

14 May 2021

Submitted via: wholesaleconsultation@ea.govt.nz

Submissions
Electricity Authority
Wellington

RE: Internal transfer prices and segmented profitability reporting Consultation Paper

FinCap (the National Building Financial Capability Charitable Trust) welcomes the opportunity to comment on the Electricity Authority's Internal transfer prices and segmented profitability reporting Consultation Paper (**Consultation Paper**). FinCap strongly supports the Electricity Authority introducing mandatory and robust reporting requirements for internal transfer pricing, segmented retail profitability with granular detail on a range of geographies (as issues with pricing could be specific to communities) and any other measures that will provide greater transparency as to whether electricity markets are delivering outcomes in the interests of communities. These actions would increase our trust and confidence that electricity markets are delivering fair pricing to whānau who are facing energy hardship or that systemic issues requiring reform will be appropriately identified and publicly disclosed.

FinCap is an umbrella body supporting more than 200 financial mentoring organisations nationwide. Around 800 financial mentors in these organisations regularly help people facing hardship where people may be at risk of not being able to access essential services.

Electricity is an essential service necessary for health, wellbeing and social participation. Unfair pricing for electricity can cause or compound electricity hardship where people are at risk of underusing electricity to meet bills or being disconnected where unable to pay. No one should be disconnected for an inability to pay and regardless of the price many will still have difficulty paying. However, fair and efficient low prices for essential electricity services can avoid energy hardship arising for some whānau working with financial mentors in the first place.

FinCap notes that the list of potential issues with reporting listed in section 3.55 of the Consultation Paper relating to the disclosure of retailer revenues and gross margins includes many retail practices that may not be in the interest of all households, particularly those who face energy hardship and may experience price discrimination when accessing an essential service. Where this reporting raises legitimate questions about varying outcomes, it is of benefit and in the communities' interest. This is because it will build confidence that the regulator is able to identify and publicise that retail practices may be contributing to different and unfair pricing outcomes that cause energy hardship. Such reporting would allow stakeholders such as FinCap to ask the regulator and industry to explain further or call for reform to implement appropriate consumer protections where necessary.

Please contact Jake Lilley at jake@fincap.org.nz or on 043330393 if you would like to discuss any aspect of this submission.

Ngā mihi,

A handwritten signature in black ink, appearing to read 'Ruth Smithers', written in a cursive style.

Ruth Smithers
Chief Executive
FinCap