



PO Box 106165,
Auckland 1143, New Zealand
NZBN 9429041132524 | **GST** 113618701

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Electricity Authority
Level 7, ASB Bank Tower
2 Hunter Street
Wellington 6011

By email: consumercareconsultation@ea.govt.nz

Tēnā koutou,

Electric Kiwi Submission: Code amendment omnibus #7 – Operational improvements to new billing obligations

Introduction and summary

Thank you for the opportunity to respond to the Electricity Authority's consultation on Code amendment omnibus #7. This submission focuses only on Section 2 – the operational improvements to the new billing obligations relating to undercharged amounts (Proposals 1 and 2). While we do not provide specific comments on the other proposals in the omnibus, as a general comment we have no concerns in relation to them.

Electric Kiwi supports the direction of both Proposal 1 and Proposal 2. Our key point on Proposal 1 is that a simple flat \$50 threshold would be significantly easier to implement than a percentage-based approach, and we strongly encourage the Authority to adopt that. We also strongly endorse Proposal 2.

Engagement with retailers is welcomed

We appreciate the Authority collaborating closely with retailers during the development of the retailer guidance, and its willingness to identify discrete elements of the new obligations that could be made more targeted, more practical to implement, and more effective in delivering their intended consumer protections. That kind of iterative refinement – informed by the practical realities of implementation – produces better regulation. We encourage the Authority to continue this approach as the Billing Amendment beds in.

Proposal 1 – a flat \$50 threshold is the simpler and better option



Electric Kiwi supports the introduction of a threshold for the support and advice obligations under clause 11.32H(2)(a), (c) and (d). The Authority is right that requiring retailers to make advance contact, offer payment plans, and provide complaints information for every undercharged amount – no matter how small – would be disproportionate to the underlying consumer risk.

We submit that the Authority should adopt a simple flat \$50 threshold rather than a 15% average-based threshold. To be clear, all back charges would still need to be clearly explained to the customer, no matter the size – but any undercharge below \$50 should not trigger the requirement to offer a payment plan and the associated support obligations.

Our reasons:

- **Percentage thresholds are unnecessarily complex to administer.** Any percentage approach requires retailers to calculate a "customer's average invoiced amount over the past 12 months" for every affected customer – and where the customer has been with the retailer for less than 12 months, to make a "reasonable estimate" of what their average invoice would be. That estimation exercise is the kind of thing that generates disputes, complaints and compliance risk with no corresponding consumer benefit. Every retailer will do it slightly differently, and every estimate can be second-guessed after the fact.
- **A flat dollar figure is transparent and easy to understand.** Customers know exactly where they stand. Retailers know exactly where they stand. The Authority can monitor compliance without wading into methodology disputes.
- **A flat dollar amount avoids ambiguity around billing frequency.** Electric Kiwi offers customers a choice of weekly, fortnightly or monthly billing. The Authority's analysis appears to assume monthly billing, but the drafting simply refers to "each invoicing period" – which, read literally, would produce very different outcomes depending on billing cycle. A flat \$50 sidesteps this issue entirely and applies consistently across all customers regardless of how often they are billed.
- **\$50 is a sensible calibration.** It sits above the range of small technical adjustments the Authority has identified as the target of the threshold, but well below any level that would give rise to genuine bill shock. If the threshold needs revisiting as costs shift over time, that is a much smaller

regulatory cost than requiring every retailer to run bespoke average-and-estimate calculations on every affected customer, in perpetuity.

If the Authority is concerned that a flat \$50 is under-targeted for larger customers (particularly small business consumers with materially higher average invoices), we would support a "greater of \$50 or 15% of the customer's average monthly-equivalent invoiced amount" formulation. This has the advantage that:

- Retailers who prefer a simple implementation can apply the \$50 floor across all customers and will always be compliant – they will simply be offering support in some cases where the strict threshold is higher.
- Retailers who wish to avoid disproportionate contact obligations for large SME customers can voluntarily perform the percentage calculation and rely on the higher figure. Crucially, the estimation burden we describe above only falls on retailers who *choose* to take advantage of it – it is not imposed on everyone by default.
- The percentage element ensures the threshold scales appropriately for SME customers, for whom a \$50 undercharge is unlikely to be material.

What we would strongly resist is a *pure* percentage threshold, for the administration and estimation reasons set out above.

Proposal 2 – strongly support the flexibility

Electric Kiwi strongly supports Proposal 2. Allowing the undercharged amount and payment plan offer to be communicated either in the invoice or in a separate written communication provided at the same time is a sensible, practical solution to a real workability issue.

Importantly, the consumer protection is fully preserved under the proposed approach: the customer still receives clear written information about the undercharged amount at the same time as the invoice, and is still offered a payment plan so they are not required to pay immediately. What changes is only the *mechanism* – and the proposed mechanism is one that retailers' existing billing, payments and communications systems can support.

Requiring retailers instead to maintain undercharged amounts as a separate balance with a separate due date on the invoice itself would have required



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substantial changes across interconnected billing, payments, collections and communications systems – changes that would have been disproportionate to the consumer benefit, given that the same protective outcome can be achieved through the flexibility now proposed.

Conclusion

Electric Kiwi supports the direction of both proposals. We would be happy to discuss any aspect of this submission.

Yours sincerely,

Huia Burt,

CEO, Electric Kiwi