

At a glance

The Electricity Price Review – *Hikohiko te uira* – released its first report for discussion on the state of New Zealand’s electricity sector dated 30 August. Here are the report’s key points at a glance. See the report for details, including important data and assumptions.



Households

- Pay 79 per cent more for power than in 1990, compared with 24 per cent less for commercial businesses and 18 per cent more for industrial users*
- Spend less than 3 per cent of average income on power, although 103,000 spend more than 10 per cent, putting them in “energy hardship”
- Can pay very different prices depending on whether they shop around
- Miss out on prompt-payment discounts of up to 26 per cent if they don’t pay on time
- Switch retailers frequently, rarely or never
- Don’t always have an easy time comparing prices and contracts
- Need more say in matters affecting their power bills



Industry

- Delivers a consistent, high-quality supply of electricity
- Generates 80 per cent of power from renewable sources, yet faces challenges converting the remaining 20 per cent
- Is not making excessive profits, based on available evidence
- Could have a more effective wholesale contract market
- Will need to supply more power to cope with a projected surge in electric vehicles and as businesses move away from fossil fuels
- Needs a transmission pricing methodology that delivers efficient, fair and durable outcomes
- Could be more efficient in the way its 29 distributors operate
- Offers more retail competition, but not all consumers are benefiting from this
- Has five big generator-retailers that still dominate 90 per cent of the retailing market



The future

- Solar panel and battery advances will allow residential and commercial consumers to become generators on a wider scale
- Such advances will have ramifications for distributors and retailers in particular
- Lower-income households may bear an unfair share of the cost of these advances if price structures stay as they are
- It could be better if prices varied according to time of consumption
- The economy will move increasingly away from fossil fuels to electricity for power, so more investment in the sector will be needed
- Prices won’t necessarily go up much, if at all
- Technology advances promise opportunities as well as difficult adjustments
- The regulatory framework is generally up to the task, although it needs work to deal with access to distribution networks
- The transmission pricing methodology debate needs to be resolved
- There may be better ways to help low-income households than the low fixed charge tariff regulations
- Industry, regulators and government need to work more closely together to help households in energy hardship

* In inflation adjusted terms