

Power users caught out by fixed charge rises – The Dominion Post, 26 September 2006

Looming rises in the price of power will bite harder because consumers will not be able to cut their use, advocate groups say.

From next Sunday, Contact Energy is increasing its daily connection charges and per kilowatt charges for customers in Wellington, North Canterbury, West Auckland and the North Shore.

The connection charge for electricity will jump 35 per cent to 97 cents a day, and the daily charge for gas will rise 13 per cent to \$1.30.

The increases – the third from Contact in 10 months – mean households will pay a base rate of \$354 a year just for being connected to electricity and \$474 a year for gas. The charge for each kilowatt of energy used is also increasing, by 2 per cent for electricity and 4 per cent for gas.

Other power suppliers appear poised to follow suit.

Meridian Energy plans to contact its 5000 Wellington customers shortly to announce price rises from November 1. Spokesman Alan Seay said the increases would add about 5 per cent to the average household bill.

Raewyn Fox, of the Federation of Family Budgeting Services, said Contact's price rises would particularly concern beneficiaries and others struggling on fixed incomes.

"Electricity's an essential item. If it's a daily fixed charge there's absolutely nothing people can do about economising or using less."

Families on fixed incomes would have to cut expenditure elsewhere. Typically, that meant spending less on food and not visiting the doctor.

Ms Fox said she would be advising clients to check they were with the cheapest power company and on the plan that suited them best.

Annie Anglim, of Age Concern Wellington, said older people were hit hard by price increases because they were often on low fixed incomes.

"Even if they are seriously budgeting, these types of increases cause them difficulty," she said.

Spokesmen for Genesis Energy and TrustPower said their companies would continue with scheduled regional price reviews.