, as there are a range of factors can quickly move a household into or out of energy hardship.



Figure 4 below gives a detailed description of MBIE's energy wellbeing definition.

We were not involved in this definition work. Our view is that this definition provides a useful starting point for generating a discussion on energy hardship. However, based on what we have heard from people and communities, we believe further work is needed to ensure the definition is clear and measurable.

Figure 4:
**Defining energy wellbeing
in New Zealand**



Source: MBIE, 2022, MBIE Energy wellbeing definition.

¹⁶ Recommendation B2 of the Electricity Price Review 2019. For more information see: <https://www.mbie.govt.nz/dmsdocument/6932-electricity-price-review-final-report>.

¹⁷ For more information see: <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-hardship/defining-energy-hardship/>.

2.2.2. Drivers of energy hardship

Understanding the key drivers of energy hardship, their presence, magnitude and scale, is crucial for informing policy and interventions to alleviate energy hardship.

Through our engagement with key voices, discussions with MBIE and others working to understand what drives individuals, households and whānau into energy hardship, we crystallised eight key drivers of energy hardship (Figure 5). These align with the framework established by MBIE in its process of developing a formal definition of energy hardship for government purposes. However, we have reinterpreted these through our own perspective and the experiences shared with us by our communities.¹⁸ They are: housing type and quality, household energy needs, efficiency of household appliances, household income, energy sources, cost of energy, where one lives (location) and knowledge about energy.

Figure 5:
**Key drivers of energy hardship
in New Zealand**



The drivers

Applying these drivers to the New Zealand context, it is easy to see where, how and why energy hardship exists.

Housing type and quality – a significant portion of our houses are damp, draughty and uninsulated, meaning these houses are difficult and expensive to heat to a comfortable temperature.

Household needs – there is considerable variance in household energy needs, influenced by factors such as personal preference, cultural practices and special circumstances such as supporting vulnerable people. Extended family living and household sizes are also increasing, impacting on energy use.

¹⁸ MBIE, "Defining Energy Hardship, have your say" (2022), for more information see: <https://www.mbie.govt.nz/have-your-say/defining-energyhardship/>.

Appliance efficiency – many households cannot afford the upfront purchase price of efficient appliances, so they pay the higher operating costs of inefficient ones. New technologies and innovations do not always reach those who would need them most.

Household income – the income a household has to spend is a key driver of energy hardship, with households continually having to decide between electricity and other essentials.

Energy sources – these might include electricity, gas, log burners or roof-top solar. Some households have no energy supply, or struggle to get connected due to credit issues.

Energy costs – low-income households often spend more income on energy due to lack of time and information or costs related to debt. The rising energy prices are putting increasing pressure on households.

Location – different climate zones across the country means there is considerable variance in terms of the energy needed to keep the home warm. Climate change is increasingly affecting weather patterns and energy security in New Zealand.

Knowledge – understanding energy options can be complex, and not all energy plans and offers are accessible to all consumers due to information and language barriers or financial, numeric and digital literacy. People with English as a second language, disabled peoples, and those with low incomes or off-grid are particularly disadvantaged.

2.2.3. Measuring energy hardship

There is no single indicator to measure and describe energy hardship in New Zealand. This is because energy hardship is typically the result of one or more of the eight key drivers as discussed in the previous section.

As part of its definition work, in June 2023 MBIE identified five measures, which it contends need to be considered together to provide an indication of how many households and individuals across the country may be experiencing energy hardship.¹⁹ The measures are that an individual, household or family:

- could not pay electricity, gas rates or water bills on time more than once in the last 12 months
- cannot afford to keep dwelling adequately warm
- put up with feeling cold a lot to keep costs down
- dampness and/or mould a major problem
- trouble heating accommodation and/or keeping it warm in winter.

MBIE selected these measures following a review of international literature on energy hardship measures and existing government datasets, and will support reporting against each measure on an ongoing basis. The intention is that the measures will help inform energy hardship-related policy and interventions and enable the government to track progress and outcomes.

We note the limitations of these measures, namely: that collectively, the five measures only relate to two of the eight key drivers of energy hardship (housing type and quality and household income, see 2.2.2). Further work is required to develop a suite of measures that measures all key drivers so a comprehensive understanding of energy hardship in New Zealand can be obtained (see Chapter 11: Enrich data and information).

¹⁹ MBIE, 2023, Report on Energy Hardship Measures – year ended June 2022. For more information see: <https://www.mbie.govt.nz/assets/measures-of-energy-hardship-june-year-2022-report.pdf>.

2.3. Energy hardship in New Zealand

2.3.1. Facts and figures

The literature, data and evidence on energy hardship in New Zealand is limited, however it is growing. We have, therefore, dedicated a chapter in this report to knowledge, information and data, and recommended strategies for establishing an enhanced energy hardship evidence base to inform policy and interventions.

MBIE's recently released report on energy hardship measures²⁰ provides some useful data points to provide a picture of energy hardship in New Zealand, though the limitations of these measures are noted.

- Statistics for the year ending June 2022 show that, **110,000 households across the country could not afford to keep their homes adequately warm**. With the average New Zealand household comprising 2.7 people, that means approximately 297,000 people are living in houses that are not warm (note: this does not account for ethnic or cultural variation, for example, one third of Pacific peoples live in extended family situations).
- In the same statistics, **4-6% of households²¹ experienced at least one of the five proposed measures of energy hardship** – noting that these measures only relate to two of the eight key drivers of energy hardship.
- **Māori and Pacific peoples experience greater levels of energy hardship**. Compared to all households, Māori and Pacific peoples are two to three times more likely to experience energy hardship than the general population. Pacific households, in particular, report the greatest difficulty across four of the five key measures. In comparison to the five percent of the general population who 'put up with feeling cold a lot to keep costs down', nine percent of Māori and 12% of Pacific households experience energy hardship in this way. Putting up with feeling cold is a direct measure of energy hardship because it shows us that households are rationing their energy use to try to keep costs down. There has been little change over time²² in the inequitable levels of energy hardship experienced by Māori and Pacific households, despite a slight decrease in the general population's levels of energy hardship between June 2020 and June 2022.²³
- **Renters experience greater energy hardship than owner- occupiers**. There is a significant difference in energy hardship levels between renters and owner-occupiers in New Zealand. Despite a decrease in the proportion of renters who "put up with feeling cold a lot" and report "major problems with dampness and/or mould" between 2019 and 2022, renters continue to be disproportionately represented across all measures. For example, in the year ended June 2022, renters were roughly six times more likely than owner-occupiers to "pay bills late more than once"; five times more likely to say they "could not afford to keep their home adequately warm". They are also five times more likely to "put up with feeling cold a lot to keep costs down"; and four times more likely to experience a major problem with damp and mould, struggling to keep their home warm in winter as a result.
- **Low-income households are struggling the most to achieve energy wellbeing**. Households that report not having enough income to meet their everyday needs experience energy hardship the most, highlighting the intersections between energy hardship and broader material hardship. Nearly 32% of households without enough income could not afford to keep their accommodation adequately warm in the year ending June 2022, compared to 1.6% of the population that reported they did have enough income. The impacts of energy hardship on this group are further exacerbated when we take into account the fact that households that have been unable to pay bills on time are likely to be at risk of disconnection.

²⁰ Ibid.

²¹ This equals between 77,000 and 115,000 households.

²² One data point did decrease however. The proportion of Pacific households that reported "putting up with feeling cold a lot" decreased from 18 per cent in 2020 to 12 per cent in 2022, even after accounting for a lower sample size for HES in 2022.

²³ While there was an overall decrease in the percentage of the general population who experienced energy hardship from June 2020 to June 2022, some caution should be applied when interpreting these results due to the impacts of COVID-19 restrictions on data collection in the year ended June 2022.

2.3.2. The cost of energy hardship

As we can see from the wide-ranging set of drivers that contribute to energy hardship in New Zealand, energy hardship should not be viewed as an isolated issue. In fact, energy hardship presents costs to the health and wellbeing of individuals, whānau and households, as well as to the public health system and our society more widely.

Poor housing conditions, including cold, dampness and mould, can be linked to increased hospitalisations, which in turn represent an approximate cost of \$141,000 per year.²⁴ This is particularly evident for households with young children, where we see correlations between the risk of hospitalisation from housing conditions and the household's income.²⁵

In New Zealand and internationally, it is recognised that there are strong links between substandard housing conditions and additional health issues and even infectious disease.²⁶ For example, living in damp homes or homes with mould is associated with increased instances of asthma, more frequent colds and flu, and an increased number of sick days and care days.²⁷ In 2017, damp or mouldy housing in New Zealand led to 6,276 hospitalisations, representing a cost of \$36 million.²⁸

Approximately 229 deaths every year can be attributed to adverse housing conditions. Losing four people every week to a problem of inequality is simply unacceptable, not to mention that this represents an annual public cost of roughly \$1 billion.²⁹

2.3.3. Energy hardship interventions and programmes

Over the past five years, there has been an increase in interventions and programmes that are focused on supporting people in energy hardship. This is on the back of increasing bodies of literature on the impact poor housing has on health outcomes and recommendations to government in the Electricity Price Review. Current government interventions and programmes include:

- EECA's **Warmer Kiwi Homes programme**, which aims to make homes warmer, drier and healthier by providing grants to cover 80% of the cost of approved insulation and up to 80% of the cost of approved heaters. As of December 2022, over 100,000 installations have taken place with the support of the programme.³⁰
- EECA also administers the **Gen Less** online public information and motivation campaign to provide communities with easily accessible and understandable energy efficiency tips.
- The 2019 introduction of the **Healthy Homes Standards** (that include minimum standards around heating, insulation, ventilation, draught stopping and moisture ingress) for rental accommodation built on the Residential Tenancies (Smoke Alarms and Insulation) Regulations 2016 and the Health Homes Guarantee Act 2017. They seek to ensure that every rental home in New Zealand meets minimum standards of heating and insulation. These instruments aim to close the gap in energy hardship we know exists between renters and owner-occupiers.

²⁴ Riggs L, Keall M, Howden-Chapman P, Baker MG. Environmental burden of disease from unsafe and substandard housing, New Zealand, 2010-2017. *Bulletin of World Health Organisation*. 2021 Apr 1;99(4):259-270. doi: 10.2471/BLT.20.263285. Epub 2021 Feb 1. PMID: 33953443; PMCID: PMC8085632. <https://pubmed.ncbi.nlm.nih.gov/33953443/>.

²⁵ For more information see: <https://www.mbie.govt.nz/dmsdocument/26415-quantitative-analysis-and-compendium-on-past-statistics-on-energy-hardship-pdf>.

²⁶ Ali SH, Foster T, Hall NL. The Relationship between Infectious Diseases and Housing Maintenance in Indigenous Australian Households. *Int J Environ Res Public Health*. 2018 Dec 11;15(12):2827. doi: 10.3390/ijerph15122827. PMID: 30545014; PMCID: PMC6313733. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6313733/>. See also WHO, 2018

²⁷ Stats NZ. (2020). Housing in Aotearoa. <https://www.stats.govt.nz/assets/Uploads/Reports/Housing-in-Aotearoa-2020/Download-data/housing-in-aotearoa-2020.pdf>.

²⁸ For more information see: <https://www.mbie.govt.nz/dmsdocument/26415-quantitative-analysis-and-compendium-on-past-statistics-on-energy-hardship-pdf>.

²⁹ Riggs L, Keall M, Howden-Chapman P, Baker MG. Environmental burden of disease from unsafe and substandard housing, New Zealand, 2010-2017. As above

³⁰ For more information see: <https://www.eeca.govt.nz/about/news-and-corporate/news/new-zealand-homes-warmer-and-healthier-with-100-thousand-retrofits/>.

- The Kāinga Ora **Healthy Home Delivery Programme** has worked to ensure all Kāinga Ora homes comply with the Healthy Homes Standards. By improving the quality of rental homes, some renters may experience improved health, as well as lower medical costs and lower levels of hospitalisations. There are approximately 600,000 rental households in the country, meaning the potential impacts of these standards are significant.³¹
- The **Healthy Homes Initiative**, led by Te Whatu Ora, is a collaborative programme with broad participation from government and community actors, that is aimed at tackling multiple elements of health of the home for those with housing-related health issues, through GP referrals.
- The **Support for Energy Education in Communities (SEEC) Programme** was established in 2021 to deliver community-level energy education to help households in need and includes funding to build and expand the network of services to support people experiencing energy hardship. Structured around the contestable SEEC Fund managed by MBIE, the programme has funded more than 40 initiatives³² across three rounds of funding and has reached more than 13,000 households.³³
- The **Home Performance Advisor** training programme, run by a charitable trust, is widely used to equip community actors with technically accurate knowledge and skills to assess home energy performance and advise households on how to make improvements to make homes warm and healthy.
- The \$28 million **Māori and Public Housing Renewable Energy Fund** and the \$46 million **Community Renewable Energy Fund** both seek to support renewable energy projects to help households afford and secure the energy they need by delivering contestable funding for projects across public housing, Māori housing and broader New Zealand communities. To date, funding has been allocated to support over 80 households via five community-level energy projects. The Māori and Public Housing Renewable Energy Fund has two branches. For one branch, MBIE has allocated funding to more than 40 renewable energy initiatives across three funding rounds, that benefit people in Māori housing (for example, papakāinga residents or tenants of Māori community housing providers). The other half of the fund is administered by Kāinga Ora, and focuses on trialling solar panel opportunities on stand-alone homes and apartment complexes across the country.
- **Budget 2023** invested a further \$75 million to support Māori housing initiatives delivered through Te Puni Kōkiri. This investment is split between \$50 million over four years to support Māori-led housing supply, capability and repairs, and \$25 million to support critical repairs to weather-impacted Māori-owned homes, particularly in the areas significantly affected by the North Island weather events in early 2023.
- The **Winter Energy Payments** scheme was introduced as part of the Government's December 2017 Families Package and is facilitated by Work and Income New Zealand. The scheme is an extra payment to help support over a million beneficiaries and low- and middle-income families heat their homes over the winter months. The payment made automatically to eligible recipients.³⁴ In 2020, the payment was doubled as part of the Government's response to COVID-19.³⁵
- **MoneyTalks Programme** managed by FinCap provides advice on managing and budgeting for household energy needs.

³¹ For more information see: <https://www.tenancy.govt.nz/assets/Uploads/files/healthy-homes-standards-key-facts.pdf>.

³² For more information see: <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-hardship/support-for-energy-education-in-communities-programme/>.

³³ For more information see: <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-hardship/support-for-energy-education-in-communities-programme/progress-reporting/>.

³⁴ For more information see: <https://www.beehive.govt.nz/release/winter-energy-payment-help-over-million-people-during-colder-months>.

³⁵ For more information see: <https://www.beehive.govt.nz/release/warmer-winter-1-million-new-zealanders>.

- When disputes arise, the **Utilities Disputes Limited** provides a free and independent dispute resolution service for electricity and gas complaints. All energy retailers and network businesses are required to be a member of the dispute resolution service.

Beyond government and community-level initiatives, industry bodies have increasingly applied a more customer-focused approach to their business. This includes retailers aiming to improve the care for their customers through the new Consumer Care Guidelines following the Electricity Authority's strengthening of the previous Guidelines for Vulnerable and Medically Dependent Consumers.

Many of New Zealand's largest retailers are also involved in ERANZ's EnergyMate. This initiative supports households and whānau at risk of energy hardship to understand their current electricity bills and assess different payment options to improve their energy efficiency and wellbeing via in-home coaching or community hui.³⁶

Another example is Powerswitch, a free independent service provided by Consumer NZ that helps consumers identify the cheapest power company and pricing plan within their area from participating retailers.³⁷ The Electricity Authority recently extended Powerswitch's funding contract, with the top priority being improving how complex retail offers are represented to the public on its website.³⁸

2.3.4. Organisations and people

New Zealand's energy landscape consists of a complex network of organisations, all of which have a different role to play in ensuring households and communities have affordable, reliable and secure access to energy.

First is the **electricity sector**. There are many different players involved in supplying electricity to a household, as shown in Figure 6.³⁹ **Generators** produce electricity from hydro, geothermal, wind, solar and thermal (gas or coal) sources, and they play a key role in ensuring New Zealand's overall electricity supply. **Electricity retailers** procure electricity from generators, which is then sold directly to consumers. New Zealand has a mix of large and smaller independent electricity retailers. For example, **gentailers** – companies that both generate and sell electricity – account for roughly 90% of our electricity market, with independent and social retailers who do not generate power making up the remaining 10%.⁴⁰

Transpower – New Zealand's state-owned owner and operator of the electricity transmission grid – manages the operation of the grid and electricity market. Transpower focuses on maintaining the security and stability of the grid by balancing electricity supply and demand, which in turn influences the wholesale market spot price of electricity. Finally, **Electricity Distribution Businesses** or lines companies make sure our lights stay on by distributing electricity from the Transpower network directly to consumers, including households.⁴¹

³⁶ For more information see: <https://www.energymate.nz/how-we-can-help/>.

³⁷ For more information see: <https://www.powerswitch.org.nz/about>.

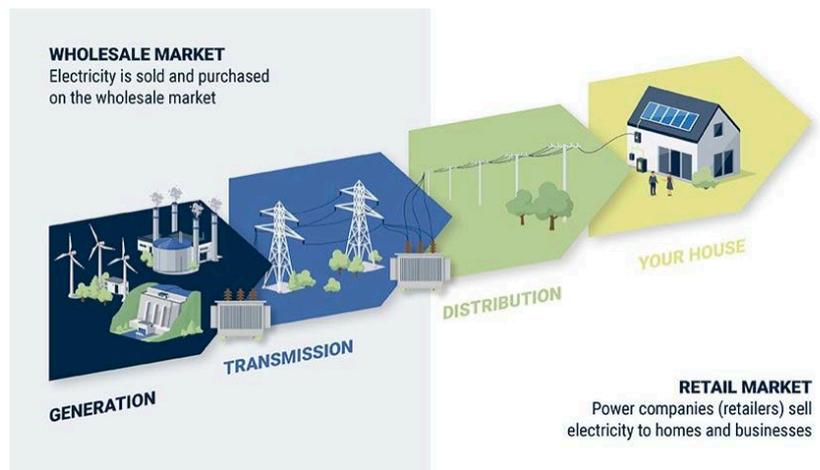
³⁸ For more information see: <https://www.ea.govt.nz/news/general-news/powerswitch-contract-extended/>.

³⁹ Electricity Authority, 2023, <https://www.ea.govt.nz/your-power/how-electricity-works/>

⁴⁰ Ara Ake, May 2023, Understanding the Electricity Ecosystem in Aotearoa New Zealand, https://www.araake.co.nz/assets/Community-Energy-Guides/Community-Energy-How-to-Guide_Chapter-5.pdf.

⁴¹ Ibid.

Figure 6:
**The New Zealand
electricity market**



Source: Electricity Authority, 2023, <https://www.ea.govt.nz/your-power/how-electricity-works/>

New Zealand's consumer gas markets are co-regulated by **Gas Industry Co.**, working alongside industry and government. They oversee gas governance, facilitate gas markets and provide advice in relation to gas in the energy transition. Part of this industry body's role is to facilitate better outcomes for consumers.

At the **government level**, policies and programmes relating to energy hardship, as well as the overall performance of the electricity and gas sectors, are the responsibility of the Minister of Energy and Resources. There are several agencies and independent authorities with responsibilities for energy and resources generally, and a role to play in relation to energy hardship more specifically.

Entity	Mandate
Ministry of Business, Innovation and Employment Government ministry	Leads policy advice, and monitors the performance of electricity, gas and fuel markets. Leads government response to energy hardship. Includes developing policies, programmes, analysis and advice on alleviating energy hardship in New Zealand; monitoring and reporting on energy hardship; and supporting the work of the Energy Hardship Expert Panel as Secretariat and facilitating the Energy Hardship Reference Group.
Electricity Authority Independent Crown entity	Responsible for providing regulatory oversight of the electricity sector and promoting competition. This ensures there is a reliable supply of electricity and promotes efficient operation of the electricity industry for the long-term benefit of consumers. Following legislative changes in 2022, the Electricity Authority now has an additional objective of protecting the interests of small consumers, including households, in relation to their supply of electricity.
Gas Industry Co. Limited liability company	Responsible for co-regulating the gas industry and facilitating better outcomes for New Zealand consumers. It works alongside industry and government to oversee gas governance, facilitate gas markets and provide trusted advice through the energy transition.

Commerce Commission Independent Crown entity	New Zealand's primary competition, fair trading, consumer credit and economic regulatory agency. Of relevance to energy hardship, it has both a general consumer protection function, and a specific regulatory function for electricity networks and gas transmission and distribution networks.
Energy Efficiency & Conservation Authority (EECA) Independent Crown entity	Supports energy efficiency, energy conservation and the use of renewable sources of energy. It does so through regulation, co-investment and motivation. One of EECA's key powers is regulation of energy using products to ensure minimum energy performance standards are met and energy use labels are present and accurate. EECA also administers the Warmer Kiwi Homes programme, which provides grants for insulation and heating.
Consumer Advocacy Council Ministerial advisory group	The Government established the Consumer Advocacy Council in mid-2021 in response to a recommendation in the Electricity Price Review. It is set up to be the trusted, credible, authoritative and independent advocate for residential and small business electricity consumers, to help make their voices heard within the electricity sector. Its role is to advocate on behalf of these consumers by providing evidence-based advocacy on policy and regulatory consultations, and in decision-making processes. In December 2022, the Government announced the Council's remit would be expanded to also advocate on behalf of water services consumers.

In addition to the entities listed above, tackling energy hardship and its drivers relies on the cooperation of multiple sectors – including health, housing, social development and child poverty reduction. For example, income support and financial assistance to help with mitigating energy hardship (such as, the Winter Energy Payment referenced above) is the responsibility of the **Ministry of Social Development**. Housing policy, which is also critical for reducing energy hardship given the strong link with housing quality, is led by the Ministry of Housing and Urban Development. The Government's policy statement on **Housing and Urban Development** identifies how improved housing quality, affordability and supply is important for reducing energy hardship – for example, by reducing energy bills through making homes efficient and affordable to run.

Kāinga Ora also has an important role in reducing energy hardship for its clients, by improving its public housing stock to be more energy efficient and providing information to its clients about how to reduce energy costs and heat their homes more efficiently.

Meanwhile, **MBIE's Tenancy Services** provides information and resources to tenants and landlords, provides a dispute resolution service, and is responsible for monitoring and enforcement of compliance with the Residential Tenancies Act, Healthy Homes Guarantee Act (2017) and associated regulations.

Considering the interlinkages between housing and energy hardship as social determinants of health, **Manatū Hauora (Ministry of Health)**, **Te Aka Whai Ora (Māori Health Authority)** and **Te Whatu Ora (Health New Zealand)** all play important roles in addressing the health and wellbeing aspects of energy hardship. This includes the Healthy Homes Initiative, which helps eligible families to get the interventions they need to create a better living environment.

Finally, the **Department of the Prime Minister and Cabinet's Child Wellbeing and Poverty Reduction Group** has assumed a leadership role focused on achieving improved outcomes for children and young people and on the system as a whole. In addition, the **Children's Commissioner** represents the 1.2 million people in New Zealand under the age of 18. The Office of the Children's Commissioner is an Independent Crown Entity.



3. What we heard people's voices

3.1. Introduction

It was crucial for us to hear the voices of the community – of people living in and experiencing energy hardship, and those involved in preventing and responding to energy hardship – to understand the challenges, but also what needs to be done to alleviate energy hardship. We did this by meeting with groups and individuals with personal or professional experience of energy hardship throughout our 22-month journey. Also, by inviting public submissions (in writing or other formats) in response to our discussion paper (February 2023), which set out our initial thinking in terms of policy priorities and recommendations, from what we had heard, seen and read.

We heard from people through written, online and verbal submissions, and in public meetings and discussions with individuals and organisations across the country, from Kaitia to Invercargill. These included over 70 meetings and group workshops across New Zealand that involved more than 400 people as well as over 50 written submissions. The stories, experiences, insights and views that were shared helped to form a picture of energy hardship in New Zealand. The literature, data and evidence of energy hardship in New Zealand is limited; however, it's growing. (see Chapter 2: Context – energy hardship in New Zealand and Chapter 10: Build community education and action).

We heard from people living in energy hardship who spoke of the constant and ever-increasing struggles to provide warm, healthy homes and the bare essentials for their families amidst severe energy and financial hardship. People shared deeply personal experiences, and did so freely, in the hope that their stories would help bring about change.

We heard from organisations and people supporting those in energy hardship – government agencies, non-governmental organisations (NGOs), Māori and Pacific health and social services providers and community organisations, energy retailers working in the energy hardship space, and a wide range of advocacy and community organisations. They reiterated much of what we had heard from people living in energy hardship, but also added perspectives and insights from their respective areas of responsibility and roles in the energy hardship space.

We also heard from organisations and people in the energy sector – generator-retailers and retailers – and Crown entities and ministerial advisory groups. They also added context, perspectives and insights from their respective areas of responsibility. Similarly, we heard from a number of government agencies.

In this chapter, we present the voices of the people who engaged in this process. The headings are the main themes we heard during our informal engagements and formal submissions throughout the last 22 months.

3.2. Human rights and energy

The universal declaration of human rights is about everyone having access to a standard of living that supports their health and wellbeing... that includes rights to adequate shelter, food, water, clothing, healthcare, social services ... energy, and people having access to energy on an ongoing basis, should not be any different ... We need to look at the law, and our response to this. (Human rights advocate, Auckland)

We heard widespread frustration and criticism about energy not being a basic human right in New Zealand. Many people considered it a breach of human rights and “un-Kiwi” that energy retailers are able to cut power to households with little consideration of the circumstances within the household, and how the household will cope post-disconnection. We heard countless stories of families and households being disconnected, struggling to find alternate providers, and going without electricity for prolonged periods of time; and the detrimental impact that has on their health and wellbeing.

We have seen whānau who have lived without power for weeks ... children become unwell ... there is distress, and a sense of hopelessness within those households. (Māori NGO, Canterbury)

A number of human rights and energy hardship advocates pointed out New Zealand’s commitments to Article 25 of the Universal Declaration of Human Rights, which is about the everyone having the “right to a standard of living adequate for health and wellbeing”. Their view is that because of the importance and influence energy, warmth and heat have on health and wellbeing, the Declaration, and New Zealand’s obligations, should include energy and access to ongoing energy.

Many people, including beneficiary advocates, legal advocates, Māori and Pacific non-government organisations (NGOs), and Māori and Pacific peoples expressed similar sentiments. They want the government and the energy sector to recognise energy and the ongoing supply of energy is a basic human right. Also, that energy retailers demonstrate this, and adopt a people-focused approach in how they engage with their customers.

Access to energy should be treated as a human right. Access should not be based on ability to pay, and non-payment should not be a factor in denying access either. (Legal NGO, Wellington)

3.3. Māori energy wellbeing

Through our engagement with Māori, one resounding message was echoed: a one-size-fits-all approach to energy hardship does not work, and especially for Māori. As such, more needs to be done to ensure Māori practitioners within the energy sector are supported in their efforts to develop and implement tailored solutions that address the unique challenges and aspirations of Māori for energy efficiency and energy wellbeing.

There is a prevailing sense of isolation and loneliness experienced by Māori energy practitioners, who are geographically dispersed and often disconnected from each another. In light of this, Māori specialists supported the establishment of a specialist network that serves as a centralised hub for Māori energy specialists. For this network to thrive, it must be adequately funded and operate independently from any government department. By focusing on sector-specific collaboration, we can effectively build knowledge, foster mutual support, and formulate tailored strategies.

... supports the establishment of an “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. This network must not be limited by one voice to support all whānau, hapū, iwi or Māori and Pacific communities but must include everyone... (Māori, NGO Canterbury)

Māori also outlined the need for the Ministry of Business, Innovation and Employment (MBIE) as the lead ministry for energy hardship to improve its engagement with iwi and Māori. Māori called for the development of an inclusive engagement strategy that fosters conversations that allow Māori to discuss issues and find solutions tailored to Māori energy needs and aspirations. It was specifically highlighted that webinars previously held by MBIE failed to foster dialogue and active participation resulting in missed opportunities for meaningful wānanga.

Te ao Māori world views of our environments are important - but are only as important as being at the table at the beginning of the journey - not at the end when organisations have not engaged with Māori and other minor groups. (Advocate)

The energy hardship field demands a substantial amount of specialised knowledge. The community energy network will be generous in enabling a network of champions to use their resources. Training scholarships for Māori to build our collective expertise should be explored. As Māori, it is imperative that we actively engage in problem-solving, approaching issues from our own perspectives and embracing our unique insights and experiences to contribute to effectively finding solutions. By promoting these discussions across current and upcoming Māori energy practitioners, we can empower the next generation to become proactive in shaping a sustainable, energy-efficient future for Māori and Aotearoa.

We also strongly support te ao Māori and Pasifika training and support – we have been endeavouring to support Māori and Pasifika groups through our community projects. (Energy Retailer)

This also needs to be provided 'by Māori for Māori' and it needs to accommodate for a basic training, as well as a comprehensive, programme. (Māori NGO, Lower Hutt)

3.4. Pacific energy wellbeing

We know our people ... how we see the world, what works for us, and how to get the messages across to our people so they make sense... and how to support them so they can make the changes... So energy hardship programmes for our communities need to be developed and delivered by us, our way, so we can get the outcomes we are looking for. (Pacific NGO, Auckland)

The overwhelming message we heard from Pacific peoples is that while it is their communities who are experiencing the greatest levels of energy hardship, they are invisible in the energy hardship discussion and energy hardship-related efforts. The lack of Pacific energy hardship-related programmes, Pacific energy educators, Pacific information and education materials, and awareness amongst Pacific families and communities about energy efficiency and existing energy hardship-related services and support, were cited as examples of this.

Pacific peoples and Pacific NGOs told us that existing energy hardship-related efforts will have minimal impact for their communities because they are not Pacific. They are not designed by Pacific peoples for Pacific peoples, conceptualised within their shared Pacific or ethnic-specific worldviews and what energy hardship and its key drivers looks like within this. Nor are the programmes delivered by Pacific peoples in a way that resonates with them. Integral to this is the notion that energy hardship for Pacific peoples cannot be considered and addressed in isolation to the wider determinants that contribute to it, which include culture, financial security, resources and knowledge.

The call from Pacific peoples, Pacific NGOs and Pacific peoples working in the energy sector is for prioritisation: prioritisation of Pacific peoples and Pacific approaches for alleviating energy hardship. Energy hardship efforts for Pacific peoples must be Pacific. That is, a holistic approach, conceptualised within shared Pacific or ethnic-specific worldviews; with initiatives delivered "by Pacific peoples for Pacific peoples."

They should also build on existing networks, programmes and interventions to increase their relevancy, reach and impacts, and use trusted Pacific health and social services providers already working in the community. Funding and resources should be allocated accordingly.

It was also noted that there are only a few Pacific peoples working in the energy sector, who work in different parts of the country, and for different organisations. There are few opportunities for them to meet, share knowledge and ideas, and explore potential opportunities for collaboration. They, Pacific NGOs and Pacific people in the community, also told us that alleviating energy hardship for Pacific peoples will require the “whole village”, with the energy sector, Pacific NGOs, communities and families all working together to bring about change in families and households, communities, the energy sector and the government.

In light of this, Pacific people working in the energy sector and Pacific NGOs supported the establishment of a Pacific energy hardship-wellbeing network to bring Pacific peoples in the energy and NGO sectors together to share knowledge and ideas and explore potential opportunities for collaboration.

[the network] will have strength in our numbers... we will bring the knowledge and the relationships from our different sectors to the table... and our passion and commitment to serving our communities and helping them to achieve their goals and aspirations. (Pacific NGO, Auckland)

Networking and collaborating with the Māori network was strongly supported by Pacific peoples working in the energy sector, Pacific NGOs and people in the community.

3.5. Health of the home

3.5.1. Poor quality housing

We heard widespread frustration about the poor quality of New Zealand's housing stock, with a significant proportion of the stock being cold, damp and not energy efficient, contributing to or exacerbating energy hardship. This is despite the government's introduction, and funding of key policies such as the Warmer Kiwi Homes programme (2018), Healthy Home Standards (2019), and a number of home repair pilots (2021-2024).

It's absolutely essential to bring our appalling housing stock up to code, and WKH has delivered this mahi relatively well. It does have to be more flexible though to address broader issues including repairs, weather tightness, mould, ventilation etc. to help the most impacted whānau. (Advocate, Nelson)

In terms of owner-occupier⁴² housing, there is general agreement amongst housing commentators, advocates and owner-occupiers that government-funded programmes like the Warmer Kiwi Homes and home repair pilots that provide subsidised insulation, heating resources and repairs, have helped improve housing. However, the scale and magnitude of the problem is significantly greater than the government's investment, and the workforce stretched, so it will take some time for all owner-occupier homes in the country to be upgraded, if at all.

Retrofit programmes are also helping to improve the quality of the housing stock for those who are eligible. However, there is also considerable unmet need due to limited resources.

⁴² Owner-occupiers are homeowners who are living in their properties; as opposed to homeowners who are not living in their properties but are renting them out. They are landlords.

...research consistently highlights many of our homes perform poorly. We support extending measures beyond roof and underfloor insulation and heating, as for many New Zealanders these measures alone will not be enough to ensure a warm, dry healthy home and/or affordable energy bills. We encourage any programme to consider a 'deep retrofit' approach. (Energy researcher)

The situation for renters (tenants) is significantly more adverse because the quality and standard of their homes is largely outside their control. It rests with landlords, as the owners of the properties. We heard many stories of renters – students, Māori, Pacific peoples, migrants, refugees and disabled peoples – having to endure cold, damp, uninsulated homes out of necessity, and the detrimental impact this was having on their health and wellbeing.

...there's broken windows, they've got mattresses and blankets covering them, mould everywhere, no heating, the houses are always freezing... the kids are always getting sick... but no-one complains to the landlords, because they need good references so they can get a better flat (next year). So, they just have to put up with it. (Māori voice, Otago)

The 2019 Healthy Home Standards set by the government, aim to enhance the living conditions in rental properties, promoting better health outcomes for tenants and their families. However, several groups have reported that the standards are not being met due to low compliance rates among some landlords. Additionally, exemptions and extended compliance dates for certain landlord groups have not been beneficial. The Healthy Home Standards, and what we heard, are discussed in more detail in section 3.5.2.

Most submitters called for the government to increase its funding for the Warmer Kiwi Homes programme,⁴³ home repair pilots, retrofitting programmes and the Healthy Homes Initiative, so the programmes can be extended and expanded to meet the unmet need; helping to ensure all houses and accommodation in the country are warm, insulated and energy efficient. Māori, Pacific peoples and Māori and Pacific NGOs said these programmes need to include Māori and Pacific strategies and targets, to ensure their communities are aware of the programmes and can access the support. Healthy home experts, on the other hand, said the government needs to take a more ambitious approach to home retrofits, as deeper home retrofits will simultaneously provide greater benefits to households and support greater carbon emissions reductions. It will also help our resilience to climate change.

Investments to coordinate, strengthen and expand all of these programmes is necessary, enhancing the broader, interconnected wellbeing outcomes that contribute to energy hardship and emissions reductions. (Housing NGO, Auckland)

Housing quality experts and NGOs, including Māori and Pacific, recommended the development of universal needs assessment tools for providers so that when they are in a home, they can accurately assess what repair or retrofit work, fittings and appliances are required to make the home energy efficient, and coordinate actions. Many see this as a first step towards creating a nationally recognised housing scale as they have in parts of Europe, so that interventions can be easily identified, supplied and monitored, and what repair or retrofit work, fittings and appliances are required to make the home energy efficient, and coordinate actions.

Assessments by trained experts that capture a range of household and building data to develop a wrap-around solution for the household would more closely align with the logic flow around alleviating energy hardship. (NGO, Wellington)

⁴³ We note that through Budget 2023 (May 2023), \$402.6 million has been allocated to support the extension and expansion of the Warmer Kiwi Homes programme.

3.5.2. Healthy Home Standards compliance

As noted in the preceding section (3.5.1.), the government's Healthy Home Standards (2019) was introduced to improve the quality of rental homes, and in turn, the wellbeing of tenants and their families. It was widely welcomed as a positive move towards creating a universal standard for healthy housing.

However, many tenants, renters' advocates, beneficiary advocates, Māori, Pacific peoples, migrants, refugees, Māori and Pacific service providers and landlords reported that landlord compliance of the mandatory standards is low. As a result, many tenants are still living in poor quality, uninsulated homes that are not energy efficient, and it is costing them more to keep them and their families warm and dry.

Our families spend what little money they have trying to keep their homes warm and dry for their kids ... for their asthma and that... but you know, most of those houses are not insulated, and the windows have gaps or cracks in them... so their money is literally just going out the window, out the gaps and cracks ... money they don't really have ... and that's the landlords ... the landlords not caring, and meeting their obligations [Healthy Home Standards]. (NGO, Auckland)

Tenants living in the non-compliant Healthy Home Standards homes say they have few options to improve their situations. Some shared they had raised the issue with their landlords, only to experience unpleasantness, and live in fear of retaliation through rent increases, eviction or bad references for future rentals. Some acknowledged their markedly cheaper rents are in lieu of the house meeting the Healthy Homes Standards, and they accept this because they cannot afford anything else. Most were not aware of existing support services like Tenancy Services. Those who were, said the services and processes are not tenant-friendly or supportive, with the onus on the tenant to prove the landlord is not meeting their obligations. The process is also lengthy and drawn out.

We have worked with many tenants to go to Tribunal for landlords who refuse to fix the mould or other Healthy Housing Standards. Less than a quarter are successful, and even less are still in their house. So what's the point? And the landlord moves on to the next tenant, with no fixes to their house and no consequences. (Māori NGO, Lower Hutt)

Tenants whose native tongue is not English are particularly disadvantaged, with little additional support or resources to help them understand their rights and navigate the complaints process.

There was overwhelming support for compliance of the Healthy Homes Standards to be monitored to ensure landlords meet their obligations, including central and local government landlords, such as Kāinga Ora and council housing providers. Some also called for enforcement options for landlords who are not compliant, and for those who fail to action any compliance and enforcement notices.

It's not right that some landlords are meeting the law and others aren't. Every landlord, private landlords, Kāinga Ora, the council, should be complying with the law and penalised if they don't, because it's affecting the tenants' health. (Pacific NGO, Auckland)

There were also calls for Tenancy Services to have a presence in communities so they are visible, known, and tenants can access their services more readily. There were also calls for the complaints process to be shorter and more tenant-friendly and supportive; and for advocacy and language support to be available for those who require it.

The process was really stressful ... We had to provide all this evidence, to prove our case, and keep at it [the process]... weeks after we'd left the flat ... It's just lucky my mum's a lawyer, otherwise, we would've just given up [case against landlord]. (Māori voice, Otago)

3.6. Energy affordability

3.6.1. Electricity expensive and unaffordable

We heard that the cost of electricity is the foremost factor contributing to energy hardship in New Zealand. We heard stories of families using outside fires to cook their meals to keep costs down; and of families living in homes with no electricity until they had saved sufficient funds to get their electricity re-connected. Sadly, these stories are not isolated incidents. People spoke of desperation, frustration and stress.

Electricity is so expensive. It doesn't matter who you are, how much money you earn, it's expensive. What is the government doing about that?... especially now with the rising inflation and cost of living? It's stressful ... really stressful. (Māori voice, Wellington)

Some submitters, notably those in the energy sector and those living in rural areas, also pointed out that people living in rural and remote areas pay more for their electricity because of electricity pricing methodologies. This was a key driver of energy hardship for these communities.

There were calls from beneficiary and financial advocates, Māori and Pacific peoples, NGOs and community organisations across the board for there to be cheaper electricity rates for people experiencing energy hardship, beneficiaries, those with Community Services Cards and those living in social housing. The view was most of these people are living in financial hardship, with little discretionary money for basic necessities. Cheaper electricity would help reduce this burden, and the energy hardship they are experiencing.

There should be a rate for people who earn less – Community Service Card is a blunt tool, but maybe a way of doing that. Could a reputable org working in the budgeting space spot people who [might] look like they can afford, but in reality, cannot? (NGO, Canterbury)

There should be bulk deals for people in social housing and low-income earners. The EPR recommended it but it wasn't actioned ... Energy retailers would jump at the chance provide bulk deals. (Energy retailer, Auckland)

Several submitters also surmised that the impacts of climate change will disproportionately affect rural and remote communities who are already experiencing high rates of energy hardship. They called for innovative responses including network solutions to minimise the impacts.

Many communities with high rates of energy hardship are rural and remote. The cost to meet their needs in the future will likely go up once the impacts of climate change become more acute. This issue therefore needs careful planning and a set of highly innovative responses (like deeply resilient microgrids and highly efficient homes). These innovative network solutions need to be developed urgently. (Community energy entity)

3.6.2. Confusing bills and difficulty finding the best plan

Many people told us they do not understand the information on their electricity bill, other than the total sum owed; the bills are confusing, and their energy retailer never explained it to them. Most do not even know what plan they are on. As a result, they are not able to make informed decisions about their electricity usage and plans.

Many submitters, including consumer advocacy agencies, some energy retailers working in energy hardship, Māori and Pacific NGOs, NGOs and beneficiary and financial advocates, recommended bills be simplified so customers can understand and access the information they need to make informed decisions about their electricity usage.

They also recommended that energy retailers be required to contact customers every six to 12 months to discuss their electricity plan, let them know if there are more suitable plans for them, and support them to switch plans if that is what the customer wishes to do.

We should simplify energy bills and access to information, so that prices and plans can be compared easily. I have personally found power bills very confusing to understand and wouldn't know if I was getting a real stink deal, even if struggling with my power bill on a weekly basis. (Advocate, Lower Hutt)

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. (Consumer advocacy entity, nationwide)

Ensure the consumer is on the lowest-cost price plan for the household needs and a payment plan that they are able to comply with from the time they sign up. Reduce the need for the ambulance at the bottom of the cliff! (Advocate, Canterbury)

3.6.3. Pre-pay is an option, but may not suit everyone

Pre-pay electricity may be the only option available to people with adverse credit to access and use electricity. It is also increasingly becoming the option of choice for people who have limited financial means and those wanting to self-monitor and manage their daily electricity usage. It is particularly popular amongst Māori and Pacific communities.

What was appealing about Globug was not getting a \$400 bill the following month, as opposed to what we have now ... We put \$30 on our electricity every 10 days, and I know my power should be sitting at \$2.31 every day ... I know when the kids are using a hair straightener ... because there's a spike. So Globug helps make you more aware, and to be able to manage your power and money better because they show you straight away what your usage is [via the app] ... and you can also top up your families' accounts if you see they're running low. (Pacific voice, Auckland)

However, as pointed out by pre-pay users, energy retailers working in energy hardship and Māori and Pacific peoples and NGOs, pre-pay can be more expensive than post-pay offerings. Its electricity may be priced at a higher rate than the post-pay offerings, and it has additional fees. Financial and beneficiary advocates, and some people experiencing energy hardship also spoke of ongoing cycles of disconnection and stress as people in financial hardship try to manage their weekly electricity bills.

Those left with no option but pre-pay currently are being let down by our energy system. [We have] heard of whānau going through repeating cycles of disconnecting and waiting for their next income payment every round of income, with no option ... as they simply cannot afford the [electricity tariffs and charges] rates. Others sit and freeze as they are hyperconscious that they cannot afford energy. This should not be happening for an essential service where it is a risk to safety to disconnect or to go without heating. (Financial NGO, nationwide)

So many energy companies are taking advantage of our whānau... preying on our week-to-week-families. They [the families] are then having to pay more, actually. (Māori NGO, Canterbury)

Many submitters, including financial and beneficiary advocates, Māori and Pacific NGOs, and some energy experts called for an investigation into pre-pay plan pricing and auto-disconnection practices. This is to ensure their prices are fair and not higher than post-pay offerings; and to assess whether greater customer protections related to pre-pay services need to be developed and enforced. A few submitters, including an energy retailer, called for pre-pay services to be banned outright. However, the widely held view is there is a place for pre-pay, but the Electricity Authority needs to investigate their pricing and auto-disconnection practices and take necessary action.

3.6.4. Unreasonable fees and inflexible payment options

Many submitters considered the extra fees charged to customers to top up their pre-pay accounts, disconnect, reconnect and pay for their bills by certain methods as punitive and unreasonable for people in energy hardship. They were added costs and barriers to energy access and ongoing energy hardship.

We are concerned that in cases of disconnection due to unpaid bills, charging fees for disconnection and (later) for reconnection is inherently unreasonable. These fees by definition target people already unable to pay, who are vulnerable, and 'kick them when they are down'. We believe the Electricity Authority should ban these fees. We believe that such a ban would also have the effect of incentivising retailers not to disconnect people, because the retailer would have to absorb the costs. (Christian NGO, Auckland)

Many submitters noted that the Consumer Care Guidelines for energy retailers include a guideline around reasonable fees. However, they also noted that the guidelines are voluntary, and that most retailers are not actioning them as evidenced by the Electricity Authority's recent review on the guideline's compliance (June 2023).

Most submitters recommended that Consumer Care Guidelines be made mandatory to ensure cost-reflective and standardised fees. One financial organisation called for energy retailers to be fined for over-charging customers, and fees for certain low-income groups to be prohibited outright. This, however, was not the prevailing view.

The Consumer Care Guidelines include clauses on the reasonableness of fees ... we support codifying the Guidelines to ensure they are applied and enforced consistently across the sector. (Energy retailer, nationwide)

We also heard that payment options for post-pay offerings should be extended to include flexible payments like smooth and easy-pay, to enable people in energy hardship to more easily manage their finances and electricity usage.

3.6.5. Limited competition in the electricity markets

Energy experts, commentators and retailers told us that the limited competition in New Zealand's electricity market, with the market dominated by four large generator-retailers, impacts on the price of electricity. This, and other factors such as the volatility in wholesale prices and a lack of transparency, make it difficult to achieve sufficient competition and downwards pressure on prices.

Energy experts and commentators called for greater competition in the market. Other submitters recommended government interventions to help lower electricity prices for those in energy hardship. Examples included setting a low-income tariff for qualifying families or a new income-based fixed charge.

In addition, many submitters recommended the Electricity Authority take a closer look into high cost-to-serve areas, and that an increased focus on microgrids could provide a solution for those in remote locations for whom transporting electricity to is costly.

A workably competitive electricity market is key to ensuring energy affordability ... consideration of energy affordability issues is the important role competition, and a well-functioning market, can play in driving down prices and helping ensure electricity is affordable. The matter of promoting competition, energy affordability and the Government's climate change/electrification ambitions are inextricably linked. (Consultancy group, Wellington)

3.6.6. Social Development energy grants and payments need refreshing

The government has introduced a number of energy hardship grants and payments to help certain groups in our community meet their household heating and energy costs, and purchase energy-efficient appliances. The Winter Energy Payment (often referred to as the WEP) is arguably the most well-known payment, and the subject of much discussion and debate. Most submitters said this non-taxable, non-recoverable payment, which is paid to people on main government benefits, New Zealand Superannuation and Veteran's Pension during the winter months, is not reaching everyone in need. Students, and the 'working poor' who have a Community Services Card but are not eligible for the Winter Energy Payment because they are not on a benefit were two groups identified.

WEP doesn't go to students, those on ACC, low-income earners, working poor. Is there a better way to target this? Maybe attach it to accommodation supplement and/or disability allowance? (Beneficiaries, Nelson)

The Winter Energy Payment could be better targeted ... The payment does not reach the working poor – those who have jobs but are still in energy hardship. (Electricity entity)

We heard that the Ministry of Social Development's two other grants, the Advance Payment of Benefit and Recoverable Assistance Payment Grants, help people on main benefits and eligible low-income earners pay their electricity bills or purchase appliances if required. However, the one-off, taxable, recoverable nature of these grants means peoples' debt is only delayed and increased, exacerbating their financial and energy hardship.

We also heard how energy-efficient appliances, which cost less to run, are not an option for people experiencing energy hardship because of their higher upfront cost at the point of purchase. People accessing the Ministry of Social Development's recoverable grants to purchase appliances also said they have limited choice. They feel obligated to accept the appliance they are granted, even if it is not energy-efficient and likely cost more in the long run, and potentially break down.

Most families, while they'd love to buy a 5-star appliance that could benefit them in the long run they just don't have the money for that. And it stems a lot from their income – are they on benefits? Are they unemployed? Are there two people in the house earning? So that's one factor that unfortunately most families just cannot afford those appliances due to the price. (NGO, Auckland)

I was given the cheap one [washing machine] ... with the low star [rating] ... It cost lots to run, and it broke down ... I couldn't afford another one. (Beneficiary, Wellington)

The resounding message we heard was that the Winter Energy Payment needs to be better targeted to those in energy hardship. Some submitters recommended this involve extending it to include all Community Services Card holders and students from the age of 18 years. Other submitters, including Community Energy Network members, argued energy hardship criteria needs to be developed to ensure the Winter Energy Payment, and any other support, is targeted at those who are most in need.

Better targeting of the WEP can only be achieved with much greater capacity of those able to assess where EH [Energy Hardship] is prevalent. This also requires a practical and standardised approach to monitoring and evaluation so the sector can ensure we are not wasting resources. (Community energy entity)

In terms of the recoverable Ministry of Social Development grants, beneficiary advocates recommended the Ministry should make all or some of these grants non-recoverable to ease the debt and hardship of those experiencing energy hardship. A few people recommended a non-recoverable grant for covering fixed daily charges or a rebate for those on low incomes.

Beneficiary advocates also recommended that people seeking Ministry of Social Development assistance to purchase appliances be given the option to purchase more energy-efficient models; and the Ministry explore making a portion of this non-recoverable.

3.7. Energy access and choice

3.7.1. Adverse credit ratings and being disconnected

We heard stories about households who cannot access energy due to 'adverse credit' or because of accumulated debt with their current or previous retailer. We also heard about those being disconnected after failing to pay their energy bills and struggling to find a retailer to take them on as a customer. We also heard about the limited choices households face, and in particular that they may only be offered a pre-pay service. Support agencies such as consumer advocates and financial mentors have voiced their concerns around the struggles families are facing. Similarly, we heard about the implications of disconnection for families, particularly those with young children.

A family I work with ... she's lighting a fire to cook before everyone wakes up, cooking outside because the power's been cut off. (NGO Advocate)

We have seen whānau who have lived without power for weeks, children become unwell, there is distress and a sense of hopelessness within those households. We have supported many whānau who have fallen behind in their power bills, this may be due to a child being unwell and the need to turn the heater on through the colder months or sudden loss of employment for the main wage earner. (Māori NGO Lower Hutt)

People we spoke with were supportive of efforts to ensure people can obtain electricity supply despite 'adverse credit', and that industry-wide processes for suppliers to follow pre-disconnection for non-payment developed and implemented. Some retailers offered ideas on how to address issues around poor credit. Many called for mandatory rules around disconnections, and some called for a goal of ending disconnections entirely, for instance. However, some retailers expressed concerns about the potential for imposing additional costs and limiting choice.

In some areas there is no option but to get someone else's name on your power account to get connected if your credit rating isn't flash. It can open up all sorts of issues from that point. (lived experience, anon)

Adverse credit and disconnections can limit choices and access to energy. An energy retailer can decline an applicant who has adverse credit or offer pre-pay as the only option. Likewise, when there is a post-pay disconnection, the retailer may only provide reconnection to a pre-pay option.

Without the ability for every whānau to obtain a post-pay supply for energy, even when they have an adverse credit rating, there is far too much risk any other initiatives to counter energy hardship will be undermined. The status quo now is a default pathway for a whānau unable to pay their bills to post-pay disconnection, reconnection only offered on pre-pay and then automatic disconnection wherever income does not meet expenses. (Financial advocate)

3.7.2. Metering types limiting access and choice

We heard that metering, and particularly the lack of a smart meter, can be a barrier to energy access and choices. This is because smart meters are required for certain electricity tariffs, such as pre-pay and 'time of use' pricing, and access to digital tools and services, such as up-to-date usage information. While there is relatively high coverage of smart meters across the country, access to smart meters is lower on some of the smaller electricity networks. We heard numerous stories of navigators, reaching out to power companies on families' behalf, seeking better, more cost-effective plans for them, only to be told they could not assist until a smart meter is installed. This scenario is further complicated by potential infrastructural deficiencies such as sub-standard wiring that may not meet the requirements for smart meter installation. Moreover, landlords might be reluctant or unable to finance the necessary upgrades, thus exacerbating the predicament faced by many families in their pursuit of energy efficiency and cost-effective energy consumption.

Lack of smart meter is a big barrier for whānau looking to get on best plan for their need;... The house may not be up to scratch for installing a smart meter and landlord may not approve/fund the upgrades needed (Māori NGO, Canterbury)

Not having a smart meter can result in costly disconnection and reconnection fees especially for those with traditional meters that don't support remote functions. It's important to address these metering issues in a way that benefits families who are in energy hardship and are disproportionately impacted. Unfortunately, there are cases where the potential benefits of smart meters are not being realised under the current system.

For people who have meters to fully reap the benefits of this technology, energy retailers should offer pricing plans and tariffs tailored to consumer patterns, using the detailed data provided by smart meters. This could potentially save customers money and ensure that smart meters provide maximum benefits.

Lack of a smart meter adds a significant financial penalty to customers when it comes to disconnection/reconnection fees. These are often more than \$100 greater for customers whose meters cannot handle remote disconnection/reconnection. (Christian NGO, Auckland)

We support [addressing metering issues] where there is an actual net benefit to the whānau who ultimately pays for the cost of the roll-out. Under the current system we are aware of issues where the benefits of smart meters for whānau are not being realised ... [this] also needs to sit alongside requirements for retailers to proactively offer pricing plans and tariff structures that are likely to save money based on the data available. (Financial NGO, Wellington)

3.7.3. Rural households struggling to gain electricity access

We heard that remote communities have a unique set of challenges with energy access and choice, with some having no choice but to be 'off-grid'. Communications in rural areas also posed barriers to access and choice.

I have no choice but to install solar - the neighbour refuses to have the lines over their property (Rural voice, South Island)

It costs too much to connect to the grid so I make do with solar and generator back-up. (Rural voice, South Island)

There was support for addressing the issues rural communities face, particularly in light of recent cyclone events. Some people we engaged called for a greater prioritisation towards supporting off-grid energy systems to support those living rurally. Some noted the opportunities to share surplus power from community energy schemes and the benefits this can bring. We heard that some community energy schemes may still see value in maintaining a network connection as a back-up, but that this comes with a high cost under the current system.

We support [this strategy], we saw the effects of the recent cyclone and the hardship caused by having no power or communication. It makes sense that rural areas should be prioritised for off-grid energy systems. We also support the need to look at marae, papakāinga and public housing to provide solar energy to help reduce energy costs and reduce the risk of poverty and hardship for whānau. (Māori NGO, Lower Hutt/Te Awa Kairangi)

Support the notion of energy ownership and security for isolated communities, especially in regions where the costs of line repairs and maintenance place a large financial burden on a small number of customers. Support this as an opportunity for the development of additional social and iwi/Māori retailers. It helps build resilience into isolated communities in times of adverse natural/weather events that damage key infrastructure. It also has the potential for the creation of high-value jobs in smaller communities. (Charity, Auckland)

3.7.4. Potential risks in the transition to a low-emissions energy system

Several concerns were raised in pursuing a more sustainable energy future, and the need to prioritise equity in the transition towards renewable energy systems. The shift towards more renewable energy sources and electrification must benefit all in New Zealand. Recognising this essential aspect poses a genuine and concerning risk of amplifying current social inequities. The transition to renewable energy sources must be approached with a clear focus on inclusivity, ensuring that no one is left behind and that the changes do not disproportionately burden vulnerable communities. Some submitters raised concerns with lower socio-economic consumers encountering difficulties in adopting and acquiring new technologies for heating and cooking, for example. Others drew attention to issues around network charging, and both electricity and gas, in the transition (such as home heating, hot water and vehicles).

Those in energy hardship, who are largely unable to consider any issues beyond those that are day-day/immediate, will almost certainly not be able to consider climate change-related issues, whether it is emission reduction or adaptation-related. For these people, the transition process only starts to occur once they are out of energy hardship. (Community entity, nationwide)

It is critical that there is equity in the transition to more renewable energy systems – we need to ensure that everyone is included in the shift. This transition has a very real risk of exacerbating existing social inequities if this is not recognised. (NGO, Waikato)

We heard that the adoption of new technologies, such as solar panels, energy-efficient homes, and electric vehicles, is often hindered among lower-income consumers due to their high initial expenses. People who are struggling may face difficulties in purchasing, installing, and financing these innovations. Furthermore, a potential concern arises when some consumers transition to off-grid solutions, leaving others to bear the burden of fixed asset costs, potentially impacting low-income groups.

Lower socio-economic consumers can be later to move to new technologies that are characterised by high start-up costs and lower ongoing costs. For example, solar panels, energy-efficient homes and electric vehicles. There can often be issues that arise in relation to the sale, installation and financing of these technologies. We note costs could potentially fall on this group if they are left paying for the fixed costs of the assets they are using, if for example other consumers move off-grid. (Industry service provider)

Some offered suggestions about addressing these issues in the transition, and believe it is those already suffering from energy hardship who may be likely to find their situation exacerbated during the transition. It is imperative to acknowledge that the transition to a low-emissions economy must be carefully designed to ensure equity for all. While it may be challenging to anticipate every potential inequity, it is crucial to prioritise achieving an equitable transition explicitly. Addressing existing disparities and preventing the emergence of new inequities requires significant effort and attention.

Individuals already experiencing energy hardship will face considerable obstacles in adopting electric vehicles, making them among the last to shift from internal combustion engine vehicles. Consequently, they will also be among the last to benefit from reduced transport operating costs. Paradoxically, those in greatest need of cost reductions may be the last to receive them. The government should develop comprehensive strategies to address this disparity, ensuring that vulnerable communities receive support and opportunities throughout the transition process. By doing so, we can work towards a fair and inclusive low-emissions economy that benefits everyone.

The benefits and costs associated with the transition to a low-emissions economy will not be equitable unless this is specifically designed into the transition framework. Whilst we cannot anticipate every inequity, the goal of achieving an equitable transition needs to be strongly and prominently stated. Considerable work needs to be done to counter the existing inequity and then ensure that new inequities do not develop. (Energy retailer)

3.8. Consumer care and protection

The Consumer Care Guidelines (guidelines) for electricity retailers was the subject of much discussion and debate. There was widespread concern about the voluntary nature of the guidelines, with many people referencing the Electricity Authority's recent review, which confirmed low industry uptake and compliance of the guidelines. The guidelines describe energy retailer best practices and the sector's expectations on how retailers will engage with their customers, thereby providing some voluntary protections for customers.

In terms of the key issues and the way forward, we heard that many energy retailers, experts, consumer and beneficiary advocates, Community Energy Network members and energy hardship advocates are in agreement on a number of key points. The first is that the existing voluntary guidelines are ineffective, as evidenced by retailers' low uptake and compliance rates.

The second is that the guidelines in their current form are not suitable to serve as mandatory obligations for retailers. This is because they are crafted as descriptions of actions, activities and ideals, rather than as statements with meaningful, achievable and realistic targets that can be objectively measured, monitored and assessed to determine compliance. Work is required to create mandatory obligations that can be added to the Electricity Industry Participation Code.

Whether any guidelines should be made mandatory is an issue of contention amongst the energy sector. However, we heard strong support for guidelines to be made mandatory to ensure consumers are protected, and their engagement with electricity retailers a positive experience.

We also strongly support strategy CP2 [in the Discussion Paper] towards better monitoring, compliance and enforcement of minimum standards that replace the Consumer Care Guidelines. (Financial advocates)

There was general agreement that the process for developing the new obligations for energy retailers should be a consultative process, and involve the review of the existing guidelines to determine which ones should be strengthened and converted into obligations.

It was also agreed that a robust monitoring, compliance and an enforcement framework for the new obligations needs to be developed and implemented, with the Electricity Authority funded accordingly to carry this out.

Energy businesses need deterrents to keep the care for whānau facing energy hardship front of mind and regulators are unlikely to put resources towards compliance without a valid mechanism to further disincentivise misconduct. (Financial advocacy, Wellington)

The [new] CCG have no teeth unless they are being monitored, we support regulatory penalties for those electricity retailers who are not complying. (Māori NGO, Lower Hutt)

A few retailers, particularly the smaller, independent retailers, were concerned that any mandatory requirements for retailers will incur costs, which will be passed to consumers. Also, that the larger retailers are better resourced to manage this shift. While these concerns were widely acknowledged, the prevailing view was the focus should be on ensuring as many consumers as possible are protected, and mandatory obligations is the way to ensure this.

3.9. Energy information, knowledge and support

3.9.1. Information and support not reaching some communities

According to most NGOs, Māori, Pacific peoples, beneficiary advocates and energy retailers working in the energy hardship space, energy hardship-related information and services are not reaching some communities, particularly those most in need: Māori, Pacific peoples, disabled peoples, migrant and refugee communities, and people in remote and rural areas. As a result, these communities' ability to make the best choices for their individual or family based on their needs is compromised. We heard many stories that spoke to this, including first-hand when engaging with these communities.

Of equal concern is that many of the NGOs and community organisations who support the most vulnerable in their communities, particularly Māori and Pacific NGOs, were also not aware of the energy hardship-related services and support that are available, and how to access them. This included well-established programmes like Warmer Kiwi Homes and appliance energy-efficiency information campaigns.

I wasn't aware until recently when someone told me about appliances with the different ratings ... I didn't know that. I would've gone "Oh, that's cheap, that's good for me" [less efficient appliance], and not known that I might pay for it long-term ... I certainly didn't know that, even though I've been in health and social services for almost 30 years... And being involved in this work [energy hardship expert panel engagements], I heard all the different programmes [energy hardship and efficiency-related programmes] that I'd never heard about before... and I was saying to them [the providers] "How do we get that for our Pacific people that we work with?" (Pacific NGO, Auckland)

Reasons as to why this information and support is not reaching some groups were varied. Some said there are innovative pilot programmes with communities experiencing severe energy hardship to ensure they are supported, and their hardship reduced.

Some NGOs and community organisations, including Māori and Pacific, expressed that energy hardship and related campaigns and programmes appear to be more focused on numbers and outputs, than those most in need. They were also of the view that many of the well-funded energy hardship and efficiency campaigns and programmes are developed and implemented by central government agencies and their regional offices, with limited knowledge and understanding of what is happening at a local level. This impacts on their relevancy, resonance and uptake across the different regions, communities and groups.

Without a comprehensive co-designed education strategy the ability to strengthen advocacy for tenancy services, simplify energy bills, most of the other actions will not be appropriately scoped and connected to 'hard to reach' customers, their representative groups, or to other service providers. (Community entity, Taranaki)

We heard that for Māori and Pacific NGOs and peoples, the key reasons that energy education is not reaching their communities, despite experiencing greater levels of the energy hardship, are the campaigns, programmes and services do not resonate with their communities because they have not been conceptualised and developed with their respective worldviews. Also, that the campaigns, programmes and services are not being delivered by them to their communities, and as part of wider services. (see sections 3.3 and 3.4 for more detail).

The call was for energy hardship and efficiency-related information, services and programmes to prioritise groups and communities who are experiencing greater levels of energy hardship. Also for these efforts to be developed, led and driven at a community level, and as part of existing bodies of programmes and services to increase their relevancy, reach and impact. Māori and Pacific-specific efforts that are conceptualised within their respective worldviews, developed and delivered by them to their respective communities is also crucial.

3.9.2. Information, and credible information, difficult to find and access

We heard that energy, energy efficiency and energy hardship-related information is difficult to find and access because it is 'everywhere', spread across a number of different websites. The onus is on people to search the various websites themselves to find the information they are after, and make sense of it – yet often, many do not know what information they should be looking for, and how to make sense of it. This hinders their ability to make decisions about their energy use, plans and practices.

Sometimes the information on energy, energy efficiency and energy hardship-related websites are not up-to-date, and we heard that this has led to some people mistrusting the information. Additionally, some websites do not have all the information they need to make decisions about their energy use, plans and practices. The Powerswitch website not having every electricity plan on it so people can see if there is a better plan for them was an often-cited example of this. The lack of information in different languages was another issue raised, especially by Pacific peoples who are experiencing high levels of energy hardship.

There was a call for a 'one-stop-shop' website for people to access the information, advice and support they need. The website should include links to existing electricity price comparison services, and information and resources relating to energy bill assistance, energy efficiency tools, subsidies and support programmes and consumer rights information. Information should also be available in different languages. Potential users for the website are families and households experiencing energy hardship, landlords, energy navigators, advocates and other practitioners working in the energy hardship area.

It would be good if all the energy information was in one place, one website, so you don't have to go looking for it ... and that it was easy to understand. (Pacific voice, Auckland)

What we need is whānau to be informed, and able to make their own choice, instead of inheriting an energy provider ... and the ability to search and compare providers is important too. We all know disconnection fees are high so people inherit old contracts and don't switch. (Māori NGO, Canterbury)

3.10. Leadership and accountability

3.10.1. Stronger leadership needed to drive the energy hardship agenda

There was overwhelming support for the government's decision to establish our panel, for the task we were given, and the work we did. Many submitters welcomed the opportunity to contribute to the setting of the government's energy hardship agenda. That said, some considered the government's current response to energy hardship, namely the establishment of our temporary panel and small secretariat, insufficient to tackle the current breath and scale of the issues, which are likely to be exacerbated with the country's transition to renewables.

The resounding message we heard across the board – from organisations and people in the energy sector, government agencies, community organisations, NGOs, Māori, Pacific peoples, beneficiaries, energy hardship advocates and researchers – is that stronger government leadership is needed to alleviate energy hardship and achieve energy wellbeing. This involves sustained funding and resources, and the establishment of a well-functioning energy hardship-energy wellbeing system of leadership and action to lead and drive the change that is required.

For Aotearoa to achieve energy wellbeing there needs to be cross-portfolio commitment to the issue and structures and funding in place to support the work of community organisations and practitioners in the field. (Research group/energy practitioners)

There was a strong sense of clarity about what well-functioning energy hardship-energy wellbeing leadership and action looks like: it is purpose-driven, and collective action at a government, industry and community level to lead, drive and achieve change.

A few submitters expressed that a legislative framework for energy hardship or energy wellbeing, and other policy instruments like Government Policy Statements and Letters of Expectations that set out the government's energy hardship priorities and expectations of relevant government agencies and Crown entities, would help elevate energy as an essential need.

We agree that it is important to look beyond energy hardship to the broad policy and social environment. (Advocate)

There was a call for legislation to be introduced, with energy and access to energy stipulated as a human right in New Zealand (see 3.2). Also for Government Policy Statements and Letters of Expectations to be issued to relevant government agencies and Crown entities as soon as practicable so they are clear of the government's priorities and expectations and can respond accordingly with urgency.

There was also a call for a governance structure to be established to oversee implementation of the government's energy hardship response, and report to the government on progress and outcomes. There was also a call to help coordinate existing energy hardship-related activities across government. It was recommended all government agencies and Crown entities whose areas of responsibilities are in, or influence and contribute to energy hardship and energy wellbeing, be part of this structure, including MBIE, the Ministries of Housing and Urban Development, Social Development, Health, and Kāinga Ora, Te Whatu Ora, Te Aka Whai Ora Māori and the Commerce Commission amongst others.

A few experts noted Interdepartmental Executive Boards perform similar functions, and recommended this structure be explored as an option.

Energy is an essential service and access to it is an essential human need as recognised in the discussion document. We consider that given its links to adequate housing and health, access to energy should be treated as a human right. (Legal advocate)

It's critical to involve community in the design and decision-making process. They deeply understand what actions are needed to support individuals and are actively engaged in helping those in need. Working with various groups, such as governmental agencies, the energy sector, and other stakeholders, provides a more comprehensive perspective. By empowering the community to be part of the decision-making process, we gain valuable insights and experiences, which help us tailor solutions to people in deep energy hardship. This collaborative approach leads to sustainable and impactful initiatives that address the complex challenges for long-term change.

This community focus has to be at the heart of energy hardship solutions. When community comes together, wonderful things can happen to resolve issues and build community resilience. (Community Entity, nationwide)

3.10.2. The independent voice needs to continue

Our position and function as an independent voice on energy hardship, providing advice to the Energy and Resources Minister on policy priorities and advocating for greater responsiveness was widely welcomed by energy retailers, advocacy groups, community organisations, NGOs, Māori, Pacific peoples, beneficiary and consumer advocates. Similarly, our openness to engage with, and listen to different groups, and foster understanding and relationships between the different and often competing and philosophically opposed groups. We heard stories of misgivings within the energy and energy hardship sector, including government agencies, Crown entities, energy retailers, and Community Energy Network members.

There was a call for our panel or a similar entity to continue to provide an independent voice in the system, and to build on the platform we have laid to facilitate collective and collaborative action.

Leadership within government is critical to reduce the negative impacts of this siloed approach. The Ministerial Group established to oversee the EH [energy hardship], the Expert Panel, is a great step forward to achieve this. (Community entity, nationwide)

There is a strong case for retaining the Expert Panel and reconstituting their role into something akin to the UK's independent Committee on Fuel Poverty over the next 3 years or more. This would provide independent, transparent oversight and steerage for a needed period of transition and longer-term policy formulation as NZ/Aotearoa moves to the next stage of working to achieve energy wellbeing for all. (Advocate)

3.10.3. Data, information and insights

Data consists of many forms of information, insights and meaning, which inform and influence decision-making in policy and practice. We heard that a number of groups, including government agencies, Crown entities, research institutions and community organisations, have conducted research and commissioned programme evaluations that provide important insights into aspects of energy hardship. There is still much about energy hardship in New Zealand that is not yet known. The specific key drivers that are influencing energy hardship for different groups and what this looks like are also not known. Effective, culturally relevant responses are also not known.

We heard that at a policy level, there are limitations with MBIE's energy hardship measures, and that currently there is no government monitoring, evaluation, research and learning framework and strategy that sets the priorities and direction for work in this space.

Quality and relevant data is a fundamental and primary requirement in order to effectively address energy hardship in Aotearoa New Zealand. It must be the right data for the job, and resourcing must ensure that it is regularly gathered, of a high quality, and available for those who need to use it – including for government to both inform, and be accountable to the public for, policy and policy implementation. (Healthy Housing entity, Wellington)

A number of submitters mentioned the Energy Wellbeing Evaluation Consortium – an informal cross-sector group formed in 2020. The support from submitters demonstrates there is widespread appetite for, and interest in, more consistency of data and tools.

The recently published energy hardship statistics from the Ministry of Business, Innovation and Employment's (MBIE; June 2023) provide important insights on this. MBIE's recently developed energy wellbeing definition and energy hardship indicators (June 2022, June 2023) are important building blocks for framing energy hardship in New Zealand.

It would appear that there is considerable untapped value in greater sharing of data across multiple agencies to facilitate greater trust in options.

Robust evidence and data are essential for understanding the current environment; informing, implementing, and targeting effective interventions; and monitoring impact and change. (Energy researcher)

More work is required to ensure that there is consistency of information collected and methodological approaches across agencies, non-governmental organisations and iwi. Building data trust is necessary to ensure that the information entities collect can be used to inform policy. Currently data sharing is not always done in a way that is accessible, useable or informative to policy.

In addition,

Different agencies may have different information needs, which will require bespoke approaches to collection of data about energy hardship. However ... more needs to be done to ensure there is consistency of data, information and methodology across all areas, to ensure system stakeholders are confidently making decisions that are based on the best data available. (Energy researcher)

Collaboration and data sharing

A number of submitters noted the value of cross-agency partnerships to data collection.

We heard that several government agencies currently have data sets that could provide important contextual information on the key drivers of energy hardship, such as household sizes, types, incomes for example. However, access to some data sets is limited.

It is a similar case for energy retailers who hold information that is relevant to energy hardship indicators, however it is not publicly available.

There is often a wealth of information held at the local level, by those embedded within the community. A wide range of organisations routinely collect data on housing, for example through surveys, home energy checks, home visits, evaluation programmes, in-home monitoring etc.

Currently, organisations need to develop their own tools and approaches to data collection and evaluation.

While flexibility should be retained to ensure that each organisation can meet its own needs, there is the potential for added value if a coordinated, consistent set of tools was available.

We believe the greatest value and commitment to a long-term and enduring approach to collecting robust and representative data on our housing stock [for example] lies in a cross-agency collaboration. (Research organisation)

This could help to alleviate the burden on individual organisations, improve efficiency and cost-effectiveness, whilst also providing consistency of information.

We heard that often knowledge and the sharing of this energy hardship data and information is opportunistic. There is no compendium or central depository for energy hardship-related knowledge for people to access.

We heard that funding for research is also limited.



4.

What we think

4.1. Introduction

This chapter builds on what we heard during the engagement process and our numerous meetings. From the beginning, we made a conscious effort to listen to those with lived experience, listen to support workers and advocates, Māori and Pacific, experts, and those involved in providing energy services.

We received numerous submissions, which have been essential in shaping our thinking. We also received information and evidence from various government and non-government agencies, as well as previous reviews and reports. We also commissioned supplementary research, analysis and advice.

Our approach was to identify the issues and shortcomings, while also highlighting the areas that are working well and can be improved upon. We stand behind our findings, which are based on evidence and the clear messages we received.

4.2. Energy hardship needs to be prioritised

Energy is undeniably an indispensable part of our everyday life. From the most basic necessities, such as cooking and heating our homes, to the simple act of showering, nearly every aspect of our daily routines relies on energy availability in our households. Furthermore, ensuring regular, sufficient, safe, affordable, dependable, and diverse energy resources is crucial for poverty eradication, as well as fostering social equity, health outcomes and economic progress.

Recognising the intergenerational implications of energy decisions, we must adopt a strategic approach when planning, developing, and operating energy hardship actions and initiatives in New Zealand. This strategic view holds particular significance for individuals who are facing hardship. Regrettably, we know that the consequences of lacking access to power can be life-threatening.

Internationally, energy plays a pivotal role in achieving both the United Nations' 2030 Agenda for Sustainable Development and the Paris Agreement, while also being a prerequisite for fulfilling the basic human rights of billions worldwide. Recognising its significance, in 2015 the United Nations adopted Goal 7 in its Sustainable Development Goals that strives to ensure universal access to affordable, reliable, sustainable, and modern energy by 2030.

4.3. We have foundations to build on

Energy hardship has become a focal point in recent years, with initiatives, interventions and programmes instituted to tackle the issue. These efforts stem from increasing studies correlating substandard housing with adverse health outcomes and the 2019 Electricity Price Review.

Key amongst these initiatives include:

The Energy Efficiency & Conservation Authority (EECA) implements various programs, including the Warmer Kiwi Homes and Gen Less campaigns, to promote energy efficiency and conservation. The Healthy Homes Standards, introduced in 2019, target rental insulation disparities and are supported by initiatives like the Healthy Home Programme. Initiatives such as MBIE's Support for Energy Education in Communities Programme, the Māori and Public Housing Renewable Energy Fund, and the Community Renewable Energy Fund provide much needed funding at the community level.

Additionally, the Winter Energy Payments scheme, MoneyTalks, Home Performance Advisor training, Power Switch website, and Utilities Disputes Limited resolution services play crucial roles in addressing energy hardship and empowering households.

Community-led actions are also instrumental in tackling energy hardship, with education and energy-efficient appliance installations helping households reduce energy use and costs. Tailored services, like tikanga and kaupapa Māori offerings, cater to diverse communities, and collective purchasing and renewable energy initiatives offer sustainable and potentially cheaper power sources, encouraging local investments. Furthermore, community advocacy is vital in supporting people in hardship, raising awareness, and pushing for stronger policies that address energy hardship and housing issues while promoting positive changes in energy companies' practices.

Notably, sector-led initiatives such as ERANZ's EnergyMate, in partnership with the community, have made a significant difference in the fight against energy hardship, and its ConnectMe pilot is showing promising results. We also acknowledge the emergence of social retailing businesses such as Nau Mai Rā and Toast Electric who are both actively working to support low-income household facing energy hardship.

Cohesive energy hardship leadership across the spectrum are essential pillars for building stronger foundations in government agencies, communities, and industries. By fostering a culture of systems and collaboration, these key elements can pave the way for transformative progress and lasting success.

4.4. Housing and energy hardship are undeniably connected

Energy hardship and housing in New Zealand are deeply intertwined. Good insulation and heating in a house promote good health and well-being while reducing energy costs. Conversely, when these factors are unmet, higher energy costs are known as 'heating the stars', and worse, adverse health outcomes can occur.

The Healthy Homes Standards have made significant inroads into improving the quality of New Zealand housing. Still, we recommend improved support and enforcement for rental properties when the Healthy Homes Standards are not met and that it should not be the tenant's responsibility to prove a breach.

4.5. We are not getting outcomes for some groups

Māori and Pacific people face significantly higher levels of housing stress, homelessness, and energy hardship across all indicators, including high rates of hospitalisations during winter due to respiratory issues. As mentioned we heard during our engagements with Māori communities, a one-size-fits-all approach to energy hardship is ineffective.

We can no longer hope for a better outcome with similar approaches and actions. Therefore, it is crucial to support Māori practitioners within the energy sector in developing and implementing tailored solutions that address the unique challenges and aspirations of Māori.

Working in a te ao Māori and Pacific framework is crucial to provide a holistic perspective on the world, where all things are interconnected. This approach can enrich understanding and decision-making, from energy hardship, education and health to environmental management, as it considers the whole person, their whānau and their connections to the community and the environment.

4.6. Equitable Access, Financial Affordability, and Protections: Essential Pillars for Success

We support providing electricity access to all residential consumers, regardless of their circumstances, including a post-pay option. This could be achieved through an industry-led solution and should be backed by appropriate provisions in the Electricity Industry Participation Code and Consumer Care Mandatory Obligations, with government support. Energy retailers should have mandatory procedures and consequences to prevent wrongful disconnections.

Moreover, barriers to new market entrants can impede competition and its advantage and we heard increasing competition in the wholesale electricity market leads to better prices and affordability for consumers. It encourages retailers to offer innovative plans, improved customer service, and fair pricing. We support seeing an increase in purchasing power through bulk deals to negotiate favourable electricity deals through a competitive tender process, this option has the potential to help many.

Finally, in response to numerous calls from various stakeholders, we support shifting voluntary guidelines to enforceable obligations to safeguard electricity consumers, especially consumers in hardship. This transition is crucial to ensure tangible and consistent consumer and health protections.

4.7. Our vision for energy hardship and wellbeing in New Zealand

Our vision is for a thriving New Zealand where everyone can attain energy well-being regardless of their situation. We place all people at the centre of our work and build on the strengths of the families, communities and networks. We ensure equitable outcomes by providing the right tools and support for those facing energy hardship to regain their well-being.

We ensure children can study, play, and thrive in warm, safe environments where they are protected from the impacts of cold and damp housing.

Collectively, we are driven by ensuring energy access is an essential need and right, supporting people towards healthier futures.

*Te Kore – The state of **Te Kore** is our starting place*

Our starting place was to gain a comprehensive understanding of the various forms of energy-related challenges in New Zealand, and the energy networks, systems, and operations spanning energy production to the household level. Additionally, we took into account the different types of obstacles that coexist with energy-related issues, which contribute to overall hardship.

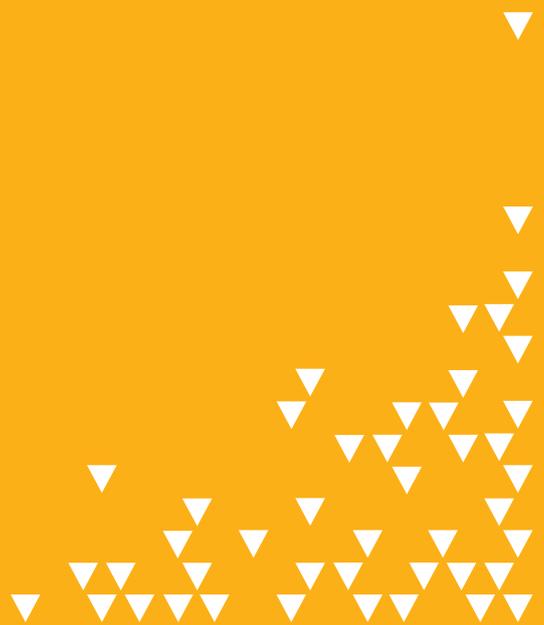
*From there comes **Te Pō**: the perpetual night: a night that is long*

Understanding the despair of energy hardship was important to us – how it looks and feels; the reality behind the oft used term, families having to choose to ‘heat or eat’. We spent significant time listening to numerous people about their stories, either directly or from support people, and people with energy hardship expertise. We heard of hardships, challenges and frustrations, but equally stories of hope, opportunity and collective action.

*Finally, from **Te Pō** emerges **Te Ao Mārama**, the world of light and life.*

As we emerge with our recommendations, we acknowledge the extensive work previously done, the current positive policies, initiatives and actions and acknowledge the challenges it will take to make real inroads into reducing energy hardship in New Zealand. We believe this will take relentless leadership and action to make lasting cohesive change through leadership, collective action and cohesion creating a brighter, more promising future for everyone.

Part 2:
What needs
to happen



5. Strengthen leadership and accountability

5.1. Introduction

Energy hardship is not new in New Zealand – it has always been there. Certain groups of people have always lived in energy hardship, and others periodically, primarily because of financial hardship.

Our safety nets, including the welfare system, government and non-government organisations, iwi, Māori and Pacific providers, churches and communities to name but a few have consistently been present, helping in some way to minimise energy (and financial) hardship for individuals, households and communities. We heard endless stories of organisations and people doing extraordinary work across the country to help the most vulnerable, and providing vital leadership and action to address energy hardship.

The Electricity Price Review was a game changer in New Zealand’s energy hardship journey. By identifying ‘reducing energy hardship’ as a key issue for New Zealand and recommending a suite of recommendations, the Review not only shone a light on energy hardship, but also set into motion the building blocks required for alleviating energy hardship – this report and our recommendations, a definition and indicators for energy hardship and community education programmes to name but a few. We acknowledge and thank those behind the Review for their leadership and providing the platform to advance energy wellbeing, and the Ministry of Business, Innovation and Employment for its work on energy hardship.

What struck us is that there are many different groups – government agencies, energy retailers, community energy groups, NGOs, Māori and Pacific providers for example – developing and providing services and support that are focused on alleviating energy hardship for a particular group or community of interest. Yet, they are often doing so in relative isolation, with limited coordination across and within the different groups. The Community Energy Network is an example of the benefits that can be achieved from more formal co-ordination.

We were also surprised so much activity is taking place with limited knowledge and understanding of the scale and magnitude of the problem. A definition of energy hardship was only in development when we first started our engagement journey, and until recently there were no shared or commonly held measures and indicators of energy hardship to obtain data to help inform policy, planning and programmes.⁴⁴ Organisations and people are responding to desperate need with urgency, but are doing so without a wider system to coordinate their efforts.

⁴⁴ MBIE finalised the definition of energy hardship in June 2022 and published an initial list of five measures of energy hardship in June 2023, as well as the first annual report into energy hardship, covering the period from 1 July 2012 to 30 June 2022. <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-statistics-and-modelling/energy-publications-and-technical-papers/report-on-energy-hardship-measures/>.

A lack of leadership, accountability and coordination were key themes we heard from most submitters. We also heard concerns about a lack of independence in the system to monitor government and energy industry energy hardship responses, advocate for those in hardship, and provide a community voice in policy processes and decision-making.

There is a need to build a well-functioning, energy hardship/energy wellbeing system to enable and drive change. To achieve this, a number of key pillars are needed to guide and drive the system, including legislation, government policy and new institutional/accountability arrangements. This is underpinned by the need to recognise affordable energy as a human right for every New Zealand household.

In this section, we discuss:

- energy hardship and wellbeing legislation
- building the system: coordinated government action
- building the system: aligned crown entities
- building the system: an energy hardship expert advisory group.

5.2. Energy Hardship and Wellbeing Legislation

5.2.1. Issues

No specific legislative framework

We were surprised to learn there is no specific legislative framework for energy hardship and energy wellbeing in New Zealand. There is a lack of legislation and policies to set our societal standards and norms in relation to energy hardship at all levels of government. We note that reporting under the Child Poverty Reduction Act 2018 includes some measures relating to energy hardship, e.g. measures relating to feeling cold and household dampness or mould (which overlap with MBIE's Energy Hardship measures). However, there is no legislative framework specifically and comprehensively targeted at activities and actions related to energy hardship, or to allocate resources such as funding. There are no energy hardship-related governance structures to oversee implementation and ensure accountability, and no basis on which to ensure this and future governments' ongoing commitment to reducing energy hardship in New Zealand.

We recognise there is existing energy sector-specific legislation that could potentially have a positive influence on one or more of the key drivers of energy hardship. For example, the Electricity Industry Act 2010⁴⁵ now has an objective for the Electricity Authority to protect the interests of domestic consumers, in addition to its main objective that focuses on the long-term benefit of consumers. The Energy Efficiency and Conservation Act 2000⁴⁶ promotes and supports energy efficiency – which can have positive impacts for energy affordability. However, individually and collectively this legislation is only part of the equation, and is not energy hardship-specific.

⁴⁵ Electricity Industry Act 2010 No 116 (as at 31 December 2022), Public Act – New Zealand Legislation.

⁴⁶ Energy Efficiency and Conservation Act 2000 No 14 (as at 01 September 2022), Public Act 21 Functions – New Zealand Legislation.

Many that we heard from in our engagement process – Iwi, Māori, Pacific peoples, community energy providers, non-government organisations, beneficiary advocates and some energy retailers working in energy hardship – commented on the lack of legislation. In their view, without targeted legislation, energy hardship will continue to be invisible and hidden; no organisation or sector will take responsibility for energy hardship-related matters even if the core issues fall within their respective domain(s); energy hardship-related efforts will continue to be fragmented and under-resourced; and the level and magnitude of energy hardship in New Zealand will continue to increase.

Some Māori, Pacific peoples and Māori and Pacific NGOs told us the lack of legislation is exacerbating energy hardship for their communities because there is no requirement for existing actions, resources and activities to be targeted specifically at their communities where energy hardship is greater. We heard similar sentiments from community energy providers and some energy retailers working in energy hardship.

The same groups, together with beneficiary advocates and human rights officials, also view energy as a basic human right, saying it should be considered as such given its necessity for health and wellbeing, and social and cultural participation in society.⁴⁷

We note the example of the United Kingdom’s Warm Homes and Energy Conservation Act 2000⁴⁸, which is focused on implementing a strategy to reduce ‘fuel poverty’ – which is when “low-income households who pay more than 10% of their income for all energy needs to stay warm and dry.” The legislation has targets, and requires coordination across government to achieve its outcomes.

No other policy-setting instruments

We note that no other policy-setting instruments like a Government Policy Statement have been issued by government in relation to energy hardship and energy wellbeing.

5.2.2. What needs to happen

Legislation

It is clear from what we heard that government legislation is needed if New Zealand is to alleviate energy hardship in a meaningful manner. Legislation and policies will set our societal standards and norms in relation to energy hardship. Legislation will guide and authorise certain actions and enable the allocation of resources such as funding if required. Legislation will also ensure energy hardship is a priority for current and future governments, which is crucial to achieving lasting solutions.

We propose developing new legislation that will focus on helping to achieve a significant and sustained reduction in energy hardship. This legislation would:

- require current and future governments to set three-year targets for reducing energy hardship
- establish a suite of measures that track progress on reducing energy hardship
- require annual reporting against energy hardship-related indicators
- identify the lead Ministry accountable for leading action on energy hardship on the government’s behalf.

These legislative requirements are similar to those for the Child Poverty Reduction Act 2018⁴⁹, which focuses on reducing child poverty.

⁴⁷ For more information see: <https://www.justice.govt.nz/justice-sector-policy/constitutional-issues-and-human-rights/human-rights/international-human-rights/international-human-rights-legislation/>.

⁴⁸ For more information see: <https://www.legislation.gov.uk/ukpga/2000/31/contents>.

⁴⁹ For more information see: <https://www.legislation.govt.nz/act/public/2018/0057/18.0/LMS8298.html>.

We also recommend the legislation reflects a human rights-based approach. The Human Rights Commission of New Zealand has offered to help on this front.

We recognise legislative processes may take time. However, there are already some building blocks in place:

- Work is underway on a suite of energy hardship measures that could potentially be included in the legislation. In June 2022, the Ministry of Business Innovation and Employment published a definition for energy hardship, and in June 2023, an initial suite of energy indicators, both in fulfilment of an Electricity Price Review recommendation.⁵⁰ However, further work is required to ensure there are measures and indicators for all key drivers of energy hardship (see 2.2.2 for a detailed description of the key drivers).
- MBIE is presently the lead Ministry for energy hardship policy, and already has a work programme underway, including hardship-focused funding programmes.

Responsibility for establishing the suite of measures and supporting the Minister(s) with the legislative requirements would be coordinated by the lead agency, working in collaboration with other government agencies with work touching on energy hardship issues.

Government Policy Statement

Legislative processes can take time, and yet work on energy hardship needs to continue, with urgency. We consider a Government Policy Statement (GPS) on Energy Hardship and Wellbeing should, therefore, be issued in the interim to maintain the momentum gained during our work. The GPS on Housing and Urban Development (2021)⁵¹ which sets a direction for housing and urban development in New Zealand, is an example of how a GPS can set strategic long-term direction across government. Similarly, the Government Policy Statement on land transport sets the Government's priorities for land transport investment over the next 10 years. It also sets out how money from the National Land Transport Fund is spent on activities such as public transport, state highway improvements, local roads, and road safety.

The GPS would articulate the Government's policy priorities and expectations concerning energy hardship; and direct relevant government agencies, including Crown Entities, to take account of energy hardship, energy wellbeing and equity in their strategies and operations.

Agency responses should also be coordinated and aligned with the Equitable Transition Strategy and other relevant initiatives towards decarbonisation, electrification and renewable energy. The relevant organisations for guidance by a GPS are: the Ministry of Business, Innovation and Employment, Ministry of Housing and Urban Development, Ministry of Social Development, Ministry of Health, Kāinga Ora, Te Whatu Ora, Te Aka Whai Ora Māori, Commerce Commission, the Gas Industry Company and the Consumer Advocacy Council; EECA and the Electricity Authority, subject to provisions in their respective legislation and other relevant governance instruments.

⁵⁰ EPR Final Report (2019). Recommendation B1. Pg 18-20.

⁵¹ Government Policy Statement on Housing and Urban Development (GPS-HUD) - Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development.

5.2.3.

Recommendations**LA1.**

Government should introduce energy hardship reduction and energy wellbeing legislation to help achieve a sustained reduction in energy hardship in New Zealand. The legislation should:

- require current and future governments to set three-year targets for reducing energy hardship
- establish a suite of measures that will track progress on reducing energy hardship
- require annual reporting against energy hardship-related indicators
- identify the lead Ministry accountable for leading action on energy hardship on the government's behalf.

LA2.

Government should issue a Government Policy Statement on energy hardship and wellbeing as soon as possible, that sets direction for energy hardship actions for government agencies and Crown Entities.

5.3. Building the system: a coordinated government response

5.3.1. Issues

As noted in section 5.1, many submitters commented on a lack of leadership, accountability and coordination. Most government agencies, energy retailers, community energy groups, NGOs, Māori and Pacific providers appear to be developing and providing energy hardship-related services and support in isolation.

In section 5.2, we have recommended energy hardship reduction and energy wellbeing legislation and noted there is a need to build a well-functioning, energy hardship-energy wellbeing system to enable and drive change.

Alleviating energy hardship is complex, with its various impacts on households and policy levers. Getting greater coordination and leadership isn't just about legislation, it's also about how government agencies work together on a day-to-day basis to coordinate and align their work and allocate resources.

5.3.2. What needs to happen

An Interdepartmental Executive Board focused on energy hardship and wellbeing should be established under the Public Service Act 2020 to ensure a strong, collective approach to alleviating energy hardship. Examples of current Interdepartmental Executive Boards include the Climate Change Chief Executives Board (CCEB) and the Spatial Planning Board.

This Interdepartmental Executive Board would oversee the government's response to energy hardship, with core functions to:

- coordinate and drive implementation of cross-agency actions and strategies on energy hardship, including but not limited to those derived from this report
- monitor progress against energy hardship targets

- report to relevant Ministers on progress with energy hardship work, with the first report due 12 months after the Government's response to this report.

We propose the first deliverable of the Board would be a cross-agency plan outlining actions and strategies, timeframes and budgets, to be completed within three months. We recommend that the following be included in the plan:

- a process to develop the energy hardship reduction and energy wellbeing legislation
- energy hardship definition and measures.

We propose Board members should be representatives from the Ministry of Business, Innovation and Employment, Ministry of Housing and Urban Development, Ministry of Social Development, and the Ministry of Health.

It is recommended MBIE, as lead Ministry for energy hardship, be the servicing department for this Interdepartmental Executive Board.

5.3.3.

Recommendations

LA3.

Government should establish an Interdepartmental Executive Board to implement the government's response to energy hardship, with MBIE as the servicing department and lead agency for energy hardship.

LA4.

The Interdepartmental Executive Board should report on progress with energy hardship work, with its first report due 12 months after the government's response to this report.

5.4. Building the system: aligned Crown entities

5.4.1. Issues

The Electricity Authority and Energy Efficiency & Conservation Authority are Crown entities that focus on different aspects of the energy sector, and whose work impacts people in energy hardship in different ways.

Electricity Authority

The Electricity Authority (EA) is the independent electricity regulator, established by the Electricity Industry Act 2010. Its objectives are to:

- promote competition in, reliable supply, and the efficient operation of, the electricity for the long-term benefits of consumers
- protect the interests of domestic consumers and small businesses in relation to the supply of electricity to those consumers.

The second of these is the additional objective that came into effect on 31 December 2022 through an amendment to the Act, as part of Government's response to a recommendation from the EPR.

The Electricity Authority's role as the electricity regulator affects the operation of electricity markets, which has a flow-on effect for wholesale and retail electricity prices, including regional variations in pricing (for example through the Distribution Pricing Principles). At this point in time, the price of electricity as it impacts consumers is just one factor for the Electricity Authority to consider given its objectives and functions under the Act. However, we believe affordability should become of much greater focus for the EA.

We acknowledge the need to balance affordability with other aspects of the electricity equation. In particular, we note the World Energy Council's energy trilemma where energy equity sits alongside energy security and environmental sustainability.⁵² Energy equity is defined as universal access to affordable, fairly priced and abundant energy for domestic and commercial use. While it is heartening to see New Zealand is ranked eighth out of more than 90 countries for overall performance across the energy trilemma in 2022, we believe the impacts of prices on our vulnerable families requires greater focus by the Electricity Authority.

Energy Efficiency & Conservation Authority

The Energy Efficiency & Conservation Authority (EECA) encourages, promotes and supports energy efficiency, energy conservation and the use of renewable sources of energy. One of its well-established initiatives is the Warmer Kiwi Homes programme, which provides insulation and heating grants to low-income home owners. The programme was recently expanded to include targeted home repairs, LEDs and hot water efficiency measures.

While EECA's work can have significant benefits for energy affordability in terms of greater home energy efficiency and heating, and energy education such as Gen Less, addressing energy hardship is not an explicit objective for EECA.

We consider an increased focus on affordability and hardship in EECA's programme design and delivery could result in material improvements for families in energy hardship. For instance, while we acknowledge Warmer Kiwi Homes currently⁵³ targets lower-income owner-occupiers, a strategic focus on energy hardship would enable enhanced tailoring and targeting of the programme for groups over-represented in energy hardship statistics, such as Māori and Pacific peoples, and those more vulnerable to the impacts of energy hardship such as renters, households with young children, seniors and people with health and disability issues.

5.4.2. What needs to happen

We acknowledge the Electricity Authority's main objective includes the promotion of a competitive retail market for the long term benefit of consumers. The Electricity Authority's other objectives, efficiency, reliability and consumer protection, may also impact on energy hardship as recently defined.

Nevertheless, we believe the Electricity Authority needs to consider energy hardship matters in fulfilling its functions. Given the broad potential interpretation of its expanded statutory objectives, we recommended direction to ensure 'equity' and 'energy affordability' for consumers are specifically considered as part of its expanded objective in section 15(2) of the Act.

⁵² World Energy Trilemma Index 2022, World Energy Council (2022), https://www.worldenergy.org/assets/downloads/World_Energy_Trilemma_Index_2022.pdf?v=1669839605.

⁵³ For more information see: https://www.eeca.govt.nz/co-funding/insulation-and-heater-grants/warmer-kiwi-homes-programme/?gclid=EAlaIqobChMI49Lkwjf7_wlVakZ9Ch2pswj5EAAAYASAAEgl85_D_BwE.

The primary form of this direction is the Government Policy Statement (GPS) we recommend the government issue to set out its policy priorities and expectations in relation energy hardship (see recommendation LA2). The Electricity Authority is required under the Electricity Industry Act 2010 to have regard to a GPS. The Energy and Resources Minister also could reinforce energy hardship issues through the annual Letter of Expectations to the Electricity Authority.

We also consider the Electricity Authority should review its interpretation of its statutory objective in response to the additional objective that took effect 31 December 2022. This would, amongst other things, provide greater clarity about how the Electricity Authority interprets its new consumer protection objective⁵⁴, and how it will consider trade-offs across its objectives. We believe 'equity' and 'energy affordability' for consumers should be specifically considered as part of this review.

Energy Efficiency & Conservation Authority

The GPS (see recommendation LA2) would also provide direction to EECA, as could the Minister's Letter of Expectations.

We proposed the GPS and Letter of Expectations should:

- direct EECA to develop and implement an 'energy affordability' work programme, using Warmer Kiwi Homes as a platform, but not to be its sole programme.
- direct EECA to better target its 'energy affordability' work programme activities at people in energy hardship, and Māori and Pacific peoples specifically.
- report on its work programme and progress against the energy hardship indicators through its reporting line to MBIE and the Minister.

5.4.3.

Recommendations

LA5.

The Electricity Authority should apply 'equity' and 'energy affordability for consumers' to the interpretation of its expanded objective which now includes protecting the interests of small consumers.

5.5. Building the system: an energy hardship expert advisory group

5.5.1. Issues

Improving leadership and coordination is not just about government actions. As noted above, many different non-government groups, including community energy groups, and Māori and Pacific providers are delivering energy hardship services and support in the absence of national coordination. Providing better support, consistency and leadership across these community providers could have significant benefits.

⁵⁴ For more information see: Electricity Authority's interpretation of its statutory objectives https://www.ea.govt.nz/documents/483/Interpretation_of_the_Authoritys_statutory_objective_izDdeF9.pdf.

We acknowledge the existing Energy Hardship Reference Group that MBIE established in December 2021. This group was set up to:

- provide a networking forum for members to share information and encourage coordination
- inform and help guide the Energy Hardship Expert Panel
- provide insights to help shape and provide feedback on government's existing, new and proposed energy hardship related work.

We have valued the Reference Group forum and are grateful for the support and advice members provided to us as we progressed our work.

We also have heard strong support for the role that the Energy Hardship Expert Panel has played during our two-year term, providing a vehicle to raise the profile of energy hardship issues, engage with others across the system, and provide a direct voice to government.

5.5.2. What needs to happen

We propose creating a new expert energy hardship advisory group that brings together voices and expertise on:

- the drivers of energy hardship
- the experiences of those affected by energy hardship
- initiatives to alleviate energy hardship.

This would replace the current Energy Hardship Reference Group given the likely overlap in work and members. We consider such a group is vital because the causes of energy hardship extend beyond the electricity sector, making it a problem the government, regulators and industry must tackle together with community groups in a co-ordinated way.

The new group should reflect the cultural, ethnic and geographical diversity of New Zealand; collectively have knowledge of the range of health, social, energy and consumer issues affecting households; and understand the needs of those in energy hardship.

The group would include people with expertise across a range of sectors including energy, health, housing, financial capability, and beneficiary advocacy. It would bring in a wide range of perspectives from Māori and Pacific communities, tenants, NGOs, community organisations, industry, regulators, and academics.

The group's purpose would be to provide expert advice on designing and delivering policies and actions to address energy hardship. This would include a strong focus on support and advice for implementing the government's agreed next steps from our energy hardship recommendations in this report. The group also would provide a practical implementation link to people, groups and communities doing work on the ground.

The group would provide a forum for those designing and implementing energy hardship initiatives to share their ideas and test their thinking. For instance, the Interdepartmental Executive Board, Electricity Authority, MBIE, Ministry of Social Development, Ministry of Housing and Urban Development, EECA, Kāinga Ora, ERANZ, and the Consumer Advocacy Council could interact with, and seek advice from this group.

The group would be established by officials – for example it could be appointed by the Interdepartmental Executive Board or MBIE, and would have a small secretariat in MBIE, as lead energy hardship agency.

The group could have an independent Chair, or a Chair drawn from, and elected by, the members of the group. The group's Terms of Reference would be developed by officials, and the group's work programme would be developed between the group's Chair and the appointing body.

Members of the group would be remunerated for their role, other than those already remunerated for the relevant work such as industry, regulators etc.

We note this group could be stood up quickly and would have the ability to adapt and evolve its focus over time.

5.5.3.

Recommendations

LA6.

MBIE, or the Interdepartmental Executive Board, should establish an energy hardship advisory group to provide expert advice on designing and delivering policies and actions to address energy hardship.



6.

Improve health of the home

6.1. Introduction

It is evident from what we have seen and heard that energy hardship and the quality of our housing are deeply entwined.

Poor quality housing leads to increased energy consumption and higher power bills, creating challenges in meeting other essential needs. It can also harm people's health and wellbeing. For example, multiple studies have shown the effects of cold, damp housing on respiratory illness. An evaluation of the government's Warmer Kiwi Homes programme concluded better heating and insulation had saved an estimated \$15 million a year in avoided health costs.

Several government initiatives have contributed to improving the quality and efficiency of New Zealanders' homes. They include:

Key Initiative	Description
Warmer Kiwi Homes	Provides insulation and clean heating subsidies for low-income, owner-occupier households
Residential Tenancies (Healthy Homes Standards) Regulations 2019 and Healthy Homes Standards	Introduced specific minimum standards for healthy homes in rental properties, including private rentals, boarding houses, and public housing managed by Kāinga Ora and community housing providers. Set minimum requirements for heating, insulation, ventilation, moisture, and drainage in rental properties. Landlords must comply with these standards to ensure their properties provide a minimum level of health and comfort for tenants.
Healthy Home Programme	Bringing all public housing owned or managed by Kāinga Ora up to or beyond the Healthy Homes Standards by July 2024
Healthy Homes Initiative	Tackling multiple elements of the health of the homes for those with housing-related health issues, through GP referrals
Home insulation grants and subsidies	Various local councils and government agencies offer insulation grants and subsidies to eligible homeowners.
Home repairs	Improving the basic quality of Māori housing stock

These initiatives have made an impact but have not been sufficient to eliminate the housing aspects that contribute to energy hardship, particularly within certain groups of our population, namely Māori, Pacific peoples and renters.

These problems are also more apparent for the renting population who comprise over 600,000 households nationwide. For example, we heard from many voices that introducing the Healthy Homes Standards was positive, but inadequate implementation and enforcement has meant many homes are still not meeting the standards; although we are not sure how many that is.

Problems with housing quality can lead to extreme temperatures, dampness, and poor indoor air quality, which can negatively impact the health and quality of life of occupants, resulting in a higher likelihood of hospitalisation. It is crucial to address the oversight and compliance of housing conditions to improve the living standards of affected communities. We need to build on the excellent work to date and significantly improve the quality of our housing stock if we are to address energy hardship.

In this section, we discuss:

- strengthening enforcement of the Healthy Home Standards
- expanding tenancy services and support
- improving the quality of New Zealand's housing
- designing and pilot a healthy housing assessment tool.

6.2. Strengthen enforcement of Healthy Home Standards

6.2.1. Issues

In February 2019, the Government announced the Healthy Homes Standards. These standards were drafted into the Residential Tenancies (Healthy Homes Standards) Regulations 2019, which became law on 1 July 2019. The standards aimed to improve the quality of New Zealand rental homes. They cover heating, insulation, and ventilation improvements and address moisture ingress, drainage, and draught-stopping issues.

While the Healthy Home Standards have been warmly welcomed as necessary home quality regulations and have significantly impacted communities, oversight and enforcement need to be improved and more consistent. We see this as requiring urgent action.

We have heard the enforcement of the standards is patchy and inconsistent, and the population in energy hardship and distress are disproportionately carrying the burden for seeking compliance of rental properties, and being forced to engage with the Tenancy Tribunal process. Advocates and social services have noted that tenants are reluctant to seek enforcement through the Tribunal due to apprehensions about reprisal, rent rise or eviction. Moreover, even if they elect to go through the process, many tenants no longer reside in the rental property by the of the hearing, regardless of the outcome. As a result, many tenants endure unhealthy living conditions without adequate protection, and the problems continue for the next tenants.

The Tenancy Compliance and Investigations Team in MBIE is responsible for enforcement of the Healthy Homes Standards across the country. The need is far outweighed by its resources and abilities to conduct, comply, and undertake inspections. The team has understandably focussed its resources on landlords who own multiple properties, which is time- and resource-intensive. Landlords owning one or two properties are more likely to escape investigation or warnings despite HHS breaches. Better identification and investigation of non-compliance and enforcement must serve as a sufficient deterrent.

The Ministry of Housing and Urban Development oversees the Healthy Homes Standards and commissions a Kantar self-reporting survey from landlords and renters. Several community groups and advocates noted the results do not match other research conducted in the community and by research groups. This survey may not be building an accurate picture of the state of Healthy Homes Standards compliance nationwide.

A lack of certification for the Standards can mean renters are unaware of the energy performance of a property and can unknowingly enter into a rental contract where their energy bills will be significantly more expensive. In other jurisdictions such as Wales, Scotland, and Ireland, landlords must register before they can legally rent out their properties, either voluntarily or by law. In Wales, landlords are required to complete a 10-hour training programme. The Residential Tenancies Board in Ireland offers free training for landlords through their BetterLet: RTB Accredited Landlord training sessions. This training helps landlords manage their tenancies and stay informed about policy or legislative changes in the sector.

6.2.2. What needs to happen

The Healthy Homes Standards established minimum standards for all rental properties. An improved and consistent oversight and enforcement system is needed to implement this legislation effectively. This system should not rely on the tenants who live in substandard conditions to bear the responsibility for compliance.

The Tenancy Compliance and Investigations Team needs increased resource to investigate and address non-compliance of landlords who are breaching the Standards. Additionally, local entities and organisations with local reach should be able to investigate issues and enforce compliance with rentals owned by single-property landlords. Local government is well placed with a current framework of compliance officers and levers to record non-compliance so current and future tenants are not overly burdened with compliance responsibility. This could be incorporated into 10-year Long Term Plans. We note Wellington City Council has committed to running a pilot programme in partnership with the Tenancy Compliance and Investigations Team to go into the community and inspect unhealthy rental homes. We also applaud the Wellington City Council Housing Action Plan for including an entire section dedicated to renters for the first time.

Rental applicants should have access to a Healthy Homes Standards certification to understand the property's potential energy efficiency and the impact on their energy bills, before entering into a rental agreement. Tenancy Services should require the Healthy Homes Standards certificate to be lodged alongside the bond, providing quantifiable evidence of rental properties meeting the standards. To ensure a thorough evaluation of Healthy Homes compliance in the rental industry, we suggest the Ministry of Housing and Urban Development conducts a comprehensive investigation involving a cost-benefit analysis not based on self-reported data.

By implementing these measures, with more explicit and active enforcement and oversight, the Healthy Homes Standards can deliver on their intended outcomes and create a healthier and more equitable rental housing market. This will not only protect the wellbeing of current tenants, but also promote a sustainable and responsible approach to rental property management for the benefit of future generations.

Importantly for our work, it will help address one of the biggest contributors to energy hardship in New Zealand – the health of the home. We recommend that appropriate policies relating to Healthy Homes Standards monitoring and enforcement be included in the GPS on Energy Hardship and Wellbeing discussed in the Leadership chapter.

We acknowledge setting this up will take time and investment to roll out. In the interim, increased funding should be allocated to kick-start a comprehensive programme of spot checks to proactively identify non-compliant landlords and encourage them to meet their Healthy Homes Standards obligations as soon as possible.

6.2.3.

Recommendations

HH1.

Government should increase funding for the national and regional Healthy Homes Standards monitoring compliance, and enforcement system to ensure better living conditions for all renters.

HH2.

Government should increase funding for the Tenancy Compliance and Investigations Team to enable them to meet their statement of intent or desired outcomes in effectively regulating the rental market.

HH3.

Government should facilitate agreements between the Tenancy Compliance and Investigations Team and advocacy groups, as well as regional organisations, to collectively ensure compliance of single-property landlords with rental regulations.

HH4.

Tenancy Services should consider implementing accredited landlord training to enhance landlords' knowledge and understanding about their responsibilities and obligations.

6.3. Expand Tenancy Services and support

6.3.1. Issues

The responsibility sits with tenants to prove a breach of the Healthy Homes Standards regulations in a rental property. We heard examples of the difficulties the Tenancy Tribunal dispute resolution system has in consistently enforcing the Healthy Homes Standards. Tenants must navigate the complex system, and many find this process confusing, confronting and overwhelming, especially as many, for whom English may not be their first language, are facing the system for the first time.

Support must be revised to protect tenants and provide the necessary resources for enforcing their rights. Many tenants are unaware of the Healthy Homes Standards and their rights and require comprehensive support to seek redress through the Tribunal.

The significant power imbalance within the Tenancy Tribunal system is a major challenge for tenants. As one expert pointed out, rights only matter when exercised, and the current convoluted process puts tenants at a disadvantage, forcing them to prove breaches and go through a lengthy and expensive procedure.

There need to be more specialised tenancy support services in New Zealand communities. Other non-governmental organisations that deliver social services are often distracted with time-consuming housing issues and are often forced to abandon their core work to spend on resolving issues. We heard many times that people and NGOs need a pathway to refer to expert tenancy advice.

6.3.2. What needs to happen

Local Community Law centres, specialist tenancy advocates, and Citizens Advice Bureau offer crucial tenancy support services at a regional level. They advise and act on tenants' behalf in disputes with landlords and work to promote the welfare and interests of tenants. Other social NGOs, particularly Māori, Pacific, or migrant organisations, often act as tenant advocates due to their cultural relevance and accessibility.

Dedicated funding should be channelled to a go-to authority for specialised in-person tenancy support and advice to empower tenants to enact their rights. These specialist groups and tenancy advocates should be adequately funded to expand their role in tenancy support. This funding should provide specialised staff training to enable them to better support tenants in energy hardship; and establish local branches in all regions that are visible and accessible to the public.

6.3.3.

Recommendations

HH5.

Government should develop and fund a network of regional organisations that provide expert tenancy advice and advocacy.

6.4. Improve New Zealand housing

6.4.1. Issues

The Warmer Kiwi Homes programme has positively impacted the warmth and overall health of many homes nationwide, although there is still much work to do. The Government's recent announcement of an additional \$400 million in funding for the programme and the introduction of a comprehensive package of healthy home support measures is a welcome investment in this area.

However, we heard some homes still require basic repairs to address weather-tightness issues, such as broken windows or draughts. The current Māori housing repairs programme led by Te Puni Kōkiri focuses on owner-occupier means-tested building repair work. Warmer Kiwi Homes has received additional funding to trial housing repairs.

These programmes are welcome but need to come closer to addressing the scale of the problem with New Zealand's housing stock. It is essential to recognise that for energy-efficiency measures such as insulation to have a tangible impact, homes must first be weather-tight and have a secure building envelope, including roofs, walls, floors, and windows. We heard that some eligible homes are in such disrepair that energy-efficiency work would be ineffective. As a result, healthy home providers sometimes cannot assist these properties.

Additionally, community providers supported by the Support for Energy Education in Communities (SEEC) Programme have documented widespread housing quality issues during their visits to various homes. Repairs to the building envelope are necessary to guarantee the success of energy-efficiency measures and create genuinely healthy living environments for residents.

6.4.2. What needs to happen

We consider that maximising the potential of Warmer Kiwi Homes has two core objectives: reducing energy hardship and improving health. The programme has proven to deliver remarkable economy-wide benefits, generating at least \$4.66 in benefits for every \$1 of government investment.

Communities most in need, including those with lower incomes, Māori and Pacific communities, should be the main focus. To achieve this, EECA should develop targeted community-specific projects in collaboration with local organisations trusted by these communities. By building flexible partnerships with existing community-based healthy homes organisations, it will be easier to reach those most in need, plus administrative costs can be reduced and outcomes improved.

We also heard a strong demand for more basic home repair and maintenance investment to address the urgent and widespread needs of households facing energy hardship. Specifically, investment should concentrate on repairing and securing the building envelope.

Combining home repairs programmes with energy-efficiency programmes such as Warmer Kiwi Homes can lead to cost-effective and mutually reinforcing improvement measures. Since home repairs are essential elements of a comprehensive approach to support energy wellbeing through healthy homes, they should be fully funded based on means-testing to prioritise those in greatest need. The whānau-owned home repairs programme by Te Puni Kōkiri delivers such interventions for Māori communities and is hugely successful. We suggest expanding this programme further.

6.4.3.

Recommendations

HH6.

EECA should develop targeted community-specific projects in collaboration with local organisations, as part of its Warmer Kiwi Homes programme.

HH7.

Government should increase funding for broader repair and improvement work to support home retrofit programmes, through EECA and through Te Puni Kōkiri.

6.5. Design and pilot a healthy housing assessment tool

6.5.1. Issues

The energy performance of a home is a crucial indicator of vulnerability to energy hardship. Efforts to improve housing stock in New Zealand are hampered by the need for an agreed and effective method for assessing home energy performance and identifying appropriate solutions. The Warmer Kiwi Homes programme focuses on low-income owner-occupiers and installing insulation and heating. At the same time, several other providers have developed tools to assess the needs of the households they work with.

The process for accessing support for healthy homes is complex and time-consuming. Multiple government departments, agencies, community providers, and commercial businesses offer various measures to improve a home's energy efficiency. These services are not always well joined up, and there are challenges in navigating the different eligibility criteria and delivery agents, especially if households do not have an energy navigator assisting.

Community providers and advocates have expressed frustration at the lack of alignment between different programmes. This creates inefficiencies and unnecessary costs in their operating models and requires households to accommodate multiple visits from different assessors and tradespeople.

6.5.2. What needs to happen

A home energy needs assessment tool will identify opportunities for improving home health and reducing energy challenges. Drawing from existing methods like that developed by the Sustainability Trust in Wellington, this tool will be a replicable method for identifying a household's energy needs. Once assessed, a linked-up referral system connects with relevant support services, following the successful model of Te Whatu Ora Healthy Homes Initiative. The Home Energy Performance Advisor training programme⁵⁵ equips energy navigators and advisors with the necessary skills and should be delivered nationwide. Adapted Healthy Performance Advisor courses can support consistently using the proposed holistic energy needs assessment tool.

The Healthy Performance Advisor programme provides advice and guidance to homeowners on improving their homes' energy efficiency. The main goal of a Home Performance Advisor is to help homeowners reduce energy consumption, lower energy bills, and create a more comfortable living environment, while also reducing their carbon footprint.

More trained Home Performance Advisor staff is required to reach more households. Organisations providing Home Energy Performance Advisor services have to pay for the training. They often are small not-for-profits that cannot absorb the costs of training many new staff. We understand that Home Performance Advisor training is within the scope of the SEEC Programme and that some have received SEEC Programme funding for Home Performance Advisor training as part of their projects.

A funding stream should be created to help pay for this Home Performance Advisor training and for ongoing development of the assessment tool itself. We suggest this is funded from an industry levy, similar to approaches such as the Building Research Levy that funds BRANZ to provide research and advice on building matters or the portion of the Electricity Industry levy that supports EECA's work programme.

6.5.3.

Recommendations

HH8.

Government should commission, and fund, the development of a home energy needs assessment and referral tool that facilitates access to available support services.

HH9.

Government should establish an industry levy to provide funding for training of Home Energy Performance Advisors, as well as for the on-going development of the home energy needs assessment and referral tool.

⁵⁵ For more information see: <https://hpa.arlo.co/w/aboutus/>.



7.

Expand energy access and choice

7.1. Introduction

We have heard stories of individuals, households and families being unable to access electricity or have choices in their energy source.

Some people are currently living without access to electricity for periods, due to financial difficulties with basic costs. They may have been disconnected due to an overdue and unpaid bill, and their options are limited as they may struggle to find a provider who will accept them as a customer, given their credit situation. Additionally, those living in rural areas may find it challenging to afford the high cost required to connect their homes. Others may be restricted because they lack the necessary smart-metering technology to take advantage of electricity plans that would better suit their needs.

As New Zealand transitions to low-emissions energy with increased electrification, there is a risk that those in energy hardship may face increasing costs and may struggle to access the benefits of new technologies and choice.

A resounding message throughout our engagement is that access to energy is considered a basic necessity and should be available to all families, regardless of their income or location. No household in New Zealand should have to go without basic essentials such as hot water, cooking and heating. As such, there was a strong call to address the barriers that prevent equitable access to energy to ensure it is accessible, reliable and affordable to everyone, regardless of income, credit situation and location.

We make a number of recommendations to address barriers to energy access and choice.

In this section, we discuss:

- ensuring people can access electricity and stay connected
- delivering energy wellbeing in the transition to low-emissions energy
- social retailing.

7.2. Ensure people can access electricity and stay connected

7.2.1. Issues

Some individuals, households and families struggle to get connected to any energy retailer or are not able to switch to a new provider because of a poor credit history or unpaid bills from their previous provider. In a 2021 Consumer NZ survey⁵⁶, one in 10 consumers indicated they had been refused service from a power company due to previously missed payments. This severely limits the choices open to those experiencing energy hardship and other financial issues. We understand that, for those with adverse credit, options for accessing an electricity provider without credit checks remain limited, particularly in the South Island.⁵⁷

We acknowledge some retailers do not refuse supply based on credit, for example, Nau Mai Rā and Toast Electric. We also acknowledge the ERANZ 'Connect Me' programme that is currently being trialled by a number of the large retailers that are working with customers with adverse credit to obtain an electricity connection and providing wrap-around services.⁵⁸

Experiences shared with us indicate that replacing common debt management practices with increased customer support services – such as empathetic engagement, weekly billing, referrals to energy-efficiency and budget advice, support with energy-efficiency improvements and personalised payment plans – delivers improved outcomes for those in energy hardship and also has the potential to produce a net benefit for retailers. Furthermore, this can improve the customer relationship and help customers stay connected, improve their credit rating over time and set them on a course to being a reliable customer into the future.⁵⁹

Remaining connected is also a challenge. Households can be disconnected from their energy supply due to non-payment of bills and may struggle to be reconnected while they have an outstanding debt. Disconnection, particularly from electricity, is a serious issue, especially if there are vulnerable people in the household such as young children, elderly or people with health issues, or if the disconnection lasts for a long period. Although disconnections for non-payment have fallen substantially from the levels of 15 years ago⁶⁰, largely due to a change of practice within the sector, disconnection remains a material concern. In a 2022 survey for the Consumer Advocacy Council, 7% of respondents expressed concern about disconnection or had been disconnected.⁶¹

Some electricity retailers offer pre-pay as an option for those with poor credit and are struggling to stay on top of their energy bills. But this too presents problems. Pre-pay plans often provide a more restrictive electricity service, requiring consumers to have credit on their account for the lights to stay on. Pre-pay can also come with additional costs such as top-up fees. We acknowledge the role of pre-pay, and the choice it provides, and have made recommendations to improve its fairness and transparency in Chapter 8: Enhance Energy Affordability and Chapter 9: Increase consumer protection.

⁵⁶ Consumer NZ, "Energy Retailer Survey", (2021).

⁵⁷ Concept Consulting, "Social Retailing – Phase One", (December 2022), Figure 2.1. Prepared for MBIE and the Energy Hardship Expert Panel.

⁵⁸ Response to AC1 in submissions from Meridian Energy, Mercury NZ

⁵⁹ For instance, Mercury NZ piloted a process in 2022 whereby customers with low credit scores were brought on to a post-pay product with the assistance of the Ministry of Social Development providing a fast-tracked redirection of a portion of their beneficiary payments towards the electricity bill. Mercury's results showed that most of the customers have been able to remain in credit and are still with Mercury. See Mercury NZ's submission, response to AC1.

⁶⁰ Energy Hardship Expert Panel Discussion Paper (2022), figure 9 and accompanying discussion

⁶¹ Consumer Advocacy Council, Kantar Public Electricity consumer sentiment survey – residential consumers and small businesses, (2022) <https://www.cac.org.nz/assets/Research/New-Zealand-small-electricity-consumer-sentiment-survey-2022-Baseline-results.pdf>.

Smart meters are required for certain electricity tariffs, such as pre-pay and ‘time of use’ pricing,⁶² and access to digital tools and services such as up-to-date usage information. Aotearoa New Zealand has relatively high coverage of smart meters across the country, but access to smart meters is lower in remote areas of some electricity networks.⁶³ Energy access and choice is constrained for households without a smart-meter, and this is particularly acute for those in energy hardship who may struggle to meet the cost of upgrading their meter. Lack of a smart meter can add a significant financial penalty in the form of disconnection and reconnection fees for customers whose meters cannot handle these actions remotely.

Remote communities have a unique set of challenges with energy access and choice. These can include higher connection costs, higher prices and limited availability of different energy sources, which impact on their access and affordability. The fact that incomes tend to be lower in rural communities increases these challenges.⁶⁴

Energy sovereignty is important for Māori communities wishing to exercise greater rangatiratanga and kaitiakitanga over their local energy resources. This is particularly relevant for rurally located iwi and hapū and those on communal or ancestral lands, including papakāinga, where this may intersect with energy hardship and access issues. Marae-based community energy projects, such as those funded by MBIE’s current Māori Housing Renewable Energy Fund, have proven extremely successful with monthly energy bills halved in some cases.⁶⁵

7.2.2. What needs to happen

Access to post-pay despite poor credit

We believe all residential consumers should be able to obtain a post-pay electricity account if they wish, despite an adverse credit history. There may be a number of mechanisms to achieve this. An industry-led solution, underpinned by suitable provisions in the Electricity Industry Participation Code and Consumer Care Mandatory Obligations, and with appropriate support from government, is likely to strike the best balance between achieving the desired outcome for consumers with adverse credit, minimising costs on all consumers, and ensuring retailers, particularly smaller independent and social retailers, are not exposed to undue credit risk.

Adverse credit history should not be a barrier to accessing energy and should not force whānau on to pre-pay if that’s not their choice. Instead, it should trigger a ‘high-care model’, where retailers offer those customers increased support. Drawing on our conversations and feedback, our view is that customers with poor credit scores should be able to remain connected and pay their electricity bills if retailers offer more of a wrap-around service from the outset, including access to lowest price plans, tailored payment arrangements, referrals to budgeting agencies, and one-off financial assistance if required.⁶⁶

Feedback received on our Discussion Paper showed broad support for this during the consultation process and in our engagement kōrero. A number of retailers expressed support,⁶⁷ although several suggested that further consideration is needed on how to address credit risk issues. We acknowledge care is needed to avoid unintended consequences. Anything that could adversely impact retail prices and/or retail competition would be counter-productive and undermine efforts to address energy hardship issues.

⁶² Customers on a time-of-use plan pay different prices for energy used at certain times of the day. Typically off-peak prices are cheaper, meaning customers shifting their energy use to off-peak times can save on their bills.

⁶³ Nationally, about 91% of residential consumers have a smart meter. However, this varies by network and is as low as 60% on one network. See Concept Consulting, “Social Retailing – Phase One” (December 2022), Prepared for MBIE and the Energy Hardship Expert Panel. ⁶⁴Consumer NZ article, September 2021 <https://www.consumer.org.nz/articles/the-shocking-difference-in-electricity-prices-across-new-zealand>.

⁶⁵ For more information see: <https://www.beehive.govt.nz/release/solar-tech-boost-cost-saver-m%C4%81ori-households>.

⁶⁶ A number of submissions included suggestions on ways to address these issues, for instance the ERANZ ‘Connect Me’ programme currently being trialled, and Australia’s ‘Financially Responsible Market Participant’ system (submission on AC1 from FinCap).

⁶⁷ For instance, Toast Electric, Flick Electric, Meridian Energy, Genesis Energy, Contact Energy and Mercury NZ, responses to AC1.

Design and implementation should be industry-led, drawing on approaches adopted by social retailers and experience from programmes run by ERANZ and other retailers. Financial mentors and consumer advocates have important insights that should be reflected in the design and implementation of the solutions. Depending on the nature of the arrangements, other agencies such as the Ministry of Social Development and the Ministry of Business, Innovation and Employment may need to be involved. The Electricity Authority, too, has a key role to play to ensure the arrangements are underpinned by suitable provisions in the proposed new section on Consumer Care Obligations in the Code (refer Chapter 9: Increase consumer protection). We also consider the Code should include obligations on electricity retailers to report refusals to supply (Chapter 9: Increase consumer protection). This will enable closer monitoring and more targeted action if required.

Disconnection as a last resort

Disconnecting customers from their power supply is considered the harshest penalty an energy retailer can impose, and it can have serious consequences for households who experience it. We consider the introduction of mandatory minimum processes, practices and reporting requirements for electricity retailers, coupled with penalties for non-compliance and wrongful disconnection, would significantly improve the situation for consumers.

A well-designed set of rules, developed and implemented in collaboration with key stakeholders, can deliver a workable regime that provides the protections vulnerable consumers need and also recognises the need for retailers to receive payment for the energy they provide. Mechanisms such as exemptions for pre-defined specific circumstances can help address the risk of unintended consequences. We acknowledge that moving to disconnection as a last resort may increase some costs and also weaken incentives to pay outstanding energy bills – these considerations would need to be factored in the design.

We recommend the Electricity Authority be required to set a goal to end disconnections by 2027. We further recommend commissioning a report as the first step, to identify the most appropriate solution for achieving this goal, and for this report to be published no later than July 2024.

We have identified several key elements that should be considered in progressing this work:

Requirement for a “stay-connected” practice: Establishing industry-wide processes and protocols requiring retailers to work proactively with consumers in a ‘stay connected’ practice would recognise the social and moral obligation to maintain supply to all customers. Retailers being required to establish more up-front measures to identify at-risk consumers would reduce need to progress into a disconnection process. There is also a need for better working relationships with the Ministry of Social Development in this space (see Chapter 8: Enhance energy affordability).

Data needs and reporting: Better understanding of the issue of disconnection is needed to identify the most appropriate long-term solution. Mandatory reporting of data and fees related to disconnections, reconnections and debt levels should be established, with metrics and a reporting system developed in partnership with retailers and consumer advocates. (See Chapter 9: Increase consumer protection).

Monitoring, compliance and enforcement: To be effective and deliver the outcomes sought, this new regime should be underpinned by new Consumer Care Mandatory Obligations in the Electricity Industry Participation Code, and supported by monitoring, compliance and enforcement. This should include imposing penalties on retailers for wrongful disconnection or failure to fulfil their obligations to provide proactive customer support. (See Chapter 9: Increase consumer protection).

Submissions and engagement feedback were largely supportive of these recommendations. Several submitters acknowledged provisions in the existing voluntary Consumer Care Guidelines, with a number of retailers stating they already operate a ‘disconnection as last resort’ policy. One submitter proposed a comprehensive set of best practice approaches that could be prescribed. Some pointed to the regime in Victoria, Australia.⁶⁸

⁶⁸ FinCap submission, response to AC1.

Another, however, was not supportive, stating that any change in this area has the potential to add material costs to retail businesses, which are ultimately borne by other customers and potentially limit customer choice.

The submitter instead advocated focusing on the upfront measures that will minimise customer debt and disconnection in the first instance, citing its 'Here to Help' team working specifically with customers at risk of disconnection.⁶⁹

Address barriers to smart meter roll-out

We consider the Electricity Authority should investigate the gaps in smart meter rollout and why it has slowed. The investigation should make recommendations on how to address this issue at least cost to households. We understand as at June 2023 total roll out of smart meters around 92%, with 1,788,911 ICP with smart installation.⁷⁰ Our vision is that, ideally, retailers or meter providers would carry the cost of meter upgrades for those in energy hardship, as a key element of providing a modern electricity service to all customers. This would be done without passing on the costs of replacement to the customer indirectly through other charges.

The Electricity Authority should promote smart meter roll-out to all homes where it is technically possible, with a focus on areas where low smart meter coverage converges with a lack of retailers that will take customers with poor credit history. As smart meters need a cell phone signal to communicate, the lack of cell network coverage in some areas could require collaboration with network providers and satellite companies.

To address the barriers tenants face, there is a need to explore mechanisms to prevent landlords and building managers from unreasonably withholding consent for tenants who would like a meter change. Consideration could also be given to placing the obligation on the property owner as part of the Healthy Homes Standards.⁷¹

Smart meters allow for improved understanding of near real-time electricity consumption, more accurate bills, and reduce the likelihood of unexpectedly large bills that can exacerbate energy hardship. Modern smart meters can also be used to manage hot water load, support load-shifting and enable consumers to lower their power bill through off-peak usage. Metering providers need to show greater leadership with their plans to get more New Zealanders on modern equipment.

Smart meter data can, with appropriate permissions and data security, be made available to the customer, community-based service agencies, electricity distributors, researchers, and policy analysts to support consumer energy management and choice, efficient network operation and investment and policy analysis. Facilitating affordable, efficient, and confidential access to smart meter data can benefit all consumers in the long term.

There was broad support for addressing the barriers to smart meter roll-out, although some expressed caution with certain aspects, particularly who should bear the cost.

We acknowledge the concerns raised about the additional complexity that would be introduced through the proposed requirement on retailers to include information about meters on consumers bills and we are not including this requirement in our recommendations.⁷² We would, however, encourage retailers to ensure customers can easily access information about their meter, for instance via a call centre, online, or an app.

⁶⁹ Mercury NZ submission, response to AC1.

⁷⁰ Figure provided by the Electricity Authority.

⁷¹ Contact Energy, submission on AC3.

⁷² For instance, submissions on AC3 by ERANZ, Genesis Energy.

Support for community energy schemes

We recognise the significant role of community energy schemes in reducing energy costs and empowering communities with more control over their energy supply. We commend the Government for allocating an additional \$30 million to distributed renewable energy projects in the 2023 Budget. This funding aims to enhance the energy resilience of low-income and energy-insecure communities, building resilience to climate change impacts and reducing emissions. Installing equipment such as solar panels and household batteries can have a substantial positive impact on families, with some experiencing a decrease in power bills by 30 to 50%.⁷³

Funding is essential to support these projects and develop local capabilities. Community-scale projects are likely to be more cost-effective than individual dwelling attachments. Autonomy is enhanced when projects involve collaboration, local participation, ownership, and management, with training opportunities for locals to take active roles.

Furthermore, there is potential to strengthen the capacity of Māori and iwi groups by engaging in community energy networks or micro-grids, either breaking into the area or sharing surplus power. We acknowledge this is already happening, as seen with projects funded under MBIE's Māori Housing Renewable Energy Fund, which have brought energy independence to remote communities, supported Māori energy businesses, and enabled a return to traditional energy sources, promoting resilience in the face of climate change impacts.

Local energy schemes have become increasingly vital due to climate change's adverse weather events that frequently disrupt energy supplies. During such events, households with small-scale energy generation through solar panels and batteries were able to maintain essential appliances functioning, demonstrating the value of these schemes.

Another key advantage of community energy schemes is their ability to provide generation support for social retailing enterprises. By partnering with social retailers, surplus energy can be generated to benefit communities and alleviate energy hardship. However, we recognise existing market and regulatory barriers that limit the sharing of these surpluses and urge the Electricity Authority to work towards removing these obstacles. We commend the Electricity Authority for its recent announcement of changes to facilitate an energy-sharing trial led by Kāinga Ora and Ara Ake.⁷⁴

To further alleviate energy hardship, we consider community energy schemes should be linked to existing energy-related funds, such as EECA's Warmer Kiwi Homes programme and MBIE's SEEC Programme, creating synergistic effects that contribute to more sustainable and accessible energy solutions for all.

⁷³ For more information see: <https://www.beehive.govt.nz/release/solar-tech-boost-cost-saver-m%C4%81ori-households>.

⁷⁴ <https://www.ea.govt.nz/news/general-news/solar-energy-sharing-for-social-housing-trial/>. Ara Ake is New Zealand's national future energy centre. Their role is to enable energy innovation to become commercially viable. Its area of impact is the demonstration and commercialisation stage of the innovation lifecycle.

7.2.3.

Recommendations**AC1.**

Industry and the Electricity Authority should develop mechanism(s) to ensure all residential consumers can obtain a post-pay electricity supply despite adverse credit.

AC2.

The Electricity Authority should develop mandatory rules for electricity retailers to follow before disconnecting for non-payment so disconnection is the last resort.

AC3.

The Electricity Authority should identify and address the barriers to completing the nationwide smart meter roll-out.

AC4.

Government should provide increased funding and support for community energy schemes and capability-building in rural communities.

7.3. Deliver energy wellbeing in the transition to low-emissions energy

7.3.1. Issues

The government's response to addressing climate change by moving towards more renewable energy sources and electrification (such as home heating, hot water and vehicles) means houses will be increasingly reliant on a single, secure and reliable electricity supply.

The transition to sustainable energy presents a huge amount of new innovation and opportunity, but it often comes with high upfront costs, and there will be winners and losers as energy systems change. Lower socio-economic consumers can be the slowest to move to new technologies that are characterised by high start-up costs and lower ongoing costs such as solar panels, energy-efficient homes and electric vehicles. For instance, those already in energy poverty will be among the least able to purchase electric vehicles and subsequently will be amongst the last users of internal combustion engine vehicles. The people who need cost reductions are the most at risk of being the last to receive the cost reductions from the transition.

Many in energy hardship lack access to existing technologies such as computers, the internet or sufficient data, further hindering their ability to access energy, new technologies and interact with potential suppliers.

7.3.2. What needs to happen

The benefits and costs associated with the transition to a low-emissions economy will not be equitable unless this is specifically designed into the transition framework. Whilst we cannot anticipate every inequity, the goal of achieving an equitable transition needs to be strongly and prominently stated. In particular, it is imperative that government's Equitable Transition Strategy, Energy Strategy and Gas Transition Plan explicitly reflect energy wellbeing requirements.

The needs and challenges of those experiencing energy hardship, including Māori and Pacific peoples disabled, refugee, and other marginalised groups, must be considered when planning for a sustainable energy transition. Their voices must be properly represented in these strategy development processes underway now.

As New Zealand works towards net-zero carbon emissions by 2050⁷⁵, sustainability must remain a bottom line of all work in the energy sector, including alleviating energy hardship. Sustainable energy has multiple co-benefits for social and economic development, from reducing local pollution to delivering new green jobs⁷⁶. Sustainable use of natural resources also aligns with Māori values of kaitiakitanga and mana motuhake, and the distributed nature of renewable energy technologies lends itself naturally to smaller-scale community-led development. For these reasons we propose a ‘sustainability principle’ be applied across Aotearoa New Zealand’s energy hardship policies and programmes, as has been done within the United Kingdom’s energy hardship strategy.⁷⁷

It is important that those in energy hardship have equitable access to the benefits offered by the new sustainable energy future and that the costs of the energy transition do not fall unreasonably upon them. We know that today, those who have the least, often pay the most for energy.⁷⁸ Care is needed to ensure the transition addresses, and not worsens, existing inequities within our energy system and broader society.

Reliable sources of authoritative information are needed to boost energy literacy around new technologies and help whānau to understand the pros and cons of new technologies and whether they are a good fit for their own needs and means. For example, rapidly increasing availability of residential solar installations is driving an urgent need for good advice in this area,⁷⁹ to avoid those most in need falling prey to unfavourable practices. This links with our recommendations in Chapter 10: Build community education and action.

There was strong support for this in the feedback we received, with many regarding it as a high priority recommendation. A number pointed to the disproportionate effect of the transition for those already struggling to pay their bills. As one submitter noted, those in energy hardship, who are largely unable to consider any issues beyond those that are day-to-day or immediate, will almost certainly not be able to consider climate change-related issues. For these people, the transition process only starts to occur once they are out of energy hardship.⁸⁰

7.3.3.

Recommendations

AC5.

Government should ensure those in energy hardship can access the benefits of, and do not face undue costs from, the transition to low-emissions energy.

⁷⁵ Target set by the Climate Change Response (Zero Carbon) Amendment Act 2019, accessed at: <https://environment.govt.nz/acts-and-regulations/acts/climate-change-response-amendment-act-2019/>.

⁷⁶ IEA, accessed at: “People centred transitions – World Energy Outlook 2021 – Analysis”.

⁷⁷ “Sustainable Warmth, Protecting vulnerable households in England”, (Feb 2021), accessed at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/960200/CCS207_CCS0221018682-001_CP_391_Sustainable_Warmth_Print.pdf.

⁷⁸ Stats NZ, “Investigating different measures of energy hardship in New Zealand”, (2017), accessed at: www.stats.govt.nz.

⁷⁹ Tools such as the Solar Calculator provided by EECA should be more widely promoted. For more information see: <https://genless.govt.nz/for-everyone/at-home/explore-solar-energy/solar-power-calculator/>.

⁸⁰ Community Energy Network, submission on AC6.

7.4. Social retailing

During our engagement, social retailing was raised as a means of providing those in energy hardship with increased access and choice. A report⁸¹ was commissioned to undertake research on social retailing, specifically, its benefits, various social retailing models, and how they might help alleviate energy hardship. One of the main issues associated with social retailing is absorbing the elevated costs involved in offering tailored services, and for smaller independent or specialist social retailers, reaching the scale required to adequately address the quantum of energy hardship in our communities.

Our discussion paper sought feedback on four potential social retailing options to help address energy hardship:

- a. Support for accredited social retailers e.g., through an industry fund, wholesale generation social contract (hedge) obligations or government funding
- b. Government contracts one or more retailer to act as a social retailer
- c. Government support for community or regional integrated social generator-retailers
- d. Government support for a nationwide integrated social generator-retailer.

Feedback on our discussion paper identified that:

- Energy hardship is a complex problem, and social retailing has already emerged independently of government involvement to help address this complexity. However, it is possible that some existing regulatory requirements pose greater barriers to social retailers, and better information could assist their entry into the market.
- Many retailers,⁸² not just specialist social retailers, have already invested in energy wellbeing initiatives and dedicated hardship support mechanisms, demonstrating that the market-led competitive industry can deliver for all consumers.
- While social retailers can provide a way of offering cheaper power to specific consumers, the broader issue of energy affordability for all consumers remains.

We acknowledge there would be benefits for those in energy hardship from promoting the role of social retailing. However, in order to avoid the risk of any unintended consequences, our view at this time is to refrain from making any specific recommendations targeted directly at facilitating and supporting social retailing.

We strongly believe all retailers should retain responsibility for supporting customers in energy hardship. We expect that a number of the recommendations in this report will reduce the energy hardship dependency falling heavily on social retailers. These include:

- Mandatory customer care obligations for all retailers (section 9.2.)
- Negotiating bulk electricity deals for social housing that deliver a favourable negotiated tariff, low fees, and wrap-around support services (section 8.3.)

In addition, as discussed above, the Panel acknowledges the Government has recently committed \$46 million to support community-based renewable energy projects to help households afford and secure the energy they need.⁸³ This is in effect, funding support for social retailing at the community level, which is aligned with option c in our discussion paper.

⁸¹ For more information see: Concept Consulting research papers: Phase 1 and Phase 2 on social retailing. (2022).

⁸² For example, ERANZ' 'Connect Me' initiative.

⁸³ For more information see: <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/low-emissions-economy/energy-efficiency-in-new-zealand/community-renewable-energy-fund/>.



8. Enhance energy affordability

8.1. Introduction

The cost of energy is arguably the most often-cited key driver of energy hardship by New Zealanders. For some, the cost of electricity, a key energy source, accounts for a significant proportion of their overall household costs;⁸⁴ with the proportion higher among lower-income deciles.⁸⁵ A number of factors impact on households' energy costs including whether the home is insulated and weather-tight, the price of electricity, location, household income, the number and ages of people living in the home and household cultural practices and health needs.

The Electricity Authority, Commerce Commission and MBIE all have important roles to play in creating and maintaining a fair and competitive electricity market,⁸⁶ and we acknowledge the work they have recently done in this area in response to the Electricity Price Review.⁸⁷ The Electricity Authority has recently committed to a number of actions aimed at increasing competition as a result of its recent review of wholesale market competition published in May 2023.⁸⁸

We also recognise recent initiatives focused on addressing income adequacy to support those in energy hardship. Compared to 2017, beneficiaries are estimated to be better off by on average \$118 per week, increasing to \$142 per week during winter 2023 through the Winter Energy Payment.⁸⁹

Although not automatically directed towards paying energy bills, this financial support has assisted thousands of New Zealanders to meet their living costs.⁹⁰

There is still considerable work to do to ensure energy is affordable, particularly for those in hardship.

⁸⁴ In 2019, energy accounted for 3.5% of the median (estimated as average of income decile 5 and 6) Kiwi household's expenditure, with post-tax income just below expenditure. For more information see: <https://www.mbie.govt.nz/dmsdocument/26415-quantitative-analysis-and-compendium-on-past-statistics-on-energy-hardship-pdf>.

⁸⁵ Households in decile 2 spend 10% of their after-housing cost (AHC) post-tax income on energy, while households in decile 10 only spend 1% of their AHC post-tax income on energy). Concept Consulting analysis of Stats NZ 2019 HES data. For more information see: <https://www.mbie.govt.nz/dmsdocument/26415-quantitative-analysis-and-compendium-on-past-statistics-on-energy-hardship-pdf>.

⁸⁶ As the independent Crown entity responsible for the governance and regulation of New Zealand's electricity industry, the Electricity Authority plays a critical role. The Commerce Commission is responsible for enforcing the Fair Trading and Commerce Acts, which helps promote competition. MBIE is the government's policy adviser for the energy sector and involved in developing legislation, and is also responsible for consumer affairs to deliver trusted, competitive, and well-regulated markets, which are in the interests of consumers.

⁸⁷ For example, the Electricity Authority amended the Electricity Industry Participation Code 2010 (effective 30 November 2021) to require the disclosure of retail internal transfer price (ITP) information and retail gross margins by retailers.

⁸⁸ For more information see: https://www.ea.govt.nz/documents/3017/Decision_paper_promoting_competition_through_the_transition.pdf.

⁸⁹ MSD provided this data

⁹⁰ However, we are mindful the cost of living for the average household increased 7.7 percent in the 12 months to March 2023, and for Māori households this was 7.5%. For more information see: <https://www.stats.govt.nz/news/cost-of-living-remains-high-for-all-household-groups/> Māori households spend about 20% of their expenditure on rent, compared with about 14% for the average household. This means the impact of higher rent prices is felt more by Māori households. For more information see <https://www.stats.govt.nz/news/rising-housing-and-petrol-costs-lead-to-higher-inflation-across-all-household-groups/>.

A key factor that influences electricity prices is how wholesale electricity prices are tracking compared to the cost of generation. We are mindful that New Zealand has experienced an extended period of high wholesale electricity prices, which have almost doubled in the last 10 years.⁹¹ Residential consumers are generally insulated from volatile wholesale prices due to arrangements retailers have in place to purchase electricity from generators. However, the extended period of high wholesale prices is likely to have resulted in retailers paying more overall for the electricity they purchased. This is likely to be reflected in prices they charge residential consumers.⁹²

Non-government organisations, and Māori and Pacific peoples, told us the cost of energy was the biggest contributor to their peoples' energy hardship. We heard many stories of families who are finding it difficult to pay their electricity bills and keep their homes warm. This has had a negative impact on their health and wellbeing, as well as that of their children. Some families have resorted, at times, to sleeping in homes without electricity. In extreme cases, some have even had to resort to cooking on open fires. The adverse effects of energy hardship have led to ill-health, increased likelihood of hospitalisation, and absenteeism at school and the workplace. The hard choice of whether to 'heat or eat' was a common theme we heard.

In this section, we discuss the need to:

- ensure a competitive and efficient electricity market
- negotiate bulk deals for groups in energy hardship
- monitor and review pre-pay tariffs and disconnection fees
- target the Winter Energy Payment to those in energy hardship
- prioritise energy hardship as an emergency issue
- improve access to energy-efficiency appliances.

8.2. Ensure a competitive and efficient electricity market

8.2.1. Issues

The electricity market is complex, with multiple players engaging and impacting on the system at different points. Achieving affordable electricity prices for all consumers is best achieved by increased competition and sufficient downwards pressure on prices.

Throughout our journey, we heard many concerns relating to affordability issues in the electricity market and we met with the Electricity Authority to discuss some of these. We acknowledge there are long-standing debates on the effectiveness of the current market system.

Household electricity prices are made up of five main components: (1) generation (32%) (2) distribution (27%) (3) retail (13%), (4) transmission (10.5%) and (5) other costs (17.5%) including GST, metering, market governance and market services.⁹³

⁹¹ National average wholesale spot prices increased from \$70/MWh in the period 2013-2017 to \$125/MWh in the period 2018-2022 – an increase of 80%. Analysis of electricity price trends available at: <https://www.emi.ea.govt.nz/Wholesale/Reports>.

⁹² The average household electricity price increased by 17% between 2013 and 2023, but decreased by 6% in real terms. MBIE, Household sales-based electricity cost data, available at <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-statistics-and-modelling/energy-statistics/energy-prices/electricity-cost-and-price-monitoring/>.

⁹³ For more information see: <https://www.ea.govt.nz/your-power/bill/>.

Transmission and distribution networks cannot make excessive profits as their revenue is regulated by the Commerce Commission. Wholesale and retail markets are competitive, and so the prices charged by companies involved in wholesale and retail electricity markets are not directly controlled, although they are subject to Commerce Commission and Electricity Authority rules.

New Zealand's electricity market is dominated by four generator-retailers who have 84.3% market share, and 35 independent retailers that have the remaining 15.7% as at June 2023.⁹⁴ The market is becoming more diverse, with independent retailers growing their market share significantly until around 2020. However, growth has flattened since then⁹⁵ and independent retailers have struggled (we note the exit of Our Power in May 2023,⁹⁶ and reports from other small retailers).⁹⁷

During our engagement, we heard several concerns related to barriers to entry and operation in electricity markets and issues with the exercise of market power.⁹⁸

Independent and social retailers have raised concerns of the difficulty accessing long-term supply contracts at prices that reflect the underlying cost of generation.⁹⁹ This means such retailers need to buy their wholesale electricity on the spot market, which can fluctuate widely in price. In other words, there is no guarantee that they can find a seller willing to offer them a suitable contract, which would protect them from price spikes. Prices can be extremely high during peak demand periods, such as cold winter mornings or evenings. If independent and social retailers pay higher costs for their wholesale supply of power, these costs are passed on to customers in the form of higher retail prices to households. These costs must be passed on for independent retailers to continue in business. Existing large retailers are vertically integrated and do not face this barrier as they may offer preferential rates to their own retail arms.¹⁰⁰ Their generation portfolio provides them a natural hedging strategy for their business. Some argue this gives them a significant competitive advantage over other retailers that are not vertically integrated.¹⁰¹

Concept Consulting's 2022 analysis for the Electricity Authority¹⁰² found a significant divergence in the price of wholesale supply contracts and the cost of generation since 2018.

In light of the feedback we received on wholesale and retail market competition in submissions and in our engagement discussions, particularly in relation to small independent retailers and social retailers, we commissioned advice from Ben Hamlin Law to gain a better understanding of the issues. Drawing on that advice, we understand that many disagree with the Electricity Authority's assessment of competition and of the appropriate responses.¹⁰³ A number of submitters have specifically criticised the Electricity Authority's failure to address issues related to vertical integration; principally that generator-retailers supplied by their own generation businesses have a competitive advantage over independent retailers that purchase electricity produced by their competitors.¹⁰⁴

⁹⁴ May 2023 EMI DATA accessed in July 2023. For more information see: https://www.emi.ea.govt.nz/Retail/Reports/R_MSS_C?DateTo=20230531&MarketSegment=All&Percent=N&RegionType=NZ&RetailEntity=RPC&_si=v|3.

⁹⁵ EMI Data: Retail market share trends accessed in July 2023. For more information see: https://www.emi.ea.govt.nz/Retail/Reports/R_MST_C?DateFrom=20040101&DateTo=20190331&_si=v|4.

⁹⁶ OurPower, a Waikato-based independent retailer owned by WEL Networks, was launched in 2017 as a not-for-profit social initiative with the aim of taking on charitable organisations as customers to relieve pressure on those living in hardship. It exited the market saying the combination of its small customer base (3200) and market conditions meant it couldn't compete. The firm was sold to Genesis Energy. For more information see: <https://www.energynews.co.nz/news/electricity-retailers/139192/ourpower-cant-compete-sold-genesis>.

⁹⁷ See graph showing all retail market exits: https://www.emi.ea.govt.nz/Retail/Reports/3CLOV1?_si=v|3.

⁹⁸ For example, these included submissions from Flick Energy, Sustainability Trust – Toast Electric, Consumer Advocacy Council, Allen Consulting.

⁹⁹ For example, see more information: <https://news.flickelectric.co.nz/2022/10/28/behind-the-scenes-nzs-electricity-market/>.

¹⁰⁰ IEA Report 2023 – Energy Policy Review on New Zealand. For more information see: <https://www.iea.org/reports/new-zealand-2023>.

¹⁰¹ Ben Hamlin, June 2023, 'Advice to Energy Hardship Expert Panel'.

¹⁰² Generation investment survey 2022 (Electricity Authority, July 2022). For more information see <https://www.ea.govt.nz/documents/2156/Information-paper-Generation-Investment-Survey-2022-Concept-Consulting-.pdf>.

¹⁰³ For more information see: Ben Hamlin, June 2023, 'Advice to Energy Hardship Expert Panel'

¹⁰⁴ *ibid*

Some also claim that the market is designed in such a way that means generator-retailers have an incentive to keep electricity generation supply tight, as this keeps prices higher.¹⁰⁵ We were told that generator-retailers may not be incentivised to sell wholesale power to the independent and social retailers at prices that reflects true costs, as those generator-retailers are competing, in the retail markets, with those same independents and social retailers.¹⁰⁶

Another significant component of household electricity prices that has an impact on energy hardship is the cost of transporting electricity, or the transmission and distribution charges. On average, transmission and distribution costs account for around 38% of an average household electricity bill.¹⁰⁷

The Electricity Authority's current promotion of cost-reflective pricing has the potential to exacerbate energy hardship for some households as it costs much more to transport electricity to remote households. Some people benefit but others are worse off, exacerbating their hardship. Efficient distribution pricing helps send signals for investment in new generation and connections in locations that cost less to service, and can slow the need for new network investments in lines and pylons, reducing network costs in the longer term, overall.¹⁰⁸ However, it is extremely important that the costs of distributors' networks across different types of consumers and across households in different locations, are carefully considered from the angle of energy hardship too.

The Electricity Authority's distribution pricing principles recommend that when prices are changing, the impact on consumers is considered, they do not advise against substantial variations in charges across regions. The Authority's distribution pricing guidelines on how to apply the pricing principles recommend cost-reflective pricing, which means rural, remote and harder-to-reach areas may face substantially higher distribution network charges than urban areas. While the Electricity Authority is committed to improving distribution pricing to help deliver better outcomes for consumers,¹⁰⁹ there are several factors that seem to be driving upward adjustments in distribution-level charges.

These are: changes to the way transmission charges (Transmission Pricing Methodology decision¹¹⁰) are recovered, phase-out of the Low Fixed Charge regulations,^{111,112} and inflationary pressures affecting distributors' costs.

As New Zealand moves towards a low-emissions economy and a larger proportion of cars and industry run on electricity, transmission and distribution networks will require substantial new investments.¹¹³ Any such network investment will be passed on to businesses, and to households, via power bills.

8.2.2. What needs to happen

We believe greater competition in the wholesale market for electricity will lead to continued competition between electricity retailers at prices that are fair. Real competition means retailers that have the best products can attract customers by offering more customer choices, innovative retail plan options that can help households reduce their overall power bill (for example households saving money by switching on some appliances in the evening or overnight if on a 'time of use' plan), providing better customer service, and setting better prices – prices that are fair and save customers money overall.

¹⁰⁵ Flick Electric, The Blog. For more information see: <https://news.flickelectric.co.nz/2022/10/28/behind-the-scenes-nzs-electricity-market/>.

¹⁰⁶ For more information see: Ben Hamlin, June 2023, 'Advice to Energy Hardship Expert Panel'.

¹⁰⁷ 38% in the year ended March 2023 MBIE Household sales-based electricity cost data: <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-statistics-and-modelling/energy-statistics/energy-prices/electricity-cost-and-price-monitoring/>.

¹⁰⁸ For more information see: <https://www.ea.govt.nz/industry/distribution/distribution-pricing/>.

¹⁰⁹ For more information see: <https://www.ea.govt.nz/industry/distribution/about/>.

¹¹⁰ Transpower information, available at Electricity transmission charges to take effect from April 2023 (mailchi.mp).

¹¹¹ For more information see: <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-consultations-and-reviews/electricity-price/phasing-out-low-fixed-charge-tariff-regulations>.

¹¹² We understand that changes in transmission price methodology and LFC regulation don't affect household electricity costs on a national average basis, but they result in higher costs for some households and lower costs for others.

¹¹³ Boston Consulting Group, 2022, The Future is Electric, <https://www.bcg.com/publications/2022/climate-change-in-new-zealand>.

Increased competition can therefore lead to benefits for those in energy hardship. Like most markets, the threat of entry of new participants is a key driver of competition, and barriers that make entry harder reduce this threat and diminish competition.

Recent assessments of wholesale market competition and resulting responses – particularly the Electricity Authority's – have been the subject of much discussion within the energy industry. The Electricity Authority's review of wholesale market competition in May 2023 found that, based on the available evidence, structural reform options are not justified at this point in time – but that some market settings will need to evolve.¹¹⁴ The Electricity Authority has indicated it will undertake additional measures to improve competition in the wholesale electricity market, at some point.¹¹⁵ We also note the Authority recently announced an increase in the extent of Internal Transfer Pricing – prices for supply by the wholesale business of a vertically integrated generator-retailer to its own retail business – it is disclosing¹¹⁶ and access to longer-term wholesale supply contracts for independent and social retailers.¹¹⁷ These changes are intended to bring a greater level of transparency to the market. Whether these actions will go far enough to ensure sufficient transparency for a fair and competitive market will remain to be seen.

A competitive and healthy electricity market that consumers trust is going to become even more important as we transition to a higher proportion of renewable energy. A well-functioning market is fundamental to ensuring electricity prices are as low as possible, not just for alleviating energy hardship, but to ensure people will be able to switch away from carbon-intensive energy sources, for heating, eating, and driving and other activities.¹¹⁸

In future, it is likely that households will need to spend a greater portion of their income on electricity as they reduce spending on fuel and gas. It is also likely that more time-of-use pricing is going to be required to manage peak demand, given it is an established way to reduce peak system loads. All of these factors will require the Electricity Authority, Commerce Commission and MBIE to play a greater role in promoting affordability and help ensure prices remain as low as possible.

Distribution pricing methodologies have the potential to adversely affect customers in energy hardship, particularly those who live in high-cost-to-serve areas of New Zealand. Our transition to a low-emissions future may exacerbate this. We consider it important that the potential for adverse effects of distribution pricing is further investigated to gain a better understanding of the nature and scale of the implications for consumers in energy hardship. This investigation should include working more closely across agencies to identify possible approaches to address any adverse effects identified, and then implementing those mechanisms.

¹¹⁴ For more information see: https://www.ea.govt.nz/documents/3017/Decision_paper_promoting_competition_through_the_transition.pdf.

¹¹⁵ In particular: Item D - Clarify disclosure requirements about current or expected constraints that could impact generation capacity, and arrange a centralised location for disclosure; Item H - Improve the Electricity Hedge Disclosure System to improve its functionality and make contract details more transparent; and Item I - Investigate and test the case for providing or requiring longer-dated futures. For more information see: https://www.ea.govt.nz/documents/3017/Decision_paper_promoting_competition_through_the_transition.pdf.

¹¹⁶ The Electricity Authority has decided to publish all ITP information disclosed by generator-retailers previously and going forward (refer to clause 13.258 of the Code) and has recently published this data for the 2021/22 financial year. For more information see: <https://www.ea.govt.nz/news/general-news/all-disclosed-internal-transfer-pricing-information-now-being-published/>

¹¹⁷ For more information see: <https://public.tableau.com/app/profile/electricity.authority/viz/ITPbenchmarks/ITPbenchmarks/>.

¹¹⁸ See more on achieving an equitable transition to renewables in Chapter 7, Section 7.3.

8.2.3.

Recommendations

AF1.

The Electricity Authority, Commerce Commission and MBIE should focus on affordability outcomes by continuing work to improve competition and remove barriers to entry and operation for independent and social retailers.

AF2.

The Electricity Authority and Commerce Commission should investigate the implications of network pricing methodologies for energy hardship, and MBIE should coordinate across the Electricity Authority, Commerce Commission, and other agencies to design and ensure implementation of appropriate mitigations to help reduce energy hardship.

8.3. Negotiate bulk deals for social housing

8.3.1. Issues

The government currently negotiates bulk deals with several electricity retailers for all schools in the country, with the deals available to schools on an opt-in basis.¹¹⁹ These deals provide a negotiated tariff, and a range of benefits including usage apps with real-time consumption data, price certainty, lower administration fees, a fair and transparent contract, and extra support and advice. Similarly, Grey Power has had negotiated a bulk electricity deal available since 2013 which has 20,000 Grey Power members opted into it.¹²⁰

The Energy Price Review recommended the government and social housing agencies, such as Kāinga Ora, community housing providers and local councils, along with Work and Income, negotiate similar deals for their respective clients for three main reasons:¹²¹

- Bulk deals have the potential to help those in energy hardship – provided they produce genuine efficiencies and allow individual households to opt out
- Bulk deals may be more cost-effective for the government than contributing to payment of power bills through the welfare system and meeting the higher health costs of those in energy hardship
- Bulk deals give social housing tenants and beneficiaries – many of whom are either in energy hardship, on income assistance, in debt or have little to do with the electricity market – the group bargaining power to strike better electricity deals.

Despite the advantages, this Electricity Price Review recommendation was not implemented. We have not been able to locate any information that adequately explains this, or be convinced of any viable reasons not to progress this recommendation.

¹¹⁹ All schools in New Zealand can currently opt into an All-of-Government bulk deal for electricity supply with one of five retailers: Simply Energy, Mercury NZ, Manawa Energy, Genesis Energy, Meridian Energy. For more information see: <https://www.education.govt.nz/school/property-and-transport/procurement-of-goods-and-services/buying-goods-and-services-for-schools/buying-advice-for-common-categories/buying-electricity/>.

¹²⁰ For more information see: <https://www.greypowerelectricity.co.nz/your-grey-power-plan/benefits-of-joining-grey-power-electricity/>

¹²¹ For more information see here: <https://www.mbie.govt.nz/dmsdocument/6932-electricity-price-review-final-report>

For the most vulnerable, even a small decrease in their energy bills gained through a bulk deal could make a significant difference in their daily lives. With the cost of electricity for households having increased by about 17% since 2013,¹²² it is the lower-income decile households where energy bills make up a higher proportion of household expenditure, who feel the greatest impact.¹²³

A bulk deal could be of significant benefit to those on income support or low incomes who may:

- have poor credit history that restricts their ability to find or have a choice of electricity retailers. This is further limited depending on where people live in New Zealand, and if they have a smart meter¹²⁴
- be at greater risk of debt accumulation and higher disconnection rates
- be more likely to incur energy-related fees, such as late payment penalties, disconnection, and reconnection fees
- struggle to trust and engage their retailer out of fear of disconnection
- lack the time, resources, or capability to find the best plan amongst the many plans available, making them difficult to compare and switch.

In addition, we know that being on the most affordable plan matters. The variation in prices between electricity plans across New Zealand can be significant, up to \$480 per year for a small consumer¹²⁵ and \$870 per year for a large consumer. Furthermore, those in areas with lower than average incomes, are paying higher than average prices.¹²⁶ Given that 29% of New Zealanders do not trust that their retailer is offering them good value for money,¹²⁷ a bulk deal could provide a greater level of certainty ensuring a price that eligible consumers can trust.

We heard that customers at risk of energy hardship, particularly those who may struggle to find an electricity provider due to poor credit ratings, have limited choice for finding cheaper tariffs because not all electricity retailers accept customers with poor credit. Many end up with no option but to select a more expensive pre-pay plan as a last resort.¹²⁸

¹²² The average household electricity price increased by 17% between 2013 and 2023 (and decreased by 6% in real terms). MBIE, Household sales-based electricity cost data, available at <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-statistics-and-modelling/energy-statistics/energy-prices/electricity-cost-and-price-monitoring/>.

¹²³ Households in decile 2 spend 10% of their after-housing cost (AHC) post-tax income on energy, while households in decile 10 only spend 1% of their AHC post-tax income on energy). Concept Consulting analysis of Stats NZ 2019 HES data from Concept Consulting's 'Quantitative analysis & compendium of past statistics on energy hardship' (May 2022): <https://www.mbie.govt.nz/dmsdocument/26415-quantitative-analysis-and-compendium-on-past-statistics-on-energy-hardship-pdf>.

¹²⁴ Concept Consulting Social Retailing Phase 1 Report. For more information see: <https://www.mbie.govt.nz/dmsdocument/26418-social-retailing-phase-1-problem-definition-and-long-list-of-options-pdf>.

¹²⁵ Concept Consulting Social Retailing Phase 1 Report. For more information see: <https://www.mbie.govt.nz/dmsdocument/26418-social-retailing-phase-1-problem-definition-and-long-list-of-options-pdf>.

¹²⁶ For more information see: <https://www.consumer.org.nz/articles/the-shocking-difference-in-electricity-prices-across-new-zealand>.

¹²⁷ 29% of New Zealanders do not trust their power company to give them good value for money. For more information see: <https://www.cac.org.nz/assets/Research/Talbot-Mills-online-power-survey-2022.pdf>.

¹²⁸ For more information see: <https://www.consumer.org.nz/articles/prepay-customers-paying-much-more-for-power>.

8.3.2. What needs to happen

Government needs to play a key role in proactively supporting groups at risk of energy hardship. We recommend government begin by using its purchasing power to negotiate favourable bulk electricity deals through a competitive tender process.

Bulk deals were one of the social retailing options included in the report on social retailing that we jointly commissioned with MBIE by Concept Consulting.¹²⁹ We heard from community energy providers, NGOs and consumer advocates that bulk deals for social housing should be negotiated because of the significant positive impact these deals will have on these peoples' energy hardship and lives.

A bulk purchasing deal could enable eligible groups to be offered a favourable negotiated tariff, low fees, and wrap-around support services. This could be characterised as a government-enabled social retailing service for eligible customers. We believe, in the first instance, this should be progressed for all people living in Kāinga Ora homes (who wish to participate) and then later expanded to further groups at risk of energy hardship, such as tenants of all social housing providers, beneficiaries and students.

We estimate that approximately 180,000 tenants are living in Kāinga Ora's 64,000 Kāinga Ora public homes (as at March 2023)¹³⁰, and that they would also likely be experiencing energy hardship as part of their broader hardship. The criteria used by Kāinga Ora to provide housing, combined with their long waiting lists, shows that only people with the highest levels of hardship will be offered a Kāinga Ora property.¹³¹ We heard from advocates that homelessness alone is not enough to obtain a house – applicants must also be unable to afford private rentals due to poor credit scores, have a very low income, or health, mental health, or family violence issues. There are 24,081 people on the waitlist for Kāinga Ora homes (excluding children), as well as 3,900 adults and 3,498 living in emergency housing.¹³²

While a bulk deal may not benefit all households struggling to pay their power bills, by starting with people living in Kāinga Ora public homes, it is likely that a significant portion of those in energy hardship would benefit.

Bulk deals and similar arrangements such as social tariffs are not new, and there are many forms these may take. Bulk deals already exist in New Zealand, such as those already mentioned available for all schools and for Grey Power members. Social tariffs are currently being considered in the United Kingdom,¹³³ and have existed in several countries for many years, including Belgium, France, Greece, Spain, Italy, and Portugal.¹³⁴ In Australia, the energy regulator sets an annual 'Default Market Offer,' which is a type of social tariff.¹³⁵ The 'Default Market Offer' acts as a safety net for customers who can't shop around or who may have access to fewer options to purchase electricity from a retailer.

There are several matters which would need to be carefully considered by all parties before concluding any bulk supply commercial arrangement, these include:

- a negotiated favourable tariff and favourable administration fees which include a level of price certainty
- the provision of simple and easy to read bills
- a fair and transparent contract
- options for payment methods which suit those in hardship such as smooth pay and weekly billing

¹²⁹ For more information see: <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-hardship/energy-hardship-expert-panel-and-reference-group/energy-hardship-research-reports/>.

¹³⁰ Based on an assumption of three people per house on average.

¹³¹ For more information see: <https://www.workandincome.govt.nz/housing/find-a-house/who-can-get-public-housing.html>.

¹³² For more information see: <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/statistics/housing/monthly-housing-update/2023/monthly-housing-update-june-2023.pdf>

¹³³ For more information see: <https://questions-statements.parliament.uk/written-questions/detail/2023-04-18/904575/>

¹³⁴ Pye, S.; Dobbins, A.; Baffert, C.; Brajković, J.; Grgurev, I.; Miglio, R.; Deane, P. (2015), Energy Poverty and Vulnerable Consumers in the Energy Sector Across the EU: Analysis of Policies and Measures, INSIGHT-E Programme, Policy Report, May 2015, European Commission. In Portugal, the social energy tariff requires retailers to provide a 33.8% discounted rate for households with financial difficulties.

¹³⁵ For more information see: <https://www.aer.gov.au/system/files/Default%20market%20offer%20prices%202023-24%20final%20determination.pdf>.

- clear processes and extra assistance to avoid disconnections
- extra customer service support which should include a call centre
- support which could include usage apps with real-time consumption data
- support which could include energy education to support greater energy efficiency
- the credit risk associated with a bulk supply arrangement and who would carry the risk of non payment
- how eligible people would be encouraged to join the bulk deal and
- any legal issues – such as the application of competition law – may need to be worked through.

We don't see Kāinga Ora needing to be significantly involved in the administration or delivery of a bulk deal for their tenants beyond encouraging their tenants to switch onto the bulk deal and assisting the successful retailer/s to make contact with their tenants. For example, Kāinga Ora could notify the retailer/s when new tenants are moving in so that they may be contacted and offered the bulk deal by the retailer/s. We anticipate that learnings from their Winter Energy Study may provide useful information to inform future policy decisions in this area.¹³⁶

Four years on since originally recommended by the Electricity Price Review, we believe it is time for the government to progress this recommendation and take bold action to use its purchasing power to see such deals through to fruition. Lessons learned from a bulk deal should later be extended to other groups in energy hardship.

8.3.3.

Recommendations

AF3.

MBIE and Kāinga Ora should seek bulk electricity deals that deliver a favourable negotiated tariff, low fees and extra support for all people living in Kāinga Ora public homes. Further bulk deals should be expanded in future to other groups at risk of energy hardship, building on lessons learned from the Kāinga Ora deal.

¹³⁶ Find more information here: <https://kaingaora.govt.nz/winter-energy-study>.

8.4. Review and monitor pre-pay tariffs, fees and disconnections

8.4.1. Issues

Pre-pay electricity, where the consumer pays for their electricity in advance, has become increasingly popular over the past five years as a way to manage electricity usage and costs.

Approximately 27,000 households are on pre-pay electricity plans offered by Mercury's GloBug and Wise Prepay Energy.¹³⁷ Pre-pay is popular amongst, and often the only option, for households with a poor credit history because generally pre-pay does not require a credit check.¹³⁸ A recent Consumer NZ survey found that 6% of respondents had to switch to a pre-pay plan because they had trouble paying their electricity bills.¹³⁹

Many consumer advocates, budget advisors and families told us about the benefits of pre-pay electricity plans and the essential role a pre-pay option plays for many families struggling with their household bills. Some have said they prefer pre-pay as it provides more control over power bills and helps them with their budgeting. We heard from a family in Auckland explaining how their pre-pay has really helped their budgeting.

What was appealing about [pre-pay] was not getting a \$400 bill the following month We put \$30 on our electricity every 10 days and I know what my power should be sitting at \$2.31 every day... [Pre-pay] helps make you more aware and to be able to manage your power and money better because they show you straight away what your usage is [via the app] and you can see why the power goes down quite fast.

However, recent Consumer NZ research found that most pre-pay customers could be paying an average of 15% more for power.¹⁴⁰ Any fees including for disconnection, reconnection or top-ups impose further costs each time the power runs out.

The same research also found that of those on pre-pay plans, 50% said they had been auto-disconnected, and disconcertingly, 58% of these disconnections meant they were without power for two or more days.¹⁴¹ While some customers may place value on the ability to deliberately auto-disconnect as a cost-management strategy, evidence suggests customers facing household budget pressures are choosing whether to 'heat or eat', or making similar economising trade-offs for their essential needs, risking the health and wellbeing of their household.

The Electricity Authority's Consumer Care Guidelines recommend retailers provide payment-assistant measures for those who are auto-disconnecting more than once per week. However, these guidelines are voluntary.

Another aspect of pre-pay electricity we find particularly concerning, is the lack of visibility over pre-pay disconnections. There is no readily available industry-wide data on the frequency, duration, timing and reasons for pre-pay auto-disconnections, which would clarify the extent of this issue and point to potential solutions.

¹³⁷ Data sourced from: www.emi.ea.govt.nz provided by the Electricity Authority (New Zealand). Note other retailers may also offer a prepay account option, but data on customer numbers is not available on the EMI.

¹³⁸ Concept Consulting Social Retailing Phase 1 Report. For more information see: <https://www.mbie.govt.nz/dmsdocument/26418-social-retailing-phase-1-problem-definition-and-long-list-of-options-pdf>.

¹³⁹ CNZ 2023 Energy Survey.

¹⁴⁰ CNZ 2023 Energy Survey. For more information see: <https://www.stuff.co.nz/business/132380537/consumer-nz-prepay-customers-paying-significantly-more-for-power>

¹⁴¹ *ibid*

8.4.2. What needs to happen

We acknowledge the role pre-pay electricity plans play in households being able to manage the size of their electricity bills proactively, but the tariffs and fees need to be reviewed to ensure they are fair and reasonable and do not create or exacerbate disadvantage. The Electricity Authority should also ensure that retailers report the terms and conditions clearly to their customers.

Readily available industry-wide data on the frequency, duration, timing and reasons for pre-pay auto-disconnections is crucial for understanding the extent of this issue and to inform solutions that safeguard consumers. The Electricity Authority should gather, track and publish this data to ensure greater transparency and understanding of this issue. Reviewing the use of pre-pay plans and ensuring retailers have more comprehensive reporting obligations could help protect consumers, especially those in energy hardship. This work would also provide more data to drive evidence-based decision-making regarding pre-pay electricity plans.

We would also like to see all electricity retailers taking a more proactive approach to support customers on pre-pay plans, including identifying households at risk of under-heating, offering additional wrap-around support, and providing pathways into post-pay accounts if the customer wants. We believe all New Zealanders should have access to a post-pay option despite their credit situation – which is discussed in more detail in Chapter 7: Expand energy access and choice. The Electricity Authority's Consumer Care Guidelines provide a means of setting out expectations and requirements for pre-pay electricity plans.

8.4.3.

Recommendations

AF4.

The Electricity Authority should review and monitor the use and pricing of prepay accounts and take action to ensure they do not create or exacerbate disadvantage. This includes tracking and publishing auto-disconnections, and reviewing prepay terms and conditions, tariffs, fees and consumer support.

8.5. Target the Winter Energy Payment

8.5.1. Issues

The government introduced the Winter Energy Payment in 2017 to provide targeted financial assistance to help certain groups of people meet their household heating costs during the winter period,¹⁴² namely, those on a main government benefit, including New Zealand Superannuation and Veteran's Pension. As at 1 July 2023, the Winter Energy Payment rates were \$20.46 a week for single people with no dependent children, and \$31.82 for couples and sole parents with dependent children. This non-taxable, non-recoverable assistance is automatically paid into peoples' bank accounts on a weekly basis from 1 May to 1 October each year. Those who don't wish to receive the payments can opt out of receiving it. According to the latest available information, approximately \$518 million was paid out to more than one million people in the 2022/2023 financial year.

¹⁴² Social Security Act 2018 No 32 (as at 15 June 2023), Public Act 70 Winter energy payment: purpose – New Zealand Legislation.

The Winter Energy Payment has been the subject of much discussion and debate for a number of reasons. The main issue is in relation to its targeting. While payments to individuals on a working age benefit is generally accepted, support for the universal inclusion of superannuitants is mixed. Many commentators believe superannuitants should be means- or needs-tested, as some may have adequate assets and retirement savings.

During our engagement, we heard widespread support that the Winter Energy Payment should be more targeted towards those in energy hardship. Low income is an indicator of energy hardship, and many expressed support for beneficiaries to continue receiving the payments. There were strong advocates for the Winter Energy Payments to not to be universally paid to superannuitants, or for them not to be paid automatically but to require an opt-in function. Conversely, we also heard arguments for the continuation of the universal application of the Winter Energy Payments for superannuitants, as the majority do not have significant assets or savings.¹⁴³ Some believe that if superannuitants don't need the Winter Energy Payment then they should opt-out or donate it.

How the Winter Energy Payments is paid, directly into the person's bank account with no assurance it is being spent on household heating, was also raised by a number of submitters. A few suggested the payments be made directly onto recipients' electricity bills. Our view is this would be unnecessarily administration-heavy for the Ministry of Social Development.

The Electricity Price Review recommended further financial support specifically for those in energy hardship, and this has not yet been provided. Data shows that around one-third of New Zealanders on low-incomes are struggling to keep their homes adequately warm,¹⁴⁴ many of whom are likely to be ineligible to receive the Winter Energy Payment.

8.5.2. What needs to happen

We believe the Winter Energy Payment should be extended to all Community Service Card holders, who are on low incomes but are currently ineligible to receive it. This would mean approximately 137,907 additional people could be eligible to receive the Winter Energy Payments.¹⁴⁵

We believe all existing Winter Energy Payment recipients should continue to receive it to help them meet their energy costs. Recent research found that while the impacts of the scheme on energy hardship are difficult to determine, it is having a positive effect on energy expenditures, health and wellbeing outcomes.¹⁴⁶

This targeted extension of the Winter Energy Payments should be considered an interim step, while further work is done to develop energy hardship criteria that could be applied to further target the payments and other government support for those in energy hardship, such as home retrofits or energy education.

Many advocates have long called for standardised criteria for establishing whether a person is in energy hardship.¹⁴⁷ While this is not as straightforward as means-testing or universal application, it would give more certainty that those in energy hardship are receiving support.

¹⁴³ It has been found that 40% of people aged 65 and over have virtually no other income besides NZ Super. And another 20% have only a little more. For more information see: <https://retirement.govt.nz/news/latest-news/new-research-highlights-how-reliant-older-new-zealanders-are-on-nz-super/>.

¹⁴⁴ Almost 3 out of 10 households (32%) with not enough income said they could not afford to keep their accommodation adequately warm, compared to 2 per cent of those that reported having enough income. For more information see: <https://www.mbie.govt.nz/assets/measures-of-energy-hardship-june-year-2022-report.pdf>.

¹⁴⁵ This has been calculated by deducting the number of WEP recipients from the number of Community Service Card holders using data provided by the Ministry of Social Development - IAP Data Warehouse, prepared by Business Intelligence, Insights MSD Group, Ministry of Social Development

¹⁴⁶ For more information see: https://motu-www.motu.org.nz/wpapers/22_09.pdf

¹⁴⁷ The Community Energy Network submission on the Energy Hardship Expert Panel's discussion paper: "Better targeting of the WEP can only be achieved with much greater capacity of those able to assess where energy hardship is prevalent. This also requires a practical and standardised approach to monitoring and evaluation so the sector can ensure we are not wasting resources."

We propose the Ministry of Social Development should also look into further targeting the Winter Energy Payment to consider:¹⁴⁸

- Where the home is located: over five times as much energy is needed to heat a home in the evenings to 17C in Otago than the same home in Northland.
- Where the home is located: there is significant regional variation in energy prices, particularly for electricity.
- The heating regime needed for the household's wellbeing: more energy is needed, and therefore expended, for elderly, young children and those with health conditions.
- Health issues and disabilities: conditions that require electricity as a means of support.

We acknowledge there are financial, legislative and operational implications for the government associated with our recommended changes to the Winter Energy Payment; and that further work is needed to determine feasibility and delivery mechanisms. We also acknowledge that moving to more complex arrangements for determining eligibility and funding levels will increase administration costs. However, it is what is required to ensure the Winter Energy Payment is, indeed, targeted to those most in need; supporting the most vulnerable in energy hardship.

8.5.3.

Recommendations

AF5.

The Ministry of Social Development should strengthen the targeting of the Winter Energy Payment by:

- expanding its eligibility criteria in the interim to include all people with Community Services Cards
- reviewing the Winter Energy Payment to ensure it is targeted at groups who are in energy hardship
- amending the relevant legislation accordingly.

¹⁴⁸ Concept Consulting, May 2022, "Quantitative analysis and compendium of past statistics on energy hardship", Concept Consulting, May 2022: <https://www.mbie.govt.nz/dmsdocument/26415-quantitative-analysis-and-compendium-on-past-statistics-on-energy-hardship-pdf>

8.6. Prioritise energy hardship as an emergency issue

8.6.1. Issues

During our engagement, we heard stories of advocates and mentors struggling to connect with, and receive timely responses to applications for financial support, from the Ministry on matters relating to energy hardship. In some cases, their clients' power was disconnected for unpaid power bills as a result.

We also heard about inconsistencies in how applications for assistance are considered and processed by the Ministry of Social Development, by office and region. We also heard of considerable variation in application response times, by office and region. As one beneficiary advocate said: "It's a lucky dip." We heard from some people that there appears to be no national guidelines to ensure practices, processes and response times for considering energy-hardship assistance are not consistent with energy being treated as an emergency issue. Ministry of Social Development has told us that there is such national guidance, and difference in response times will be affected by capacity constraints. In any case, it seems the guidelines are not being adhered to consistently in practice, which has adverse impacts those seeking support.

Beneficiary advocates also said that many of the people in energy hardship they engage with are not aware of the existing government services and support that is available, including the Ministry of Social Development's energy bill assistance. They are also not confident to engage and navigate "the system" by themselves. While the Ministry of Social Development's national Community Connector Service has been highly successful on this front, advising and supporting people in hardship to access existing services and support, it appears there are pockets of communities who are missing out on this valuable service. We understand on 1 October 2023, the Ministry is reducing its Community Connector Service from 500 connectors (full-time positions) to 165 nationally (with final numbers to be confirmed); which is of concern, given the ever-increasing hardship against an increased inflation and cost of living backdrop.

In addition to the Winter Energy Payment, the Ministry of Social Development has two main forms of financial assistance to help certain groups of people meet their household energy bills:

- **Advance Payment of Benefit:** a one-off, taxable, recoverable benefit for those on a main benefit; payment by application.¹⁴⁹
- **Recoverable Assistance Payment Grants:** a one-off, taxable, recoverable grant for eligible low-income earners; payment by application.¹⁵⁰

In 2022/2023, the Ministry paid out approximately \$16.7 million in electricity-related support across the Advance Payment of Benefit and Recoverable Assistance Payment Grants.¹⁵¹

As noted, payments made under the Advance Payment of Benefit and Recoverable Assistance Payment are generally recoverable – meaning, from accessing these assistance packages the person has only obtained a temporary reprieve to their immediate financial pressures and needs to pay back the money. Currently, there appears to be little non-recoverable financial support available when people cannot make ends meet or pay an unusually large bill. As beneficiary advocates and people on benefits shared, their ability to pay back this financial assistance only further exacerbates their hardship and stress.

We note that electricity bills paid through MSD's Community Connector Services discretionary fund can be non-recoverable. We think this is a proactive way of working and are aware that Community Connector Services have had good outcomes.

¹⁴⁹ For more information see: <https://www.workandincome.govt.nz/products/a-z-benefits/advance-payment-of-benefit.html>

¹⁵⁰ For more information see: <https://www.workandincome.govt.nz/products/a-z-benefits/recoverable-assistance-payment-grant.html>

¹⁵¹ MSD data released under OIA/09/23-3112.

We also heard the Ministry of Social Development assists people on benefits and low incomes who have a health condition or disability, with additional costs arising from their health conditions through payment of a Disability Allowance. The cost of additional energy consumption can be included as an allowable cost in Disability Allowance, but we have heard that the current process for determining extra energy used does not always deliver an outcome reflecting the individual's circumstances and increased energy needs. This is due to the current assessment process for including heating costs for Disability Allowance not comparing like with like where a price comparison website is used to compare the additional energy cost and use of a beneficiary household, with the average energy use of a same-sized household not on a fixed income.

8.6.2. What needs to happen

Energy should be prioritised as an emergency issue, as the impacts of no power can be severe, particularly for the elderly and children.

The Ministry of Social Development's mission is helping New Zealanders to be safe, strong and independent. In order to help achieve this mission for people in energy hardship, and address the specific issues of timeliness of responses to requests for assistance and consistency in the way applications are considered, the Ministry needs to:

- make energy hardship an emergency issue, with requests for assistance responded to within 24 hours; and the appropriate assistance and support provided as a matter of urgency
- amend national guidelines for staff that establishes clear processes, direct lines of communication and timeframes for responding to requests for assistance from people or their authorised advocate or energy retailer. These guidelines should be amended in consultation with advocates, support agencies, energy retailers and regulators. These should include the development of a consistent process to determine extra energy payments allowed for those receiving the Disability Allowance.
- ensure staff adhere to the national guidelines.

We see a case for part, if not all of the payments of the Ministry's two funds for energy assistance funds to be made non-recoverable. We acknowledge this may have the unintended consequence of continual non-payment of energy bills by people, however this behaviour could be mitigated by ensuring the portion of non-recoverable grants is ring-fenced and limited to those who have been, or are facing disconnection.

The Ministry of Social Development should investigate how it could provide a level of non-recoverable grants to ensure those in energy hardship are not being further disadvantaged or left without electricity.

8.6.3.

Recommendations**AF6.**

The Ministry of Social Development should prioritise energy hardship as an emergency issue so it responds to energy hardship-related matters within 24 hours. This will require the Ministry to amend energy hardship national guidelines to reflect energy hardship as an emergency issue, including response times.

AF7.

The Ministry of Social Development should pro-actively inform people of their full and correct entitlement to energy hardship related support.

AF8.

The Ministry of Social Development should investigate partial non-recovery for Advance Payment of Benefit and Recoverable Assistance Payment Grants to minimise ongoing hardship.

8.7. Improve access to energy-efficient appliances

8.7.1. Issues

Electrical appliances, including lights, dryers, kitchen appliances, televisions, account for approximately one-third of household energy use in a typical New Zealand home.¹⁵² There are significant opportunities for electricity bill savings by using energy-efficient appliances. For example, using a heat pump with 3 stars on the Energy Rating Label uses 34% less energy than a similar heat pump with only 1 star.¹⁵³

The Energy Efficiency & Conservation Authority's (EECA) star ratings indicate the energy efficiency of appliances, with the more stars indicating the more efficient options. The general rule of thumb is that the more energy efficient an appliance is, the less costly it is to run on a daily basis, but it has a higher cost upfront at time of purchase. The latter puts the more energy-efficient appliances outside the reach of many individuals and households, particularly those with low discretionary income.

We understand from beneficiary advocates that government funding assistance that is available from Ministry of Social Development to support the purchase of household appliances is limited, and the level of assistance available depends on a number of factors such as the costs of the product. Eligibility for assistance also depends on the person's existing debt level. This assistance by way of grants is also recoverable, meaning people accessing this assistance have to re-pay the grant sum, and typically over time.

It has been suggested that the Ministry of Social Development's expectation is that people accessing this assistance will purchase the cheapest appliance models, which as noted, are usually not energy efficient and also often unreliable. We recognise the Ministry has a responsibility to help manage the level of debt for people. The issue here is the savings over time – people being supported to purchase more energy-efficient appliances at the outset to obtain savings over time due to the more efficient running cost of the appliances. This is also an issue of equity of access in the transition to an energy-efficient household.

¹⁵² EECA, 'Energy End Use Database', (2021). Accessed at: <https://www.eeca.govt.nz/insights/data-tools/energy-end-use-database/>.

¹⁵³ For more information see: <https://genless.govt.nz/for-everyone/at-home/heat-and-cool-efficiently/heat-pumps/>.

8.7.2. What needs to happen

People applying for appliance purchase assistance through the Ministry of Social Development should be able to purchase appliances with better efficiency if they so wish.

We understand that the government has preferred supplier arrangements for some whiteware so people can get certain products at lower price which have a two to three star energy rating. These supplier arrangements should incorporate an option for appliances with a high energy star rating. A government fund should be created to help fund the difference between models with lower efficiency and those with higher efficiency, so that those in energy hardship may be supported to choose a more efficient model that will cost them less to run over time. People should not be required to pay more than they would have for the cheaper and less efficient appliance.

This would help avoid unreasonably increasing the burden of debt on low-income households and assist them in purchasing more energy-efficient appliances, which will both support their energy wellbeing as well as having environmental benefits. This support would enable a more equitable transition to renewables, as those who are experiencing hardship would be assisted into purchasing more efficient appliances.

8.7.3.

Recommendations

AF9.

Ministry of Social Development should expand all energy-related purchase assistance programmes for household appliances to include the supply of higher-rated energy-efficient models.

AF10.

Government should create a new fund to pay a portion of the incremental cost for people eligible for appliance assistance payment to enable them to choose more energy-efficient models as an equitable transition initiative.



9.

Increase consumer protection

9.1. Introduction

The Consumer Care Guidelines are the primary electricity consumer protection mechanism in New Zealand and provide a framework for electricity retailers to ensure they treat consumers fairly and provide quality customer service. The guidelines cover various aspects of consumer care, including billing, disconnections, and information provision.

Throughout our discussions, there was considerable feedback about the necessity for stronger and more transparent safeguards for the consumers, specifically for those in energy hardship.

In this section we discuss:

- enhancing consumer protection with mandatory consumer care obligations
- banning disconnection fees, and ensure other fees are reasonable and providing payment options
- informing customers about their most affordable plan.

9.2. Enhance Consumer Protections with Mandatory Consumer Care Obligations

9.2.1. Introduction

In 2021, the Electricity Authority published the Consumer Care Guidelines, which focus on retailers providing a consistent and supportive standard of service to household electricity consumers. The Guidelines replaced outdated guidelines for assisting vulnerable and medically dependent consumers, which had been in place since November 2005. The replacement was prompted by the Electricity Price Review and issues arising during the COVID-19 lockdowns. The guidelines were developed and widely consulted on between 2020 and 2021. They were implemented on 1 July 2021, with retailers expected to align with the guidelines by 31 December 2021.¹⁵⁴ The purpose of the Consumer Care Guidelines is to guide retailers in:

¹⁵⁴ For more information see: <https://www.ea.govt.nz/projects/all/consumer-care-guidelines/>

- adopting behaviours and processes that foster positive relationships with domestic consumers
- helping domestic consumers maximise their potential to access and afford a constant electricity supply suitable for their needs
- helping domestic consumers minimise harm caused by insufficient access to electricity or by payment difficulties.

9.2.2. Issues

The Consumer Care Guidelines provide a minimum standard of care and are particularly important for vulnerable consumers, such as those who depend on medical devices. Contrary to the Electricity Price Review's recommendation¹⁵⁵ for mandatory minimum standards, the Guidelines remain voluntary.

In June this year, the Electricity Authority published its first review of electricity retailers' self-assessed alignment with the Consumer Care Guidelines.¹⁵⁶ This review covered the 2021/2022 financial year. The review identified concerning levels of non-compliance among retailers with the Guidelines. At the time, there were 38 electricity retail brands operating in New Zealand, with only 29 retail brands reporting their self-assessments. Out of the 29 brands, only 20 retailers reported full alignment with the Guidelines. This indicates a significant number of retailers are not following the Guidelines, potentially putting consumers at risk.

One alarming finding is that up to 27% of residential consumers are not adequately protected from disconnection by the Guidelines. This means a significant portion of residential consumers may face risks to their health and wellbeing if they experience service disconnections without the proper adherence to the Guidelines.

Similarly, the review identified that up to 23% of households with a medically dependent consumer are not receiving the necessary protection outlined in the Guidelines. This puts these vulnerable households at higher risk and may lead to adverse health consequences if their special needs are not adequately addressed during service disruptions.

Around the time of publishing its report, the Electricity Authority Chief Executive wrote to electricity retailers highlighting the findings of the review and outlining its views. The Authority highlighted a disturbing lack of compliance with critical sections of the Guidelines, which could have severe implications for consumers' health and safety. The letter calls for immediate attention and corrective actions to ensure all consumers, especially the medically dependent ones, are adequately protected and receive the necessary support during service interruptions.

The subjective nature of self-reporting, coupled with varying interpretations of compliance, raises concerns about the effectiveness of the current regulatory regime. The electricity sector also reported varying degrees of effort in adhering to the guidelines, disadvantaging those who fully participate.

The current Consumer Care Guidelines have not been drafted to the level required for mandatory obligations prescribed in the Electricity Industry Act. The Guidelines are currently open to interpretation, as shown by the recent alignment review, and therefore do not give clear and unambiguous obligations readily capable of being mandated in their current form. While acknowledging the logical intermediate step of the voluntary Guidelines regime, we consider it essential to move forward to the next stage.

¹⁵⁵ For more information see: <https://www.mbie.govt.nz/dmsdocument/6932-electricity-price-review-final-report>, pg. 25.

¹⁵⁶ For more information see: https://www.ea.govt.nz/documents/3127/Summary_of_retail_brands_self_assessments_with_consumer_care_guidelines.pdf.

9.2.3. What needs to happen

We have heard overwhelming calls from industry, retailers, public health and organisations like the Consumer Advisory Council, He Kāinga Oranga/Housing and Health Research Group and energy community groups advocate that it is time to move from voluntary guidelines to mandatory obligations. The reasons were to provide real and consistent consumer and health protections.

The Electricity Authority needs to continue its review of the current Consumer Care Guidelines and fully consult with all stakeholders and set ‘Consumer Care Mandatory Obligations’. This would involve introducing a new section in the Electricity Industry Participation and elevating those aspects of the current Guidelines that are critical for supporting those in energy hardship.

The Electricity Authority must look to introduce mandatory obligations including in particular:

- arrangements for supporting those in payment difficulty or with poor credit history
- defined processes for non-payment, with disconnection as a last resort (See 7.2)
- banning disconnection fees, ensuring other fees are reasonable (See 9.3)
- requiring retailers to include payment options suited to the circumstances faced by those in energy hardship, e.g. cash payment, smooth pay, weekly or fortnightly billing/payment (See 7.2 and 9.3)
- informing customers of annual price-plan comparisons (See 9.4)
- arrangements for those experiencing family harm
- protections for medically dependent consumers.

A stronger monitoring, compliance and enforcement regime will also be required for these Obligations. The purpose of the regime will ensure the Obligations are upheld and household electricity customers are being protected. This will also deliver a level playing field for all electricity retailers, as they will all be subject to the same obligations and monitoring regime.

The Electricity Authority should actively monitor compliance with the Consumer Care Mandatory Obligations, including undertaking spot audits if necessary. Once included in the Code as obligations, they become mandatory for the industry participants that they apply to i.e. electricity retailers. Failure to meet an obligation may be a breach of the Code. Collectively, the Code, and associated provisions in the Electricity Industry Act¹⁵⁷ and Enforcement Regulations,¹⁵⁸ provide an appropriate enforcement and penalty regime, which could then be applied to enforce the newly mandated obligations.

The Electricity Authority should also include a yearly review of retailers’ alignment with Consumer Care Guidelines, and publish these within three months of conducting the review. Collecting this information would supplement the other energy hardship indicators we are recommending the Authority should collect (see Chapter 11: Enrich data and information). This data would help to create a clearer picture of the nature and extent of energy hardship in Aotearoa.

We acknowledge this transformation may entail increased costs for retailers. However, we note that the impact should not be significant if retailers’ consumer care practices already align with the voluntary guidelines in place.

¹⁵⁷ See section 54(1)(d) of the Act: https://www.legislation.govt.nz/act/public/2010/0116/latest/DLM2634394.html?search=sw_096be8ed81d13919_million_25_se&p=1&sr=0.

¹⁵⁸ See regulations: <https://www.legislation.govt.nz/regulation/public/2010/0362/latest/DLM3285301.html>.

9.2.4.

Recommendations**CP1.**

The Electricity Authority should review and consult on the Consumer Care Guidelines that is then made into mandatory Consumer Care Mandatory Obligations for all retailers, including social retailers, to create clear minimum standards that ensure better protection for all consumers against energy hardship.

CP2.

The Electricity Authority should monitor compliance with, and enforce, the Consumer Care Mandatory Obligations in the Electricity Industry Participation Code.

CP3.

The Electricity Authority should collect and regularly publish statistics on electricity retailer compliance with the new Consumer Care Mandatory Obligations in the Electricity Industry Participation Code, with the first report due 12 months after they come into effect.

9.3. Ban disconnection fees, ensure other fees are reasonable, and provide payment options

9.3.1. Introduction

We heard that certain fees and charges, as well as the types of payment methods used by retailers, are exacerbating energy hardship. Fees tend to hit hard for households already struggling to pay their energy bills. Some of these fees are:

- **Disconnection fee:** If you fail to pay your electricity bill on time, the retailer may charge a disconnection fee for disconnecting your electricity supply. This fee is meant to cover the costs associated with the disconnection process.
- **Reconnection fee:** If your electricity supply is disconnected, you will usually have to pay a reconnection fee when you make arrangements for your outstanding balance and request the retailer to reconnect your service.
- **Late payment fee:** If you miss the due date for your electricity bill payment, a late payment fee may be added to your bill. This fee acts as a penalty for not paying on time.
- **Credit card processing fee:** Some retailers may charge a fee if you choose to pay your electricity bill using a credit card. This fee is to cover the costs associated with processing credit card payments.
- **Debt collection fee:** If your account becomes significantly overdue, the retailer may engage a debt collection agency to recover the outstanding amount. In such cases, you might be liable for a debt collection fee.
- **Break contract fee (early termination fee):** If you are on a fixed-term contract with your electricity retailer and choose to terminate the contract before its expiration, you may be subject to a break contract fee.

- **Special meter reading fee:** If you request a special meter reading outside the regular billing cycle, the retailer may charge a special meter reading fee.
- **Administration fee:** Some retailers may impose an administration fee to cover administrative costs related to managing your account.
- **Paper bill fee:** If you opt to receive a paper bill instead of an electronic one, some retailers may charge a paper bill fee.

Retailers may also require consumers with bad credit history to pay a bond. Consumers on pre-pay plans may also be required to pay fees for topping up their credit.¹⁵⁹

9.3.2. Issues

There appears to be a significant variation in the fees charged between retailers, for example, reconnection fees range between \$25 to \$255.¹⁶⁰ It is unclear whether fees genuinely reflect the costs to the retailer, and it is challenging to compare retailers' fees due to the variations in the terms used.

We heard that disconnection fees disproportionately impact those in energy hardship and lead to increased debt for someone already clearly in arrears.

Concept Consulting's Social Retailing Phase 1 report found payment method fees are being charged widely for post-pay plans, and top-up fees are being charged for some pre-paid customers for all types of billing, except for when Work and Income redirect funds.

A recent survey found that 2% of households (about 38,000 households) reported being disconnected for non-payment in the last 12 months (with 10% of households said they have experienced disconnection at some time in the past).¹⁶¹ Disconnection fees can make it more difficult for a disconnected customer in hardship to reconnect.¹⁶² In addition, if a customer has been disconnected in some cases they are being charged up to \$250 to reconnect with a new retailer.¹⁶³

Approximately 361,000 New Zealand households have been found to struggle to pay their monthly power bill,¹⁶⁴ with 13% of people having had overdue fees added because they could not pay the bill on time.

Another key challenge for those in energy hardship can be paying a large monthly electricity bill.¹⁶⁵ We heard that those living on a fixed income or facing hardship and living week to week struggle with monthly direct debit payments, generally the preferred option of power companies.¹⁶⁶ We've heard that paying a smaller amount weekly or fortnightly is considered easier to manage than a larger monthly bill. The longer the billing cycle, the greater the risk that a household racks up an unexpectedly large bill it then can't afford and experiences 'monthly bill shocks'.¹⁶⁷ Unsurprisingly winter energy bills tend to be higher than the summer months, adding to budgeting pressures across those months.

For some customers, particularly the elderly, cash payments may be their preferred or only option if they don't have a bank account or digital access.

¹⁵⁹ Payment method fees are being charged widely for post-pay plans, and top-up fees are being charged for some pre-pay customers for all types of billing except for when Work and Income redirects funds. Concept Consulting Social Retailing Phase 1 Report. For more information see: <https://www.mbie.govt.nz/dmsdocument/26418-social-retailing-phase-1-problem-definition-and-long-list-of-options-pdf>.

¹⁶⁰ *ibid*

¹⁶¹ CNZ 2023 Survey.

¹⁶² Concept Consulting Social Retailing Phase 1 Report. For more information see: <https://www.mbie.govt.nz/dmsdocument/26418-social-retailing-phase-1-problem-definition-and-long-list-of-options-pdf>.

¹⁶³ *ibid*

¹⁶⁴ In CNZ 2023 Survey, 19% of households (around 361,000 households) reported they had experienced financial difficulty paying their monthly power bill in the last 12-months.

¹⁶⁵ Concept Consulting Social Retailing Phase 1 Report. For more information see: <https://www.mbie.govt.nz/dmsdocument/26418-social-retailing-phase-1-problem-definition-and-long-list-of-options-pdf>.

¹⁶⁶ Submission from Utilities Disputes on the Energy Hardship Expert Panel's discussion paper.

¹⁶⁷ Submission from Waikato Environmental Care Trust on the Energy Hardship Expert Panel's discussion paper.

9.3.3. What needs to happen

We heard from community groups that banning disconnection fees would help to prevent further inflicting unsustainable debt on customers who are highly likely to be struggling. Being disconnected from your power provider is stressful enough, without also receiving a further penalty. We believe the cost of disconnection is a cost that should be absorbed by electricity retailers, particularly as smart meter disconnections can be completed remotely with very little cost involved.

Ensuring all fees and costs charged are reasonable will help improve the affordability for those in energy hardship, who are disproportionately affected by high fees. We acknowledge that this could create a scenario where retailers pass on the unpaid costs associated with disconnection fees onto all customers, increasing overall electricity costs or raising other fees.

Some electricity retailers do facilitate a range of payment options, including smoothing payments out over the year and offering shorter billing cycles. There can, however, be an additional cost involved for choosing these options, and although this is generally a relatively small charge, if it is applied for each payment it adds up over time. For households already struggling, having to pay an extra cost on top of already paying for their energy can make bills unaffordable.

Electricity retailers should be mindful of the payment options they make available and their suitability for households in energy hardship. For electricity retailers, minimum provisions should be set out in the strengthened Consumer Care Mandatory Obligations (see 9.2).

We acknowledge that requiring multiple payment options might be a challenge for small or very small retailers, and that careful design would be needed to ensure the requirements do not adversely affect retail competition.

9.3.4.

Recommendations

CP4.

The Electricity Authority should implement a Code change to ban all disconnection fees for prepay and post-pay electricity and ensure all other fees and costs charged to energy consumers are reasonable.

CP5.

The Electricity Authority should require retailers to include payment options suitable for those in energy hardship, e.g. cash payment, smooth pay, weekly or fortnightly billing and payment.

9.4. Inform customers about their most affordable plan

9.4.1. Issues

It can be difficult for consumers to understand if they are on the most affordable plan, best tailored to their electricity needs. This is because consumers may not have ready access to their historical consumption data and be able to analyse options to adequately assess which plan best suits their energy needs. Further compounding this is that retailers aren't currently required to inform customers of all available plans.

Recent analysis of power bills by Consumer NZ indicated that 40% of electricity bills had a pricing plan named and only 47% of bills contained historic consumption data.¹⁶⁸ This highlights an information asymmetry, with consumers not readily having this information available to make an informed decision and ensure they are on the best plan for their needs.

Electricity is a homogenous product, and consumers use electricity continuously, but the amount they use can vary significantly depending on their household needs, and on factors such as the time of day, time of year, and location. The price to consumers can be split into daily fixed costs and variable usage costs. Variable charges are either a single rate per unit of electricity used, regardless of the time of the day or day of week it is used, or multiple rates, with each rate applying at a specified time of the day or week. A plan with more than one rate, which apply at specified different times, is known as a time conditional or 'Time of Use' plan.¹⁶⁹ Time of Use plans will not be suitable for customers who are unable to change when they use electricity to take advantage of the cheaper or free electricity rates offered at different times of the day or days of the week. This has the potential to exacerbate energy hardship for those who aren't taking up innovative time conditional plans.¹⁷⁰

There is considerable variation in electricity tariffs across retailers, and switching plans has the potential to save consumers a significant amount of money, up to \$480 per year for a small consumer and \$870 per year for a large consumer.¹⁷¹ Despite this, many consumers still don't switch. Research shows less than 6% of households switched in the last 12 months¹⁷² and nearly half of New Zealanders have been with the same retailer for over five years.¹⁷³

The main price comparison website available to consumers, Powerswitch, does not list all available plans and relies on retailers providing and updating them with their available and accurate plans. Further complicating the issue, recent Consumer NZ research has found a significant discrepancy in the plan names retailers provide on their bills and those they provide to Powerswitch.¹⁷⁴

Switching electricity companies can be time consuming and done infrequently.¹⁷⁵ The Electricity Price Review found that consumers who don't or can't easily shop around are paying more than they need to. It also found that many consumers are not on the best plan for them, they find it hard to compare prices and plans, choose the best one, and make the switch.¹⁷⁶

¹⁶⁸ CNZ 2022 Analysis.

¹⁶⁹ Time of Use plans which have varying prices based on the time of electricity consumption, can be as simple as two rates per day (e.g. day/ night), 'time blocked' (there are lots of potential combinations including peak/ offpeak/ shoulder/ morning/ afternoon/ weekend day, etc.) more complex. Source: 1212 (ena.org.nz).

¹⁷⁰ For example, some may not be aware or have the ability to shift consumption (and maintain shifted consumption) to take advantage of Time of Use plans.

¹⁷¹ For more information see: Ben Hamlin, June 2023, 'Advice to Energy Hardship Expert Panel'.

¹⁷² As at July 2023, around 5.68% changed provider in the last 12-months. This excludes move in switches. https://www.emi.ea.govt.nz/Retail/Reports/R_SwT_C?DateFrom=20220601&DateTo=20230531&SwitchTypecode=TR&ShowAs=Rate12M&_rsdr=L12M&_si=v|3.

¹⁷³ CNZ 2023 Survey data. For more information see: <https://www.1news.co.nz/2023/06/02/consumer-nz-encouraging-kiwis-to-switch-power-providers/>.

¹⁷⁴ CNZ 2022 Analysis. Recent analysis of power bills by CNZ indicated that only 40% of electricity bills had a pricing plan named and of these, 80% had a different pricing plan name to that notified by the retailer to Powerswitch.

¹⁷⁵ It has been suggested that on average, customers switch every four years: see TBD Advisory, The Determination of Retail Prices in the NZ Electricity Market, November 2021 at 4.1.

¹⁷⁶ For more information see: <https://www.mbie.govt.nz/dmsdocument/6932-electricity-price-review-final-report>, pg. 31

It is unclear whether, at present, the benefits of a competitive electricity market are being adequately seen by those in energy hardship. Competitive offers are likely to provide direct benefits to customers who are likely to switch provider. The factors that contribute to energy hardship can also make it more difficult for consumers to take advantage of the benefits of competition through switching.

Information from electricity retailers, and the tools that enable comparisons and switching, are usually available online only, can be complex to use, and are particularly unsuited for those for whom English is not their first language.

Many innovations in electricity retailing require internet access or the installation of an application on a smart phone.

There are real costs to consumers when changing electricity retailers. In addition to the time involved in making a switching decision, there can be contract termination fees, and the inconvenience associated with changing suppliers. Where consumers take a bundle of services from a provider, these costs can be even more significant.

Taken together, these factors reduce consumers' willingness to switch retailers. For those in energy hardship, being on the most affordable plan suited to their consumption is imperative.

9.4.2. What needs to happen

While promoting consumers' ability to switch providers is important, we believe there should be an onus on each retailer to do its part by helping existing customers ensure they are on the most affordable plan available to them. The Consumer Care Guidelines already have voluntary guidance to retailers on notifying customers of their best plans, but this should go further.

The Electricity Authority should require all retailers to provide their customers with an annual update on what plan they are currently on, and what would be their lowest cost retail price plan on offer, tailored to their individual historic consumption data. This should clearly show a tariff comparison and estimated cost savings. This information should be communicated and represented in a clear manner and include how a customer could go about switching to the best plan. The main objective would be to remove any unnecessary barriers to ensuring all customers are frequently being moved onto the best plan available by their retailer. We consider this is consistent with the 'high care model' described in Chapter 7: Expand energy access and choice.

Those struggling to make ends meet shouldn't be expected to spend significant amounts of time trying to find a good deal but should be able to expect to be kept informed by their existing retailer if they are paying too much. This is a practical first step that will assist customers switch to a more affordable plan as it will provide them with a compelling comparison.

Recent data shows that around one in five consumers said they had not even opened their power bill in the last 12 months¹⁷⁷ We have considered whether retailers should be required to offer an automatic switching service so that consenting customers are always on the most affordable plan for their needs. However, we acknowledge that auto-switching may have unintended consequences and the choice should remain with the consumer, and the onus should be on the retailer.

There is a precedent for retailers implementing such a recommendation, as they have been required to notify customers of 'best plans' under the Low Fixed Charge regulation since 2004.¹⁷⁸

¹⁷⁷ NZ 2023 Survey.

¹⁷⁸ Every electricity retailer must promote low fixed charge tariff options by giving notice at least once in every 12 months to each domestic consumer it currently supplies electricity. <https://www.legislation.govt.nz/regulation/public/2004/0272/latest/whole.html#DLM283673>.

9.4.3.

Recommendations**CP6.**

The Electricity Authority should require retailers to notify their residential customers of the most affordable plan available to them annually.



10.

Build community education and action

10.1. Introduction

Community-based organisations and community workers are often the first place individuals, families and households in hardship go to for support, including those experiencing energy hardship. The knowledge held by these organisations and workers, and the existing relationships with their communities means they can mobilise quickly to respond to the hardship they see. We heard many inspiring stories of community leadership and action, from Kaitaia to Invercargill.

The Electricity Price Review recommended government progressively link and expand existing support services to establish a network of community-level support services to support people in energy hardship, and set up funding to enable community-level groups, organisations and businesses to deliver personalised, specialist advice and education to households in energy hardship. The Support for Energy Education in Communities (SEEC) Programme was established by the Ministry of Business, Innovation and Employment in August 2020 in response to this, providing funding to build and support the network of providers through its SEEC Fund and the SEEC Equipment and Devices Fund.¹⁷⁹

Funded via the Government's COVID-19 Response and Recovery Fund, the SEEC Programme is managed and administered by MBIE.¹⁸⁰ Since its launch in late 2020, 41 projects have been funded by the programme through three funding rounds, to a total value of \$4.96 million. It has a \$2.95 million annual budget from 2023/24 onwards.

While early results from the SEEC Programme are encouraging, during our journey, SEEC fund recipients and the wider energy and community sectors raised concerns that bear consideration. These include SEEC's nature for funding allocation, and the lack of a specific focus on supporting Māori and Pacific peoples despite these communities experiencing the greatest energy hardship. The standalone nature of the programme, that is, it's not part of other energy, health and social services efforts, its short contract timeframes and reliance on self-reported evaluative data were other key issues raised. Many submitters were also not aware the SEEC funding programme existed.

¹⁷⁹ For more information see: <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-hardship/support-for-energy-education-in-communities-programme/>.

¹⁸⁰ Ibid.

We heard that for community education efforts to be successful, they need to be part of, and build on existing networks, programmes and interventions. They also need to be targeted to those most in need. Māori programmes and interventions need to be conceptualised within te ao Māori, and mātauranga Māori (traditional concepts of knowledge and knowing) so they resonate with Māori, whānau, iwi and hapū, designed and delivered by Māori; and include navigations services. The same approach is needed for Pacific communities, albeit the approaches conceptualised within Pacific ethnic-specific worldviews. Building the capability of community-based organisations to deliver energy education is also considered crucial.

MBIE acknowledges the SEEC Programme has been in the pilot phase to date and MBIE is open to changes to achieve optimal outcomes, particularly for individuals, families and households who are experiencing greater levels of energy hardship, and sustained hardship.

Access to accurate energy wellbeing-related information in one place was another issue raised by submitters. A 'one-stop-shop' online platform with accurate, up-to-date information was considered prudent for people who access information this way and not part of the SEEC Programme.

In this section, we discuss:

- strengthening and extending the Support for Energy Education in Communities Programme
- developing and maintaining an online energy wellbeing platform.

10.2. Strengthen and extend the Support for Energy Education in Communities Programme

10.2.1. Issues

The SEEC Programme was established by MBIE in late 2020 to reduce energy hardship through lower energy bills and warmer, more energy-efficient homes. It involves funding to build and expand the network of services to support people in energy hardship, through the delivery of personalised, specialist advice and education to households (the SEEC Fund), and purchasing and distributing low-cost energy-saving equipment and devices (the SEEC Equipment and Devices Fund). SEEC eligibility criteria require that applicants be trusted, connected and integrated, and that initiatives be targeted and measurable.¹⁸¹

To date, 41 projects have been funded through three funding rounds, to a total value of \$4.96 million. SEEC has made some encouraging in-roads. It has helped to increase the reach of existing energy education programmes such as ERANZ's EnergyMate which received SEEC funding in 2021 to expand its services with a focus on Māori and Pacific communities. SEEC has also supported initiatives in rural areas such as Habitat for Humanity – Northern Region who distributed 'Winter Warmer Packs' to 60 homes on Great Barrier Island and Waiheke Island.¹⁸² Another example of rural initiative is Sustain & Enable's project which supported people with disabilities and seniors who live rurally and in small towns.¹⁸³ SEEC funding has also enabled a number of existing community organisations to expand their support services to include energy education.¹⁸⁴

¹⁸¹ For an explanation of these criteria, see <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-hardship/support-for-energy-education-in-communities-programme/>.

¹⁸² For more information see: <https://www.beehive.govt.nz/release/round-2-successful-energy-education-fund-now-open>.

¹⁸³ For more information see: <https://www.beehive.govt.nz/release/government-supports-more-energy-saving-projects-help-more-kiwis-save-money>.

¹⁸⁴ For more information see: <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-hardship/support-for-energy-education-in-communities-programme/>

Reports from SEEC initiatives show the improved outcomes for recipients of support from SEEC providers. For example, simple actions such as switching electricity plans to a lower-cost option, installing LEDs and more efficient heat pump use through cleaning filters, can each deliver energy savings ranging from \$180 to \$230 per year.¹⁸⁵

Despite these encouraging results, several issues were raised with us about the SEEC Programme.

Building the network

Many submitters – including members of the long-established Community Energy Network (CEN),¹⁸⁶ some energy retailers working in energy hardship, and Māori and Pacific NGOs – were not aware of funding being available to help build a network and were keen to be part of a network to ensure greater information-sharing, collaboration, and increased reach and impact of services. Some submitters also pointed out that the CEN is already performing a ‘connecting of services, information-sharing, capability-building and collaborative service delivery’ function, separate to the SEEC Programme; and its members have been doing so for 20 years.

It is acknowledged that the SEEC Programme does not fund a network per se, nor does it fund a network organisation. Rather, the SEEC Programme funds individual community organisations to deliver energy education to households in energy hardship. By doing so, it aims to increase the number of community organisations providing these services, which in turn, over time, helps build a network of services across the country, consistent with the EPR recommendation to “progressively link and expand existing support services to establish a nationwide network”.

The SEEC funding process

Unsurprisingly, the SEEC Programme received the greatest attention from submitters, possibly because it is the government’s only community-level energy hardship fund. Many submitters thought that the funding to date had not been delivered on a contestable basis and were concerned about allocation on transparency grounds.

Some questioned MBIE’s place and ability to administer and allocate these funds given that it is primarily a policy Ministry, and its knowledge and understanding of what is happening at community-level is limited.¹⁸⁷ Several submitters pointed out that the Electricity Price Review had recommended funding decision-making sit with a cross-sector energy hardship group comprising key government agencies, community organisations, consumer advocates, industry partners and regulators, and that if the SEEC Programme had been implemented that way, the noted issues may not have arisen.¹⁸⁸

The lack of targeting and prioritising of Māori and Pacific peoples by the SEEC Programme, despite these groups having the highest levels of energy hardship, was another issue raised by most submitters. Māori, Pacific peoples and NGOs told us this lack of focus only serves to increase inequities and the energy hardship Māori and Pacific peoples experience because they and their hardship are invisible, and they are not benefiting from this support. MBIE officials said when considering SEEC funding applications, they do make a concerted effort to ensure there are projects that focus on Māori and Pacific peoples.

¹⁸⁵ For more information, see: <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-hardship/support-for-energy-education-in-communities-programme/progress-reporting/>

¹⁸⁶ Community Energy Network (CEN) is a nationwide hub of community organisations. The organisation and its regional members are experts in delivering warm, dry healthy homes that save money, save lives, create employment and connect communities. Over the past 15 years, CEN’s members have insulated more than 100,000 New Zealand homes.

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¹⁸⁸ Operationally, that group is us (our expert panel) and the Energy Hardship Reference Group. We have not been involved in the SEEC Programme.

Some submitters considered the stand-alone nature of the SEEC-funded projects, that is, not part of wider energy, health and social services efforts, to be a limitation, particularly community-based organisations. CEN members, Māori and Pacific NGOs and people, and Whānau Ora entities pointed out that energy hardship is the result of other hardships – financial hardship, poor health and wellbeing, poor education and employment, dysfunction for example – and that to be successful, SEEC-funded projects needed to be part of a package of care and support.

The timeframes for SEEC funding contracts were also not considered conducive for sustainable action and outcomes. We acknowledge that the funding focus of the initial SEEC rounds encouraged projects that were short term. This was deliberate given the level of funding, the need to pilot and test, and the desire to get the funding out quickly. However, we consider that the timeframes are too short to measure outcomes, and the programme is reliant on self-reporting evaluative data, which has potential bias. The funding round format also places administrative burdens on community organisations, and is a barrier to participation for others.

10.2.2. What needs to happen

Without a doubt, the SEEC Programme has had some impact on energy hardship; given the limited funding to date it has been relatively successful overall, and there have been pockets that have been particularly successful. However, based on what we have heard, considerable and urgent changes are needed if the SEEC Programme is to achieve optimal reach and outcomes. MBIE is open to changes to ensure this happens, particularly for individuals, families and households experiencing greater energy hardship, and sustained hardship.

We heard, that for the SEEC Programme to be successful, it needs to:

- build on existing networks, programmes and interventions to increase their relevancy, reach and impacts. Energy hardship programmes cannot be delivered in isolation from the wider ecosystem.
- ensure energy hardship and wellbeing efforts are designed and delivered by trusted local community organisations and people because they know their communities, and what will work.
- include a targeted focus on Māori and Pacific peoples, as communities who are experiencing greater levels of energy hardship.
- ensure Māori energy-related approaches are conceptualised within te ao Māori, and mātauranga Māori so they resonate with Māori whānau, iwi and hapū; with Māori providers leading and navigating the way forward in this space for their whānau, iwi and hapū. The same approach is needed for Pacific peoples, albeit approaches conceptualised within Pacific ethnic-specific worldviews.
- build the capability of funding recipients so they can develop and deliver efforts at scale.

The network

There is overwhelming support for an energy wellbeing network to facilitate and support enhanced service integration and collaboration at a local level.

To this end, we recommend establishing an independent community energy wellbeing network, tasked with overseeing community-level efforts to alleviate energy hardship.

We proposed the community energy wellbeing network's core functions as:

Oversight

- promote and support alignment and collaboration between community organisations involved in energy hardship and energy wellbeing
- work to ensure all people in energy hardship can fairly and equally access appropriate support.

Capability-building

- build the capability of community organisations so they can provide evidence-based, culturally relevant advice and navigational support.

Monitoring and evaluation

- invest in the collection and sharing of robust monitoring and evaluation information
- independently monitor and report findings on energy hardship and energy wellbeing in New Zealand.

Advocacy

- listen to, and work alongside, people living in energy hardship
- amplify community voices and bring focus to issues and opportunities
- advocate for the collective interests of people who are living in energy hardship
- make recommendations to improve the effectiveness, efficiency and adequacy of approaches to energy hardship and wellbeing.

We have considered several options for the network. Our recommendation is that an organisation such as Community Energy Network (CEN) be mandated and funded to be the network. We suggest CEN for the following reasons:

- the CEN is already performing the proposed functions of a community energy wellbeing network
- the CEN has existing relationships with industry and other key stakeholders and is well-respected.

The CEN may, however, need to broaden its membership to include health, social services, Whānau Ora and financial capability groups. Māori and Pacific-specific networks also need to be established, as part of the wider CEN, and appropriately resourced so that the appropriate cultural expertise is called on to ensure inclusion, ownership and management of solutions is driven by and accountable to Māori and Pacific communities.

The fund process

We recommend the current SEEC Programme funding process be reconfigured to support the new strengthened SEEC Programme as follows:

Workstream 1. The community energy wellbeing network

Funding allocated to:

- strengthen the network's management and administrative costs, including the standing-up of the Māori and Pacific community energy wellbeing networks.
- enable the capability-building component of the network – with all member organisations, particularly Māori and Pacific members, undergoing professional development such as Home Performance Advisor¹⁸⁹ or referring to existing expertise such as Whānau Ora Navigators. This will ensure they have the energy knowledge, which they can conceptualise and deliver within cultural worldviews.

¹⁸⁹ Home Performance Advisor is the primary course in New Zealand for training and certification to healthy homes advisors. This course is run by a conglomerate of charitable trusts and is widely used by frontline community health workers, including local government EcoDesign Advisors and SEEC-funded providers. It equips future advisors with authoritative, science-based knowledge and skills as well as tools for sharing this knowledge in an accessible way.

Workstream 2. Community action

Funding allocated to:

- enhance community education efforts, as per the current SEEC Fund. However, this fund should continue to be contestable, but with multi-year contracts offered to support sustain action.
- commission independent evaluations, so the learnings can inform ongoing energy and energy hardship-related initiatives and developments.
- provision of low-cost in-home energy efficiency solutions, as per the current SEEC Equipment and Devices Fund.

It is recommended that CEN and MBIE oversee workstream 2.

We consider that the annual ongoing funding of \$2.95 million for the SEEC Programme is relatively small compared to the energy education problem we've heard in our engagement with communities. We strongly recommend government increase funding to enable a strengthened SEEC Programme, delivered at scale across the country.

10.2.3.

Recommendations

CE1.

The Community Energy Network should be mandated, and appropriately funded, by government as a community energy wellbeing network including support for local advocates such as Whānau Ora Navigators, or Māori and Pacific community agencies.

CE2.

Government should increase funding to strengthen and expand the SEEC Programme.

10.3. Develop and maintain an energy wellbeing online platform

10.3.1. Issues

There is a considerable amount of education materials and campaigns on energy, energy savings and efficiency. These include several online platforms offering information and advice on a range of topics, such as whether you are on the right electricity plan (Powerswitch) and how to conserve power (EECA).

The issue, according to most submitters, is that this information is 'everywhere' and there is no centralised place where people can go to get all their information needs met. Most people are unaware where they should go to find information on energy, energy savings and efficiency; or what information they should even be looking for. This hinders the ability of New Zealanders to make positive, informed decisions about their energy use, retailers, plans and practices.

Furthermore, we heard that when people find the information they are looking for, it is often outdated, and people are unsure whether they can rely on it. The information is also predominantly in English, and therefore may not be accessible to everyone experiencing greater energy hardship, for example some, Māori and Pacific peoples.

10.3.2. What needs to happen

There is a need for a comprehensive one-stop-shop online energy wellbeing platform where people can access the information, advice and support they need to make positive, informed decisions about their energy use, retailers, plans and practices. This includes individuals, families and households experiencing energy hardship, landlords, energy navigators, advocates and other practitioners working in the energy hardship area. To ensure broad accessibility and reach across diverse audiences and communities, it is imperative to disseminate this information through various platforms, including social media and other channels where people are already actively engaging. By meeting communities where they are instead of expecting them to access information solely through one platform, we can effectively engage with a wider range of people in a way that aligns with their preferred engagement methods.

The platform we recommend will provide links to existing electricity price comparison services, energy bill and plan assistance, energy efficiency tools and skills, subsidies and support programmes, consumer rights information, and signposting to providers of further support, advice and training.

The platform will need to be maintained on an ongoing basis to ensure the information is current, relevant and accurate. Wherever possible, information should be available in different languages for people who speak English as a second language. Potential candidates to develop and maintain this platform include Powerswitch and EECA, leveraging off their well-established websites, or the new Interdepartmental Executive Board, as recommended in Chapter 5: Strengthen leadership and accountability or the network. The new Energy Hardship Advisory Group recommended in section Chapter 5: Strengthen leadership and accountability should be involved in the design and development of the platform.

It is envisaged that funding for the development and ongoing delivery of the platform will be part of increased funding for the SEEC Programme as proposed above, to fund the ongoing delivery of the strengthened programme.

We recognise energy retailers are operating in a competitive market, and there may be some reluctance to be involved in a one-stop-shop platform. Hence, the option for linking to external energy retailer and industry platforms. However, the energy retailers and experts we spoke with are supportive because of the platform's potential to help those in energy hardship, and at minimal cost.

10.2.3.

Recommendations

CE3.

Government should fund an online energy wellbeing platform to make energy savings, efficiency and wellbeing information more widely available and accessible.



11.

Enrich data and information

11.1. Introduction

We rely on data, information and insights every day to understand our world, and make decisions and changes that will improve our position, situation and outcomes.

Energy hardship is no different. Data, knowledge and insights are crucial for understanding what energy hardship in New Zealand is. It is only from robust data sets that we will appreciate the scale and magnitude, the key drivers that are influencing energy hardship and for whom. Data is most useful when it can inform evidence-based and culturally relevant responses leading to optimal outcomes.

Diverse types of data can lead to different outcomes. Historical data, statistical data or personal data may all have different levels of representativeness. Incomplete data can prevent policymakers from being able to achieve enduring solutions that speak to the range of different realities across a population. Some data may be unique, others more universal; the value of all data will depend on the context from which it is drawn.

Effective data on energy hardship, therefore, is a social and economic resource that provides a solid evidential basis for policy decisions. Unlocking the potential of that data will help identify the benefits of greater investment in responses and solutions.

MBIE's recently developed energy wellbeing definition and energy hardship measures (June 2022, June 2023) represent important building blocks for framing energy hardship in New Zealand.

A number of groups, including government agencies, Crown entities, research institutions and community organisations, have conducted research and commissioned programme evaluations that provide important insights into aspects of energy hardship.

Yet, the scale and magnitude of energy hardship in New Zealand is not known. Our understanding of the specific key drivers that are influencing energy hardship for different groups and what this looks like is also limited. Effective, culturally relevant responses are also not known.

At a policy level, there are limitations with MBIE's energy hardship indicators. The data and evidence on energy hardship in New Zealand is limited in some aspects, however it is growing. Without such information and insights, it is difficult to create a framework that provides a shared collective approach to work in this space.

Several government agencies currently have data sets that could provide important contextual information on the key drivers of energy hardship, such as household sizes, types, incomes for example. However, access to some data sets is limited.

It is a similar case for energy retailers who hold information that is relevant to energy hardship indicators, however it is not publicly available.

Often knowledge and the sharing of this invaluable information is opportunistic. There is no compendium or central repository for people to access energy hardship-related knowledge. Funding for research is also limited.

As a consequence, there is a need to build an energy hardship data, information and insights system that informs, supports and drives change.

Value of national surveys

We note that agencies such as BRANZ and Stats NZ have undertaken national surveys to obtain pertinent evidence and insights on housing stock and living conditions, such as the General Social Survey,¹⁹⁰ and the Household Economic Survey.¹⁹¹ In 2018/19, BRANZ undertook a national housing assessment survey (the Pilot Housing Survey [PHS]) of 832 houses throughout New Zealand. The survey involved a physical assessment of the dwelling, undertaken by a team of independent, BRANZ-trained assessors and ran from August 2018 to May 2019. BRANZ also has over two decades' experience of delivering national housing assessment surveys through its House Condition Survey (HCS). There is a need to regularly review the House Condition Survey to ensure it remains relevant and useful.

MBIE's Consumer Protection team conducts biennial New Zealand Consumer Surveys to find out what adult New Zealanders know about consumer laws and it explores how they behave when they experience problems with products and services. The surveys provide national-level insights on the health of the consumer and commercial regulatory system and enable changes to be monitored.

In this section, we discuss:

- definition and measures of energy hardship
- energy hardship and wellbeing framework: data, information and insights
- knowledge sharing
- energy hardship research fund.

¹⁹⁰ For more information see: <https://www.branz.co.nz/healthy-homes-research/hcs/creates-change/>.

¹⁹¹ For more information see: <https://www.stats.govt.nz/help-with-surveys/list-of-stats-nz-surveys/about-the-household-economic-survey/>.

11.2. Enhance the definition and measures of energy hardship

11.2.1. Issues

MBIE'S energy wellbeing definition and energy hardship measures (June 2022 and 2023), developed in response to the Electricity Price Review (EPR) 2019, are noted contributions to the energy hardship evidence base in New Zealand and provide useful data points. They provide a framework for understanding what energy wellbeing is, and for measuring and understanding aspects of energy hardship.

However, there are limitations with the energy hardship measures. The five measures only speak to two of the eight key drivers of energy hardship we identified: namely, housing type and quality and household income. There are no measures for household needs, appliance efficiency, energy sources, location and knowledge. As a such, the scale and magnitude of energy hardship in New Zealand cannot yet be accurately determined. We are also unable to assess the impact and influence of the key drivers of energy hardship for different groups, to inform inclusive policy responses.

MBIE acknowledges these limitations. The measures were developed based on existing data sets, held by Stats NZ. We consider the use of existing data sets designed and obtained for different purposes is in itself a limitation.

11.2.2. What needs to happen

A full suite of measures is needed to obtain a comprehensive picture of what energy hardship in New Zealand looks like. It is recommended that MBIE and Stats NZ undertake a national survey to obtain the information and insights required to develop the remaining measures. In subsequent years we suggest that MBIE and Stats NZ would then routinely conduct national surveys to measure the incidence of, and changes in energy hardship.

We note that BRANZ and Stats NZ undertake similar surveys concerning New Zealand's housing stock and the conditions people live in, such as the BRANZ House Condition Survey and the General Social Survey.

A national survey with associated monitoring will require significant investment. However, it is crucial to obtain an accurate picture of energy hardship in New Zealand to inform policy and responses that are effective and will achieve optimal outcomes.

11.2.3.

Recommendations

DI1.

MBIE should develop a full suite of energy hardship measures that respond to the eight key drivers of energy hardship.

DI2.

MBIE and Stats NZ should design and administer a national survey to obtain pertinent information and insights.

DI3.

MBIE and Stats NZ should routinely conduct national surveys to measure the incidence of, and changes in energy hardship.

11.3. Progress energy hardship and wellbeing framework

11.3.1. Issues

A wide range of government agencies, Crown entities, research institutions and groups and community organisations are currently collecting data, information and insights on energy hardship-related topics that provide useful insights into aspects of energy hardship. Examples include the Energy Efficiency Conservation Authority's Warmer Kiwi Homes programme, MBIE's evaluations on community energy hardship initiatives, and public health, housing and energy hardship research conducted by the universities of Otago and Auckland.

However, organisations invariably use different measures of energy hardship, frameworks and methodologies to obtain and analyse data, information and insights. There is no shared collective approach to energy hardship data collection, monitoring, research, evaluation and learning. This makes it difficult to obtain a definitive picture and understanding of energy hardship in New Zealand. In order to inform effective policy and responses such insights are vital, as is the transferability and adoption of key learnings at a programme level.

11.3.2. What needs to happen

A shared collective approach to energy hardship, energy hardship measures and energy hardship-related monitoring, evaluation, research and learning needs is required to strengthen the energy hardship evidence base. A collective data framework is also necessary to enable transferability and adoption of key learnings at a programme level, and to encourage collaboration. This work should prioritise te ao Māori and mātauranga Māori and Pacific and ethnic-specific worldviews, knowledge, and community approaches.

MBIE's recently released energy wellbeing definition, energy hardship measures and framework is a useful starting point for activity in this space. The Community Energy Network (CEN), BRANZ and Energy Hardship Evaluation Consortium amongst others are, or have done, work in this area also. It is recommended that MBIE facilitate a working group comprising government agencies, Crown entities, research institutions and groups, community organisation networks and energy retailers to progress this work.

11.3.3.

Recommendation

DI4.

MBIE should convene a working group to develop an energy hardship and wellbeing framework for energy hardship monitoring, evaluation, research and learning activities in New Zealand.

11.4. Enhance knowledge sharing

11.4.1. Issues

A number of groups, including government agencies, Crown entities, research institutions and community organisations, have conducted research and commissioned programme evaluations that provide important insights into aspects of energy hardship. However, there is no central repository for energy hardship-related knowledge that policy-makers, researchers, people in energy hardship-related fields can access this important knowledge. Often, knowledge of, and the sharing of this invaluable information, is opportunistic.

The energy sector also has data sets that can shed light on how people engage with energy, particularly electricity. This includes information on the frequency and duration of disconnections for non-payment, reconnection times, consumer debt levels, refusal to supply due to poor credit, and data around pre-pay electricity. However, this information is not publicly available.

11.4.2. What needs to happen

As a starting point, an online central repository for energy hardship-related research and evaluation should be developed. It will house research and evaluation reports and provide links to existing pertinent research, including those funded via the proposed Energy Hardship Research Fund (see 11.5.), and independently commissioned monitoring and evaluation reports.

This platform will need to be maintained on an ongoing basis to ensure the information is current, relevant and accurate. We leave it to MBIE's discretion, as lead ministry for energy hardship, whether it does this work or outsources it to a credible third party.

We also encourage MBIE to support other knowledge-sharing opportunities such as conferences and webinars run by the wider energy hardship sector. In May 2023, Ara Ake, Community Energy Network, WISE Charitable Trust and Taranaki Chamber of Commerce hosted the Reducing Energy Hardship conference. The forum brought together national and international experts to raise awareness about energy hardship and to establish a common understanding of how to address it to support all New Zealanders.¹⁹²

Ongoing knowledge sharing events such as this will require new investment. It is suggested that funding for this will be part of MBIE's proposal for Budget 2024 envelope.

In terms of the energy sector, data and information relevant to energy hardship indicators needs to be collected, reported and published regularly, including on this online platform.

This data should include, but not be limited to:

- number of customers refused supply and reasons for this
- the number of disconnections, the reasons for each disconnection and duration of the disconnection period (post-pay and pre-pay)
- customer debt levels
- the number and size of bonds
- the number of pre-pay accounts
- referrals to Income Support

¹⁹² For more information see: <https://www.araake.co.nz/news-and-events/energy-hardship-conference/>. MBIE was one of several sponsors, providing financial support for the event.

- annual certification of retailers' compliance with Consumer Care Mandatory Obligations
- alignment with the Consumer Care Guidelines.

The Electricity Authority should require electricity retailers to report on key energy hardship indicators. The Electricity Authority should collect this data and publish a report, including on the proposed online repository.

11.4.3.

Recommendations

DI5.

MBIE should develop, establish and maintain an online repository on New Zealand energy hardship research and evaluation.

DI6.

Electricity Authority should require electricity retailers to report on key energy hardship indicators.

DI7.

Electricity Authority should collect and publish electricity retailer data relating to the key energy hardship indicators, with the first report due 12 months after they have been confirmed

11.5. Establish an energy hardship research fund

11.5.1. Issues

A number of researchers have made significant contributions in the research space, particularly around the health of the home and energy hardship. However, we note research in the energy hardship area generally is lacking, due to under-funding and the absence of an accepted New Zealand definition and energy hardship indicators.

11.5.2. What needs to happen

More research needs to be conducted in the energy hardship space including, what works for Māori, Pacific peoples and other groups more likely to experience energy hardship. Such research is considered a priority for addressing inequitable energy hardship outcomes given they are over-represented in energy hardship statistics. Research also needs to focus on high-risk groups – such as ethnic-specific population groups and other groups including disabled people, refugees, migrants, and rural communities.

The research should align to the proposed energy hardship monitoring, evaluation, research and learning framework (see 11.3).

The research should be published and shared widely, including via the knowledge-sharing mechanisms (see 11.4).

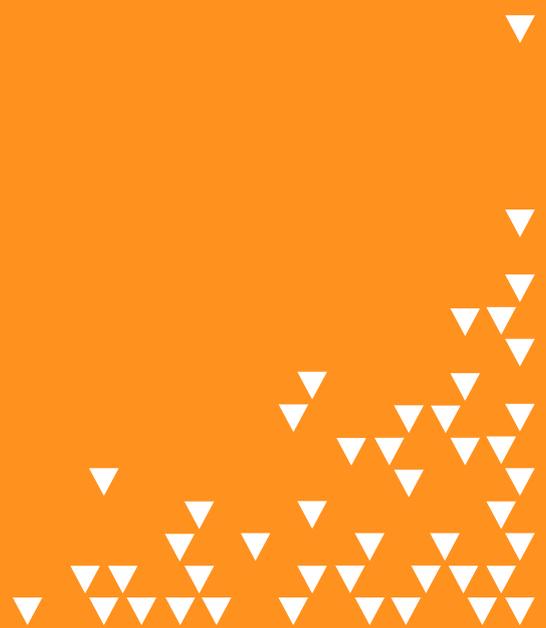
We would suggest that the Energy and Resources Minister invite research organisations who have internal capability for carrying out research, science, technology or related activities related to energy hardship, to put forward proposals to oversee the research programme and outputs. It is crucial that the party has strong research knowledge, credibility and integrity; and that the financing of funding criteria, processes and procedures is transparent and robust.

11.5.3.

Recommendations

DI8.

Government should create and fund the Energy Hardship Research Fund; scoped and led by MBIE. Eligibility criteria, application rounds and assessment processes should be developed by September 2024, and the fund should prioritise te ao Māori and mātauranga Māori and Pacific and ethnic-specific worldviews, knowledge, and community approaches.



Cover design

Our cover design for Te Ao Mārama | Energy Hardship: The challenges and a way forward integrates authentic Māori design with symbolism to convey an unwavering commitment towards fighting against energy hardship.

Central to our design is the niho taniwha pattern, which is used predominantly on tukutuku panels and tāniko weaving. It loosely translates to 'the teeth of the taniwha'. As such, it symbolises strength, resilience and kaitiakitanga – the attributes of a taniwha, mirroring the collective effort and perseverance in addressing energy hardship. Niho taniwha is also the principal motif that represents the realm of our kōrero tuku iho (Māori oral traditions), which underpins the whole design.

We have also incorporated three taimana or diamonds, representing the three stages of creation within our kōrero tuku iho (Māori oral traditions), Te Kore, Te Pō, and Te Ao Mārama. These stages directly connect with the niho taniwha motif, again emphasising the our kōrero tuku iho (Māori oral traditions), that underpin the whole design.

The top diamond, symbolising Te Kore, represents the realm of potential and the undefined. This reflects our constant pursuit of innovative solutions and possibilities to tackle energy hardship. The middle diamond embodies Te Pō, the realm of becoming, signifying the ongoing work, evolution, and progress in our fight against energy hardship issues. The lower diamond signifies Te Ao Mārama, the realm of light and being, demonstrating the ultimate goal to provide sufficient energy to every household in Aotearoa, eliminating energy hardship.

Beyond their cultural significance, these diamonds are also designed in the form of whetū (stars), directly linking to the concept of energy – a crucial energy that illuminates our night sky. Stars/whetū were also used by our tipuna to navigate, in this instance we likened this to navigating energy hardship.

The chosen palette of vibrant orange and gold pays homage to Tama-nui-te-rā, the sun. This choice of colours doesn't only symbolise the radiant energy we aim to provide, but also ties back to the sun as a natural and sustainable source of power and light, underscoring the importance of sustainable energy solutions. In totality, these design elements take us on the journey from Te Kore to Te Ao Mārama, presenting a compelling narrative of the journey to overcome energy hardship.

