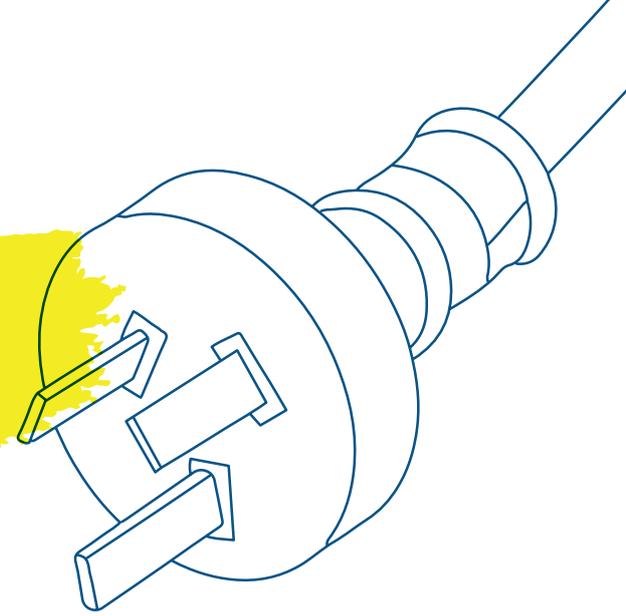


what's the story with...

ELECTRICITY PRICES



The average annual electricity bill has fallen \$95 over the past five years

The average household spends \$2077 a year on electricity.¹ Although it can feel like power bills keep going up, especially in winter, the latest data from MBIE shows after inflation the average annual bill is \$95 lower than it was five years ago. In fact, it's still lower than it was in 2010.

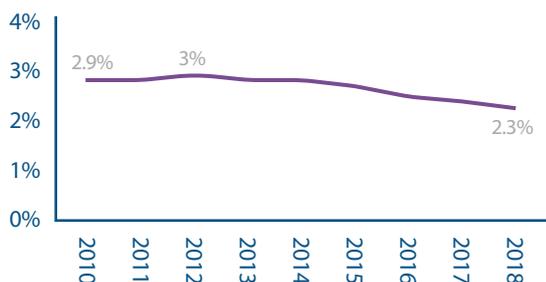
Average annual household electricity costs (after inflation)



Electricity costs as a proportion of income have fallen by 22%

Households are now spending less of their income on electricity costs. In 2010 the average household spent 2.9% of its income on electricity. By 2018 that had fallen to 2.3%, a 22% reduction,² meaning Kiwis have more money in their pockets to pay for other things rather than spending it on electricity.

Average electricity costs as a proportion of median income

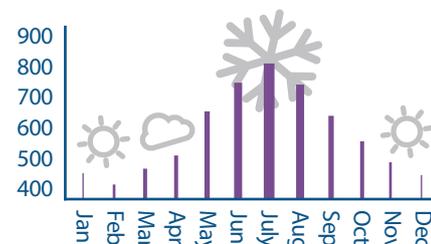


Why do electricity bills feel so high in winter?

New Zealand has the 12th cheapest power prices in the developed world, but low-quality housing with poor insulation and single-glazed windows means we use more electricity compared to other countries. New Zealand has the 6th highest household electricity consumption out of 32 OECD countries, which means it can be a struggle for some families to pay their bills, particularly in winter.

New Zealand has the 12th cheapest electricity in the OECD, but we have the 6th highest electricity consumption because we have to use a lot of electricity in winter to heat our low-quality homes.

Average household electricity consumption over the year (in kWh)



We want all families to be able to live in warm, dry, healthy housing with affordable energy costs. That's why the Government's steps to improve the quality of housing, including new regulations for insulation and heating standards in rental properties, are so important.

What drives electricity prices?

The three main drivers of household electricity are

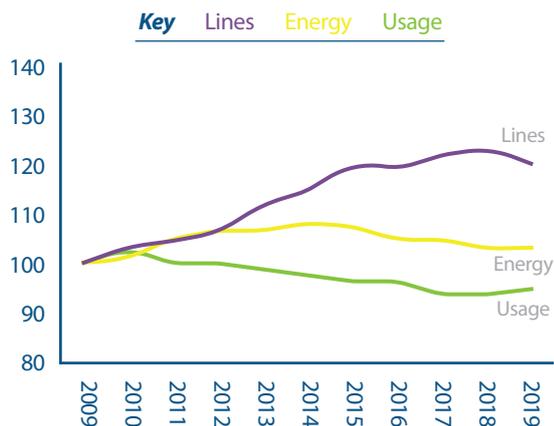
- the amount of electricity used,
- the energy price per unit of electricity used, and
- the lines price per unit of electricity used.

In the past ten years, average annual household electricity usage has fallen from 7,600 kWh to 7,100 kWh,¹ a reduction of over 6%. That's still higher than other countries, but appliances becoming more energy-efficient, like heat pumps, refrigerators, and LED lights means households are using less electricity than they were 10 years ago.

Over that time, lines costs (which cover the transmission and distribution of electricity from generators to households) have increased by 24% ahead of inflation.¹

Energy costs (which cover electricity generation and retailing) have increased by 3% above inflation over the past 10 years,¹ in part because strong competition between different generators and retailers drives innovation and keeps prices low. ■

Change in drivers of electricity costs (2009=100)



How can a household save on its electricity costs?

There are lots of simple things families can do to make their electricity go further. Together these small adjustments can shave hundreds of dollars off a bill over the year.

- Households should make sure they're on the right power plan. Some families can save hundreds of dollars a year by moving to a plan better suited to their power use. Compare plans on Powerswitch (powerswitch.org.nz).
- Dry your clothes outside when possible. Dryers cost about \$1 a load.
- Switch to LED bulbs for lighting—they're more efficient and last longer. Replacing incandescent light bulbs with LEDs can save \$100 or more across a house every year.
- Turn off appliances at the wall. Appliances on standby can add more than \$100 a year to a power bill.
- Take shorter showers. A family of four can save more than \$1 a day by having 5 minute showers instead of 10 minute showers.
- Turn off the second fridge. Many households keep a second older fridge in use, but it can cost over \$200 a year to run.

For more tips visit energymate.nz/tips.

¹ MBIE's "Electricity cost and price monitoring", Household sales-based electricity cost data released June 2019.

² Calculated for a household earning the median income and paying the average annual electricity bill, using MBIE's "Electricity cost and price monitoring", Household sales-based electricity cost data released June 2019 and Stats NZ's Household Labour Force Survey.

For more about the electricity sector, visit us at eranz.org.nz
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