

Submission Form

The Energy Hardship Expert Panel welcomes your feedback on its Discussion Paper 'Te Kore, Te Pō, Te Ao Marama | Energy Hardship – the challenges and a way forward.

Privacy statement

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

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

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Submission information

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

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 Please note this will not be published with your submission.* sam.elder@oriongroup.co.nz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

- 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:

- x HEALTH OF THE HOME KETE
- x KNOWLEDGE NAVIGATION KETE
- x ENERGY ACCESSIBILITY AND CHOICE KETE
- x ENERGY AFFORDABILITY KETE
- x 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 HH1: 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?

- x 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.

We fully support expanding the objectives of WKH to 'help alleviate energy hardship'. Orion currently supports WKH through co-funding delivery agency Community Energy Action.

Expanding the eligibility criteria beyond low-income owner-occupiers, may increase the number of households in energy hardship that can benefit (e.g. rented homes) but

we understand that there are difficulties in reaching some of the most vulnerable households as well as landlords. It will be important for WKH to partner with local organisations that are trusted by target groups to be most effective in each community.

We agree that developing referral pathways and increasing collaboration between different agencies to ensure those who need support get access to all relevant programmes is a good idea.

Expanding the WKH programme beyond heat pumps and insulation to low income homeowners, to include a more comprehensive package including e.g. LEDs, ventilation, draft stopping, hot water cylinder or replacement curtains, could overlap with existing offerings from other local agencies and funding from e.g. SEEC.

We suggest that regional/community-based co-design and collaboration will be important to ensure success. The proposed Energy Wellbeing Sector Network could be a good mechanism for this, especially if it builds on existing local relationships/networks.

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.

Taking a wide view, we think healthy homes are critical from an energy systems and low carbon perspective. There is little point in designing a low carbon energy system if the amount of energy used to heat, cool, light and maintain a building simply ebbs away through poorly designed and built homes. It will further contribute to substandard conditions and energy hardship, as well as driving our winter peak.

Providing government funding to support minor repairs (up to \$10k) via the WKH or a separate repairs fund, could improve the energy efficiency of the home and reduce energy costs to the occupants. Identifying this need and including this work with other interventions, should result in greater cost efficiency and a better outcome for the household.

Eligibility criteria will need to be carefully considered, as with any government funding, to ensure this funding goes to where it has the best impact.

We want to ensure any investment goes to the places where it will have the most impact. e.g. CEA/EcoBulb. For example, we used data to identify lower income areas where there were also network constraints. We targeted our EcoBulb funding in those areas for the maximum benefit to customers as well as the operation of our network. We support more innovation funding for those types of projects which result in energy savings to consumers directly (e.g. savings \$900 PA per home) as well as through lower network costs, to pilot and scale. See for example <https://www.energynews.co.nz/news/energy-efficiency/132779/can-changing-bulbs-keep-lights>

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.

Kainga Ora and community housing providers such as Otautahi Community Housing Trust appear to be making good progress to meet Healthy Homes Standards.

We have heard from our community that tenants in energy hardship face many issues and they are usually unwilling to raise healthy homes standards compliance with private landlords/property managers due to fear of eviction or rent increase.

We agree that collecting better information about compliance and taking a more proactive approach to enforcement through e.g. inspection of tenancies through bond system records, is likely to result in better outcomes.

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?

X 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.

We are supportive of this as we have heard from our community that having well-trained and funded energy assessors and advocates, who tenants build trust in, results in those tenants getting timely support and benefiting from eligible programmes.

Orion has provided co-funding to Community Energy Action for many years to ensure that service is available in Canterbury. We also supported EcoBulb this year so they could retain assessors and support more households while waiting for the result of other funding applications.

Orion is also running a trial to support University of Canterbury students' wellbeing. The trial is designed to help students in energy hardship who are reluctant to use heating and are typically tenants in substandard housing or have a lack of funds to pay energy bills.

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.

Orion strongly supports the ability to offer energy efficient choices for household appliances. As well as reducing the operational costs for the household, more efficient appliances also reduce loads on our electricity distribution network which is beneficial to the wider community.

We note that MSD grants for these types of appliances generally need to be paid back to MSD. We query whether there could be a subsidy to meet the energy efficient component of the price of the appliance. MSD would need to manage the risk of the appliance being replaced with a less efficient/lower cost appliance.

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.

It is critical that homes are as energy efficient as possible, especially homes of those with lower incomes who are less able to afford the higher energy bills. We are also supportive of initiatives that make homes more energy efficient as this also reduce winter peak loads and therefore network costs (see research from various sources e.g. Otago University re passive homes, and EcoBulb/EECA re LED lighting). Further information can be found at <https://www.otago.ac.nz/news/news/otago833326.html>

There is an opportunity to explore better enforcement of houses meeting Healthy Home Standards and Building Code compliance at the point when homes are sold or new tenancy agreements are signed. This takes the onus off the tenants as to whether the home complies.

KNOWLEDGE AND NAVIGATION KETE

Supporting and empowering whānau energy decisions

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

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

Q28. Do you broadly support the proposed strategy KN1?

Yes

X 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 agree with the need for stronger coordination and collaboration between providers in this area. We also support better data sharing to measure impact and needs, and share learnings.

Rather than establish a completely new network, we would support the strengthening and funding of some existing networks e.g. Community Energy Network and their partners. This builds on existing expertise and relationships.

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?

X 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.

We heard from our communities that it is very important to ensure that households that most need this support/knowledge can access the most appropriate advisors to their circumstances/culture etc. More importantly is that these trusted advisers are funded to deliver in their communities in a sustainable way, as losing funding means losing the advisers which slows down achieving the results. Having trusted advisers/advocates long term in the community helps achieve the greatest impact.

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.

Agree – see above. Orion NZ has co-funded agencies in our communities (e.g. Community Energy Action and EcoBulb) to leverage SEEC funding for maximum impact. We support empowering community groups to design and deliver programmes that best meet their needs, and the SEEC funding is instrumental in making this happen.

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 suggest that it would be good to empower consumer advocates already supporting energy wellbeing initiatives to co-design education tools, learn from each other as to how to best to reach the different groups that most need this information, and in what form and share resources. Funding the proposed Energy Wellbeing Sector Network to do this would likely result in more timely, targeted and relevant education materials and programmes than a centrally led strategy.

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

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

Q38. Do you broadly support the proposed strategy KN5?

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

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

We support this as we have heard from our communities that it is complex and difficult to know where to go for trusted energy wellbeing/efficiency information.

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.

We agree that energy bills should be simplified and readily understandable to all consumers.

We support the work of the Consumer Advocacy Council in this regard and we look forward to seeing their proposals this year. We hope that this will include a recommendation that energy bills show distribution charges as they are set by the electricity distributor.

However, we make the point that for the most part, we deal directly with energy retailers, and we do not (nor are we able to) control how energy retailers present our distribution charges on energy bills to their customers. Furthermore, retailers may or may not pass our charges on directly to their customers. We therefore lack the ability to control how prices are passed onto consumers by their respective electricity retailers. This means that even if we reduce our distribution prices, the retailers may not pass these reductions onto consumers.

We think it is desirable for there to be helpful information on energy bills about distribution charges. However, improving comparability across electricity tariff structures in terms of distribution charges may not be appropriate as electricity consumers are not able to select a different electricity distributor. Generally speaking, there will only be one distribution company able to provide a service in their area.

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

FINAL QUESTION FOR KNOWLEDGE AND NAVIGATION KETE:

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

ENERGY ACCESSIBILITY AND CHOICE KETE

Improving individual, house and whānau energy wellbeing through healthier homes

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

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

Q45. Do you broadly support the proposed strategy AC1?

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

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

No comment

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.

We support this proposal. The rules should also extend to electricity distributors so that distributors have the benefit of a rules-based system. This means that all participants will abide by the same rules.

In the past we were asked to attend to disconnections for retailers but with the advent of smart meters we are rarely asked to carry out disconnections now. Generally, the only instance would be if we were to attend to a disconnection at a pole.

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.

We agree with this Strategy. We are pleased to report that more than 98% of all residential and small business customers in the Orion network area now have a smart meter installed.

We think it would be very beneficial to investigate why the remaining connections do not have a smart meter installed, and whether that is related to energy hardship.

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

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

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

Q54. Do you broadly support the proposed strategy AC4?

Yes

Somewhat

No

Don't know/Not sure

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

We agree with strategy AC4 but ask that it not just be limited to rural and off-grid households or communities. It is a question of sovereignty and equality that all New Zealand households and communities should have the ability to access electricity in a safe, reliable and affordable manner. We think this is a different from equity considerations which we discuss below under Q62.

We acknowledge that there are costs for connecting to an electricity distribution network. At Orion we have a capital contributions policy, and a copy can be found at <https://www.oriongroup.co.nz/our-story/pricing> where we set out Orion's contribution and the customer's contribution.

In the Electricity Authority's Distribution Pricing: Practice Note Second Edition v 2.2, 2022, the Authority have identified that they expect to issue further guidance on cost allocation relating to new and expanded connections in the future. This is an area where there may be an opportunity for new thinking as to how capital contribution policies are framed.

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.

See below.

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.

We have supported the development/trial of the Empower Energy donation platform (Charitable Trust), winner of the Orion Energy Accelerator impact award, which seeks to distribute donations to those in energy hardship. See <https://empowerenergy.org.nz/> for more information.

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 agree that it is imperative that the Equitable Transition Strategy, Energy Strategy and Gas Transition Plan explicitly reflect energy wellbeing requirements.

Unless this is appropriately addressed, we acknowledge that there is a very real risk that those in energy hardship will not be able to access the benefits of, and will face undue costs from, the transition to low emissions energy.

As the Electricity Networks Association has pointed out in the cover letter to its submission much of the investment to transition to a low emissions future is required in the coming decade. Absent government funding, the bill for the transition to a cleaner energy future will be paid by New Zealand's 2.2 million consumers. Higher electricity bills are an inevitable consequence and the Energy Hardship Panel should therefore note that these costs will disproportionately fall on those consumers without the funds to invest in electric cars, solar PV and batteries.

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.

No comment

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.

We have supported the development/trial of the Empower Energy donation platform (Charitable Trust), winner of the Orion Energy Accelerator impact award. This seeks to distribute donations (and potentially better targeted Winter Energy Payments) to those in energy hardship, as identified by trusted care agencies. See <https://empowerenergy.org.nz/> for more information.

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.

By way of background, we refer to our answer under Strategy AC2, Q49. Where we have carried out a disconnection, we would charge the retailer and it is up to the retailer whether they pass on that charge. Where a consumer has no power supply and they ask us to investigate, we will check to see why they have no power. We do not charge for that service.

Excluding our delivery prices, the other fees that we charge relate to new connections generally and the connection of distributed generation.

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

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

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

Q72. Do you broadly support the proposed strategy AF4?

Yes

Somewhat

No

Don't know/Not sure

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

No comment

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.

We understand that people choose energy retail plans and payment option on a variety of factors, sometimes based on getting a free appliance, and not necessarily understanding the impact on comparative energy costs and time commitments before change/switching fees apply.

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.

We provide some more background about Orion's pricing before we comment on proposed strategy AF6. We refer to the background in our cover letter and our Pricing Methodology at <https://www.oriongroup.co.nz/our-story/pricing>.

Orion's Pricing Methodology

Over the last few years, we have evaluated our existing pricing approach against other pricing options. The stimulus for our review has partly been in response to the Electricity Authority's Pricing Principles. Electricity distribution is predominately a fixed-cost business, and as mentioned the amount of revenue we may recover is set by the Commerce

Commission. We are now currently implementing a roadmap of changes to our pricing over time. Our pricing roadmap is set out in Appendix D of our Pricing Methodology.

As we note in our Pricing Methodology, we aim to set prices that are cost-reflective and appropriate. We measure appropriately against the need to provide sufficient revenue to recover our costs, including pass-through and recoverable costs, cost of capital, and the maintenance of and operation of our network. Each pricing year, we also assess our prices against the Electricity Authority's measure of cost-reflective pricing to ensure that:

- we signal the economic costs of supply on our network; and
- where a revenue shortfall occurs, we recover the shortfall in a way that least distorts network use.

In supporting Orion's group purpose (powering a cleaner and brighter future with our community) we have identified focus areas important to our purpose delivery, and within this framework we have identified that the key initiatives that our pricing can support are:

- decarbonisation of our economy, and
- addressing inequity, by recognising and mitigating the impact on vulnerable customers.

Building on these two initiatives we recognise the impact that our pricing and pricing changes has on vulnerable customers (including those in energy hardship) who do not have the resources to cope with change or adapt their behaviour. We observe that more than 20% of our residential customers live in areas with a high deprivation index. Within this group, we have higher usage customers that may live in energy hardship (spending more than 10% of their income on electricity), but also a large proportion (approximately 70%) with lower-than-average usage.

Any change in pricing structure creates winners and losers, particularly where there are consumers who are not contributing to an area of concern and/or are not in a position to respond. Of particular concern, we have identified that a greater proportion of our vulnerable customers sit within the lower consumption bands. While a shift away from volume-based pricing will provide lower cost outcomes in the long term, it also shifts more of the cost burden onto these customers. The main tool we are using to mitigate this impact is to implement a staged transition, spreading the change over a number of years. This provides more opportunity for vulnerable customers to adapt and for support mechanisms to adjust.

Evolving Pricing

As part of our pricing journey within the current regulatory framework, we are looking at the role of flexibility services and other innovations.

By way of background, customers can build flexibility into their energy management by using Distributed Energy Resources (DER), such as electric vehicles or battery storage systems. Enabling customers to connect DER to our network and creating opportunities for them to support the electricity system is a critical part of our role in powering a cleaner and brighter future with our community. Flexibility can be stimulated by price-based mechanisms, such as distribution pricing, or agreed in advance through contractual arrangement as flexibility markets mature to use near real-time reward.

One example is “Resi-Flex”. Orion initiated the concept for Resi-Flex which aims to incentivise flexibility from residential consumers by exploring innovative distribution tariffs and other commercial mechanisms in collaboration with flexibility suppliers. This would encourage demand side flexibility, while also addressing hardship, for example by ensuring that essential energy services are affordable for all households. Building on relationships forged through the FlexForum, we partnered with Wellington Electricity to plan and deliver the project. The project aligns with priority actions identified in The Boston Consulting Group’s “The Future is Electric report ”(See <https://www.bcg.com/publications/2022/climate-change-in-new-zealand>) to ‘improve distribution peak pricing signals’ and ‘smart managed tariffs’. Additionally, the Market Development and Advisory Group (See the Electricity Authority) emphasized the need for tariff and technology innovation to ensure customers have access to the information they need to make informed decisions about demand side flexibility.

The Resi-Flex project employs a design thinking approach, starting with an initial phase to identify user requirements from various perspectives across the value chain including consumers, flexibility stakeholders, and networks. The insights gathered during this phase are informing the development of a commercial framework that defines a range of mechanisms or options to incentivise flexibility. The project will then partner with flexibility suppliers to co-design customer offerings based on the selected commercial mechanisms and trial these with consumers. These trials will help inform electricity distribution businesses on which mechanisms to scale, ultimately creating opportunities for residential consumers to provide flexibility and benefit from this.

Proposed strategy AF6

In terms of the proposed strategy AF6 outlined in the Consultation Document, investigating and addressing the implications of network pricing methodologies for energy hardship, particularly in high cost-to-serve areas, we think this strategy needs to specifically refer to the Electricity Authority. In their current Distribution Pricing: Practice Note Second Edition v 2.2, 2022, the Authority states that

“We do not expect that providing welfare support to customers is the primary role of distributors and retailers, although we acknowledge this is often done by both. Energy hardship is a growing concern and cost reflective pricing and good price signalling will assist with keeping prices as low as they can be, overall and in the long-term, by ensuring that the right investments are made at the right time. It will also provide greater visibility to allow better targeted support from Government agencies managing welfare outcomes.”

We agree that the distribution pricing methodologies have the potential to adversely affect customers in energy hardship, particularly those who live in high cost-to-serve areas of Aotearoa. Working with the Electricity Authority, it could be timely to undertake further investigation of this issue, noting our discussion above about evolving and more innovative pricing. Further consideration could also be given to the role of retailers in passing on electricity distribution charges. An article that you may find helpful in this discussion is by Laura Sandys at <https://www.linkedin.com/pulse/emerging-inequalities-challenges-opportunities-energy-sandys-cbe/>

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.

We agree with this proposal.

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.

We agree with this proposal, but the Electricity Authority will need to be properly resourced to undertake this compliance and enforcement function.

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.

We agree with this data being provided and collated. However, it does need to be published in a timely and consistent manner so that the Government and the energy sector are able to readily respond to the trends in the data.

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.

No comment

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.

Shared data and insights need to be improved, not just the disconnection/debt but also to measure the impact of the initiatives to address energy hardship and energy equity. Agree that the Energy Wellbeing Evaluation Consortium could be formalised/funded to do this on an ongoing basis, and we are involved in conversations to determine how this might work and potentially trial a solution.

Agree that leadership/collaboration is important, and that a durable funding environment is crucial, particularly for energy advocates as they are the ones around the country that build relationships and trust with those in energy hardship, and are best placed to ensure the varying solutions and measures achieve the objectives we are all working towards.

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.