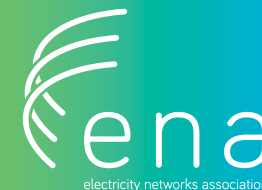


Changing Electricity Prices in New Zealand

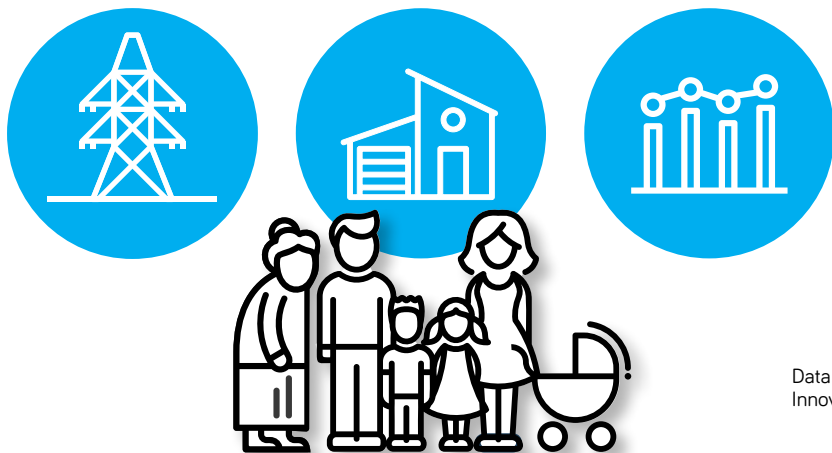


FACT SHEET



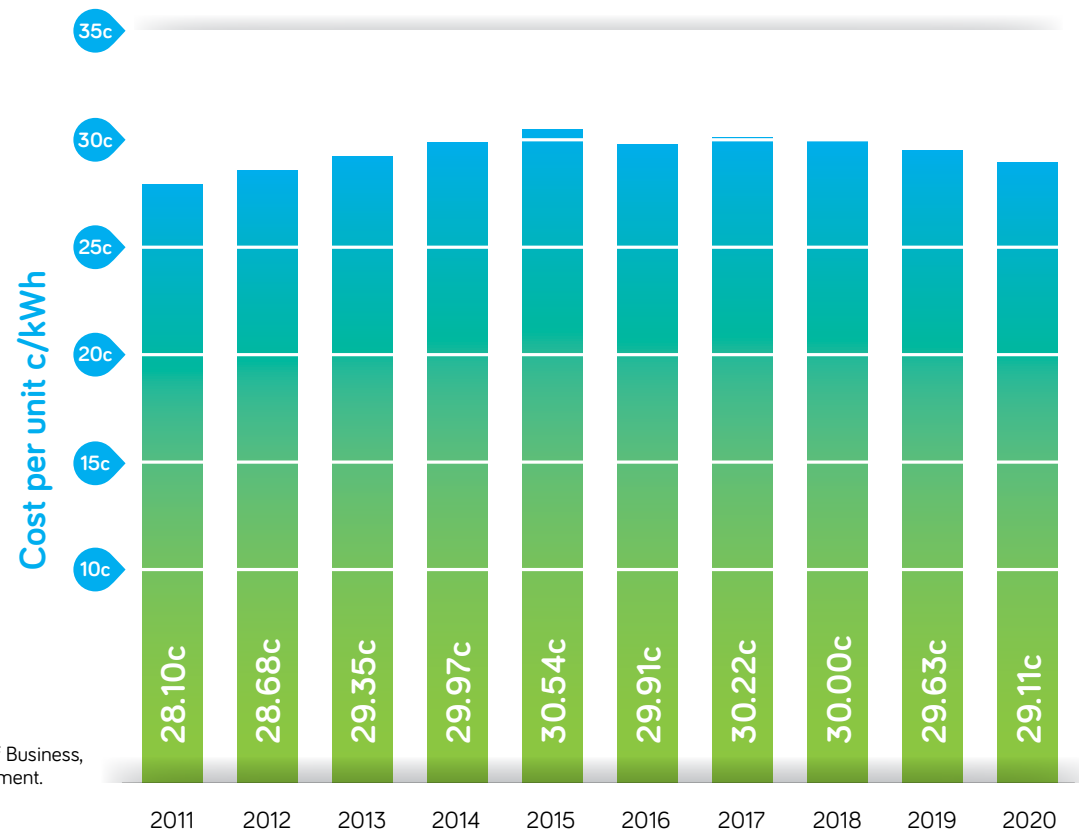
Like many items of household expenditure, New Zealand's electricity prices for residential and small business consumers have risen over the recent years. As an essential commodity which almost everybody relies on, increases in electricity pricing understandably attract much public attention.

This information sheet sets out the facts around recent changes in electricity prices and puts them in the context of changes in spending power as a factor of inflation, proportions of household income and expenditure, and where New Zealand prices sit internationally.



New Zealand electricity prices over the last 10 years, adjusted for inflation

The average actual cost of electricity for domestic consumers using 8,000 kWh per year (with prices adjusted to 2020 real value) has risen from 28 cents per kiloWatt hour to 29 cents per kiloWatt hour over the last 10 years.



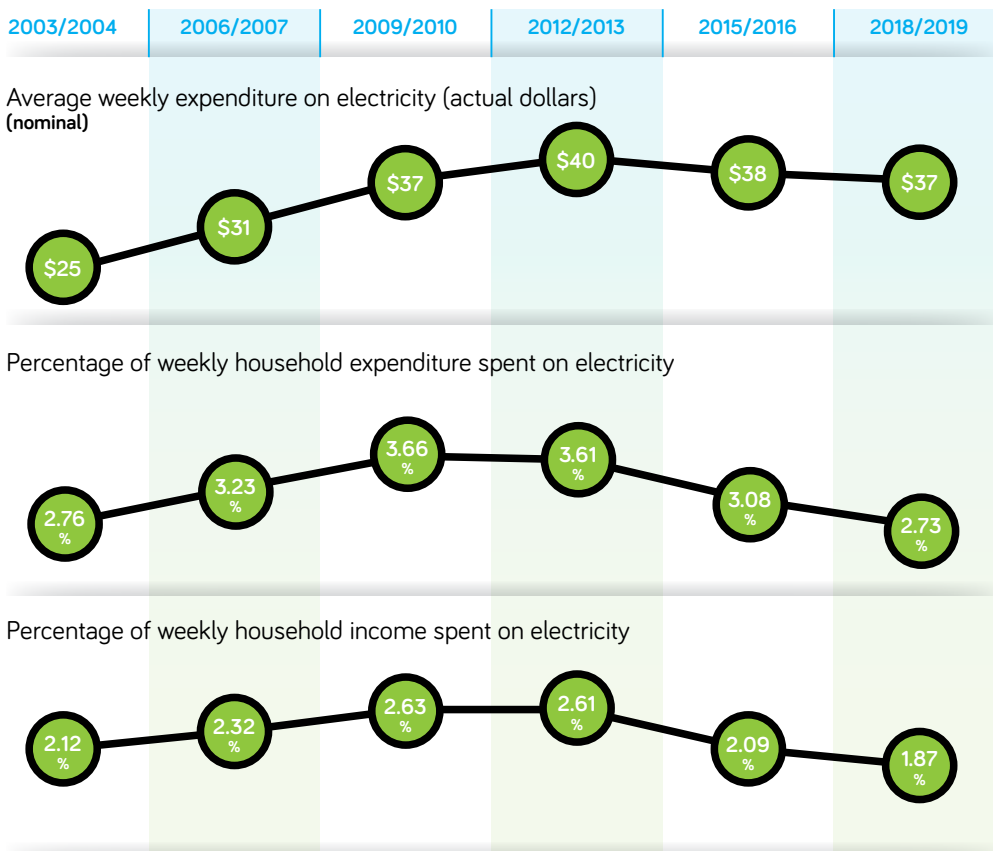
Data source: Ministry of Business, Innovation and Employment.



Weekly residential electricity expenditure as a proportion of household income and expenditure

The following chart shows electricity cost as a component of household income and expenditure from 2003 to 2019. It shows electricity as a proportion of household spending in 2019 as just over 2.7% – similar to the proportion in 2003.

The proportion spent on electricity out of total average household income has decreased slightly over the 10 years and currently represents around 1.9 percent of average household income.



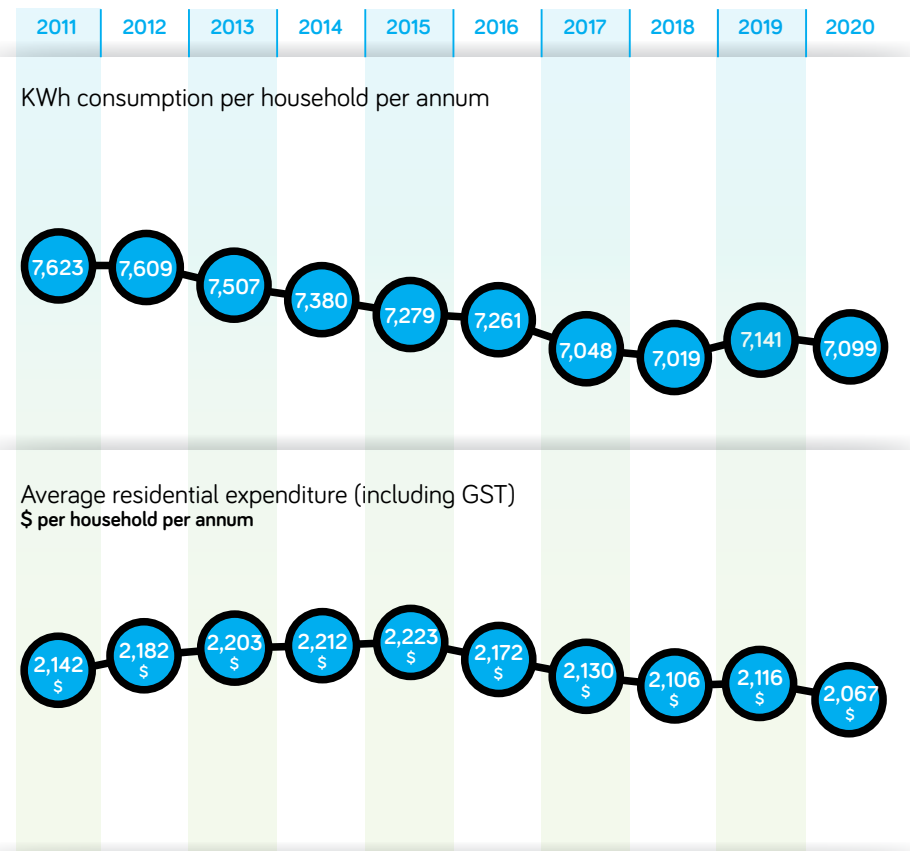
Data source: NZ Statistics Household Economic Survey 2004–2016.



Annual household electricity expenditure and consumption

Annual household electricity expenditure and consumption Annual average household consumption and expenditure on electricity over the last 10 years (expenditure adjusted to 2020 real value) shows total average annual household consumption is consistently declining as appliances become more efficient and houses become better insulated.

Despite slightly higher unit prices over the last 10 years, overall household expenditure is declining in real terms as consumption declines.

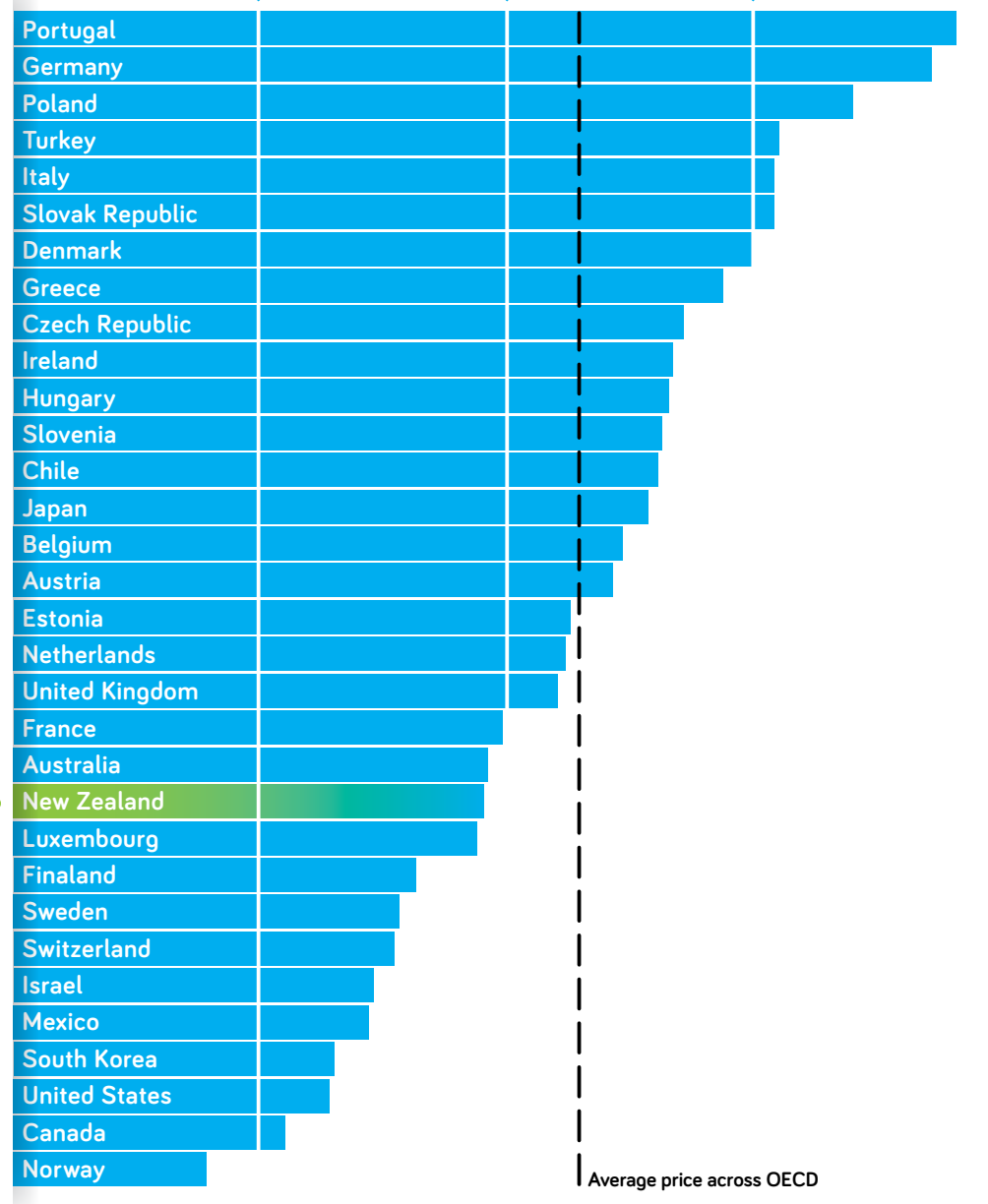


Data source: Ministry of Business, Innovation and Employment.



International Comparison of Residential Electricity Costs (2015)

US \$ per MWh



International electricity price comparisons

From a snapshot comparison of OECD residential electricity prices taken in 2015, New Zealand was the 11th lowest of 32 OECD countries and was below the OECD average.

NZ is the 11th lowest out of 32 countries and is below the OECD average.

Price comparisons between are on a purchasing power parity (PPP) basis
Data source: Ministry of Business, Innovation and Employment (2017).

Average price across OECD