Submission to EHEP Discussion Paper

Introduction

1. Having read the discussion document released by the EHEP it is unclear as to what problem the EHEP is trying to solve. This statement is made on the basis that the document makes:
   - no improvement to the definition of what energy hardship is;
   - it makes no claim as to the number of people affected by energy hardship ***(130,000 homes***);
   - it makes no claim on the impact on people of energy hardship ***(1,600 early deaths per annum due to cold homes)***; and,
   - it makes no assessment of the overall economic cost of energy hardship due to increased healthcare, the cost of lost wages, increased sickness benefits etc.

2. Without having a context in which to examine the issue of energy hardship, the document tends to wander away from the core issues and into policy recommendations that do little to address the problem.

3. Recognising that the existing energy hardship situation reeks of inequity and injustice, the EHEP should be calling out these problems. The question of whether the government wishes to address the issues is not one for the EHEP to lens its activities through. But unfortunately, this discussion document gives the appearance of "concerned tinkering" around the edges.

… the existing energy hardship situation reeks of inequity and injustice…

4. We, as a country, have made the first steps of a journey to having a low-emissions economy. We start this journey burdened by the existing inequity of energy poverty. Manaaki Energy's concern is that as we journey to ensure that the existing inequities are cast away and we do not take up new inequities. We hope for a range of policy recommendations from the EHEP that will serve us well on this journey to a low-emissions economy.

…if you cannot see the problem then it does not exist.

5. Manaaki Energy continues to be surprised that the EHEP, or other arms of the government, fail to undertake research into the area of energy poverty. And we have a working hypothesis that not investing in research means that there is a lack of evidence of energy poverty, and this lack of

evidence is used to justify the government's lack of policy: it is as though if you cannot see the problem then it does not exist.

The Impact of Respiratory Disease

6. The 2018 report by Otago University and the Asthma and Respiratory Foundation on the impact of respiratory disease points to the cost we as a country face due to respiratory and Asthma. This insert is taken from that report.

> **6.8. COST SUMMARY**
>
> The total cost of respiratory (ICD-10 Chapter 10) deaths in 2015 was $5,200,546,556, from 29,549 life years lost.
>
> The total cost of asthma (J45 and J46) deaths in 2015 was $247,982,240, from 1409 life years lost
>
> The total cost of respiratory (ICD-10 Chapter 10) hospitalisations in 2015 was $333,505,940.
>
> The total cost of asthma (J45 and J46) hospitalisations in 2015 was $17,077,337.
>
> The total cost to New Zealand (whether paid by patients or the State) of respiratory prescriptions in 2015 was $82,474,632.
>
> Combining public and private costs of doctors' visits for any respiratory condition, we estimate a minimum total cost of $49,004,860.

7. A single year's death toll in 2015 cost the country $350M in hospitalisations, $82m prescriptions, and $49m in doctor visits. These are direct costs. The indirect cost of life years lost was $5.2B. We are 8 years on from 2015 and of course, today the cost will be so much higher. No doubt the EHEP has sought input from the Ministry of Health to get more up-to-date figures.

8. Energy poverty is the gateway for many of these respiratory diseases and deaths. Manaaki Energy requests that the EHEP details the costs we face from energy poverty, because only then do we understand the importance of acting.

Current Social Welfare Investment

9. Various NZ government programmes are in operation to provide benefits to cover all or some of the fuel poverty gap such as the NZ Winter Energy Payment (WEP) and supplemental benefits available from the Ministry of Social Development. Discussions

The government's major plank to limit energy poverty will be cancelled under a National Government.

with the NZ Minister for Energy, Woods (December 2021) showed that the government was seeking to have the WEP normalised amongst all major political parties as being effective in the reduction of energy hardship. However, this unanimity has not been reached given statements by Bridges (Stuff, 21 May 2018) and confirmed in statements by opposition parties that the WEP would be stopped under a National Government. The government's major plank to limit energy poverty is fragile and likely to collapse under a National Government. This is a major concern that needs to be reflected in the EHEP report.

10. Specific energy payments are available in New Zealand by way of the Winter Energy Payments. These are made for a period of 13 weeks over winter to all beneficiaries (Treasury and Ministry of Social Development Report, Families Package: Winter Energy Payment – November 2017.) Ministry of Social Development has provisions in its Vote 2022 for $540m to be allocated to beneficiaries. The Minister of Social Development, Sepeloni, made a press release saying that "the indications are that generic applications of paying beneficiaries set amounts per week during the winter period has had some impact with ERANZ [Electricity Retailers Association of New Zealand] reporting that electricity disconnections have reduced since the New Zealand Government introduced the Winter Energy Payment as part of our Government's December 2017 Families Package (Beehive.Govt.Nz, 2021.) Shorter et al (2022) note that the New Zealand government has not released any data or analysis to show whether the amount of the WEP was calculated to cover the gap in energy costs facing those in energy hardship.

11. The government has spent billions of dollars on Winter Energy Payments. What has been the impact of WEP on energy poverty? Manaaki Energy continues to be surprised that the EHEP, or other arms of the government, fail to undertake research into the area of energy poverty. Over the last 5 years, the WEP has been a keystone of the government's response. Surely the EHEP would be assessing the effectiveness policy, and then recommend a new policy, either to abandon or support WEP. Further, if the WEP payment levels are too low, then what is the recommended benefit level? Does the absence of social welfare analysis point to the capture of the EHEP by MBIE: MBIE is a ministry with low responsibility for and experience in the area of social welfare. The lack of information available to the government in the area of energy poverty represents both a major historical failure, but also is a serious impediment to the government forming new policies in the area, and also developing new policies that will be effective in ending energy poverty.

Energy Poverty: Let's Stop Hiding Behind Polite Words

12. Internationally there is a variety of terms are used to describe the situation when a home does not have sufficient energy. These terms include

1,600 people per year suffer early deaths due to cold homes. **(Howden-Chapman.)**

fuel poverty (Lewis, 1982) (Howden-Chapman et al., 2012), fuel poor (McKague et al., 2016), energy-related financial hardship (Nelson et al., 2019), energy poverty (Farrell & Fry, 2021), acute and chronic energy insecurity (Jessel et al., 2019.) New Zealand appears to have settled on energy hardship (O'Sullivan & Viggers, 2021) as its phrase of choice to name this condition. Though the Ministry of Business, Innovation and Employment moves against this loose agreement preferring to put a more positive spin using the term "energy wellbeing" (defined as being "when individuals, households and whānau are able to obtain and afford adequate energy services to support their wellbeing in their home or kāinga" (MBIE, 2022)), and the lack of energy wellbeing.

13. Manaaki Energy rejects the use of "Energy Hardship" or "lack of Energy Wellbeing" as being appropriate descriptions of the condition that far too many New Zealanders find themselves in. When 1,600 people per year suffer early deaths due to cold homes, and at least 130,000 homes cannot afford to adequately heat their homes, then we have stepped beyond hardship, and we are into poverty: energy poverty. **Energy Poverty** is a term that is commonly used around the world to describe what we have here in Aotearoa. The formulation of new terminology appears set on watering down the appreciation of the size, and impact of energy poverty. Further, changing the language also camouflages the need for substantial and urgent action.

> ***"a single death is a tragedy; a million deaths is a statistic."***
> **(Stalin)**

14. To quote Stalin, "a single death is a tragedy; a million deaths is a statistic." It appears to people outside of government that the terminology used, the lack of focus on energy poverty and the willingness to burn through the calendar with little visible progress all shows involvement, but no commitment. 5 years have passed since the Electricity Price Review panel was announced in April 2018 by Minister Woods. 8,000 people have died early deaths. **On average, another 4 people have died today due to cold homes**.

15. For many of the people involved in the electricity sector and government officials, the impact of energy poverty is a theoretical situation: one that happens to others. It is not them who go without heating; it's not them who wear a path to the local doctor or hospital; it's not their aunt's tangihanga where her early death is mourned. They have an involvement but not a commitment to solving energy poverty.

Energy Poverty Definitions

16. An early definition of energy hardship occurred with Lewis (1982) defining the concept of fuel poverty as the inability to afford adequate warmth in the house. Boardman (Boardman, 1991) put a measure of energy hardship as being where a household spends 10% or more of its income on energy. The World Health Organization (WHO) recommends indoor temperatures of at least 21^0C in living areas and 18^0C in other rooms

of a house, this is used as the adequate warmth level (Hills, 2012, Ormandy and Ezratty, 2012.) This threshold level is used by the NZ government to define acceptable levels of warmth (New Zealand Government Stats NZ, 2017.)

17. Hill's measure of fuel poverty (Hills, 2012) classifies low-income households with high energy needs as being fuel-poor if spending on their fuel needs puts them below the poverty line. While Hill's measure takes into account household needs, both Hill's measure and the 10% measure, based on economic terms, fail to adequately capture the broader experiences of fuel poverty (Royston, 2014; Middlemiss and Gillard, 2015). For example, we can get a situation that denies that energy hardship exists if the energy expenditure is less than 10% of the household budget regardless of why this is the case, regardless of whether the house is cold.

18. Additionally, setting a 'Brightline test' with energy hardship occurring when energy costs exceed 10% of household income produces a binary result: a household either a pass or a failure mark. The reality is that energy hardship is a matter of degrees and the impact of energy costing 10.01% of household income is not materially different from 9.99%, and it does not warrant having separate classifications. Accordingly, any effective solution for energy hardship should be designed to accept graduations in the degree of energy hardship and deliver graduated responses.

19. The climate of Aotearoa varies as we move from north to south and from coastal to inland. The amount of electricity required for home heating also changes as we move about the country. Brightline definitions do not cover these variations.

20. The type of definition that will work is specific to a house, specific to a family. What will it take to bring the temperature of the house up to a WHO level and is also affordable to that family?

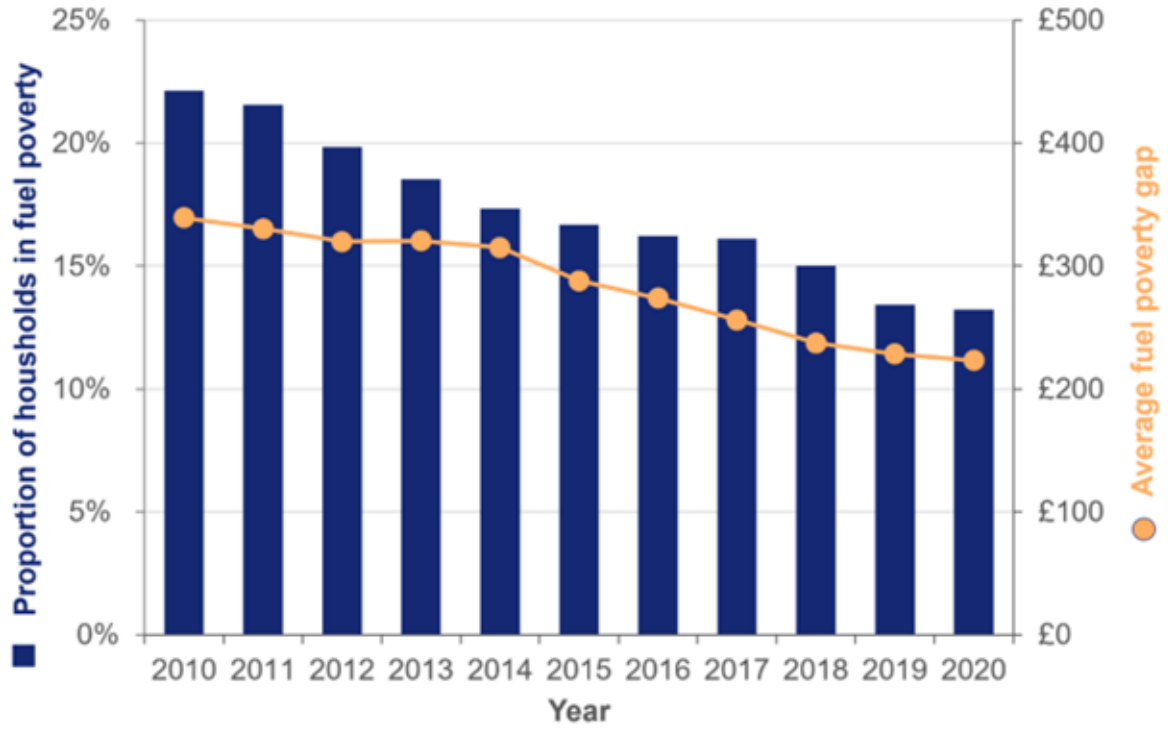
Brightline tests do not cover regional climate variations or degrees of energy poverty.

Are Insulated Homes The Solution?

21. The Annual Fuel Poverty Statistics Report's (2022) introduction states that the UK fuel poverty measurement is based on the required energy to heat a house rather than actual spending. Later in the report, this initial approach to energy hardship has replaced the statement that the UK government's measure for households in energy hardship is not the affordability of energy but rather the thermal efficiency of houses with statements like "fuel poverty would be eradicated if all low-income households achieved an energy efficiency band C rating" (Department for Business, 2022) appearing in the body of the report.

22. The Annual Fuel Poverty Statistics Report (2022) table below, shows that the average fuel-poor household required an additional £223 (NZD426) to pay for fuel costs to be moved out of fuel poverty. The trend for a reduction in the cost to bring homes out of fuel poverty is ascribed to the increase in energy efficiency for homes that are in fuel poverty.

Table 1: UK Proportion of Fuel Poor Households from 2010 to 2020 (Department for Business, 2022)



23. The report calculated a 2.4% decrease in the bridging cost but also notes that energy costs were reduced by 2.6%. These results indicate that the combined impact of UK government programmes was not making a measurable impact on energy poverty. When looking at the 2021 – 2022 period the report projects a 15.6% increase in the bridging cost from £223 to £258 to pay for fuel costs to be moved out of fuel poverty. This estimate is made without the impact of the European and UK 2022/23 winter energy crisis being factored in. Currently, it is estimated that there has been a 130% increase in the annual cost of UK home energy. This would see the energy gap increase to above £1,000: so much for the trend line.

24. Even though the number of households in energy hardship diminishes year on year, the upward trajectory of the average fuel poverty gap reinforces the possibility that UK government programmes to reduce energy hardship need to be questioned. This inflexion in the gap trajectory could be caused by programmes having addressed "easier" problems the more intractable causes and cases of energy hardship are now being exposed.

25. Boardman (Boardman, 2009) highlights the causes of energy poverty in the United Kingdom and other developed countries as stemming from a trifecta of factors: (i) low incomes; (ii) high energy prices; and (iii) insufficient energy efficiency of homes. It was found that no single criterion is enough to identify if energy hardship is present, but it requires investigation of all 3 factors in each situation. UK Government responses were evaluated, and Boardman concludes that its policies have not addressed all the issues with the single objective of reducing energy hardship and that most UK government energy efficiency programmes are aimed at people who are not in energy hardship.

26. The UK Government (Department for Business, 2022) takes the position that household energy efficiency is the key driver of fuel poverty. This position appears to be based upon the view that energy hardship cannot be eliminated unless the structural housing issues that impeded exceeding an energy efficiency threshold are fixed. The fixes are by way of new high-efficiency homes replacing old "bad" homes, remediation of existing housing stock, and new heating systems installed in the existing housing stock.

27. In 2022 the Energy Efficiency and Conservation Authority published 3 reports on the Warmer Kiwi Homes (WKH) Programme. Whilst acknowledging that the WKH programme is aimed at improving the energy efficiency of homes and not aimed at addressing energy hardship and any overlap is fortuitous, there are some aspects of the study which are of interest. The report concluded that WKH, and previous national retrofit programmes, are in line with both previous national and international evidence that suggests retrofitting insulation and heating produces net economic benefits. Cost-benefit ratios of between 4.8 to 5.6 were reported in the cases it examined. This result needs to be reviewed as it appears to be out of line with the research from Grimes, Fyfe and Vector (Grimes, 2020; Vector, 2022).

> The Warmer Kiwi Homes Programme generated energy saving of less than 1.04%.

28. Grimes' research from points out that in New Zealand after introducing heat pumps, internal temperatures have increased but electricity use has not been greatly affected by power savings: the Vector study identifies an energy saving of 1.04%. A 1% energy saving would appear to be in the "noise level" of the data and cannot be claimed as a marker of the success of the programme.

29. Energy savings of 1% amount to approximately $22 per annum per house. If a Cost-Benefit ratio of 4.8 to 5.6 was applied to say 10 years of saving, the implication is that the investment per house is approximately $1,000. Using this approach if a saving of $1,000 per house per annum is achievable, then a government investment of $50,000 is justified. This approach opens up a lot of scope for the government to invest in energy poverty alleviation activities. As shown in the table, there is a lot of policy and investment space created with this approach.

Government Investment Level

Based on Cost-Benefit Ratio of 5

Annual Saving	10 Year Cumulative Saving	Maximum Investment
$ 100	$ 1,000	$ 5,000
$ 500	$ 5,000	$ 25,000
$ 1,100	$ 11,000	$ 55,000
$ 2,200	$ 22,000	$ 110,000

30. The unasked follow-up question needing to be answered is, why was it that the electricity consumption did not fall in the WKH-treated houses. The strongest hypothesis is that the amount of electricity being used prior to treatment failed to produce the desired thermal result. Post-treatment the thermal effect may still be below the desired thermal result, but maybe the house temperature is warmer than it was previously.

31. Neither of the studies identifies if the stability of energy use is caused by households managing the consumption of electricity to what is affordable to the household and allowing the house temperature to wander under that cost cap.

Reducing energy poverty should be the key goal of Warmer Kiwi Homes and other home improvement programmes.

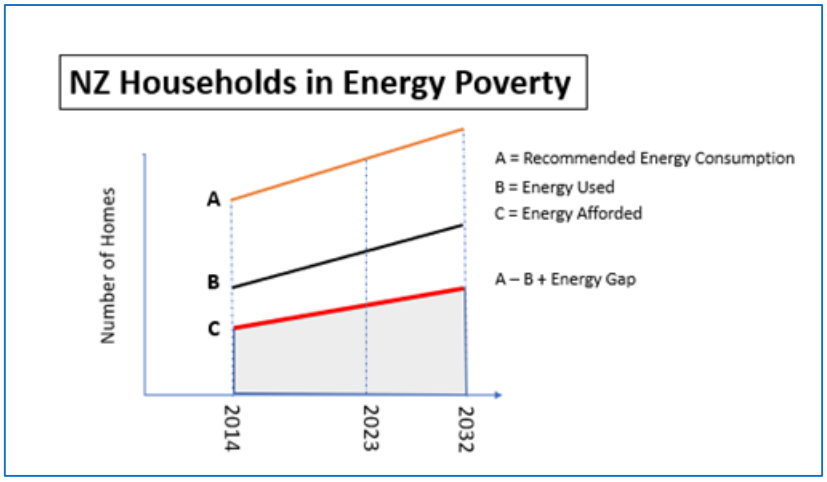
32. The Warmer Kiwi Homes Programme that is being assessed by Grimes, Fyfe and Vector is aimed at owners of homes or rental properties and provides approximately $2,000 of subsidy on approved energy efficiency products like insulation and heat pumps. There is no research into identifying those in the WKH programme who are in energy hardship, though there is much data held by members of the Community Energy Network on just this point. Manaaki Energy continues to be surprised that the EHEP, or other arms of the government, fail to undertake research into the area of energy poverty.

33. EECA's focus is stated in its name, Energy Efficiency and Conservation Authority. As such EECA is only tangentially engaged in addressing energy poverty. That is, insofar are improving the quality of housing reduces energy poverty then the goals overlap. Energy efficiency or conservation of electricity is not possible if you are in energy poverty. It is like telling starving people to eat cake if they have no bread.

34. The primary goal of WKH is not reducing energy poverty. In the future, reducing energy poverty should be the key goal of WKH or other home improvement policies.

When The Market Does Not Work

35. As discussed above, the UK government uses the concept of the energy gap to cost the gap between what energy-poverty households pay for energy and how much energy would cost to bring those homes into the WHO's suitable indoor temperature range. This relationship is graphed below as the difference between A and B. What research often fails to identify is that for a home in energy poverty, the amount of energy used is already at a stretch level and is above what the household can actually afford so other essential elements of the budget spend are avoided or abstained from. (For example, not going to the dentist to afford some food, car repairs, and electricity bill.) This is the gap between lines B and C in the graph. This is where budgetary pain starts to become uncomfortable and then grows to be intolerable.



36. Energy rationing occurs in New Zealand due to price: people cannot afford electricity so do not use it. Data from residential energy use in Flaxmere shows that on average the amount of electricity used in homes is 10% below the amount of electricity used in the rest of Hastings. When adjusted for the number of occupants per house, the Flaxmere electricity use per person is 16% below that of the rest of Hastings. These are people who live in the same climate, they probably in homes that are not as energy efficient but consume 16% less electricity.

37. Manaaki Energy supports the premise that Aotearoa has a large group of homes (estimated to be around 130,000) that are in energy poverty and for them, there is no equitable market operating. We support the position that a separate approach is needed for those in energy poverty. The government operates a two-step model in housing with Kainga Ora v's general tenancy. The same sort of approach should be adopted in energy. For those in energy poverty then reduced-cost electricity is supplied. Manaaki Energy's experience is that when electricity costs are reduced to 50%, then home temperatures increase and the financial pressure on constrained budgets is removed.

38. We note that for people in energy poverty, the amount of electricity they use needs to increase. How else are these people going to increase the temperature of their homes:

more heat means more electricity being used. And this is one of the issues of tying in energy conservation to energy hardship. Whilst a radiant heater can be swapped out for a heat pump/s, the heating source needs to be used more.

39. Modifying and modernising a house does produce a better thermal envelope to better retain the heat that is created. Manaaki Energy notes that Kainga Ora's refurbishment programmes cost between $60,000 and $120,000 per unit and each unit takes months to complete. Upgrading 130,000 energy-poverty houses will cost $8B to $16B and take 10 to 20 years to complete.

40. Even when the Cost-Benefit goals are met it is unlikely that the government will fund an $8B to $16B investment into housing property that it does not own unless these funds can be recovered and not privatised. Getting beyond this reluctance would require the use of techniques like a financial interest registered against the title that is triggered when a property title changes hands. This would allow the government to recoup its investment.

41. Government investing $1B per year in upgrading private housing stock (both rental and owner-occupied) is a viable approach and should be adopted as an EHEP policy recommendation.

Government investing $1B per year in upgrading private housing stock (both rental and owner-occupied) is a viable approach.

Limitations With NGOs

42. Too often energy poverty alleviation NGOs are constrained to particular locations. Even combining the geographic regions of all the active NGOs will still see massive holes in coverage. The government is obligated to ensure that national access over all of Aotearoa is provided and should not rely on the coincidence of where those in energy hardship live and where NGOs operate. This is a major problem with the NGOs' approach to energy hardship. These NGOs promote the concept that they, as locals, are best at addressing energy hardship (be it through energy audits, energy education, community energy programmes, or improving the energy efficiency of homes.) This may be true, but the gaping holes in coverage mean it is a problematic approach. Regardless of where those in energy poverty live, they need to be able to access programmes designed to reduce energy poverty.

This is a job for the government to lead and ensure that solutions are available to every person in energy poverty.

43. Manaaki Energy supports creating a national network of NGOs operating in the alleviation of energy poverty. Though we note that too often these NGOs are badly funded and rely on the goodwill of participants. The levels of deprivation and death associated with "lack of energy wellbeing" is too much for goodwill and philanthropy to support.

44. Energy poverty is spread across New Zealand and is affecting approximately ½ million people. As such this is not a job for NGOs (or commercial gentailers) to lead the way in providing cheap power. This is a job for the government to lead and ensure that solutions are available to every person in energy poverty.

45. Manaaki Energy welcomes the government to expand its role in the alleviation of energy poverty.

Community Energy Generation

46. Manaaki Energy supports community energy generation in so far as it is used to alleviate energy hardship.

We support community energy generation when it is used to alleviate energy hardship.

47. By itself, community energy generation does little to add to grid reliance the electricity generation in Aotearoa. This view is based on the high level of grid resilience that is present in here. The EDBs and Transpower provide grid systems that are incredibly robust in a land that is long, sparsely populated, and spans geologically active land structures. Distributed generation only adds to grid resilience when EDBs are specifically involved in redesigning and rebuilding the local grid to accommodate the isolation switching that would be needed. There are too many advocates of distributed community energy who ignore or downplay the need for EDB to be strongly involved in decisions over siting, interconnect, islanding, anti-islanding, SCADA, communications, operations, and control.

48. By itself community energy generation does little to add to "green" the electricity generation in Aotearoa. This view is based on the preponderance of renewable electricity generation that is already operating in New Zealand.

49. To repeat our position, Manaaki Energy supports community energy generation in so far as it is used to alleviate energy hardship. Government funding of community energy needs to be tightly focused on supporting projects that alleviate energy hardship.

Gentailers Role in Alleviating Energy Hardship

50. Currently Meridian is planning to offer discounted electricity to 5,000 existing customers who are in energy poverty. If this approach was also adopted by the other 3 major

residential suppliers, then 20,000 customers in energy poverty will be addressed. This is fantastic, but:

a. There are still 110,000 homes in energy poverty that are not being addressed.
b. The gentailer responses are discretionary. Gentailers do not have a long-term commitment and their commitment to energy poverty alleviation programmes change as the focus of the business changes.

Gentailers are not a natural agency for alleviating energy poverty.

51. Manaaki Energy sees that Gentailers are not a natural agency for alleviating energy poverty, it's like expecting banks to top up the accounts of customers who are struggling financially. Gentailers may address energy poverty from time to time, but the activity is likely to be inspired by a move to head off regulation or generate marketing presence and be limited in both duration and scope.

52. Arguments can be mounted that gentailers will be more profitable if they were not required to service the energy poverty segment of customers. These arguments turn on the high cost of goods sold for this customer segment coupled with the lower amount of electricity consumed meaning the profit margin for this customer segment is lower than other customer segments.

Limitations of NGOs as Social Retailers

53. The business model used by social retailers like Toast is not able to be extended beyond a small number of customers. The way in which full-paying customers subsidize "energy poverty" customers means this business needs 3 to 4 full-paying customers to subsidize one "energy poverty" customer. To support 130,000 homes in energy poverty the Toast model requires 500,000 to 700,000 customers in total. This would represent 30% to 43% of all the residential customers in New Zealand. This outcome is extremely unlikely to occur.

54. Additionally, without generation these social retailers are likely to go the way of many other second-tier electricity retailers. Too many of these second-tier operators have either failed or are extremely limited operationally due to having to buy electricity rather than generate it for themselves. Electricity prices in terms of hedges and PPA is rising. The electricity wholesale market prices moved from an average of $70MWh in 2019 to $140Mh in 2022 and at looking $170MWh in 2023/24. This rapid escalation in electricity pricing places enormous risks on non-generators participating in the electricity retail space.

55. Manaaki Energy does not see any indications that the heavy of nationwide energy poverty alleviation is within the capability of NGO's as social retailers.

Limitations of Electricity Hedges

56. The sheer number of people in energy hardship size (about 10% of the total number of ICPs) means that government-backed hedges or government-mandated hedges would dominate the trading activity on the wholesale market.

57. The situation could become one where the government will be gamed by electricity generators as the generators know that the government will be obligated to meet whatever the offer price is in order to meet its market obligations. And in this gaming, the government could be exposed to costs many times what it expected.

58. The suggestion of electricity hedges requires substantial development before it could even be offered as a government policy option.

Social Gentailer

59. Manaaki Energy strongly advocates for the establishment of a national, government-owned Social Gentailer to address energy poverty. We see that the role of the modern social welfare system is that the state provides to alleviate suffering and inequity and that a Social Gentailer will deliver to address both current and future benefits to those in energy poverty.

60. A social gentailer will supply electricity to those in energy poverty at a rate of 50% of standard electricity charges. Surplus electricity will be generated to sell back into the market. Social gentailer customers will need to be in a position of energy hardship to become customers and will cease to receive discounted prices once they stop being in energy poverty.

61. It is anticipated that wind and solar electricity generation would dominate the electricity generation portfolio of this Social Gentailer. This investment would help kick start further renewable generation in New Zealand, as well as become an energy source that allows hydroelectric generating capacity to be husbanded to be available for times when wind and solar generation are low.

62. A social gentailer will need to own electricity generation plants otherwise it suffers the fate of a never-ending escalation in input costs. Manaaki Energy proposes that the Government invest approximately $1.5B in new renewable generation and geothermal generation to be the basis of its generating capacity. The Social Gentailer would require sufficient electricity generation capacity to support the 130,000 energy-poverty customers.

63. Currently the government spends approximately $0.6B per annum in support of energy hardship. Effectively a Social Gentailer provides a route to reduce this operating cost and deliver valuable assets to the government.

64. The government has a strong record of ownership of electricity generation and currently is the majority owner of some of the biggest gentailers. The regulatory framework and the existence of other shareholders limit the government's ability to direct those gentailers to perform as social gentailers.

65. Manaaki Energy notes the similarities between the government's rationale for developing the Lake Onslow Hydro-Battery and the rationale of the proposed Social Gentailer. From a macro perspective, both projects are about dealing with situations where the market is incapable of effectively delivering. Regardless of whether the Lake Onslow Hydro-Battery proceeds, the exploration of the concept is important. We suggest that the same situation is present for a government-owned national Social Gentailer.

66. The EHEP needs to call for the government to undertake a feasibility study, for Cabinet, examining how a Social Gentailer, would operate, what its governance would be, what are the costs and risks, and how it would integrate into the" Just Transition into a Low Emissions Economy" pathway.

Personal details and privacy	
Q1.	**I have read and understand the Privacy Statement above. Please tick Yes if you wish to continue*** [To check the boxes above: Double click on box, then select 'checked'] ✓☐ Yes ☐ No
Q2.	**What is your name?*** **Chris Lambourne**
Q3.	**Do you consent to your name being published with your submission?*** ✓☐ Yes ☐ No
Q4.	**What is your email address? Please note this will not be published with your submission.** Privacy of natural persons
Q5.	**Are you submitting as an individual or on behalf of an organisation?*** ☐ Individual (skip to Q8) ✓☐ Organisation
Q6.	**If on behalf of an organisation, we require confirmation you are authorised to make a submission on behalf of this organisation.** ✓☐ Yes, I am authorised to make a submission on behalf of my organisation
Q7.	**If you are submitting on behalf of an organisation, what is your organisation's name? Please note this will be published with your submission.** Manaaki Energy Inc
Q8.	**If you are submitting on behalf of an organisation, which of these best describes your organisation? Please tick one.** ✓☐ Iwi, hapū or Māori organisation

	☐ Energy retailer ☐ Energy regulator ☐ Energy distributor ☐ Registered charity ☐ Non-governmental organisation ☐ Local Government ☐ Central Government ☐ Academic/Research ☐ Other. Please describe:
Q9.	**I would like my submission or parts of my submission to be kept confidential.***
	☐ Yes ✓☐ No
Q10.	**If you answered yes to Q9 above, please provide your reasons and grounds under section 9 of the Official Information Act that you believe apply, for consideration by MBIE.**
Q11.	**If you answered yes to Q9 above, please confirm you will provide publishable versions of your submission in both Word and in PDF by emailing them to the MBIE secretariat at energyhardshipMBIE@mbie.govt.nz - clearly labelling both "for publication"**
	☐ Yes ☐ No

Responses to questions

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

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

✓☐ HEALTH OF THE HOME KETE

✓☐ KNOWLEDGE NAVIGATION KETE

✓☐ ENERGY ACCESSIBILITY AND CHOICE KETE

✓☐ ENERGY AFFORDABILITY KETE

✓☐ CONSUMER PROTECTION KETE

HEALTH OF THE HOME KETE

Improving individual, house and whānau energy wellbeing through healthier homes

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

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

Q13.	**Do you broadly support the proposed strategy HH1?**
	☐ Yes
	☐ Somewhat
	☐ No
	☐ Don't know/Not sure
Q14.	**Please share your comments on the proposed strategy HH1. For example, you could include your thoughts on any benefits, costs, risks or limitations associated with this strategy.**

This action is strongly supported. As discussed in this report, a key issue may be that WKH is run through EECA, who is primarily focused on energy efficiency) and emission reduction. The broader well-being values and measures (such as health, education, employment, finances and ability to engage in the transition to a low-carbon society) required to justify the expansion therefore, run the risk of being minimised. For this to be successful, we believe that there should be a clear impact framework put in place that ensures this broader well-being scope is part of the core design of WKH.

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

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

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

Q16. **Do you broadly support the proposed strategy HH2?**

✓☐ Yes

☐ Somewhat

☐ No

☐ Don't know/Not sure

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

We agree with this statement but note that home improvements to develop warm and weather-tight homes are both expensive and time-consuming.

We note EECA's Healthy Kiwi Homes programme provides limited funding of $2,000 per household for insulation and heat pump subsidization as opposed to the Kāinga Ora home refurbishment programme that remediates roofs, windows, insulation, kitchens, and heating at a cost of $60,000 - $120,000 per house. We note both the difference in budgets and the differences in thermal envelop outcomes and suggest that the WKH programme is doing things on the cheap.

Improving the quality of homes in Aotearoa will take decades, but it is a goal. Energy hardship is present now and needs to be addressed now. The primary focus should be on alleviating energy poverty today, closely followed by addressing healthy homes.

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

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

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

Q19. **Do you broadly support the proposed strategy HH3?**

✓☐ Yes

☐ Somewhat

☐ No

☐ Don't know/Not sure

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

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

Strategy HH4: Strengthen advocacy and support services for tenants

Q21. **Do you broadly support the proposed strategy HH4?**

✓☐ Yes

☐ Somewhat

☐ No

☐ Don't know/Not sure

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

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

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

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

Q24. **Do you broadly support the proposed strategy HH5?**

☐ Yes

✓☐ Somewhat

☐ No

☐ Don't know/Not sure

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

In 2020 MSD made loans to beneficiaries of $2.1B. These loans were from everything from rent to appliances to funerals. It is important to note that MSD purchase assistance programmes are loans. Loans to people who are struggling to make do with what benefits they are receiving. Docking those benefit payments to repay debt (to MSD or whomever) for energy efficient appliances just adds to the deprivation beneficiaries face.

An Australian example of the impact of energy efficient debt is analysed by Judson & Zirakbash (2022.) The impact of installing solar PV on the roofs of those in energy hardship in Australia was explored and somewhat counterintuitively observed that *"having solar PV increases the likelihood that a low-wealth household faces difficulties in paying their bills on time by 3 percentage points per kilowatt"* (Judson & Zirakbash, 2022) despite a reduction in weekly energy expenditures. A tentative explanation given is that the cost of purchasing the solar PV system was such that it created an ongoing issue in the household budget. The same issue is present with any MSD loans to beneficiaries be it for rent, funerals, appliance replacement, or car repairs. All debt impacts the weekly budget.

Beneficiaries do not choose to replace old working appliances with energy-efficient appliances because they have more pressing ways to spend their limited budget.

Beneficiaries will often choose cheap appliances when they have to purchase appliances because they have more pressing ways to spend their limited budget. If energy-efficient appliances cost more than alternatives, then beneficiaries will choose not to buy them.

Capitalising benefit payments to give a pay-off that is years in the future does not stack up for beneficiaries. The demand for food, clothes, healthcare, medical care, and transport are all present today. Diminishing future benefit payments tends to create budget stress. Thinking of the future and saving a dollar a month does not create an incentive to purchase energy-efficient appliances.

	A solution would be for the MSD to top up the capital outlay with a grant to cover the cost difference between "standard" appliances and "energy-efficient" appliances.
Q26.	**Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.**
FINAL QUESTION FOR HEALTH OF THE HOME:	
Q27.	**Are there any other key challenges and/or corresponding solutions relating to the HEALTH OF THE HOME KETE that we have missed? If so, please outline these below.**

KNOWLEDGE AND NAVITATION KETE

Supporting and empowering whānau energy decisions

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

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

Q28.	**Do you broadly support the proposed strategy KN1?**
	✓☐ Yes
	☐ Somewhat
	☐ No
	☐ Don't know/Not sure
Q29.	**Please share your comments on the proposed strategy KN1. For example, you could include your thoughts on any benefits, costs, risks or limitations associated with this strategy.**
	We note that the size of the population in energy poverty and its ubiquitous presence means that the primary response to energy poverty is not the funding of an "*energy wellbeing sector network.*" Given the size of the problem, the primary response should come through the state-operated social welfare system.
Q30.	**Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.**

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

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

Q31. **Do you broadly support the proposed strategy KN2?**

✓☐ Yes

☐ Somewhat

☐ No

☐ Don't know/Not sure

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

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

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

Q33. **Do you broadly support the proposed strategy KN3?**

☐ Yes

✓☐ Somewhat

☐ No

☐ Don't know/Not sure

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

Energy poverty is not substantially addressed by providing SEEC. This is regardless of the group who is being targeted. We reject the concept that energy education solves energy poverty.

We note that the EHEP does not provide data on the effectiveness (or otherwise) of energy education in New Zealand to reduce energy poverty.

We are sceptical about the role of energy education has in reducing energy hardship in any way beyond a marginal manner. The families we have interacted in are well aware of things like:

- turning off lights in rooms not being used
- LED lights being cheaper to operate
- Closing doors to keep heat in one part of the house
- Not using the clothes dryer to warm the house

We note that their knowing that a heat pump is more cost-effective than a radiant heater to operate is a useless piece of knowledge if you cannot afford a heat pump, or if you cannot afford to turn it on.

Energy education does not substantially address the issues associated with energy poverty. It is not as though you can be educated out of poverty. You cannot educate yourself enough about household energy to take yourself out of energy poverty. Accordingly, education is not a strong way of improving the lives of those in energy poverty.

Our support for energy education is conditional upon other more effective methods of addressing energy poverty being provided and funded to a greater level.

Education support programmes seek to equip people in energy hardship with the capacity to operate a house in an energy-efficient manner and to act as the informed purchaser of energy products. While education support programmes seek to maximise the value extracted by people who are in energy hardship from their expenditure, education support does not address situations where people lack the capacity to make these decisions (Viggers et al., 2019), or lack income to pay for sufficient energy products or live in houses that obliterate the opportunity to meet thermal performance targets.

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

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

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

Q36. **Do you broadly support the proposed strategy KN4?**

☐ Yes

✓☐ Somewhat

☐ No

☐ Don't know/Not sure

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

We note that the EHEP does not provide data on the effectiveness (or otherwise) of energy education in New Zealand to reduce energy poverty.

We are sceptical about the role of energy education has in reducing energy hardship in any way beyond a marginal manner. The families we have interacted in are well aware of things like:

- turning off lights in rooms not being used
- LED lights being cheaper to operate
- Closing doors to keep heat in one part of the house
- Not using the clothes dryer to warm the house

We note that their knowing that a heat pump is more cost-effective than a radiant heater to operate is a useless piece of knowledge if you cannot afford a heat pump, or if you cannot afford to turn it on.

Energy education does not substantially address the issues associated with energy poverty. It is not as though you can be educated out of poverty. Accordingly, education is probably the least effective way of improving the lives of those in energy poverty.

Our support for energy education is conditional upon other more effective methods of addressing energy poverty are provided and funded to a greater level.

Advice and support on consumer protection are supported by Manaaki Energy.

Through discussion

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

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

Q38.	**Do you broadly support the proposed strategy KN5?**

☐ Yes

☐ Somewhat

☐ No

✓☐ Don't know/Not sure

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

	The EHEP discussion document reports a very low compliance level by landlords for the weather tightness, insulation and warming of rental stock. The obligations of landlords are well publicised. Where is the enforcement of those obligations? Another web portal seems like yet another web portal to ignore.
A portal Q40.	**Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.**
Challenge: Households can face challenges in accessing and understanding bill and pricing information and options	
Strategy KN6: Simplify energy bills and information access, improve comparability across electricity tariff structures, and improve price comparison services	
Q41.	**Do you broadly support the proposed strategy KN6?**
	✓☐ Yes ☐ Somewhat ☐ No ☐ Don't know/Not sure
Q42.	**Please share your comments on the proposed strategy KN6. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.**
	It is not sufficient to publicise the electricity price comparisons, this publicity has been occurring for many years. But still, there are thousands of people in energy poverty who pay too much.
Q43.	**Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.**
	We suggest that **all** individual residential consumer bills should **also include** what the "optimised" electricity cost would be from an "electricity price comparison" website. This would have the two-fold effect of: 1. Continuously informing consumers about whether or not the price they are being charged for electricity is in touch with market-leading prices. The bill would look like this: a. You paid **$A** amount, b. if you had been optimised then you would be paying **$B** amount c. and the saving would be **$C** amount, d. and over a year this saving would come to **$D** amount. 2. Encourage retailers to keep their customers on competitive pricing plans.

It is not sufficient to publicise the electricity price comparisons, this publicity has been occurring for many years. But still, there are tens of thousands of people in energy poverty who pay too much.

FINAL QUESTION FOR KNOWLEDGE AND NAVITATION KETE:

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

ENERGY ACCESSIBILITY AND CHOICE KETE

Improving individual, house and whānau energy wellbeing through healthier homes

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

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

Q45. **Do you broadly support the proposed strategy AC1?**

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

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

Agreed

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

Challenge: Households struggling to pay their bills face disconnection

Strategy AC2: Develop mandatory rules for electricity retailers to follow before disconnecting for non-payment so that disconnection becomes the last resort, including penalties e.g. for wrongful disconnection

Q48. **Do you broadly support the proposed strategy AC2?**

✓☐ Yes

☐ Somewhat

☐ No

☐ Don't know/Not sure

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

Disconnection is a draconian measure. Under the existing regulatory scheme, Electricity Distribution Businesses (EDBs) are not able to withdraw service from electricity consumers except on the grounds of safety. Instances where this has occurred have seen the EDB face large sanctions. This responsibility to maintain supply exists although the EDB faces costs and about 40% of the electricity bill is used to meet the EDB's costs. The reason for this approach is based on the role electricity has in sustaining life and everyday living.

The question then becomes if EDBs cannot abandon consumers should the energy retailers be able to abandon consumers? The role of electricity in sustaining life and everyday living has not changed. What we have done is move from the infrastructure provider to the electricity retailer, and with that move, we have created the discretionary power of being able to withdraw electricity supply.

The conditions in which this withdrawal of electricity supply occur needs to be tightly defined and monitored. Penalties akin to those that the EDBs face need to be in place for when an electricity retailer makes the wrong decision to withdraw service.

When there is a "live complaint" against a withdrawal of electricity supply, the first action is to restore power until a resolution is agreed to.

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

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

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

Q51. **Do you broadly support the proposed strategy AC3?**

✓☐ Yes

☐ Somewhat

☐ No

☐ Don't know/Not sure

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

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

Pricing of revenue meter rentals and associated services should fall in the Electricity Authority (EA's.) Most electricity revenue meters are owned by one company. The EA strongly encourages there to be only one MEO (meter equipment owner) at any ICP and discourages the replacement of meters as customers move between suppliers. Both these policies help to create monopoly situations with the customer having no control over who or what metering equipment is placed on their property.

One notable EDB who has low penetration of smart meters is Network Waitaki Ltd in North Otago. As MEO, Network Waitaki operates a fleet of aged analogue meters on a rental basis that is at least as expensive as new smart meters. This non-regulated income maximisation by them is strange as meter rentals are effectively paid for by their consumers with increased costs, for a meter fleet whose capital costs have long been recovered.

Meter charges account for about 6% of the average residential bill and as such should be in the EA's regulated (monopoly) revenue area and have meter charges interrogated in regard to whether the charges are fair and reflect the cost.

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

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

Q54. **Do you broadly support the proposed strategy AC4?**

✓☐ Yes

☐ Somewhat

☐ No

☐ Don't know/Not sure

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

EDB Networks

Until the Bradford reforms of the electricity sector in the 1990's the government had a rural electrification scheme in place that subsidized the cost of extending electricity into new locations. Since that time there have been no government subsidies for rural electrification (EDB's provide price equalisation policies that effectively see rural consumers being subsidised by urban consumers.)

The state of the rural electricity network can be characterised as aged. These systems were deployed in the 1930's through to 1980's. Poles and wires typically have a life of 70 - 80 years. Accordingly, many of the systems are ageing out and preventive maintenance programmes will see EDBs looking to replace them. But how will they afford to do this? Rural components of electricity networks are subsidised by urban users. Dispatching a pole truck, a bucket truck, a ute and 4 workers will cost over $2,000 just to visit a distant farm. This is without doing anything or using any new poles, transformers etc. The network may be receiving revenue of $500 per annum from that one farm. The cost of doing minor repairs is barely covered let alone the cost of network renewal.

With the cost of replacing ageing rural infrastructure increasing and also becoming more of a reality, then the expectation is that EDB charges will increase. The Boston Consulting Group's report points to both the timing and cost of this renewal programme. What it does not point to is the affordability of the network upgrade to consumers. As the electricity prices increase those currently in energy poverty are going to be further behind the line.

Consumer Owned Networks

A further point is that there are many electricity poles and wires owned by consumers. EDBs have typically backed away from owning any assets that are for the sole use of a consumer that are on that consumer's land. The quality of these consumer-owned lines is usually in a worse state than the EDBs' assets as the EDBs have regular monitoring and maintenance and replacement programmes in place. Individual consumers tend to ignore the poles and wires that they own until there is a problem.

The renewal of their aged consumer grid connection assets needs to be anticipated. We do not know how big the problem is or when it will start to become an issue. EDBs need to be polled on the status of the consumer-owned network assets and the estimated cost of replacing such assets. Consumer-owned network assets are a hidden problem.

Off-Grid Houses

Houses that are off-grid fall into 2 categories:

1. Those that are off-grid because they cannot afford to pay for the establishment of a network connection.
2. Those that are off-grid by choice.

We suggest that those that are off-grid by choice be left to pursue their dream. For those that cannot afford to either pay for a new grid connection, logically, are no different from those who cannot afford to pay for the replacement of their consumer-owned network.

A previous solution to overcoming the hurdle of facing a large capital expenditure is to have these costs met by the government and secured by the property's title with the debt repaid over a couple of decades. A similar approach is used with territorial authorities supplying capital for wood-burner replacement and heat pump installation.

Obviously, this approach of securitising debt against land would not work for Maori Titled Land (and it may be the case why there are more Maori-owned homes without grid connections.) In this instance, the debt could be secured against the house.

Community Energy Schemes
The most secure energy supplies are those connected to the grid with local backup (typically with a genset.) Community energy schemes often do little to add to the security of supply to either individual or local communities. Removing the grid connections will reduce energy security.

Relying upon gensets for electricity security is expensive and typically involves using an ICE engine as the motive force (thus adding to the CO_2 burden. Accordingly, gensets need to be used for specific and short-term purposes.

Specific engineering practices need to be adopted to make it possible for community energy schemes to operate when the grid fails. These specific solutions require EDBs to design systems, install equipment and operate that equipment.

Overall, we support distributed electricity generation, and we are actively encouraging Maori entities to invest in these types of systems. However, we note that community energy systems are not intrinsically linked to alleviating energy poverty. The linkage of government funding in community energy must be linked to primarily alleviating energy poverty.

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

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

Strategy AC5: Explore ways to facilitate and support social retailing which can provide post-pay supply to those in energy hardship with low credit scores, deliver targeted wrap-around services, and provide tailored pricing and payment plans. Options may include one or more of:

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

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

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

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

Q57. **Do you broadly support the proposed strategy AC5?**

✓☐ Yes

☐ Somewhat

☐ No

☐ Don't know/Not sure

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

Manaaki Energy wholeheartedly supports the development of a nationwide social gentailer. We see that options a. to c. all have significant deficiencies attached to them. These positions are discussed above.

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

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

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

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

Q61. **Do you broadly support the proposed strategy AC6?**

✓☐ Yes

☐ Somewhat

☐ No

☐ Don't know/Not sure

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

We note that Aotearoa has had hundreds of thousands of people in energy poverty for decades. Currently it is estimated that at least 130,000 households are in energy poverty. Currently it is estimated that 1,600 people per annum die early deaths due to cold houses. This is not an equitable energy situation now.

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.

A deficiency in MBIE's definition of energy poverty is that it decided to exclude the cost of fuel used to in households from its definition and analysis. Stepping past the use of hydro-carbons means that long-term analysis of household expenditure will miss the costs associated with households that continue to run ICE vehicles and the increased electricity use of households who do use EVs.

Any definition of energy poverty threshold that is based on electricity costs being a percentage of household expenditure will be upended unless it can accommodate the ICE to EV transition.

Our argument is that those already in energy poverty will be among the least able to purchase EVs and subsequently will be amongst the last users of ICE vehicles. They will be amongst the last group who move to have reduced transport operating costs. The people who need cost reductions the most will be the last to receive the cost reductions. The government needs to develop strategies that will address this.

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

FINAL QUESTION FOR ENERGY ACCESSIBILITY AND CHOICE KETE:

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

ENERGY AFFORDABILITY KETE

Affording the energy whānau need for their wellbeing

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

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

Q65. **Do you broadly support the proposed strategy AF1?**

✓☐ Yes

☐ Somewhat

☐ No

☐ Don't know/Not sure

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

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

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

Q67. **Do you broadly support the proposed strategy AF2?**

☐ Yes

✓☐ Somewhat

☐ No

☐ Don't know/Not sure

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

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

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

Q69. **Do you broadly support the proposed strategy AF3?**

✓☐ Yes

☐ Somewhat

☐ No

☐ Don't know/Not sure

Q70.	**Please share your comments on the proposed strategy AF3. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.**
	Pricing of revenue meter rentals and associated services should fall in the Electricity Authority's (EA's.) The majority of electricity revenue meters are owned by one company. The EA strongly encourages there to be only one MEO (meter equipment owner) at any ICP and discourages the replacement of meters as customers move between suppliers. Both these policies help to create monopoly situations with the residential customer having no control over who the MEO is or what metering equipment is placed on their property. Meter charges account for about 6% of the average residential bill and as such should be challenged as to whether the charges are fair. The Gentailers are essentially stuck with their current supplier and will have limited capacity to contest MEO pricing. The EA needs to examine MEO charges and set pricing suitable to the asset costs. The costs should transparently pass through the Gentailer and be visible to consumers.
Q71.	**Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.**
	Many EDBs give to their core consumers a "dividend" that is paid annually to distribute profits from the EDB in their rohe. In 2022 Unison distributed $240 to each ICP in the rohe. At face value this is a generous activity, and it is nice to receive a little dividend. Indeed, most prospective trust board members put continuance of this "dividend" at the heart of election campaigns. The issue is that to get $240 as a "dividend" each consumer is having to pay Unison just over $420 per annum as part of their electricity bill. The way $420 suddenly drops to $240 is through taxes. Consumers must pay GST on the overcharging and then the EDB pays withholding tax before it gives the dividend to consumers. $420 represents just under 40% of the average annual residential bill. EDBs consistently overcharge consumers to make their financial management easy and comfortable. This is a geographic monopoly at work, using its market dominance to leverage unjustified charges from customers. For a person on the minimum wage, it will take 3 days to earn this money: 3 days of cleaning, or driving, or stacking, or picking vegetables. All so they can get $240 back a year later. The Electricity Authority needs be far more diligent stopping EDBs from exploiting their customer base to make financial management easy for themselves.

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

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

Q72.	**Do you broadly support the proposed strategy AF4?**
	✓☐ Yes ☐ Somewhat ☐ No ☐ Don't know/Not sure
Q72.	**Please share your comments on the proposed strategy AF4. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.**
Q74.	**Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.**

Challenge: Payment options may impact affordability and choice

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

Q75.	**Do you broadly support the proposed strategy AF5?**
	✓☐ Yes ☐ Somewhat ☐ No ☐ Don't know/Not sure
Q76.	**Please share your comments on the proposed strategy AF5. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.**
Q77.	**Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.**

Challenge: Distribution pricing methodologies can impact affordability

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

Q78.	**Do you broadly support the proposed strategy AF6?**
	☐ Yes ☐ Somewhat ✓☐ No ☐ Don't know/Not sure
Q79.	**Please share your comments on the proposed strategy AF6. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.**
Q80.	**Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.**
FINAL QUESTION FOR THE ENERGY AFFORDABILITY KETE:	
Q81.	**Are there any other key challenges and/or corresponding solutions relating to the ENERGY AFFORDABILITY KETE that we have missed? If so, please outline these below.**

CONSUMER PROTECTION KETE

Protecting energy consumers in their relationships with providers

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

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

Q82.	**Do you broadly support the proposed strategy CP1?**
	✓☐ Yes ☐ Somewhat ☐ No ☐ Don't know/Not sure
Q83.	**Please share your comments on the proposed strategy CP1. For example, you could include your thoughts on any benefits, costs, risks or limitations associated with this strategy.**

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

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

Q84. **Do you broadly support the proposed strategy CP2?**

✓☐ Yes

☐ Somewhat

☐ No

☐ Don't know/Not sure

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

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

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

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

Q87. **Do you broadly support the proposed strategy CP3?**

✓☐ Yes

☐ Somewhat

☐ No

☐ Don't know/Not sure

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

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

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

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

Q90.	**Do you broadly support the proposed strategy CP4?**

✓☐ Yes

☐ Somewhat

☐ No

☐ Don't know/Not sure

Q91.	**Please share your comments on the proposed strategy CP4. For example, you could include your thoughts on any benefits, costs, risks, limitations associated with this strategy.**
Q92.	**Do you have any alternative suggestions on how to address the challenge explained above? If so, please share these below.**

FINAL QUESTION FOR THE CONSUMER PROTECTION KETE:

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

SUPPORTING ENVIRONMENT AND ANY FURTHER COMMENTS

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

These include:

- ***Data and insights***
- ***Learning environment***
- ***Leadership and coordination***
- ***Participatory approach***
- ***Collaborative service models***
- ***Durable funding environment***
- ***Targeting of solutions***

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

Q95.	**Do you have any comments on the Supporting Environment section? Please share these below.**
Q96.	**Do you have any other thoughts or comments you would like to make on the Expert Panel's Discussion Paper? If so, please share these below.**

Thank you

We appreciate you sharing your thoughts with us. Please find all instructions for how to return this form to us on the first page.

We will consider your submission as we work towards developing final recommendations for the government by 30 June 2023.