

23 August 2022

Submitted via: [wholesaleconsultation@ea.govt.nz](mailto:wholesaleconsultation@ea.govt.nz)

Electricity Authority  
Wellington

**RE: Retailer financial stress data request consultation paper**

Electricity is an essential service that supports the health, wellbeing and social participation of whānau across Aotearoa. It is very important that the regulator of these essential electricity services as well as the public have visibility as to the systemic issues surrounding whānau having difficulty paying or staying connected.

FinCap welcomes the opportunity to comment on the Electricity Authority's (EA) [Retailer financial stress data request consultation paper](#) (**Consultation Paper**). No whānau should be without the electricity they need because they are having difficulty paying. To help make this a reality we strongly support the EA regularly collecting and publishing information on how many whānau are being disconnected for non-payment and how many are having difficulty paying for services.

However, we are very disappointed to see no mention of automatic disconnection of whānau on prepay retail arrangements in the Consultation Paper. The EA must explicitly confirm it will collect and share this information and more if it is serious about being a consumer centric organisation that has oversight of issues with the electricity system.

We expand on these comments in detail below.

**About FinCap**

FinCap (the National Building Financial Capability Charitable Trust) is a registered charity and the umbrella organisation supporting the 200+ local, free financial mentoring services across Aotearoa. These services support more than 70,000 people in financial hardship annually. We lead the sector in the training and development of financial mentors, the collection and analysis of client data and encourage collaboration between services. We advocate on issues affecting whānau to influence system-level change to reduce the causes of financial hardship.

**Responses to Specific Consultation Questions**

*Q1. Do you have feedback on the proposed notice (Appendix A)?*

We are very concerned that the Electricity Authority seems to still not be gathering and publishing regular and reliable information as to the experiences of whānau who are automatically disconnected on prepay retail electricity arrangements for non-payment. Financial mentors report many having difficulty paying end up having no option but these arrangements and sitting in the cold when they run out of money.

FinCap also sees a need for reporting to regularly identify how many whānau do not have access to competitive or fair prices for essential electricity services as they are denied a contract by a retailer. The EA noted unfinished work on these two issues that had been raised in a letter to MBIE in 2021.<sup>1</sup> Gathering information to get better oversight of these issues is an appropriate place to start.

In particular we think information along the following lines needs to be gathered to assess the effectiveness of assistance expected in the Consumer Care Guidelines for whānau with prepay who are unable to pay:

- The percentage of total residential prepay customers disconnected for non-payment at least once in the reporting period
- The percentage of total residential prepayment disconnections for non-payment where reconnection occurred:
  - o Within 3 hours
  - o Between 3-6 hours
  - o Between 12-24 hours
  - o 48 hours or more
- The percentage of total residential prepayment customers who were disconnected for non-payment on an average frequency of once or more every 7 days.

We also recommend requiring reporting of how many requests for residential retail contracts are denied on the basis of credit checking or similar processes. This would give better visibility of how many whānau are denied competitive offers or access altogether.

Additionally, FinCap recommends the gathering of data as to the rates of what each piece of relevant assistance recommended in Part 6 of the *Consumer Care Guidelines*:

- Was or was not offered to a whānau facing payment difficulty ahead of disconnection for non-payment
- Was engaged with if offered to a whānau facing payment difficulty ahead of disconnection for non-payment.

Where this assistance recommended in the guidelines is not being offered or not working, we need our regulator, other decision makers and the public to have oversight. This will ultimately lead to getting the settings right to meet the objectives of this code or a later mandatory code as has been recommended by the *Electricity Price Review*.

We are also concerned at the Consultation Paper indicating that public reporting will be aggregated. Reporting individual stats from each trader will help identify whether an issue or positive trend is across industry or because of certain traders' conduct. Such insight is fairer on all traders who are not 'tarred with the same brush' for a competitors conduct. It will also give the public confidence that retailers not practicing fair conduct will be identified.

Overall, FinCap is of the view that it is unacceptable that there seems to be little monitoring of these guidelines as well as other systemic issues relating to energy hardship when significant issues were identified in the *Electricity Price Review* that the *Consumer Care Guidelines* attempt to address.

It is widely known that energy hardship creates huge and long-lasting harm in our communities. We need better oversight and action from decision makers across the board as opposed to just leaving

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<sup>1</sup> <https://www.ea.govt.nz/assets/dms-assets/28/Letter-from-CE-to-MBIE-Referral-of-issues-raised-during-the-consumer-care-guidelines-consultations-and-development-process-202.pdf>

already strained financial mentors to clean up the mess created when energy retailers don't adequately support whānau who are having to decide between heating or eating.

**Recommendation:** The notice requests more information regularly on known issues which see whānau either unable to access the essential services they need or incur avoidable and unmanageable debt in doing so.

**Recommendation:** Reporting on the information gathered to the public breaks down system wide trends relative to each retailer's performance.

*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?*

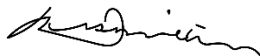
We agree. However, as noted above, what is gathered needs to be broadened to have proper oversight.

*Q3. Do you consider the benefits of the Authority having this information exceeds the costs? If not, why?*

Yes. Gathering all the information we recommend will lead to better informed policy making which is ultimately much more efficient and effective. Please also see our relevant comments in response<sup>2</sup> to the *Improving the framework for the Authority's information gathering Consultation paper* last year.

Please contact Senior Policy Advisor Jake Lilley on [jake@fincap.org.nz](mailto:jake@fincap.org.nz) or 027 278 2672 to discuss any aspect of this submission further.

Ngā mihi,



Ruth Smithers  
**Chief Executive**  
**FinCap**

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<sup>2</sup><https://www.fincap.org.nz/consultation-paper-improving-the-framework-for-the-authoritys-information-gathering/>