

DEUN

Domestic Energy Users' Network

Presentation to Grey Power

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By Dr M.Claire Dale

m.dale@auckland.ac.nz

DEUN members are:

- Grey Power Federation;
- Royal New Zealand Returned and Services Association;
- Rural Women New Zealand;
- Age Concern New Zealand;
- Public Health Association;
- Child Poverty Action Group.

DEUN supports the principles of the Treaty of Waitangi.

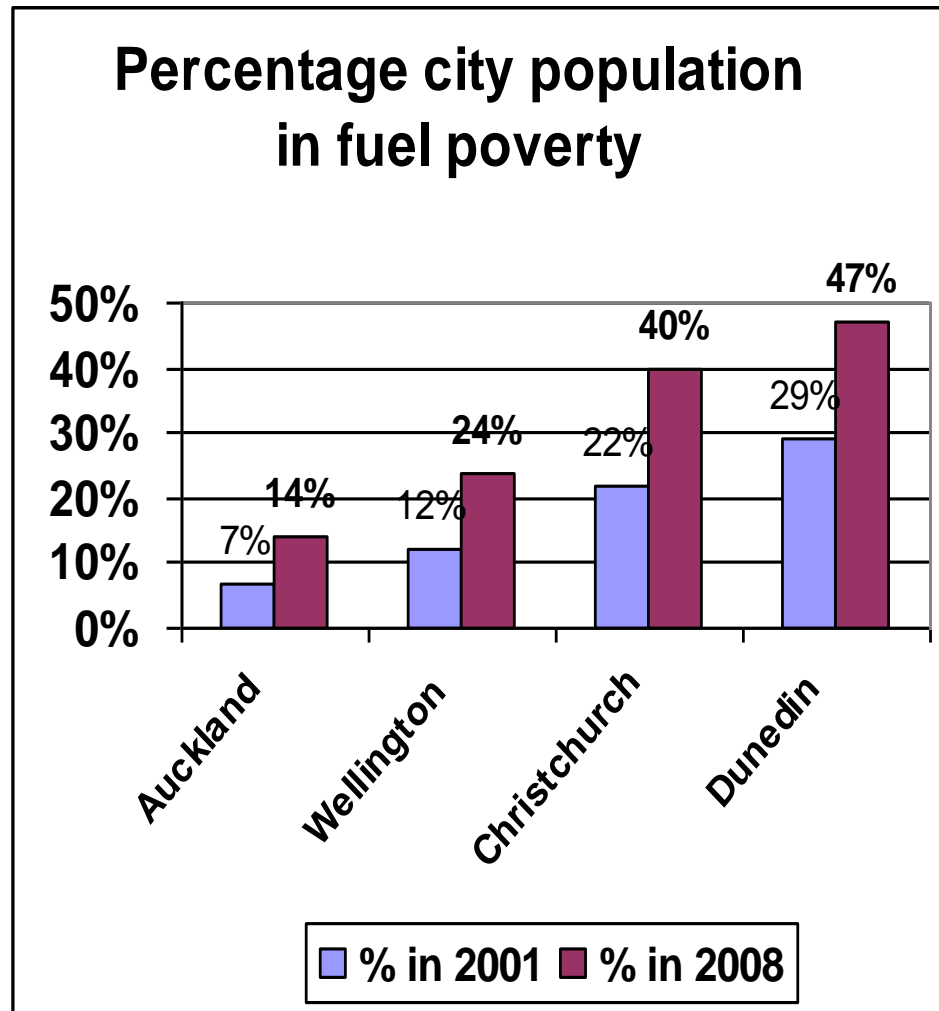
DEUN:

- is a network of national organizations, that
- advocates for affordable and sustainable energy services for all householders; and
- promotes policies based on statistical evidence and experiences of our organizations.
- We promote energy efficiency and renewable energy solutions; and
- aim to improve household living conditions;
- and also aim to reduce greenhouse emissions and other adverse environmental impacts.

Cold, damp houses kill people.

- Research in New Zealand and overseas shows that the very old, the very young, and those on low incomes, are particularly vulnerable.
- 24% of NZers are living in fuel/energy poverty, spending 12% of their income to maintain temperatures recommended by W.H.O. for health and well-being (up from 8% in 2004).
- 1600 excess winter deaths in NZ each year from 1980 to 2000 (Davie, Baker, Hales & Carlin, 2007)

Energy Poverty in New Zealand 2008



Bob Lloyd, Otago University,

2008 says:

Environmentalists and consumer advocates recommend “a government strategy that combines short- and long-term solutions: crisis payments to help with the here and now, and in the longer term improvements to the energy efficiency of our housing stock. . . . As a starting point, the government should be working with energy companies to reform their social tariffs to end the inequalities of energy pricing that mean poorer people pay more.”

Domestic energy consumers are subsidising Commerce and Industry.

- Domestic electricity demand per house has not risen since the 1970s (more apartments with fewer occupants eg 1 or 2 people).
- Domestic electricity prices since 2000 have risen on average 5% per year faster than inflation, compared to commercial prices at 1.5% per year, and industrial prices at 4% per year, faster than inflation.

Domestic consumers have no voice, but subsidise Commerce and Industry

- We provide 44% of revenues of electricity sector, but use only 33%.
- In 2006, we paid \$2.1 billion to power companies plus further \$264 million in GST.
- 45 advisors in Electricity Commission groups, comprised of
 - 3 for domestic users + 1 for dairy & domestic;
 - 7 for major users, 5 of whom are consultants; and
 - 34 for suppliers.

Domestic consumers have no voice, but subsidise Commerce and Industry contd:

- Advisory group for retail market can't discuss power prices, only "competition" issues and consumer contracts.
- Government owns 2/3 of the generation sector, and in 2005 collected \$200m dividends and \$300m income tax plus GST from its three generators.
- Obvious conflict of interest: high power prices and profits contribute to government coffers.

A victory on 24 February for DEUN:

- Energy Minister Gerry Brownlee agreed to put both affordability and environment up front in his energy policy.
- He also agreed to slash the function of the Electricity Commission to become a market administrator only.
- The bad news is that he's also subsidising further natural resource development....

Suggestions to Government:

Legislate to implement an appropriate Warm Homes Standard for houses.

Support this by rapid investment in household energy efficiency eg retrofitting, including curtains and draught stoppers as well as ceiling and floor insulation to reduce the need for "energy services".

Provide fuel vouchers where necessary, and offer individual and group energy advice.

Multiple solutions approach. Many sustainable sources of energy: sun, wind, water, waste, coal, wood, electricity, gas, etc. Heatpumps aren't always the best answer.

Some solutions:

- An independent review to determine a fair pricing system for domestic consumers.
- A pricing system that enables consumers to choose between convenience and reduced power bills.
- Where alternative fuels can reduce total household energy bills, promote them through retail tariffs.

More solutions

- End overcharging for pre-pay meters, disconnections, or other “services”.
- Pricing options to include
 - *inverse step tariffs* (progressive pricing),
 - *real-time pricing* to reduce peak demands,
 - *recycling of government’s electricity revenues* into household energy efficiency investments.

Still more solutions: Retro-fitting:

- Over 400,000 pre 1976 homes screaming for attention eg insulation, double-glazing;
- Government focusing on state-owned houses, but need to assist low-income owners;
- Choices including reverse mortgages and other types of low-interest financing need to be available for the elderly; but also
- Need independent energy advisors.

More facts and solutions:

- *Fact:* UK Govt spends 8x more than NZ per capita on home energy efficiency programmes.
- Do: Govt funding to encourage community initiatives, including independent advice networks to tailor available options to each consumer.
- *Fact:* NZ programmes rely heavily on third-party funding, so many regions without energy trusts are excluded. Energy trusts waste time trying to get other “partners” to commit funds to their retrofit projects.
- Do: Give priority in household retrofit programmes to energy efficiency investments that create savings in greenhouse/carbon emissions.

Home insulation is the most cost-effective of all household energy efficiency strategies.

Also, average household energy emissions amounted to 10% of New Zealand's energy sector greenhouse emissions in 2007.

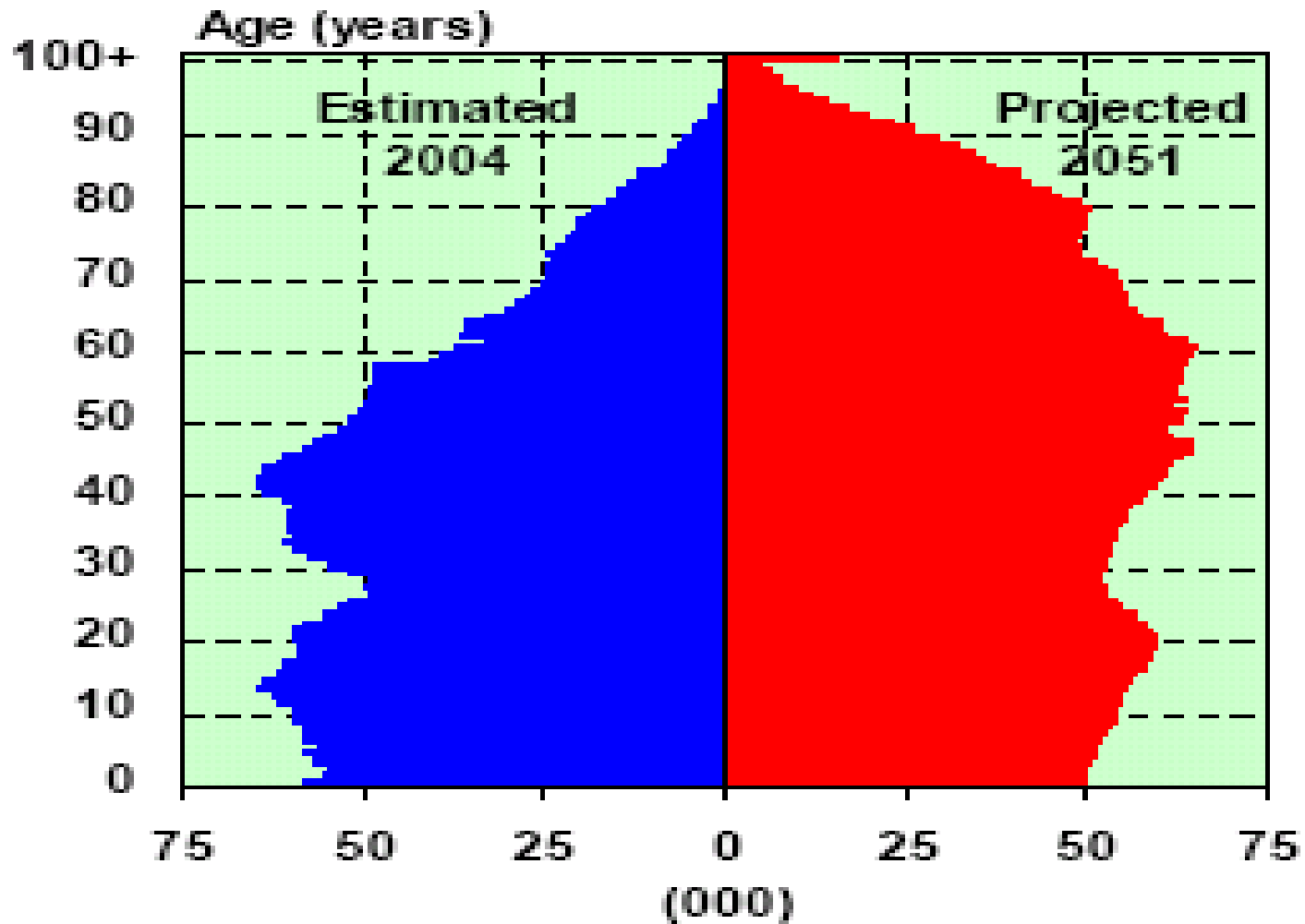
And a decision: DEUN prefers Carbon Charge over Emissions Trading Scheme (ETS)

- Sustainability is the purpose of the ETS. There is no guarantee that an ETS will reduce emissions.
- A carbon charge raises revenue that can be immediately redirected in a socially just manner.

(Ref: Parry & Pizer 2007)

- A carbon charge is small ($\sim 2\text{c/kWh}$) compared to regular price hikes of 1c/kWh per year or more.

Why the urgency?



Demographic context is changing.

Global populations are ageing rapidly. In NZ, the group aged 65 to 74 will double from 276,000 in 2006, to 559,000 in 2030. It is estimated that the numbers of those over 85 will almost treble, from 58,000 today to 150,000 in 2030. Also, Treasury (2006) has calculated that after 2020 we will have more people over age 64 than under age 15.

(Treasury (2006). *Working New Zealand*, obtained under the Official Information Act).

We need action now for warmer, healthier homes, and affordable, sustainable energy.

To make changes to energy policy, legislation, budgets and decisions:

- **We need to** make sure domestic energy consumers are seen and heard;
- **We need to** have consumer representation on energy policy and decision-making bodies;
- **We need to** lobby local and national politicians;
- **We need to** use talkback, letters to newspapers and magazines eg The Listener, North & South.
- **We need to** remember that MPs invariably read their local paper.