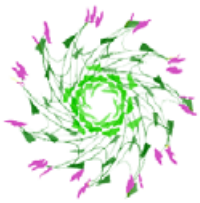
DOMESTIC ENERGY USERS' NETWORK-



Members

Age Concern NZ
Child Poverty Action Group
Grey Power Federation
Public Health Association
Rural Women NZ

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About DEUN

The Domestic Energy Users' Network, DEUN, is a network of national organizations advocating for affordable and sustainable energy services for all householders. Our policies are based on statistical evidence and the experiences of our organizations. We promote actions that reduce the inequities in well-being made worse by high household energy bills. We promote energy efficiency and renewable energy solutions that improve household living conditions while reducing greenhouse emissions and other adverse environmental impacts. DEUN supports the principles of the Treaty of Waitangi.

DEUN's Vision

DEUN's vision is that adequate energy services will be affordable to all householders over the long term. This will be achieved through use of best technology to improve energy efficiency, increased use of renewable resources, and best use of non-renewable resources, especially natural gas, to keep renewable energy affordable.

DEUN's Submission on the 2014/2015 EECA funding

DEUN wishes to make four main points:

1. DEUN continues to ask for a fair allocation of funds to concerns relevant to residential consumers. Residential users currently fund around one third of the EA levies and are an important part of the market. DEUN wishes to see this level of funding reflected in spending on projects and initiatives which address the concerns of residential users.

2. DEUN asks for a contestable fund for projects/innovations/education relevant to residential consumers. Furthermore DEUN requests that independent consumer advocates including itself, be allowed to set some of the agenda.

3. DEUN also requests funding for a website to highlight issues of interest to residential and small commercial users. This would include both practical issues in energy efficiency, new technologies, conservation, and behaviour change in the household, and also discussions on regulatory issues including pricing and opportunities to benefit from smart meters.

4. DEUN asks that rEECA be allowed to use appropriations from the EA levy to investigate the ways in which **all** forms of energy (for example, gas, wood burning, renewables , as well as electricity) can be utilised to enhance competition, reliability and efficiency in the electricity market, for the long term benefit of consumers. Not only are alternative fuels substitutes for electricity; in addition a well planned approach to their use could lower electricity costs for all consumers.

Further to 2. DEUN sees some immediate issues needing further research:

2.1 Emerging technology such as rooftop photovoltaics, smart metering and time of use tariffs, and smart appliances combined with a greater uptake of electric vehicles will drive an increasing ability for residential and small commercial users to play a more active role in the market. Research is needed into factors specific to New Zealand and into how New Zealand consumers can best take advantage of these new technologies

2.2 There is also a need to ensure that the industry innovations are helpful to residential consumers, rather than just meeting the industry's needs. For example, with smart meters, DEUN would like to see meters installed that will enable households to import and export power and to have pricing information (including when load controlling is happening). DEUN sees a risk that meters will be installed which will just meet the industry's needs for remote meter reading, remote disconnection and pre-pay. DEUN is also interested in how domestic consumers respond to such meters, and how the market for prepay customers could be made more competitive.

2.3 DEUN has two specific proposals which it considers are worthy of EECA funding in the 2014/2015 timeframe:

2.3.1 The Lines Company Metering Project

Short description: Research into the customer experience of having a smart meter installed, and resulting impacts on energy bills.

Rationale for the project: The Lines Company (TLC), a distribution company based in Te Kuiti has faced challenges managing the demand on their network at peak loading times. The network is old, and capacity constrained. TLC bills its customers directly for their lines charges; one of only three companies nation-wide that does so. To help manage capacity constraints, it charges a capacity charge whicjh is based on the average of the six highest peak loads a customer takes during a two hour period when TLC is load controlling. This sets the capacity component of the customers bill for the next year.

The method of charging has caused some domestic customers distress, as without precise information about when the company was load controlling, many customers were playing safe and under utilising energy. Many who failed to sucessfully do this were upset by subsequent high charges.

In response to customer concerns, and to enable more accurate billing, TLC has begun a roll-out of smart meters which will have several features designed to help customers understand their energy consumption and manage their load. One feature will be an in-home display which will show a light when the company is load controlling. Another feature will be a display of the average of the six highest chargeable readings to date and an estimate of whether the current load is at risk of exceeding that average.

The work TLC is doing is of interest to DEUN, as they are sending clear pricing signals which are reflective of transmission costs (and are applicable on a wider scale than just TLC). We are interested in whether these meters help customers understand and manage their energy costs, and how well customers are able to respond to pricing signals

2.3.2 Smart Tariffs for Residential Consumers

Short description: Working in tandom with selected retailers to promote easily understood smart tariffs for residential consumers. These could include time of use tariffs and/or critical price offers. An education campaign around the smart use of appliances and other energy efficiency measures, so that the benefits of smart tariffs can be understood and implemented.

Rationale for the project: At present, most residential consumers pay a fixed rate for their electricity regardless of over which times they use it. Retailers cover their risk by charging (on average) higher prices than they could if consumers were more responsive to supply costs. Helping residential consumers understand the variable cost of supplying energy and helping them respond to more realistic costs should improve the competitiveness and efficiency of the market. Smoothing out the peaks in residential load will enable better utilisation of fixed assets, avoid high cost thermal generation and should help reduce industry costs.

Submission prepared by Sarah Free in conjunction with Molly Melhuish

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