

# The price of electricity...

...is just one factor influencing energy hardship\*

## Poor housing quality

It takes significantly more energy to heat a draughty and damp home than an insulated and dry home.

The OECD estimated that at least 1/3 of our 1.8 million private dwellings may be under-insulated.

**Our houses don't hold in the warmth as well as those in the UK and Europe. We lose heat at twice the rate they do.**

### Measures to address this include:

- New Zealand Green Building Council's Homestar ratings for home buyers
- Residential Tenancies Act - more obligations on landlords for insulation & heating appliances
- Healthy Homes Guarantee Act 2017 increases insulation standards
- EECA's 'Warmer Kiwi Homes' insulation programme for low-income homeowners from 1 July 2018, and heating grants from 1 July 2019

## Inefficient heating & other appliances

It costs more to run an old and inefficient heater or fridge than running a new or more efficient one.

**Some older appliances will not only be expensive to run but won't be effective in heating a room.**

Low indoor temperature is a health hazard, especially for babies, children, older people and those with chronic illnesses and disabilities.

### Measures to address this include:

- EECA's Energywise information campaign
- EECA's Efficiency Ratings & Guidance, such as the Energy Rating Label, and Minimum Energy Performance Standards (MEPS)
- Healthy Homes Guarantee Act 2017, includes standards for heating appliances

## Electricity costs

The cost of electricity is made up of many parts - generation, transmission, distribution, retailing, metering, GST and government levies.

**Electricity costs have been 3-4% of average household income over the last 20 years.**

However, those on low-incomes can spend more (up to 15%) on their energy costs as a percentage of income, often because of other contributing factors such as cold homes and inefficient heating. Residential electricity costs rank 12th cheapest out of 32 OECD countries.

### Measures to address this include:

- retailer early interventions to assist customers through their call centres, Work and Income, budgeting advisors, and more
- oversight on pricing and performance by regulators (MBIE, Commerce Commission, Electricity Authority)
- retailer products and services for low income households: pre-pay, SmoothPay, community initiatives
- work to rebalance distribution & pricing to make it more cost -reflective



## Low incomes

People need to have enough income to pay their rent or mortgage, buy their groceries, petrol and pay their bills, including power, pay for doctor visits, and send their kids to school with shoes and warm clothing.

The median household income in New Zealand in 2016 was \$49,000, the average was \$59,000pa.

**About 31% of households spent 1/4 or more of their total income on their rent or mortgage. This squeezes the ability to pay for other essentials.**

### Measures to address this include:

- Winter Energy Payment: from 1 July 2019 all beneficiaries and superannuitants will receive additional income for up to 22 weeks
- Minimum wage increase to \$20 by 2021
- Families Package:
  - Best Start payment for children born after 1 July 2018 (\$60pw) for three years for one household
  - higher Working for Families tax credits
  - paid parental leave extension

## Energy use behaviour

Knowledge and understanding about how to use energy in a way that can avoid unnecessary costs and also keep our homes warm and dry.

### Measures to address this include:

- advice from NGOs and other organisations, eg. NBFCCCT, Sustainability Trust
- EECA's information campaigns, such as Energywise
- power company advice to customers through websites, social media and more

\*Up to 25% of New Zealand households experience an energy hardship indicator. Energy hardship means people who struggle to afford to pay their power bills, or spend a larger part of their income on power, or often feel cold. (Stats NZ, 2017)