



COVERSHEET

Minister	Hon Dr Megan Woods	Portfolio	Energy and Resources
Title of Cabinet paper	Electricity Price Review: Government Response to Final Report	Date to be published	3 October 2019

List of documents that have been proactively released

Date	Title	Author
25 September 2019	Electricity Price Review: Government Response to Final Report	Office of the Minister of Energy and Resources
25 September 2019	Electricity Price Review: Government Response to Final Report DEV-19-MIN-0264 Minute	Cabinet Office

Information redacted

YES / NO

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Some information has been withheld to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and Officials.

In Confidence

Office of the Minister of Energy and Resources

Chair, Cabinet Economic Development Committee

Electricity Price Review: Government Response to Final Report

Proposal

1. This paper provides an overview of the Electricity Price Review's final report and my proposed responses to its 32 recommendations.
2. I propose accepting the majority of the Review's recommendations including reviewing the institutional arrangements of the electricity sector. In addition, I propose a regulatory backstop power that would enable the Minister of Energy and Resources to give effect to the relevant recommendations that fall to the Electricity Authority should it fail to do so immediately, and to my satisfaction.
3. I propose to publish the final report alongside the Government's response.

Executive Summary

4. I have received the final report of the Electricity Price Review (the Review), which fulfils part of the coalition agreement between the New Zealand Labour Party and New Zealand First to hold a full-scale review into retail power pricing.
5. The Review investigated whether the electricity sector is delivering fair and equitable prices to consumers. It also considered whether the electricity market and the regulatory framework will continue to be appropriate in the future, particularly with the emergence of new technologies and our goal of moving to a low emissions economy.
6. The Review complements the report from the Interim Climate Change Committee (ICCC), 'Accelerated Electrification', which makes recommendations on reducing carbon emissions in the electricity sector and from the use of energy more generally.
7. The Review found that consumers, particularly households and small businesses, struggle to make their voices heard and exert influence over decisions affecting them in the electricity sector. In terms of affordability and fairness, New Zealand's electricity prices compared favourably internationally, and in recent years nominal retail electricity prices have stabilised. However, energy hardship is a pressing problem and children are over represented in households experiencing energy hardship. The Review makes ten recommendations to strengthen the consumer voice and address energy hardship.
8. The Review notes that New Zealand's electricity industry works well in many respects, but consumers would benefit from stronger competition, fairer and more efficient pricing, and more openness to new technologies. The Review makes six recommendations to increase retail competition, four to reinforce wholesale market competition and four to improve the transmission and distribution sectors.

9. The Review found that the electricity regulatory regime generally works well in the current environment, but noted that opportunities and challenges in the sector increasingly cross traditional boundaries. In particular, achieving a low-emissions economy will mean increased demand for electricity with more renewable generation, and widespread use of electric vehicles (EVs), solar panels and battery technology.
10. The Review makes four recommendations to improve the regulatory system and four recommendations to help prepare for the low emission future, the most significant being to explore new institutional arrangements to ensure coordination of energy policy, regulation, and programmes. The Review suggested this exploration begin after the Climate Change Commission is established and has made progress preparing energy sector carbon budgets and emission reduction plans.
11. I agree with this recommendation, however I propose to begin this work now, rather than wait until the Climate Change Commission is established. I believe we know enough about the changing future landscape to start this work now.
12. Of the Review's 32 recommendations, I propose to action 20 immediately. The most significant is to commence a review of energy institutional arrangements. The other recommendations for immediate action will combine collectively to produce a significant improvement in the outcomes for consumers, either directly through measures to address energy hardship or through improved market operations.
13. The remaining 12 recommendations require further development, including scale, timing and financial implications. I plan to report back with detailed policy proposals, including legislation, in the course of the next 3 to 12 months, Constitutional conventions
14. Many of the recommendations for immediate action fall to the Electricity Authority to address. The Electricity Authority is an independent agency which cannot be directed to regulate in specific ways. While I am confident the Electricity Authority will give due consideration to the Review's recommendations, I consider it prudent to create, through legislation, a backstop regulatory power that will enable the Minister of Energy and Resources to give effect to the recommendations if the Electricity Authority does not do so to the Government's satisfaction within a specified timeframe. This mechanism has been previously used in the Electricity Industry Act.
15. I propose to publish the final report alongside the Government's response. A copy of the Review's final report is provided in Annex One.

Background

16. In the context of rising residential electricity prices over several decades, I established the Electricity Price Review (the Review) to examine the electricity sector. The Review fulfils part of the coalition agreement between the New Zealand Labour Party and New Zealand First to hold a full-scale review into retail power pricing.
17. I tasked the Review to investigate whether the electricity sector is delivering fair and equitable prices to consumers. I also tasked it to consider whether the electricity market and the regulatory framework are appropriate, particularly with the emergence of new technologies and our goal of moving to a low emissions economy.

18. The Review's panel of experts was appointed in April 2018. It determined its own process, which included identifying the various issues facing the sector, testing options for addressing these issues, and producing its final report. I received the final report in May and now seek Cabinet's agreement to the Government's response.

Linkages with other Government work and budget priorities

19. In July, I reported on the ICCC's report 'Accelerated Electrification', which makes recommendations on reducing carbon emissions in the electricity sector. A number of the ICCC recommendations complement the Review's recommendations, including:
- 19.1. Requiring regulators to take the objective of reducing emissions into account through mechanisms such as Government Policy Statements
 - 19.2. Enabling distributors and retailers to innovate and adapt to increasing levels of consumer-based technology, and
 - 19.3. Enabling consumers to get pricing signals to engage in demand response and make best use of new technologies.
20. The Review also recommends measures to assist households in energy hardship. As the economy moves towards decarbonisation and increased renewable electricity generation, there is the potential for upward pressure (as well as downward pressure) on electricity prices. This needs to be well managed in a just transition.
21. The Review's recommendations also have strong connections to this year's Wellbeing Budget priorities, including:
- 20.1 Creating opportunities for productive businesses, regions, iwi and others to transition to a sustainable and low-emissions economy
 - 20.2 Supporting a thriving nation in the digital age through innovation, and
 - 20.3 Reducing child poverty and improving child wellbeing.

Findings from the Electricity Price Review

22. The Review followed three broad themes across its three reports: consumers, industry and technology and regulation.

Consumers

23. My terms of reference for the Review meant that consumer interests and concerns received particular weight. The Review found that consumers want reliable and environmentally sustainable electricity that is affordable and fairly priced.
24. In terms of reliability and environmentally sustainable electricity, the Review found that New Zealand has a reliable and high-quality supply of electricity that is increasingly from renewable sources.
25. In terms of affordability and fairness, the Review found that New Zealand's electricity prices compare favourably internationally, and in recent years nominal retail electricity prices have stabilised. However, energy hardship is a pressing problem,

and children are over represented in affected households. The causes of energy hardship extend beyond the electricity sector, and the solutions require joint action by government, regulators and the industry.

Industry

26. Wholesale electricity prices are comparable to the cost of building new power stations. However, there are gaps in the information needed by the wholesale market to work effectively. The wholesale contract market could also be improved to help independent generators and retailers manage risk, and to address concerns about generators exercising market power when electricity supply is tight.
27. The electrification of the economy will require significant investment to accommodate an expansion of renewable energy. This requires a transmission pricing methodology that supports the right investments being made in a timely manner.
28. There are a number of factors holding back the distribution sector's performance, including outdated distribution pricing, access to consumption data, and the effectiveness of regulation to enable distributed energy, smart technologies and new business models.
29. While retail competition has been increasing and more technologies and innovation are being adopted, there are a number of ways competition can be improved to help disengaged consumers obtain fairer electricity prices.

Regulation and technology

30. The regulatory regime is generally effective and mature with no major gaps or overlaps between regulators. However, one gap is the protection of vulnerable consumers. There is also room for improvement in terms of updating the Electricity Authority's compliance framework.
31. Looking ahead, a low-emissions economy will mean increased demand for electricity, more transmission grid connected renewable generation, widespread use of EVs, and the use of solar panels and battery technology. These changes must be well managed in order to avoid unnecessary price increases and to support the Government's decarbonisation objectives. Although a number of recent studies, including the Ministry of Business, Innovation and Employment's (MBIE) electricity demand and generation scenarios, suggest electricity generation costs may decline due to falling wind and solar generation costs.
32. This will require a more co-ordinated approach among electricity regulators and other government agencies. One of the Review's most significant recommendations in this area is to review the institutional arrangements for energy policy and regulation to ensure clear, coordinated planning and implementation of energy related work programmes. I propose to report back to Cabinet in the near future with further detail on the scope and timeframe for this review, with consideration to:
 - 32.1. maintaining investment confidence, which is critical to our goals to accelerate investment in renewable electricity generation and to maintain security of supply, and
 - 32.2. coordinating the changes to electricity regulatory settings (proposed in this paper) with my broader renewable energy strategy work programme.

Proposed Government response to the Review

33. I have been impressed with the Review's stakeholder engagement and its consumer-centric and technology-centric approach. The recommendations as a whole represent a significant reform package. A large number of recommendations can be accepted now. However, some require further consideration around their scaling, sequencing, and linkages with existing work programmes. I therefore propose the Government's response to the recommendations be phased.
34. Many of the Review's recommendations are for the Electricity Authority to progress by amending the Electricity Industry Participation Code (the Code). The Authority is an independent crown entity and must follow statutory processes when considering amending the Code. Subject to Cabinet approval, I propose to communicate to the Authority my clear expectations that it give priority to all of the Review's recommendations the Government accepts.
35. However, I also intend to report back with a proposal for legislation that would enable me to give effect to the recommendations if the Electricity Authority does not address them to the Government's satisfaction within a specified timeframe. There is a precedent for this kind of backstop mechanism in Sections 42 and 43 of the Electricity Industry Act 2010.¹

36. [Redacted] Constitutional conventions [Redacted]
37. [Redacted] Constitutional conventions [Redacted]

Section A: Strengthen the consumer voice

38. The Review found that consumers, particularly households and small businesses, struggle to make their voices heard and exert influence over decisions affecting them in the electricity sector. They struggle for various reasons, including the complexity of the sector, the lack of time and resources needed to get involved and cultural and language barriers. The Review makes two recommendations in this section.

Establish a consumer advocacy council

39. The Review recommended a consumer advocacy council be established to give residential and small business consumers a stronger voice.
40. I propose a Consumer Advocacy Council be established for consumers of electricity, with members to be appointed by the Minister of Commerce and Consumer Affairs in consultation with the Minister of Energy and Resources. [Redacted] Constitutional conventions [Redacted]

¹ Section 42 of the Electricity Industry Act 2010 required the Electricity Authority to address seven prescribed matters and report on its progress after one year. Section 43 enabled the Minister to amend the Code to address those same matters if not satisfied the Electricity Authority had done so satisfactorily. This backstop provision expired after three years.

41. In time, the council's scope could potentially be extended to cover gas, telecommunications and other utility services, with additional funding from levies on those industries. This is because consumers of those services, which are increasingly bundled with electricity, are also likely to lack an effective voice.
42. The ability to fund through industry levies will require amendments to the Electricity Industry Act, Gas Act and Telecommunications Act – although I propose the council would only cover electricity in the first instance. The proposed levy would also recover any costs incurred by the Government in establishing the council before levy legislation is passed.
43. As an alternative, I considered purchasing electricity consumer advocacy services from existing organisations like Consumer New Zealand, but I agree with the Review's conclusion that a dedicated and permanent council would provide the necessary status to give consumers a voice that will be heard.
44. I have consulted the Minister of Commerce and Consumer Affairs and he is supportive of the recommended consumer advocacy council. I propose the Minister of Commerce and Consumer Affairs and I jointly report back to Cabinet with detailed proposals for the establishment of the council, including financial implications, sources of funding, and governance arrangements.

Ensure regulators listen to consumers

45. While the Electricity Authority and Commerce Commission each have statutory objectives to promote the long term interests of consumers, the Review found a widely held view among stakeholders that the regulators don't listen to consumers. The Review recommended the Electricity Authority and Commerce Commission improve their consumer engagement and demonstrate this by reviewing and documenting their consultation and stakeholder engagement processes.
46. The Minister of Commerce and Consumer Affairs and I will make it clear, in open letters to the Commerce Commission and the Electricity Authority, that the Government expects them to take urgent and meaningful action to address the Review's findings. I do not expect there to be material financial implications from this recommendation.

Section B: Reducing energy hardship

47. Many households struggle to afford electricity to maintain a healthy home, such as cutting back on heating resulting in poor living standards. Such households can be considered in energy hardship. The Review makes eight recommendations, which form a package, to address energy hardship. This recognises that the causes and solutions to energy hardship are complex, and achieving meaningful change will require leadership and action from government, regulators and the industry.

Establish a cross-sector energy hardship group

48. The Review considered there needs to be a more joined up approach to dealing with energy hardship. It recommended the Government form a cross-sector energy hardship group to ensure that energy hardship initiatives are well-considered, carefully co-ordinated and properly implemented.

49. I will task MBIE to work with relevant departments to develop terms of reference and options for the form and governance of a cross-sector energy hardship group. I expect the group will build on, or link up with, an existing cross-sector working group, currently administered by the Electricity Retailers Association of New Zealand, which already has regular engagement with MBIE, Ministry of Social Development, Housing New Zealand, Ministry of Health, Electricity Authority, Gas Industry Company, Utilities Disputes Ltd, and FinCap.
50. I propose to report back to Cabinet by December 2019, in consultation with the Minister for Social Development, Minister of Health, Minister of Commerce and Consumer Affairs, and Housing Ministers with proposals for the membership, governance and accountability of this hardship group, and its terms of reference and initial work programme.

51. Constitutional conventions

Define energy hardship

52. The Review recommended that a definition and associated indicators of energy hardship be developed so that programmes designed to address energy hardship can be better targeted and their effectiveness can be measured.
53. I will task MBIE to work with Statistics New Zealand, the Ministry of Housing and Urban Development, Ministry of Social Development, the Energy Efficiency and Conservation Authority and other relevant organisations such as the Building Research Association of New Zealand and Otago University's He Kainga Oranga research programme, to explore a framework for measuring and monitoring energy hardship in New Zealand and report back to me on a recommended way forward.

Establish a network of community-level support services for consumers in energy hardship

54. The Review recommended the Government progressively link and expand existing support services to establish a nation-wide network offering credible, independent, electricity-specific advice and support services to those in energy hardship.
55. I have consulted the Minister of Commerce and Consumer Affairs on this recommendation as it overlaps with his portfolio, particularly efforts to assist individuals and households with problem debt. We agree that energy hardship support services must join up with existing community-based services, including those relating to public health, healthy homes and financial capability.
56. Operational funding for contracted community services could be significant and I expect this initiative will need to be built progressively, over time, with the opportunity to pilot and evaluate different approaches, learning through the iterative sharing of information about successful and unsuccessful practices.
57. The cross-sector hardship group discussed above will play a key role in designing, monitoring and steering the development of community-level support energy hardship services. An important first step for the energy hardship group is to undertake a stock-take of existing community-level services, including pilot services, to help identify opportunities to join and leverage them.

58. [REDACTED] Constitutional conventions [REDACTED] in consultation with the Minister for Social Development, Minister of Health and Minister of Commerce and Consumer Affairs, and Housing Ministers.

Set up a fund to help households in energy hardship become more energy efficient

59. The Review recommended a fund to help eligible households buy appliances and other equipment recommended by community-level advisors to help them maintain a healthy home and manage their energy costs.
60. This recommendation complements the development of community-level support for households in energy hardship. It is similar to the existing Warmer Kiwi Homes Programme, which is administered by the Energy Efficiency and Conservation Authority. That programme, currently funded until June 2022, provides funding for low income owner-occupiers installing insulation and efficient heating in their homes. This fund would target households, many of whom are renting, that meet specified energy hardship criteria identified by community-level energy advisors.
61. This recommendation will have financial implications if taken forward. [REDACTED] Constitutional conventions [REDACTED]

Mandatory minimum standards to protect vulnerable and medically dependent consumers

62. The Review considered the existing voluntary arrangements do not provide adequate protection for vulnerable and medically dependent electricity consumers. It recommended the Government reviews and strengthens them as part of developing mandatory minimum standards. The standards should include dealing with customers when they fall behind with payments, controls and procedures for debt-related disconnection of power, prepay service standards, and other things.
63. I support this recommendation and propose to report back to Cabinet with proposals for public consultation in the near future, with a view to regulate minimum standards in 2020. I propose MBIE leads the development of the new minimum standards with input from the cross-sector energy hardship group and the consumer advocacy council. There is a provision to make such regulations under section 113 of the Electricity Industry Act 2010.
64. Given that electricity retailers already strive to comply with the voluntary standards, mandatory standards should not create significant compliance costs.

Prohibit prompt payment discounts but allow reasonable late payment fees

65. The Review found that prompt payment discounts (PPDs) are excessively high and not cost reflective. They cause additional hardship for those that can least afford it, and they contribute to customer confusion when comparing prices. As such, the Review recommended PPDs be prohibited but reasonable late payment fees be allowed. This could be implemented by regulation under section 113 of the Electricity Industry Act 2010, and enforced by the Electricity Authority.
66. An option, however, is first to write to electricity retailers highlighting the unfairness of PPDs and invite them all to ensure any PPDs are reasonable (that is, reflect no more than the cost of recovering outstanding payments). If unsatisfied with the industry's responses, I would bring a proposal to Cabinet to regulate PPDs. I welcome

Cabinet's view on the merits of first giving retailers an opportunity to address unfair PPDs without regulation.

67. Ensuring that PPDs are fair and reasonable, whether by regulation or otherwise, has no financial implications for the Government. Electricity retailers could face costs if they change their pricing and billing practices, but costs are not expected to be significant. I note that Meridian Energy removed its PPDs in 2018, after the Review commenced.

Encourage bulk deals for social housing and/or Work and Income clients

68. Many in social housing or receiving Work and Income assistance are disengaged from the electricity market and may pay more for power than they need to. Many are also in energy hardship and struggling with debt.
69. The Review recommended the Ministry of Social Development and social housing agencies, such as Housing New Zealand, help their clients navigate the complexities of the electricity system and consider negotiating better electricity deals for them through bulk procurement. This could include power-inclusive rental agreements, as is done in other countries.
70. I note that Housing New Zealand already has work underway exploring ways to help its customers. I therefore propose the Associate Minister of Housing and Minister for Social Development keep informed of lessons from Housing New Zealand's initiatives and request further advice from officials on how such initiatives, including offering power-inclusive rental agreements, could be taken forward.

Offer extra financial support for households in energy hardship

71. The Review considered that low income is one of the main causes of energy hardship and it recommended those in genuine need receive more targeted financial help. It recommended the Government give eligible households extra help with their power bills, supplementing any existing assistance, such as through Working for Families, the Community Services Card and emergency grants.
72. While I accept the intent of this recommendation I consider careful analysis is needed to understand how such targeted support for households in energy hardship would fit within the social welfare framework. There are a number of potential unintended consequences, particularly the impact on eligibility for other social welfare benefits.
73. I also note there are existing financial support measures to help people with energy costs. An Advance Payment of Benefit can assist with outstanding electricity or gas bills, or the cost of reconnecting electricity or gas. A Disability Allowance can help meet ongoing increased electricity, gas or heating costs a person has because of their disability. The Winter Energy Payment is paid to support eligible clients to meet their household heating costs during the winter period.
74. I propose this recommendation be considered as part of the welfare overhaul, including in response to the Welfare Expert Advisory Group's report, in order to consider potential changes to financial support to reduce energy hardship within the wider context of income adequacy and social assistance settings.

Section C: Increasing retail competition

75. Retail competition has grown in recent times however, many consumers are not getting the benefits from competition. More can be done to strengthen competition and ensure more consumers benefit from it. The Review makes six recommendations.

Merge the Electricity Authority and Consumer NZ price comparison websites

76. The Review recommended the current price comparison websites be merged to create a new and improved website to enable consumers to make more informed decisions. The Review set out a number of specific improvements to consider, including access to a consumer's historic consumption data, and estimating the effect on a consumer's bill due to the installation of solar panels or batteries.
77. I support this recommendation and will tell the Electricity Authority to work collaboratively with Consumer NZ to merge their price comparison websites, and action the improvements recommended by the Review.
78. Some additional funding may be required to develop some of the additional features suggested by the Review, such as access to historical consumption data. Any additional costs to the Electricity Authority will be funded from the industry levy, and can be considered as part of the Authority's budget setting process.

Improve consumer awareness of Powerswitch and Utilities Disputes

79. The Review found there is low consumer awareness of the price comparison website Powerswitch and of Utilities Disputes' complaints resolution service. It recommended the Electricity Authority amend the Code to require retailers to provide prominent information on their websites and customer communications about Powerswitch (or the newly merged website) and Utilities Disputes to boost consumer awareness. The Review also recommended retailers and distributors fund a marketing campaign to lift awareness of Utilities Disputes.
80. I support the recommendation and will request the Electricity Authority gives it appropriate priority relative to other matters in its work programme.

Develop a streamlined way to process customer requests for consumption data

81. Providing consumers or their agents with streamlined access to their consumption data could provide material benefits, including strengthening retail competition and enabling new data-based consumer services. The Review recommended the Electricity Authority develop a streamlined procedure for processing consumers' requests for their consumption data if electricity retailers cannot agree an industry-led process.
82. I understand progress is being made on this but some questions remain about the potential for privacy concerns to limit the effectiveness of streamlined data access by third parties. I propose to make clear the Government expects the Electricity Authority to action this recommendation with high priority, and if there are legal barriers to this process, I expect timely advice on the options to overcome them.

Make distributors offer retailers standard default terms for network access

83. The Review recommends the Electricity Authority require electricity distributors to offer retailers standard default terms for use of their network. These terms should apply automatically unless agreed otherwise. This recommendation will remove barriers and reduce costs for retailers expanding into new areas, and consequently increase retail competition in those areas.
84. I note that the Electricity Authority is currently consulting on default distribution agreements of the kind recommended by the Review. I will tell the Electricity Authority the Government strongly supports this project and wants it expedited.

Prohibit saves and win backs

85. The retailing practice of saves and win backs is considered by some as facilitating a 'two tier' market, favouring some and disadvantaging others. Others consider it a sign of a competitive market. The Review recommended the Electricity Authority prevent retailers from acting on notice that a customer intends switching or has switched to a competitor in order to win that customer back.
86. While there are arguments for and against the practice of winning back customers, I consider they contribute to what some have called a 'loyalty tax' paid by consumers who don't shop around. I am therefore persuaded that win backs should be prohibited for a period so that their impact on consumers can be properly evaluated.
87. I will convey to the Authority the Government's serious concerns about the adverse impact of win backs on retail competition and consumers. I support the Review's recommendation that the Authority impose a ban or moratorium on win backs followed by a full evaluation of the impacts on consumers.

Help non-switching consumers find better deals

88. The Review found that a large number of consumers are disengaged and have not switched retailers in many years, if ever. These consumers could receive better price deals but for certain reasons do not shop around. The Review recommended the Electricity Authority pilot a scheme to help these consumers. This would require a change in the Code to require retailers to provide information identifying the targeted consumers.
89. I support this recommendation and I will urge the Electricity Authority to develop a business case for a pilot scheme as recommended by the Review.

Section D: Reinforcing wholesale market competition

90. The Review found the wholesale electricity market is working reasonably well, but it made four recommendations to improve competition, transparency and confidence in the wholesale market.

Improve the availability of wholesale market information

91. The Review recommended the Electricity Authority and Gas Industry Company review their respective market information disclosure rules. This will address gaps in information disclosure and promote better performance and reduced risk associated with the operation of the inter-linked electricity and gas markets. These risks were

highlighted last Spring, when temporary gas supply constraints combined with inadequate information disclosure resulted in a loss of confidence in the exchange-traded contracts that participants use to manage spot price risk.

92. Such outcomes are unacceptable. This needs to be addressed to ensure the market has all the information it needs to operate optimally, confidence is maintained and investors have certainty, particularly for the large renewable generation investments predicted for the future. I will make clear to the Electricity Authority and the Gas Industry Company the Government expects them promptly to close any gaps in their information disclosure rules, as recommended by the Review.

Introduce mandatory market-making unless the sector develops an effective incentive-based scheme

93. The Review found that the voluntary wholesale hedge market does not always work effectively. An effective hedge market is necessary to manage risk, and to support independent retailers and retail competition. It does this by allowing generator-retailers to manage their risk exposure in the wholesale and retail electricity markets by trading hedge products. It also allows independent retailers (those without generation assets) to purchase hedge products and manage their exposure to volatile spot prices.
94. The current hedge market can become “illiquid”, especially when the system comes under stress, such as during dry hydrological conditions. This can result in some independent retailers becoming exposed to purchasing wholesale electricity at high spot prices, and/or losing confidence that the price of hedge contracts offered in the market is reasonable. In recent times, some independent retailers have gotten into financial difficulty and left the retail market, thus reducing competition. This situation may also be holding back independent retailers from expanding, also limiting retail competition.
95. The Review recommended the Electricity Authority impose a mandatory market-making obligation on vertically integrated generator-retailer companies unless a better solution can be found (potentially an incentive-based scheme funded largely by the vertically-integrated companies).
96. I consider this to be one of the most important recommendations to improve the electricity market and I propose to make clear the Government expects the Authority to give this matter high priority. I want to be assured the fragility previously observed in the wholesale market at times of stress is not repeated in future, and I will make it clear I do not want to wait for a “better solution” that might never be found.

Monitor contract prices and new generation costs more closely

97. Ongoing questions about whether generators are making excessive profits risk undermining confidence in the wholesale market. The Review recommended the Electricity Authority expand its monitoring to include periodic comparisons of wholesale contract prices with new-generation costs. This will assist market participants and others to assess whether generators are making excessive profits.
98. I will urge the Electricity Authority to expand its monitoring of the wholesale market to include periodic comparisons of wholesale contract prices with new-generation costs.

Make generator-retailers release information about the profitability of their retailing activities

99. As with the Review's previous recommendation, ongoing questions about whether integrated generator-retailers are making excessive profits risks undermining confidence in the electricity market. The Review recommended the Electricity Authority require vertically integrated companies to report separately on the financial performance of their retail and generation operations using a common set of rules.
100. I will inform the Electricity Authority that the Government places a high priority on this and other recommendations that will provide greater assurance the wholesale electricity market is performing well.

Section E: Improving the electricity transmission and distribution sectors

101. The Review made four recommendations to improve the electricity transmission and distribution sectors, including pricing reform and access to metering data for electricity distributors.

Issue a Government Policy Statement on transmission pricing to the Electricity Authority

102. The Electricity Authority has been reviewing transmission pricing for more than ten years. The review is contentious, in part because any change in transmission pricing has the potential to shift costs between industry participants and between regions.
103. The Review recommended the Government issue a Government Policy Statement (GPS) to the Electricity Authority to help it complete its review of transmission pricing. The Electricity Authority must have regard to any such GPS issued under section 17 of the Electricity Industry Act 2010.
104. The Review suggested a transmission pricing methodology (TPM) should:
 - 104.1. allocate the costs of future grid investments on a beneficiaries-pays basis
 - 104.2. reallocate the cost of past grid investments from generators to consumers, or between transmission customers, only if the Electricity Authority can estimate with a high degree of confidence that such a reallocation will result in substantial, long-term benefits to consumers, and
 - 104.3. have a phasing-in period where necessary to avoid price shocks.
105. The Electricity Authority began consulting on a new transmission pricing proposal in August, with a view to making final decisions around April next year. After considering the stakeholder submissions on the TPM (due 1 October) I will be in a position to assess whether further Government guidance in this area is warranted. If it is, I propose to report back to Cabinet for approval of a GPS on transmission pricing after consulting the Electricity Authority on a draft (as required by statute).

Issue a GPS on distribution pricing to the Electricity Authority

106. The Electricity Authority is working to support reform of distribution pricing. Any reform has the potential to result in consumer dissatisfaction, and potentially price shocks for some consumers. The Review considered the Government could assist distribution pricing reform by setting out its distribution pricing policies in a GPS.

107. In addition, the Review found that the gap between household and business electricity prices widened over several decades due, in part, to reallocation of distribution costs. The Review considered there may be room for some distributors to reduce that gap by rebalancing the allocation of costs, and suggested the Government encourage (via a GPS) distributors consider this matter when they review their pricing methodologies. The Electricity Authority would have regard to this statement if regulating electricity distribution pricing.
108. The Review suggested that distribution pricing changes should:
- 108.1. reflect more accurately the cost of providing distribution services
 - 108.2. allocate costs between household and business consumers in a way that is fair and efficient
 - 108.3. have a phasing-in period where necessary to avoid price shocks, and
 - 108.4. co-ordinate pricing changes as much as possible with government and industry measures to alleviate energy hardship.
109. I also propose to highlight in a GPS, if one is issued, the Government's objectives to move to a low emissions economy and the important role electricity sector can play in reducing GHG emissions. The GPS would also emphasise the importance of innovation, energy efficiency, demand response and new renewable electricity generation, and the role of regulation in supporting it. These objectives are also relevant to the Commerce Commission's regulation of the sector and I would therefore consult with the Minister of Commerce and Consumer Affairs in preparing a GPS.
110. Given the linkages between electricity transmission and distribution pricing, I propose to report back to Cabinet on the distribution GPS at the same time as the transmission GPS. This will be after consultation has occurred with the Electricity Authority and the Commerce Commission. I will combine this with the GPS on transmission pricing, if one is required.

Ensure distributors have access to smart meter data on reasonable terms

111. Without access to metering data on the electricity consumption taking place across their networks, electricity distributors will not be able to manage their networks as effectively as would otherwise be the case. Access to metering data will enable distributors to:
- 111.1. expand their networks more efficiently by analysing consumption patterns to improve their investment plans
 - 111.2. find and fix faults and outages more quickly
 - 111.3. plan maintenance more easily, and
 - 111.4. respond effectively to electrification and new technologies, like EVs.
112. The Review recommended the Electricity Authority require retailers and metering companies to give distributors or their agents metering data on reasonable terms if

the parties concerned cannot agree on terms within three months. While the industry has sought to resolve this issue, it appears unlikely to succeed.

113. The Electricity Authority is currently consulting on a proposed information exchange protocol for this purpose, as part of a regulated default agreement between retailers and distributors. I will urge the Authority to expedite this work to ensure distributors have access to metering information, as recommended by the Review.

Give the Commerce Commission more powers to regulate distributors

114. The Review found that the regulation of distributors is generally working well but there is room for improvement at the margins. Additional powers for the Commerce Commission are not a high priority, but some of the new powers recommended by the Review would prepare the regime better for the future. The Commerce Commission may, in the future, need an ability to stop regulating businesses or services that no longer warrant it. In the meantime, consumers could benefit from more regulatory flexibility to respond to business-specific risks, such as deteriorating reliability due to poor asset management. The proposed changes address potential future risks rather than currently identified needs.
115. Officials broadly support the intent of this recommendation, but advise further policy work to assess the proposed changes to the Commerce Act. This includes the Review's recommendation to permit performance benchmarking as part of default price-quality regulation, which could increase regulatory uncertainty, resulting in higher cost of capital for regulated businesses and higher prices for consumers.
116. Also, some of the recommended changes could apply to other regulated industries (gas pipelines and airports). This needs to be considered as part of a more systematic review of the economic regulation regime. The Minister of Commerce and Consumer Affairs also has a busy legislative programme which could be delayed if this recommendation were progressed immediately. Accordingly, I propose the Minister of Commerce and Consumer Affairs and I jointly report back to Cabinet by 30 June 2020 on options to improve the regulation of electricity distributors.

Section F: Improving the regulatory system

117. The Review made four recommendations for improving the regulatory system governing the electricity sector.

Give the Electricity Authority more powers to regulate network access

118. An emerging issue in energy markets internationally is electricity distributors offering distributed energy services² which might discourage or suppress competition from other parties due to their monopoly position as operators of the distribution lines.
119. One way to address this risk is to establish rules in primary legislation. However, such blunt statutory prohibitions are necessarily inflexible and could inadvertently prevent or discourage distributors from providing services that provide genuine benefits to consumers in some circumstances.
120. The Review recommended the Electricity Authority be allowed to establish rules in the Code to ensure electricity distributors offering distributed energy services do not

² The control and automation of rooftop solar generation, in-home batteries, and electric vehicle charges.

unduly lessen competition in those emerging markets. This will make the regulatory system more agile and responsive to changing business models and technologies.

121. I agree with the Review's position that such rules should be in secondary legislation and that the Electricity Authority is best-placed to develop and administer them, in consultation with the Commerce Commission. I will seek further advice on whether such delegated rules should be appealable on their merit, which the Review recommended. Checks and balances on regulatory decision-making can also be provided through statutory principles and process requirements.
122. I propose to report back to Cabinet in December 2019 with specific proposals to amend legislation in response to the Review's recommendation to give the Electricity Authority more power to regulate network access.

Give the Electricity Authority an explicit customer protection function

123. This recommendation would clarify the Electricity Authority's ability and duty to protect consumer interests. Some stakeholders consider protecting consumers is inconsistent with the Authority's objective of promoting competition in, reliable supply by, and efficient operation of, the electricity industry. The Electricity Authority administers voluntary industry guidelines for vulnerable and medically dependent consumers, but it is not clear it can regulate to protect such consumers, if necessary.
124. I agree this appears to be a gap in the regulatory regime. The Electricity Authority should have a clearer mandate to protect consumers, especially those that are vulnerable or have medical equipment dependent on power.
125. I propose to report back to Cabinet in December 2019 with specific proposals to amend legislation to give the Electricity Authority a consumer protection function.

Update the Electricity Authority's compliance framework and strengthen its information gathering powers

126. This recommendation would update the Electricity Authority's compliance and enforcement framework and its information gathering powers, which are an essential component of any regulatory regime.
127. The Review found that the Electricity Authority's compliance framework has not been updated in some time. It lacks the ability to respond proportionately to complaints and code infringements, and is bound by overly prescriptive procedural requirements. The Review also found that the Electricity Authority's information gathering powers need reviewing. This would require amending primary legislation.
128. I propose to address this recommendation as part of a broader review of institutional arrangements for energy policy and regulation, discussed below.

Phase out low fixed charge tariff regulations

129. The Review found that low fixed charge regulations requiring retailers and distributors to offer a low fixed charge tariffs are poorly targeted and also have a number of unintended consequences. They send poor price signals for the adoption and use of new technologies, such as domestic rooftop solar generation and EVs. The regulations were initially intended to encourage energy efficiency and to assist some households, but the Review made several recommendations that represent

more effective and less distortionary ways to promote energy efficiency and to assist households facing high prices or struggling to pay their power bills.

130. I support the recommendation but I note the potential for it to increase costs for households that use little electricity, including some already in energy hardship. The phase out of the regulations should not be completed in advance of measures to reduce energy hardship and to help non-switching consumers to find better deals.
131. I propose to report back to Cabinet in December 2019 with specific proposals to phase out the regulations, including for the phase-out to commence once recommended actions to address energy hardship are underway.

Section G: Preparing for a low-carbon future

132. The electrification of the economy is expected to produce significant changes to the energy sector. These changes must be well managed in order to avoid unnecessary price increases. This will require more co-ordinated planning and action among government agencies. The Review makes four recommendations.

Encourage more energy sector innovation

133. The Review found that there is insufficient innovation taking place in the electricity sector and increased innovation, research and development could assist it in meeting the challenges of new technology, electrification and decarbonisation.
134. The Review recommended the Government encourage more innovation in the energy sector, particularly new technologies and alternative business models that support a low-carbon future, by:
 - 134.1. ensuring the objectives for funding programmes give priority to energy projects
 - 134.2. implementing the Commerce Commission's price-quality regulations in a way that encourages innovation among distributors, and
 - 134.3. prioritising the Electricity Authority's work streams that support innovation.
135. I propose that Ministers responsible for Electricity Authority, Commerce Commission, Callaghan Innovation, Endeavour Fund, New Zealand Venture Investment Fund, Strategic Science Investment Fund and Innovation Partnership programmes encourage relevant agencies to facilitate more innovation in the energy sector, particularly new technologies and alternative business models that support a low-carbon future. I also propose that a GPS issued to the Electricity Authority and the Commerce Commission include objectives to promote energy sector innovation.

Examine the security and resilience of the electricity sector

136. An examination of the potential impact of technological advances and other changes on the long-term security and resilience of the country's electricity supply should be conducted. It would identify the risks posed by technological advances towards security of supply and other adverse outcomes, and allow for greater preparedness and planning.

137. The Review recommended that the Electricity Authority's Security and Reliability Council conduct this review. However, I consider the Electricity Authority itself should be given this task. It will determine how the review will be undertaken, including how the Security and Reliability Council and the wider industry are included.
138. I propose to write to the Electricity Authority and request it commence work on this recommendation within the next 12 months, and report back on progress within 18 months.

Explore new institutional arrangements for energy policy and regulation

139. Exploring the Government's institutional arrangements periodically is a valuable exercise, especially given the growing technological advances in the energy sector and the need to address climate change. The Review said this recommendation does not warrant immediate attention, but suggested it be considered after the Climate Change Commission is established.
140. However, I propose that a review of institutional arrangements commence now. The transition to a low carbon economy is a significant challenge and it needs well-designed institutions. Moreover, any redesign of institutional arrangements will take some time to implement. I therefore consider it preferable to commence this review now to ensure that the necessary changes are introduced in a timely manner.
141. I intend to report back to Cabinet by the end of the year with further detail on the scope and timeframe of this review. The objectives will include ensuring the sector can accelerate investment in renewables, reduce emissions and maximise the consumer benefits from new technologies, all while ensuring consumers have affordable and reliable power.
142. The scope and timeframe of my proposed review will take into account the importance of maintaining investor confidence, which is critical to ensuring investment in renewable generation and to promote supply security and affordability. I will also align and co-ordinate any changes to electricity regulatory settings (as proposed in this paper) with my broader renewable energy strategy work programme.

Improve building energy efficiency

143. The Building Code can set minimum standards for new buildings and is a key lever for improving energy efficiency. Current work on maintaining and updating the Building Code may contribute to energy efficiency for specific building types (for example medium-density buildings). Energy efficiency is also being considered as part of a work programme seeking to advise the Minister for Building and Construction on how the building regulatory system could support the government's climate change goals.

Consultation

144. In drafting this paper the following agencies were consulted: Treasury, Ministry for Social Development, Ministry of Health, Ministry of Housing and Urban Development, Housing New Zealand, Energy Efficiency and Conservation Authority, Statistics New Zealand, Electricity Authority, Commerce Commission, Te Puni Kōkiri and the Department of the Prime Minister and Cabinet.

145. I have consulted the Minister of Commerce and Consumer Affairs on recommendations that overlap with his portfolio – including establishing a consumer advocacy council, ensuring the Commerce Commission listens to consumers and encouraging innovation when regulating electricity distributors. We have also agreed to explore a cross-appointment of one member between the Electricity Authority and Commerce Commission, to strengthen coordination between the two regulators.
146. Consultation is required with the Electricity Authority and the Commerce Commission before issuing it a GPS should I decide to progress that recommendation. I will then report back to Cabinet for approval to issue the GPS.
147. I am also required to consult with the Electricity Authority before recommending regulations under section 113 of the Electricity Industry Act 2010. I will do so before reporting back to Cabinet with detailed proposals to regulate mandatory minimum standards for vulnerable and medically dependent consumers, regulating prompt payment discounts, and to phase out low fixed charge regulations.
148. The Review engaged and consulted with Māori in a number of ways. It met with Ngāi Tahu during the development of the issues paper. The Review actively encouraged and attended a community meeting in Te Kuiti where iwi and Māori community groups were present to discuss their concerns on energy hardship in the area. It also met directly with end consumers through a consumer insight session in South Auckland, many of whom were from the Maori community.

Financial implications

149. Any immediate direct financial implications will be accommodated within existing baselines. Some measures recommended by the Review will have financial implications and these will be set out when detailed proposals are submitted to Cabinet for approval. Constitutional conventions
150. This paper proposes the Electricity Authority give priority in its work programme to a number of new initiatives. Constitutional conventions

Legislative implications

151. This paper has no legislative implications.
152. I will report back separately on the following matters that have legislative implications:
- 152.1. Establish a consumer advocacy council funded by a levy on the electricity industry
- 152.2. Set mandatory minimum standards to protect vulnerable and medically dependent consumers

- 152.3. Update the Electricity Authority's compliance framework and strengthen its information-gathering powers
- 152.4. Phase out low fixed charge tariff regulations
- 152.5. Ensure retailers' PPDs are fair, and do not hurt low-income households
- 152.6. Amend the Commerce Act 1986 to give the Commerce Commission more powers to regulate electricity distributors
- 152.7. Amend the Electricity Industry Act 2010 to give the Electricity Authority an explicit customer protection function and more powers to regulate network access
- 152.8. Exploring new institutional arrangements for energy policy and regulation, and the resulting legislative implications, and
- 152.9. Amend the Electricity Industry Act 2010 to give the Minister of Energy and Resources a time-limited ability to amend the Code to address specific matters if not satisfied with the Electricity Authority's progress in addressing those matters.

Impact Analysis

153. No Regulatory Impact Analysis is required as this paper does not seek decisions on any legislative or regulatory changes. Requisite analyses will be presented when I report back with detailed proposals for legislative and regulatory changes. The Electricity Authority will follow the regulatory impact analysis requirements of the Electricity Industry Act 2010 when considering changes to the Electricity Industry Participation Code.

Human Rights

154. This paper is consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Gender Implications

155. There are no gender implications.

Disability Perspective

156. Disabled people tend to experience greater amounts of energy hardship due to being over represented in terms of living in social housing, being on a benefit and/or being medically dependent. Various surveys have found that disabled people have greater exposure to cold and damp homes compared to non-disabled people. In addition, having a warm and dry home is of particular importance to disabled people because their impairments may reduce their ability to keep warm.

Publicity

157. I propose to publish the Electricity Price Review's final report together with a summary of the Government's response.

Proactive Release

158. I propose to publish this Cabinet paper, with any necessary redactions, at the same time as media communications about the Government's response.

Recommendations

I recommend that the Committee:

1. Note that the final report of the Electricity Price Review makes 32 recommendations.
2. Note that I intend to publish the Review's final report together with a summary of the Government's response.

Strengthening the consumer voice

3. Note that the Review recommended a consumer advisory council be established to strengthen the consumer voice, and regulators be required to listen to consumers.
4. Invite the Minister of Energy and Resources and the Minister of Commerce and Consumer Affairs to:
 - 4.1. Report back to Cabinet with detailed proposals to establish a consumer advisory council, including its form, governance and budget, and
 - 4.2. Write to the Electricity Authority and the Commerce Commission respectively setting out the Government's expectations they take urgent and demonstrable action to lift the effectiveness of their engagement with electricity consumers.

Reducing energy hardship

5. Note the Review found more than 100,000 households cannot afford to heat their homes adequately and made a suite of recommendations directed at reducing energy hardship, including:
 - 5.1. Establish a cross-sector energy hardship group
 - 5.2. Define energy hardship
 - 5.3. Establish a network of community-level support services to help consumers in energy hardship
 - 5.4. Set up a fund to help households in energy hardship to become more energy efficient
 - 5.5. Offer extra financial support to households in energy hardship

- 5.6. Set mandatory minimum standards to protect vulnerable and medically dependent consumers
- 5.7. Prohibit prompt payment discounts but allow reasonable late payment fees, and
- 5.8. Encourage bulk deals for social housing and/or Work and Income clients
6. Invite the Minister of Energy and Resources, in consultation with Ministers of Housing, Social Development, Commerce and Consumer Affairs, and the Minister for Child Poverty Reduction, to report back to Cabinet on progress on the matters 5.1 to 5.4 above (cross-sector energy hardship group, defining energy hardship, establishing a network of community-level support services, and establishing a fund to help households in energy hardship) by December 2019.
7. Note that the Review's recommendation (in 5.5 above) to offer extra financial support to households in energy hardship is consistent with broader commitments by Government to improve people's financial wellbeing and reduce child poverty.
8. Invite the Minister for Social Development to consider the affordability of power for households in energy hardship as part of ongoing work to reform the welfare system, including in response to the Welfare Expert Advisory Group's recent report.
9. Invite the Minister of Energy and Resources to report back with proposals to set mandatory minimum standards to protect vulnerable and medically dependent consumers by March 2020 (refer 5.6 above).
10. Agree that electricity retailers' prompt payment discounts and/or late payment fees should reflect no more than the reasonable costs of recovering overdue payments.

EITHER

- 10.1. Invite the Minister of Energy and Resources to report back to Cabinet in December 2019 with proposals to regulate prompt payment discounts and late payment fees.

OR

- 10.2. Invite the Minister of Energy and Resources to write to electricity retailers requesting they ensure any prompt payment discounts and late payment fees reflect no more than the reasonable costs of recovering overdue payments, and report back to Cabinet with proposals to regulate if unsatisfied with retailers' responses.
11. Invite the Associate Minister of Housing and the Minister for Social Development to consider how social housing and welfare agencies can develop or expand initiatives to make power more affordable for their clients, including through power-inclusive rental arrangements, and to report back in 2020 on the outcome of investigations.

Increasing retail competition and reinforcing wholesale market competition

12. Note that the Review made a suite of recommendations to improve competition in the wholesale and retail electricity markets, including:
 - 12.1. Merge the Electricity Authority and Consumer NZ price comparison websites
 - 12.2. Improve consumer awareness of Powerswitch and Utilities Disputes
 - 12.3. Develop a streamlined way to process customer requests for consumption data
 - 12.4. Make distributors offer retailers standard default terms for network access
 - 12.5. Prohibit saves and win backs
 - 12.6. Establish a pilot scheme to help non-switching consumers find better deals
 - 12.7. Improve the availability of wholesale market information
 - 12.8. Introduce mandatory market-making unless the sector develops an effective incentive-based scheme
 - 12.9. Make generator-retailers release information about the profitability of their retailing activities, and
 - 12.10. Monitor contract prices and new generation costs more closely.
13. Invite the Minister of Energy and Resources to write to the Electricity Authority setting out the Government's expectation it will give priority in its work programme to the matters in recommendation 12 above, and report regularly on its progress.

Improving the electricity transmission and distribution sectors

14. Note that the Review made a number of recommendations to improve the electricity transmission and distribution sectors, including:
 - 14.1. Issue a Government Policy Statement on electricity transmission and distribution pricing
 - 14.2. Ensure electricity distributors have access to smart meter data, and
 - 14.3. Give the Commerce Commission more powers to regulate distributors' performance.
15. Invite the Minister of Energy and Resources and Minister of Commerce and Consumer Affairs to prepare and report back to Cabinet with a proposed Government Policy Statement on electricity transmission and distribution pricing, after consulting with the Electricity Authority and Commerce Commission.
16. Invite the Minister of Energy and Resources to write to the Electricity Authority setting out the Government's expectation that it will ensure distributors have access to smart meter data on reasonable terms.

17. Invite the Minister of Commerce and Consumer Affairs, in consultation with the Minister of Energy and Resources, to report back to Cabinet by 30 June 2020 with policy proposals to give the Commerce Commission more powers to regulate electricity distribution businesses.

Improving the regulatory system

18. Note that the Review made a number of recommendations to improve the electricity regulatory system, including:
 - 18.1. Give the Electricity Authority more powers to regulate network access
 - 18.2. Give the Electricity Authority an explicit customer protection function
 - 18.3. Phase out low fixed charge tariff regulations, and
 - 18.4. Update the Electricity Authority's compliance framework and strengthen its information-gathering powers.
19. Invite the Minister of Energy and Resources to report back to Cabinet by December 2019 with proposals for legislation and regulation addressing the matters in recommendation 18.1 to 18.3 above
20. Agree that the Review's recommendation in 18.4 above be considered as part of further work on institutional arrangements for energy policy and regulation, referred to in recommendation 26 below.

Ensuring implementation of specified recommendations

21. Invite the Minister of Energy and Resources to report back to Cabinet by December 2019 with policy proposals to amend the Electricity Industry Act 2010 to give the Minister of Energy and Resources the ability to amend the Electricity Industry Participation Code to address specified matters if unsatisfied with the Electricity Authority's progress on those matters.

Preparing for a low carbon future

22. Note that the Review made a number of recommendations to prepare New Zealand and its electricity sector for a low carbon future, including:
 - 22.1. Encourage more energy sector innovation
 - 22.2. Examine the security and resilience of electricity supply
 - 22.3. Explore new institutional arrangements for energy policy and regulation, and
 - 22.4. Improve building energy efficiency.
23. Invite the Minister of Energy and Resources and the Minister of Commerce and Consumer Affairs to write to the Electricity Authority and the Commerce Commission respectively setting out the Government's expectation they will prioritise efforts to support innovation in the electricity sector, consistent with their statutory objectives.

24. Invite the Ministers responsible for the Callaghan Innovation, the Endeavour Fund, New Zealand Venture Investment Fund, Strategic Science Investment Fund and Innovation Partnership programmes to write to their respective agencies encouraging them to ensure their funding objectives and allocation criteria give sufficient priority to innovation in the energy sector.
25. Invite the Minister of Energy and Resources to write to the Electricity Authority requesting it to examine the security and resilience of the electricity sector, with input from the Security and Reliability Council, and report its findings and recommendations within 18 months.
26. Invite the Minister of Energy and Resources to report back to Cabinet by the end of the year with proposed scope and timeframe for a review of energy institutional arrangements, noting the importance of investor confidence, energy security and affordability, and alignment with the broader renewable and affordable energy strategy work programme.
27. Note that MBIE has a work programme underway to advise the Minister for Building and Construction on how the building regulatory system could support the government's climate change goals, including energy efficiency considerations that may also support energy affordability and the health and wellbeing of building occupants.
28. Invite the Ministers responsible for Housing New Zealand to consider improving the energy efficiency of new and existing public housing stock.

Authorised for lodgement

Hon Dr Megan Woods

Minister of Energy and Resources

Annex One: Copy of the Electricity Price Review Final Report

PROACTIVELY RELEASED