

Retailer financial stress data request

Consultation Paper

Submissions close: 5pm 23 August 2022

Published: 2 August 2022



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1 Introduction

- 1.1 On 1 August 2022 the *Regular and Event-Driven Provision of Information to the Authority Code* amendment came into force. This amended Part 2 of the Electricity Industry Participation Code 2010 (Code) to enable the Authority to:
- (a) collect information for the purpose of undertaking one or more of its monitoring functions under section 46 of the Electricity Industry Act 2010 (Act), by publishing a notice specifying information that a participant must, on a regular basis or because of a future event identified at the time of the notice, provide required information to the Authority through an information provision notice.
 - (b) require the Authority, before publishing an information provision notice:
 - (i) to consult on a draft of the notice, and
 - (ii) to be satisfied that requiring participants to provide the information specified in the notice furthers the Authority's statutory objective and provides a net benefit
- 1.2 The Authority is currently collecting information regarding retailers' financial stress under the COVID-19 section 46 request. This section 46 request expires on 30 September 2022.
- 1.3 The Authority wishes to continue to collect this information and is seeking to use the *Regular and Event-Driven Provision of Information to the Authority Code* amendment to request this information from 1 October 2022 by publishing a notice under clause 2.16 of Part 2 of the Code.

2 The request in brief

- 2.1 Following on from COVID-19 arriving in New Zealand and the associated lockdowns and economic impacts, the Authority has increased its focus on monitoring customer and industry financial impacts.
- 2.2 To assist in this, the Authority is undertaking monitoring customer and retailer stress and requires additional information not provided by enduring disclosures or market systems.
- 2.3 The Authority intends to publish high-level data aggregated across responses on our website. The Authority also may share aggregated data with the Ministry of Business, Innovation and Employment which may be used as evidence to inform policy advice.
- 2.4 This replaces the current COVID-19 section 46 request with a smaller, streamlined set of questions. The COVID-19 section 46 request expires on 30 September 2022.
- 2.5 The purpose of this paper is to meet the requirements in clause 2.18 of Part 2 of the Code to consult on a notice to be published under clause 2.16.

How to make a submission

- 2.6 Our preference is to receive submissions in electronic format (Microsoft Word) in the format shown in Appendix B. Submissions in electronic form should be emailed to WholesaleConsultation@ea.govt.nz with "Retailer financial stress data request consultation" in the subject line.

- 2.7 If you cannot send your submission electronically, please contact the Authority (WholesaleConsultation@ea.govt.nz or 04 460 8860) to discuss alternative arrangements.
- 2.8 Please note the Authority wants to publish all submissions it receives. If you consider that we should not publish any part of your submission, please:
- (a) indicate which part should not be published;
 - (b) explain why you consider we should not publish that part; and
 - (c) provide a version of your submission that we can publish (if we agree not to publish your full submission).
- 2.9 If you indicate there is part of your submission that should not be published, we will discuss with you before deciding whether to not publish that part of your submission.
- 2.10 However, please note that all submissions we receive, including any parts that we do not publish, can be requested under the Official Information Act 1982. This means we would be required to release material that we did not publish unless good reason existed under the Official Information Act to withhold it. We would normally consult with you before releasing any material that you said should not be published.

When to make a submission

- 2.11 Please deliver your submissions by **5pm** on Tuesday **23 August 2022**.
- 2.12 The Authority will acknowledge receipt of all submissions electronically. Please contact the Authority at WholesaleConsultation@ea.govt.nz or 04 460 8860 if you don't receive electronic acknowledgement of your submission within two business days.

3 The consultation and notice comply with the requirements of the Code

3.1 Before publishing a notice under clause 2.16 of the Code the Authority must follow clause 2.18(1) of the Code and provide the following to participants the notice applies to:

Code Clause	Requirement	Information
2.18(1)(a)	the proposed notice	The proposed notice is attached as Appendix A
2.18(1)(b)	the Authority's purpose in setting the information requirements in the proposed notice	<p>The Authority has increased its focus on industry monitoring, so that it can understand exactly what is occurring in the industry in order to promptly respond to unforeseen events when necessary.</p> <p>This notice will assist the Authority in monitoring customer and retailer financial stress over time and how this stress changes in response to major events.</p>
2.18(1)(c)	the Authority's assessment of the likely benefits of the Authority obtaining the information required in the proposed notice and whether those benefits are expected to outweigh the likely costs	<p>The Authority considers it is valuable to obtain the information in the notice in order monitor the extent to which consumers face difficulties paying their electricity bills and how these difficulties impact electricity retailers.</p> <p>The Authority can use this information to inform its regulatory decision making as well as, support consumers, industry and the government in making effective decisions, particularly in response to major unforeseen events and economic disruption such as the global pandemic.</p> <p>This request replaces an existing s46 request for the similar information, which expires on 30 September 2022.</p> <p>The Authority considers the costs associated with obtaining the information under this notice will decrease, relative to the current s46 request. The notice provides certainty that this information will be required on an ongoing basis. This long-term information requirement helps justify the use of systems for the processing and delivery of the information. The Authority information platform will be updated to allow participants to submit the requested information prior to the first submission due date.</p> <p>The Authority concludes the benefits of improved regulatory decision making and ability to support consumers, industry and the government in making effective</p>

		decisions during times of unforeseen events and economic disruption outweighs the likely costs of providing the information to the Authority.
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- Q1. Do you have any feedback on the proposed notice (Appendix A)?**
- Q2. Do you agree that this information will assist the Authority in monitoring customer and retailer stress? If not, what information do you consider will assist the Authority in monitoring customer and retailer stress?**
- Q3. Do you consider the benefits of the Authority having this information exceeds the costs? If not, why?**

- 3.2 This consultation paper is the mechanism the Authority is using to comply with clause 2.18.
- 3.3 In accordance with clause 2.16(2) the Authority may only publish a notice for the purposes of:
- (a) monitoring compliance with the Act, the regulations and the Code under section 16(1)(c) of the Act; or
 - (b) undertaking and monitoring the operation and effectiveness of market-facilitation measures under section 16(1)(f) of the Act; or
 - (c) undertaking industry and market monitoring, and carrying out and make publicly available reviews, studies, and inquiries into any matter relating to the electricity industry, under section 16(1)(g) of the Act.
- 3.4 The purpose of the Retailer financial stress data request satisfies the requirements of clause 2.16(2), specifically:
- 2.16(2)(c), undertake industry and market monitoring, and carry out and make publicly available reviews, studies, and inquiries into any matter relating to the electricity industry, under section 16(1)(g) of the Act.**

Appendix A Information request notice

Information that must be provided¹

The following information must be provided for the following three categories:

- (a) all residential connections (ANZSIC code 000000 in the registry)
- (b) all industrial connections (ANZSIC code starting with 'A' to 'F' in the registry)
- (c) all other connections (recorded on the registry but not covered by the categories above)

Period the information relates to

A. Month ending

Customer enquiries

In this question we are seeking information to provide a leading indicator of consumer financial stress.

B. Number of customer enquiries about payment flexibility or payment deferral.

Customer invoices overdue by more than 30 days

In this question we're seeking information on the number of customers that have failed to pay their invoice and are now overdue by 30 days or more, to help us understand the impact they are collectively having on retailers. This question is related to longer-term debt (30 days or more) where customers typically enter a late payment credit management process but before their ICP is scheduled for disconnection.

C. Number of customer accounts where invoice payment is more than 30 days overdue and the ICP supplied has not been scheduled for disconnection.

D. Total debt from customer accounts where invoice payment is more than 30 days overdue and the ICP supplied has not been scheduled for disconnection.

Disconnections of ICPs supplying customers (non-vacant ICPs)

In this question we're seeking information on the number of customers that have failed to either pay their invoice(s) or reach an agreed payment plan through the credit management process, to help us understand the impact this is having on retailers. This is related to longer term debt that is harder to recover where the next step is typically disconnection. Here we are focused on ICPs supplying households or businesses, and not vacant premises.

E. Number of customer accounts sent disconnection warning notices.

F. Total debt from customer accounts where ICP disconnection is scheduled and has not yet been actioned.

G. Number of ICPs disconnected for non-payment for a period more than 24 hours.

H. Total debt from customers disconnected for non-payment.

Other information

The following information is intended to increase the value of the information listed above.

I. Number of customers on a deferred payment plan, with increased credit terms or with a revised payment due date (but not in arrears) as at reporting date.

J. Total customer debt written off during the period.

K. Number of customer accounts billed each month which are flagged as being medically dependent or vulnerable.

¹ Clause 2.17(1)(b)

Who the notice applies to²

This notice applies to all retailers who have at least 1,000 ICPs recorded on the registry on the last calendar day of the reporting month. This is the sum of all 'active' and 'inactive' status ICPs recorded on the registry as being the responsibility of that retailer.

When the information needs to be provided³

The information must be provided each month, by 5pm on the 10th business day of the month after which the data relates to.

² Clause 2.17(1)(a)

³ Clause 2.17(1)(c)

Appendix B Format for submissions

Submitter	
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Question	Comment
Q1. Do you have feedback on the proposed notice (Appendix A)?	
Q2. Do you agree that this information will assist the Authority in monitoring customer and retailer stress? If not, what information do you consider will assist the Authority in monitoring customer and retailer stress?	
Q3. Do you consider the benefits of the Authority having this information exceeds the costs? If not, why?	