2degrees supports improving consumer access and choice, with reform focused on competition and proportionate intervention

2degrees welcomes the opportunity to comment on the Electricity Authority's *Improving Consumer Access and Choice - Issues Paper* (Issues Paper).

2degrees agrees that everyone should have access to affordable electricity.

2degrees has engaged constructively with the Authority on consumer matters over a sustained period, including most recently on the Consumer Care Obligations and the Better Billing programme of work. We offer this feedback in the same spirit. We encourage the Authority to take into account that each additional obligation placed on retailers has cost implications, and those costs may ultimately affect consumers, whether through price, reduced innovation, or reduced choice.

We commend the Authority for engaging at the problem-definition stage, rather than proceeding directly to a proposal. This creates a valuable opportunity to test whether, and to what extent, a genuine problem exists before committing industry and consumers to the cost of a solution.

Define and evidence the problem before designing solutions

The Issues Paper canvasses a wide range of possible interventions — improving the visibility of barriers to access and choice, strengthening pathways into post-pay, improving outcomes for prepay users, supporting social and community-based retailing, improving access to suitable metering, and strengthening cross-agency responses. Across these areas, we encourage the Authority to first establish the nature, scale and materiality of any identified problem before determining whether retail regulation is the most effective and proportionate response.

The treatment of "hard to reach" consumers illustrates why further evidence would be valuable before specific regulatory responses are developed. The Issues Paper observes that some consumers "may not be hard to reach within their own communities" but rather "may be less willing to engage with electricity retailers or formal institutions because of low trust, past experience or wider systemic barriers". We recognise that this may be an important consideration. If the primary drivers are low trust, past experience or wider systemic barriers, the solution may be less about additional retail obligations and more about targeted community engagement or coordinated cross-agency support. We therefore encourage the Authority to clearly link any proposed retail intervention to the problem it is intended to solve, and to explain why that intervention is likely to be effective and proportionate.

Effective intervention should focus on the drivers of access and affordability

2degrees understands that issues of accessibility are often closely linked to issues of affordability, and we know that affordability is directly influenced by the effectiveness of competition in any market.

As such, 2degrees encourages the Authority to consider if there are other opportunities for targeted regulation relating to improving competition in the wholesale energy market that could deliver more sustainable consumer benefits than the imposition of further retail obligations.

2degrees also notes that access and choice can be affected by a range of overlapping factors, including affordability, trust, financial hardship, and social access. Some of these factors may extend beyond the retail electricity market and the Authority's direct regulatory remit. We therefore support the Issues Paper's recognition of the potential role of cross-agency responses, and encourage the Authority to frame these issues as part of a coordinated, government-led approach rather than relying primarily on additional retail obligations.

Caution on credit-related and default-provider options

The Issues Paper identifies "credit history and retailer credit-risk assessment" as one of two factors that may be constraining access and choice, and notes that some consumers with adverse or limited credit history may be declined standard post-pay electricity supply. In that context, some of the options canvassed appear to contemplate greater transparency, optionality for consumers or standardisation of retailers' credit assessment practices. We encourage caution in this area. Credit assessment practices reflect each retailer's commercial risk appetite, customer proposition, systems capability and approach to responsible customer engagement. They are also commercially sensitive. Any move to standardise, constrain or disclose those practices would therefore need to be carefully justified by clear evidence of a material problem, and assessed against the potential consequences for competition, innovation and retailer differentiation.

The Issues Paper also asks whether a default provider model, or some form of obligation to serve, could improve access for consumers who are unable to obtain standard post-pay electricity supply. We acknowledge that such an option may improve access for some consumers. However, we encourage caution before any such model is progressed. In substance, a default-provider or obligation-to-serve model could operate as an ongoing subsidy, particularly if it requires a retailer to supply customers where there is a material and foreseeable non-payment risk. Allocation mechanisms, such as market share, may also be difficult to design fairly and could result in one retailer carrying a disproportionate share of higher-risk customers. If, as a country, we decide that electricity is an essential service that no household should go without, that is ultimately a social-policy question best addressed through government-led support and agencies equipped to assess hardship and provide income assistance. Any such model should therefore be carefully designed, transparently funded, and assessed for its potential impact on competition and retailer participation.

Concluding remarks

As a competition and consumer champion, 2degrees supports regulation that addresses genuine market failure and promotes competition for the long-term benefit of consumers. This is consistent with our purpose of Fighting for Fair. We welcome the Authority's interest in consumer access and welfare, and its decision to consult at an early stage. We encourage the Authority to:

- establish, with representative evidence, that a material problem exists before designing specific regulatory solutions;
- clearly link any proposed intervention to the problem it is intended to solve, and explain why that intervention is likely to be effective and proportionate;
- recognise that access and affordability are closely linked to effective competition, and consider whether targeted wholesale market interventions are more likely to deliver sustainable consumer benefits than further retail obligations;
- carefully assess the cost, competition and innovation impacts of any new retail obligations, including any proposals relating to credit assessment, default-provider arrangements or obligations to serve;
- treat broader social-access questions as part of a coordinated, cross-agency, government-led response.

We appreciate the opportunity to comment and look forward to continuing to engage constructively with the Authority.