

MINISTERIAL INQUIRY INTO THE ELECTRICITY INDUSTRY #005

Submission to Ministerial Inquiry into the Electricity Industry

28 March 2000

Hon David Caygill,
Chairman.

First of all I would like to express my gratitude for the existence of this Inquiry - it means more than you could ever know.

My name is Dave McArthur and I am a sickness beneficiary .

I was a meter reader for two decades and I worked in a variety of supply structures - from MEDs to a Council owned company to a multinational owned company to a small company specialising in meter reading only.

I am not here to provide statistics or academic analysis. I am here to provide simple human testimony. I feel I will have succeeded here today if I am able to awaken in New Zealand an awareness of the potential of electricity to create and destroy human development in our country.

My experience of the reforms in the electricity industry is they have failed to produce the positive results possible because the authors did not appreciate the need to maintain controls of the greed and violence residing in our collective heart.

Also the fragmentation of the industry created major blocks to the flow of creativity and broke valuable community linkages.

I will begin my personal testimony with a simple example of why the reforms fail to produce the benefits of competition. Last week I received a phone call from our retailer to say my ex partner had removed the power from her name. Would I like to sign up. I said I would like to take the opportunity of using another retailer which is cheaper and more environmentally friendly. I was told this was not advisable as there are very complicated legal documents to transact and this could take at least a month. The caller was very concerned for my welfare meantime. I appreciated her concern. I abhor the blackmail implicit in the retail company's policies.

I would like to make two points from this:

One is there are a thousand such ways under the present regime that companies can operate to stifle competition and work against the public good.

The second point is I suggest the Inquiry would find it of great value to gain unfettered access to the people who interact directly with the general public. Many of them are good honest people who are aware of the duplicity of their company's policies. Not only do they know all the tricks used to limit competition but they are a very rich source of creative ideas on how to maximise the benefits of the industry for the public. The challenge is to provide avenues in the industry for their creativity.

This brings me to what I think is the greatest challenge to the Inquiry. My experience is under the traditional service based ethic there was considerable integrity built into the system, problems were something to be solved, communication was relatively open throughout the industry and there was a relatively integrated and creative approach to N.Z.'s needs. It was under this system that the national association of Supply Authorities brought Avery Lovins to New Zealand - the man President Clinton is now lauding as the economic guru and prophet for the US.

What I experienced under the present profit based ethic tended to the converse. Good people often have had to compromise their integrity, problems were PR "damage control" exercises and communication and creativity flows have been disrupted by the fragmentation and conflicting interests in the industry. Avery Lovin's ideas were quite lost in the change to this system.

I invite the Inquiry to study how this has affected New Zealand's continuity of supply and civil defence structures at the levels it really counts - tapping into the vital resources of individual communities and investment in research and resources to cope with a major disaster.

Consumer security

No other industry is afforded such trust and intimate access to peoples private homes and businesses as the electricity industry is.

Lost in the reforms were many of the protections of consumers and of the service workers who interact with them in their premises and homes. The fragmentation of corporate knowledge and the removal of legal and industrial support has left the system open to criminal infiltration and the lives of good, honest workers and their families open to destruction.

I recommend that security systems must be made transparent to the public- this includes banning companies from wearing the uniforms and logos of other companies. Also service workers must be guaranteed legal and industrial support and provided with clear avenues of communication if they have reason to suspect the public good is at risk. The re-establishment of these supports will in itself deter criminality and reduce the risks to workers, their families and consumers.

Metering.

I fail to understand the logic which allows favoured retail companies to own the meters. I believe it is stifling the development of a range of valuable services in New Zealand in the same way as gifting Telecom the number system has. Competition can be stifled by the meter owners using selective data collection procedures and investing only in technology which minimises consumer choice. They can exploit the meters to make larger profits than they receive from the retail of the electricity to small consumers. This tends to be at the expense of the most vulnerable in our society. Metering should be transferred to an agency independent of the retail companies. This agency should be vested with making the best technology available to all. Even the lines companies are a better agency.

It is imperative the Inquiry create and recommend statistical measures of the rate of alienation of our citizens from our electricity supply.

This can be life and death.

I once gave a bill to a woman who became distraught over it. I attempted to reassure her that it was less than her neighbours. Soon after she chopped her children to death - I walked in on the aftermath. It made me acutely aware of how intimately electricity is linked in with the well-being of the family psyche now.

I have attempted to comfort a meter reader who had to cut the power off and returned an hour later to find the woman had cut her wrists.

I have witnessed the anger of families who went hungry because their bills were, needlessly, 400% overestimated.

I have had to supply the angina tablets to elderly people gone white on receipt of their bill. Sometimes all it took was a little advice about the value of electric blankets or easy payment systems to transform their lives and save the country thousands in needless disruption and hospitalisation.

Under the reforms the alienation from consumer advice by those who most need it costs the country because they give the highest investment return on that advice.

Ideas and solutions

I loved meter reading because it gave my family a good life style, because I loved the outdoor lifestyle and because the privileged access to people offered so many rewards and ideas.

I also loved it because it is a industry involving magic. It is a miracle of life to me that we can harness the forces of nature to create streams of electrons which we can direct over our hills and through our valleys and in and out of our homes, dotting our countryside with pockets of light, movement, music, voices, warmth and food made fragrant. It is the stuff of civilisation, forests and clean air.

To play with its forces is to sense the most vital energies of our existence.

I have been to rich schools which did not own a single magnet. Every year the electricity industry throws away container loads of magnets (in old meters). Many teachers are terrified of teaching the subject of electricity and yet it is the stuff of magic, a window to the workings of our universe.

I urge the Inquiry to examine how the industry can be co-ordinated to use its huge resources to communicate the magic of electricity to our children, our future scientists and poets.

Finally I have a really good idea how this Inquiry can give real power to the people. The idea is simple.

Develop and maintain a statutory body of statistics which monitors exactly how electricity is generated and from what sources of generation each retailer purchases its supply.

This will provide a good base for national planning for prudent use of our energy resources.

These statistics would be summarised onto a simple reference like the Consumers Institute's price reference. This would enable any New Zealander to access a summary of what types of generation their local retailers sourced their electricity from. This would enable individuals with strong environmental and/or national economic sensibility to adjust their purchases so New Zealand minimises the wastage of our fossil fuels and maximises the use of our renewable resources.

I understand only 4% of consumers have moved to gain price advantages. I estimate up 15-20% of small consumers would move to protect the environment, especially with the information disseminated through our large environmental magazines. The media could be encouraged to provide energy briefs as they do for the stock markets.

Also I believe the idea has exciting potential as a reference in our schools for environmental and economic studies of our country. I believe stimulating programs could be developed which would make our senior students aware of the reality and potential of the energies of their land.

I leave this idea with you. I am more than happy to elaborate on it.

In summary I believe that issues of competition versus controls are peripheral. The challenge for the Inquiry is to awaken in New Zealanders an awareness of the magic of electricity and provide the means for the creativity of industry front line workers and the community at large to flow. Then we will truly harness this nation's energies. Thank you so much again for this privilege..

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Monitoring of disconnection rates.

In retrospect I realised that we may have been a little at cross-purposes in our discussion yesterday of the need for the monitoring of disconnection.

I am not sure whether you realised I particularly concerned about the fact that electronic metering systems means the supply company no longer has to come out and physically disconnect consumers. The responsibility for disconnection is passed to the consumer who disconnects themselves from the supply by failing to provide the meter with the credit required. They may be able to only afford to reconnect themselves for a few minutes each week.

SOLUTION.

The solution lies in the fact that the some existing meters and certainly all future meters will be loggers of electricity use patterns. These can be interrogated at site or down the wires.

The problem is to differentiate between disconnection because of financial distress and disconnection because of reasons such as holidays, vacancy etc. Also there are privacy issues which must be addressed!

(**THOUGHT**- has the Inquiry addressed this issue in relation to the new technology which will soon prevail ? A profound profile of consumer activities will be accessible down the electricity wires soon.)

SUGGESTION: Legislation should require that all domestic electricity retail agreements contain clauses whereby the consumer can register on their metering system that they are disconnecting themselves because of financial distress.

Part of the agreement would bind the consumer to register themselves only under condition of demonstrable financial distress.

The information could be collated by the retailer, by the owner of the meters, by the lines company or by some independent government, consumer or welfare agency.

The process must be transparent to the public.

Similarly the collated information must be accessible to the public.

In planning for this the mistakes of recent reforms must be avoided where it was assumed that existing protections would prevail. In this case the planning must include an understanding that it may be that protections like social welfare agencies, district nurses and other stress detection structures may be scrapped by some government of the future.