

# Memo

**To** All participants  
**From** James Tipping, Chief Strategy Officer  
**Date** 2 June 2020  
**Subject** Updating the “*Guideline on arrangements to assist vulnerable consumers*” and the “*Guideline on arrangements to assist medically dependent consumers*”

## For your feedback

---

- 1.1 In April 2020 the Authority asked all type 1 retailers and The Lines Company (which invoices domestic customers directly) to assess whether their processes aligned with two existing guidelines – “*Guideline on arrangements to assist vulnerable consumers*”<sup>1</sup> and the “*Guideline on arrangements to assist medically dependent consumers*”<sup>2</sup> (referred to together as the “Guidelines” in this memorandum).
- 1.2 The responses indicated that awareness of, and alignment with, the Guidelines is high.
- 1.3 However, participants highlighted some issues with the Guidelines. The Authority has also noted that there are inconsistencies in the way retailers are applying the Guidelines and there is no formal feedback loop between the Authority, participants and agencies that support medically dependent and vulnerable consumers.
- 1.4 Following a recommendation from the Electricity Price Review<sup>3</sup>, the Authority and Ministry of Business, Innovation and Employment have been undertaking a project to update the existing Guidelines in their entirety. This was (and still is) due to be completed by the end of 2020.
- 1.5 However, given the pressures facing consumers and retailers from COVID-19, the Authority has identified three areas in the Guidelines requiring updating with urgency. These three focus areas will benefit consumers immediately while a longer-term development project will focus on updating the entire set of existing Guidelines. The Authority proposes to address these three areas via a short addendum.
- 1.6 The overall project to update the Guidelines will therefore now be delivered in three phases:
  - (a) Phase 1: issue a short, urgent addendum to the Guidelines, covering off three key areas

---

<sup>1</sup> <https://www.ea.govt.nz/dmsdocument/8565-guidelines-on-arrangements-to-assist-vulnerable-consumers>

<sup>2</sup> <https://www.ea.govt.nz/dmsdocument/8564-guidelines-arrangements-to-assist-medically-dependent-consumers>

<sup>3</sup> Item B6

- (b) Phase 2: facilitate an extensive engagement process with consumers, retailers, social and support agencies and other stakeholders to update the Guidelines in their entirety – including the new material in the addendum
  - (c) Phase 3: regulate a set of minimum standards from the updated Guidelines (as per recommendation B6 from the Electricity Price Review)
- 1.7 We aim to complete Phase 1 by the end of June, and Phase 2 by the end of 2020. The timing and process for Phase 3 have yet to be determined.
- 1.8 We have commenced Phase 1 with the issue of a draft addendum, and request feedback on this no later than 5pm, 16 June 2020. In the next two weeks the Authority will engage with stakeholder groups to discuss the draft addendum and the process for Phase 2. If you have any queries, or would like to discuss anything then please email your query with “MDVC addendum query” in the subject line of the email, to [marketoperations@ea.govt.nz](mailto:marketoperations@ea.govt.nz).
- 1.9 As mentioned above, we will consider feedback on the draft addendum and issue the final version of the addendum by the end of June 2020.

## **Draft Addendum to the Vulnerable Consumer Guidelines and the Medically Dependent Consumer Guidelines**

- 1.10 The draft addendum should be read in conjunction with the Electricity Industry Participation Code 2010 (“Code”), and the Guidelines.
- 1.11 While participants and the Authority are aware that there are a number of distinct areas within the existing Guidelines that would benefit from greater clarity, the Authority has included what it considers to be the three most urgent, for inclusion in the addendum. As set out in more detail in the following sections, the addendum contains further recommendations on:
- (a) Electricity meter operating in a prepayment mode
  - (b) Remote disconnection and connection
  - (c) Retailer – Customer – Consumer – premises relationship.
- 1.12 Outstanding issues will be addressed through the longer-term Phase 2 of this project.

### **Electricity meter operating in a prepayment mode**

- 1.13 The current Guidelines do not define what constitutes a prepay meter. The Authority considers that for the purpose of the Guidelines, a prepay electricity meter is a meter (or a system integrated with a meter) that electrically disconnects a domestic customer automatically on expiry of the customer’s pre-paid credit, given certain operating rules. This definition has been included in the draft addendum to the Guidelines.
- 1.14 For any pricing plan where the electrical disconnection is discretionary and involves manual input, the meter is not considered to be operating in a prepayment mode. In that case, an electrical disconnection for non-payment should follow the process set out in Appendix A of the “Guideline on arrangements to assist vulnerable consumers”. This process requires notifications, referrals, and contact between the retailer and the customer before an electrical disconnection can take place.
- 1.15 The Authority recommends that where a domestic customer has entered into a prepay contract with a retailer that includes automatic electrical disconnection of the customer on expiry of credit, the customer has been fully informed of the risks and liabilities of an automatic disconnection, and that in accepting the pricing plan, the customer has given

their consent to opt-out of the electrical disconnection notification process in the Guidelines.

- 1.16 The Authority suggests that where manual intervention is required, i.e. the electrical disconnection process is not automatic, the recommendations made in Appendix A of the “Guideline on arrangements to assist vulnerable consumers” should be followed.
- 1.17 The Authority also recommends:
- (a) that before providing a prepayment plan to a medically dependent consumer (MDC) or a vulnerable consumer (VC), the retailer should ensure that the account holder and the MDC/VC for the domestic premises understands:
    - (i) that disconnections will occur when credit expires; and
    - (ii) what warnings the customer will receive prior to the disconnection; and
    - (iii) how to purchase additional or emergency credit.
  - (b) electrical disconnections are not carried out at a time when the prepayment system does not permit the account holder to purchase further credit.

### **Remote disconnection and connection**

- 1.18 The existing “Guideline on arrangements to assist vulnerable consumers” makes recommendations on the disconnection process for VCs but does not make a distinction between:
- (a) the electrical disconnection of a prepay system, and a manual electrical disconnection
  - (b) the Code prescribed requirements set out in Part 10 of the Code
  - (c) the process for electrical disconnection of domestic premises where the retailer does not have an account holder that they are contracted with.

The Authority proposes to clarify this in the addendum.

- 1.19 The Authority notes that approximately 87% of domestic premises now have remote metering connected, the majority of these have remote disconnect and connect functionality.
- 1.20 The existing “Guideline on arrangements to assist vulnerable consumers” refers to the recommendation on the remote disconnection process for VCs but does not make any mention of the remote reconnection process.
- 1.21 Consequently, the Authority proposes to add a section to the Guidelines that is more specific and addresses the following recommendations:
- (a) referencing Code requirements on reconnection
  - (b) remote electrical disconnection
    - (i) is only carried out at a time that would not endanger a domestic consumer’s wellbeing (for instance at night, or as darkness is approaching) or if it would be unreasonably difficult for the account holder to seek rapid reconnection
    - (ii) should not be carried out on domestic premises where a retailer has no contract with a domestic consumer, but where patterns of metered consumption indicate that the domestic premises are occupied. Such instances could happen where a domestic consumer has moved into domestic premises but has omitted to notify the retailer, or a move-in switch has been delayed. In this instance, the retailer should follow the relevant

sections set out in the section headed “Retailers’ disconnection process for vulnerable consumers” set out in the “Guideline on arrangements to assist vulnerable consumers”

- (iii) retailers need to be as careful about the electrical disconnection of domestic premises where they do not have a contracted account holder, as they are for domestic premises where they do have an account holder
- (c) remote connection
  - (i) should only take place where the account holder has advised that the domestic premises is safe to reconnect
  - (ii) in the instance that an MDC/VC has been remotely disconnected in error, reconnection should happen as soon as possible.

### **Retailer – Customer – Consumer – Premises relationship**

1.22 The Code makes it clear that retailers contract with customers<sup>4</sup>, and not consumers, however the existing MDC/VC guidelines apply at the consumer level. The Authority proposes to clarify this relationship to ensure that contractual terms, privacy and protection of MDC/VC is maintained.

1.23 The addendum sets out recommendations for retailers, account holders, MDCs, VCs and alternate contacts:

- (a) to ensure consumers understand that unless they engage with the retailer for the domestic premises they reside in, the retailer will not be aware of their MDC/VC status
- (b) to ensure that retailers are notified of a consumer’s MDC/VC status by the appropriate party within an acceptable time period
- (c) to clarify what information a retailer requires to confirm a consumer’s MDC/VC status
- (d) to clarify that where the account holder is not the MDC/VC, the account holder (and not the MDC/VC) is responsible for notifying the retailer
- (e) to advise that when switching retailers the account holder should advise the gaining retailer of any MDC or VC that resides within the domestic premises.

### **What feedback the Authority would like**

1.24 The Authority is requesting feedback on the following questions:

- Q1 Do you agree the issues identified by the Authority in the three areas (Electricity meter operating in a prepayment mode, Remote disconnection and connection, and the Retailer – Customer – Consumer – Premises relationship) are worthy of attention? If you do not agree, please provide details.
- Q2 Do you agree with the proposed additions to the Guidelines in the addendum to clarify how these issues should be addressed? If you do not agree, please provide details.
- Q3 What other issues in the existing Guidelines should be addressed in Phase 2 of the review of the Guidelines (the full review of the Guidelines, in their entirety)?

---

<sup>4</sup> Refer to Clauses 1 and 8 of Schedule 11.3

1.25 Please email your feedback with “MDVC addendum feedback” in the subject line of the email, to [marketoperations@ea.govt.nz](mailto:marketoperations@ea.govt.nz) by COB 16 June 2020.