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Electricity retailers and lines companies welcome National's commitment to scrap the low fixed charge

The National Party's decision to remove the low fixed charge regulations for electricity consumption in its first 100 days if elected has been welcomed by the electricity retailers and electricity networks associations.

National's promise reinforces the commitment also made by the coalition Government to remove the regulations.

The regulations have had a perverse outcome and need to go, says Graeme Peters, chief executive of the Electricity Networks Association (ENA).

"So it's good news that both the Government and National have now committed to their removal."

The regulations have forced higher prices on to larger families – often lower income families, Peters says.

"The current regulations should more fairly have been called the High Variable Charge regulations."

In exchange for an unsustainably low daily fixed charge of 30 cents per day, consumers paid a higher rate for the electricity they consume.

Cameron Burrows, chief executive of the Electricity Retailers' Association (ERANZ), says the regulations mean large low-income families in poor quality housing have ended up subsidising the cost of providing electricity to smaller, often wealthier, households who lived in well-insulated housing.

"Wealthy consumers who can invest in insulation or an efficient heat pump get a break, and the burden shifts onto poor households living in the low-quality housing so common in New Zealand.

"As a result, the current regulations mean that families most in need of relief are paying more. That's not right.

"It's great to see everybody committed to getting rid this no longer fit-for-purpose regulation. This will go a long way towards achieving fairer pricing for Kiwis and lowering costs for large households."

Currently ENA and ERANZ were proactively working with the government to help design a transition arrangement for those smaller users who are currently being subsidised by large users.

It is expected that the current low fixed charge prices will be phased out gradually over at least five years.

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