

16 June 2020



James Tipping and Ron Beatty
Electricity Authority
P O Box 10-041
Wellington 6145

By email: marketoperations@ea.govt.nz

Dear James and Ron

Re: MDVC addendum feedback

Flick appreciates the opportunity to submit on the Electricity Authority's (Authority's) proposed Addendum to the Medically Dependent Consumers (MDC) and Vulnerable Consumers (VC) Guidelines.

This submission is in addition to the feedback provided in the joint independent retailers' submission to which Flick is a signatory.

We strongly oppose paragraph 8(e) in the Addendum which requires retailers to follow paragraphs 42 – 48 (including footnote 17) in the VC Guidelines when consumption patterns indicate someone is at the property.

Based on our conversations with other retailers (both large Gentailers and independent retailers), current industry practice is not to send a contractor to a vacant property for disconnection if there is consumption at the property.

In practical terms, the proposal requires manual disconnection of all vacant properties where the occupant has not contacted the current responsible retailer.

Our customer base makes up just 1.08% of the market. In our last batch of vacant disconnections we saw the following:

- 264 vacant disconnection letters sent giving the 1 weeks' notice of disconnection
- only 75 of the recipients of these letters acted prior to being disconnected
- 189 properties were disconnected
- within a week of disconnection, 150 of the disconnected ICPs either switched out or signed up.

Under the proposed rules, without disconnection we would have had to raise 150 manual disconnections at a cost to the consumer of approximately \$150 each. On an annual basis this cost would total approximately \$270,000 for Flick customers alone. If all retailers took a similar approach, we estimate that additional costs industry wide would amount to \$24.73m – costs that are passed on to consumers.

We strongly oppose this proposed section of the Addendum for the following reasons:

- there will be a significant increase in the number of manual disconnections performed, ultimately at the expense of the consumers;
- the disconnection timeframe for vacant properties where consumers have not signed up for electricity supply (intentionally or unintentionally) will significantly increase. This will result in a significant increase in disputes about move in dates and large backdated bills that put the consumer on the back foot financially;
- it is possible that if all retailers followed this rule, there would not be enough contractors to manage the level of manual disconnections required;
- the only contact details we have for the occupant of the property is the physical address, and letters are not an effective method of driving engagement;
- if the retailer performs a manual disconnection and the consumer moves to another retailer, the disconnecting retailer will be unable to recover the cost of the disconnection; and
- Medically dependent customers should be sufficiently educated and motivated to sign up for electricity supply when moving into a property.

Instead, we recommend paragraph 8(e) of the Addendum be replaced with the following:

In the situation that the retailer considers domestic premises to be vacant but the current patterns of metered consumption indicate that the premises is occupied by a domestic consumer, the retailer could remotely disconnect the site only after making reasonable efforts to contact the consumer, where reasonable efforts to contact the customer could include sending a disconnection notice to the occupier at the premise.

This would be the same 'reasonable efforts' test as the Authority is proposing in paragraphs 10(d) and (e) of the Addendum.

We welcome the opportunity to discuss this submission with you in more detail.

Yours



James Leslie
Chief Operating Officer