

Improving prepayment electricity schemes could benefit households

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As power prices continue in an upward trend as reported in the latest Consumer Price Index, a new study shows households looking to find ways to make savings could benefit from using prepayment metering.

Just published in the international journal *Sustainable Cities and Society*, the University of Otago, Wellington study describes in-depth interviews with 12 households in the lower North Island.

Households reported a high level of satisfaction with using prepayment metering for [electricity](#), despite the higher prices charged in New Zealand for the service.

The study was undertaken by Dr Kimberley O'Sullivan, Helen Viggers, and Professor Philippa Howden-Chapman of the He Kainga

Oranga/Housing and Health Research Programme. It found households using prepayment metering benefit from more immediate feedback on their electricity use and find it easier to budget.

Households used their prepayment meters to put a price on using different electrical appliances such as heaters, ovens, and clothes driers. This allowed them to make more informed choices about how they budget their electricity use within the home.

However, Dr O'Sullivan cautions that fairer pricing for prepayment and better consumer protections are required to level the playing field.

"I would like to see the Government step up and follow the example of Northern Ireland, where prepayment meter prices are required to be less expensive than standard billing, and stronger consumer protections around crediting and disconnection are in place," Dr O'Sullivan says.

Previous nationwide surveys carried out by He Kainga Oranga have found that mostly low-income households use prepayment. It is unfair that these households have to pay more for their electricity despite paying in advance and having no risk of debt-accrual to companies, Dr O'Sullivan says.

Competition in the prepayment market is also decreasing, with Contact Energy no longer accepting new prepayment customers, and only one retailer offering prepayment in most areas where it is available.

Prepayment metering could have significant advantages for managing household energy consumption from an environmental perspective, Dr O'Sullivan says.

"Better feedback about the cost of using electricity within the home can help to encourage energy efficiency. That's good for budgets and the

environment where there is room for people to make savings. For some [households](#) who are not using enough electricity to keep warm though, there is a risk that they will be put off using heating and go cold."

More information: The study is available online:
authors.elsevier.com/a/1PMHa7sfVYa5E6

Provided by University of Otago

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