

Code amendment omnibus #7

Clarification to consumer care and billing requirements and director certification for AUFLS and other amendments

Mercury welcomes the opportunity to comment on the recent Code omnibus paper. This submission will focus on comments relating to:

- > Threshold for undercharged amounts
- > Separate communication/payment plan approach
- > Generally available tariff plans
- > Business day definition
- > Record retention
- > AUFLS certification

Threshold for undercharged amounts

Mercury supports introducing a threshold before the additional advice and support obligations apply. However, we consider the proposed 15% threshold is set too low and are concerned that it will not appropriately target customers experiencing genuine bill shock. Mercury therefore recommends that the Authority adopts a higher threshold, such as 40%.

As noted in the consultation document, for a customer with an average monthly power bill of \$250, the advice and support obligations would be triggered for an undercharged amount of \$37.50. Mercury does not consider that amounts of this scale will typically warrant the additional outreach, support and payment-plan processes contemplated by the Code.

Mercury is concerned that a 15% threshold would capture a large number of customers who are not experiencing genuine bill shock, reducing retailers' ability to focus support efforts on those customers most in need. Retailers currently operate bill validation and customer support processes that are designed to identify customers experiencing significant and potentially unexpected bill increases. These processes seek to target customers most likely to require assistance while avoiding unnecessary customer contact in relation to routine billing variations.

Mercury is also concerned that the proposed methodology may not always provide an accurate indication of customer impact. Electricity consumption varies significantly throughout the year, and many customers experience substantial seasonal changes in their bills. For example, Mercury's experience is that residential consumption commonly increases by around 20% between autumn and winter, and for some higher-use households the increase can be considerably larger. In these situations, an undercharged amount equivalent to 15% of a customer's historical average bill may not represent a material departure from normal billing patterns.

There are also practical challenges in determining whether the threshold has been exceeded. In some cases, particularly for manual-read and non-communicating meters, several successive billing periods may be based on estimates before an actual meter read is obtained. When the actual read is received, retailers can generally identify a total reconciliation amount but may not be able to determine precisely how much consumption relates to each historical billing period. The example below illustrates this issue.

Manual reads: legacy meters & non-communicating HHR meters

Billing is monthly; actual reads are scheduled every 2 months



In these circumstances, determining the precise undercharged amount may itself require additional estimation and system build. In some cases, particularly where legacy meters are used, it may be impossible to accurately determine an undercharged amount for a previous period (or periods) as there are no time-tagged meter readings available. Mercury therefore encourages the Authority to ensure the final Code appropriately reflects the practical realities of back-billing processes.

Overall, Mercury supports the introduction of a threshold but considers that a higher threshold would better balance consumer protections with operational efficiency, focus support interventions on customers most likely to experience genuine bill shock, and reduce compliance costs associated with relatively minor undercharged amounts.

Separate communication/payment plan approach

Mercury supports proposal 2. Allowing retailers flexibility to communicate undercharged amounts, through either the invoice or a contemporaneous written communication will better achieve the intended outcomes while substantially reducing implementation complexity. The proposal is likely to improve customer understanding of undercharged arrangements, while avoiding significant billing system changes that would otherwise be required to accommodate multiple balances and due dates.

However, Mercury would like to note that given the implementation date of 30 October, many retailers will be confirming system changes in the coming weeks and days. This means that retailers will need to make these changes in contemplation of this (as yet) unconfirmed Code change. While we are supportive of the proposal, we would like to note that this puts retailers in a difficult position with respect to compliance with the Code, should the proposal not go ahead.

Generally available tariff plans

Mercury is supportive of the proposed amendment.

Business day definition

Mercury has read ERGANZ's submission and encourages the Authority to do more work to assess the operational implications of having location-specific business day calculations. Given that provincial anniversaries are not specified in

the Holidays Act, mapping these dates to specific ICPs could be challenging. Mercury supports ERGANZ's proposed alternative, which is to treat all anniversary days the same and add one business day to consumer facing timelines.

Record retention

The proposed 10-year limit appears proportionate because it aligns the mandatory record retention period with the Authority's enforcement timeframes.

Director certification for AUFLS

Mercury has no material concerns with the proposed amendment. While Mercury would not be directly affected by the certification requirement, the proposal appears proportionate given the importance of AUFLS to power system security and reliability.

Conclusion

Nothing in this submission is confidential and it can be released in full.

Nāku noa, nā

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Consultation questions

Questions	Comments
Operational improvements to new billing obligations relating to undercharged amounts	
Q2.1 Do you agree the Code should include a threshold for the advice and support obligations that apply when a retailer seeks to recover an undercharged amount?	Yes. Mercury supports the inclusion of a threshold before the additional advice and support obligations apply. A threshold helps ensure that the obligations are targeted at situations where customers are most likely to experience genuine bill shock, while avoiding unnecessary customer contact and administrative burden in respect of relatively minor undercharged amount.
Q2.2 Do you agree the threshold should be based on 15 percent of the customer's average invoiced amount over the previous 12 months?	Mercury supports the use of a threshold but does not support the proposed 15% level. In Mercury's view, 15% is too low and is likely to result in a large number of customers receiving support communications for relatively minor undercharged amounts. Mercury recommends a higher threshold of 40%. A higher threshold would better focus support interventions on customers experiencing genuine bill shock, while avoiding disproportionate operational costs and unnecessary customer contact. Mercury is also concerned that the proposed methodology may not always accurately reflect customer impact, particularly where the relevant period spans seasonal changes in consumption patterns or tariff changes.
Q2.3 For retailers, how do you quantify the costs and benefits for any activities you undertake to prevent consumers accumulating debt? Please explain whether and why your current processes elect certain trigger points.	Mercury's customer support and bill validation processes are designed to identify customers who may be experiencing significant and unexpected increases in their bills and who may therefore benefit from additional support or investigation. The benefits of these processes include reducing bill shock, improving customer understanding of their bills, and identifying customers who may require payment support. The costs will include manual review, customer communications, payment-plan administration and associated system support. These costs will be largely driven by the volume of customers captured by the relevant trigger. Mercury therefore seeks to set trigger points that focus intervention on customers experiencing material bill impacts. In Mercury's view, a threshold that is set too low risks generating large volumes of customer contacts while delivering limited additional consumer benefits.
Q2.4 Are there practical challenges for some billing systems in maintaining and displaying an undercharged amount as a separate balance with a separate due date?	Yes. Mercury supports the Authority's assessment that maintaining a separate undercharged balance and due date presents practical challenges for billing systems. Many retail billing systems are designed around a single account balance and a single due date. Supporting multiple balances and due dates would require changes across billing, payment allocation, collections and customer communications processes. The resulting implementation effort is disproportionate to the consumer benefit delivered by the requirement

Q2.5 Do you agree with the Authority's proposal to replace the separate due date and mandatory invoice fields for undercharged amounts with a requirement to state the amount in the invoice or a separate written communication, and to offer a payment plan?	Mercury supports this proposal. Allowing retailers to communicate an undercharged amount through either the invoice or a separate written communication better achieves the intended customer outcomes while significantly reducing implementation complexity. Mercury considers the proposal is likely to improve customer understanding of undercharged amounts and repayment arrangements while avoiding extensive system changes that would otherwise be required to support multiple balances and due dates.
Q2.6 Do you agree that the benefits of the proposed Code amendment outweigh its costs?	Mercury agrees that the benefits of Proposal 2 outweigh its costs. For Proposal 1, Mercury supports the introduction of a threshold but considers the proposed 15% threshold is too low. Subject to adoption of a higher threshold, Mercury agrees that the benefits of the proposed amendments outweigh their costs.
Q2.7 Do you agree the proposed amendment is preferable to the alternative options considered?	Mercury agrees that Proposal 2 is preferable to the alternatives considered because it achieves the underlying policy objective without requiring significant and costly billing system changes. Mercury supports the introduction of a threshold under Proposal 1 but considers that a higher threshold would better promote the policy objective of targeting customers experiencing genuine bill shock.
Q2.8 Do you agree with the analysis in this regulatory statement?	Mercury broadly agrees with the Authority's analysis and supports the Authority's efforts to improve the workability of the new billing obligations. However, Mercury considers that the regulatory statement understates both the operational impact of the proposed 15% threshold and the practical difficulties associated with identifying undercharged amounts in some billing scenarios. This is particularly relevant where reconciliation occurs following extended periods of estimated billing for manual-read or non-communicating meters. Mercury also notes that retailers are currently progressing implementation activities ahead of the 30 October 2026 commencement date. The late-stage nature of these amendments creates additional implementation uncertainty and may require retailers to alter solutions that are already under development.
QA.1 Do you agree with the proposed Code amendment drafting?	Subject to our comments above, Mercury agrees with the wording of the proposed Code amendments.